



King's Research Portal

[Link to publication record in King's Research Portal](#)

Citation for published version (APA):

Greenfield, J. L. (2020). 'As Solid As and More Precious Than Gold': Gabriel-Julien Ouvrard, John Law and the Legacy of the Assignats in Nineteenth-Century France. *French History*, 34(2), 191-212.

Citing this paper

Please note that where the full-text provided on King's Research Portal is the Author Accepted Manuscript or Post-Print version this may differ from the final Published version. If citing, it is advised that you check and use the publisher's definitive version for pagination, volume/issue, and date of publication details. And where the final published version is provided on the Research Portal, if citing you are again advised to check the publisher's website for any subsequent corrections.

General rights

Copyright and moral rights for the publications made accessible in the Research Portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognize and abide by the legal requirements associated with these rights.

- Users may download and print one copy of any publication from the Research Portal for the purpose of private study or research.
- You may not further distribute the material or use it for any profit-making activity or commercial gain
- You may freely distribute the URL identifying the publication in the Research Portal

Take down policy

If you believe that this document breaches copyright please contact librarypure@kcl.ac.uk providing details, and we will remove access to the work immediately and investigate your claim.

'As solid as and more precious than gold': Gabriel-Julien Ouvrard, John Law and the legacy of the *assignats* in nineteenth-century France

Abstract

It is a truism that the experience of the *assignats* in the 1790s deterred the French from the use of paper wealth during the nineteenth century, a notion that dovetails with a longstanding narrative of French economic backwardness in this period, particularly relative to Britain. This article revisits this interpretation through the study of proposals for public borrowing during the late Empire and early Restoration, most notably those promoted by the financier Gabriel-Julien Ouvrard to finance the payment of reparations after the Napoleonic Wars. Ouvrard's schemes for the mass issuing of bonds embodied ideas that were remarkably similar to those underlying the *assignats* and John Law's system of 1716-1720, which suggests that the French were much less wary of paper assets than historians have assumed.

Historians have generally supposed that the *assignats* somehow ended the French willingness to experiment with paper wealth. As one prominent study recently put it, ‘the public was not prepared to forget the bitter lesson of the *assignat*’.¹ Such observations are commonplace and, though not completely false, are perhaps rather careless, rarely being substantiated by much evidence. In part, they are propagated to explain France’s supposed economic backwardness in the nineteenth century, as if Britain, the posterchild of economic success in the period, was enamoured of fiat money instead of being increasingly committed to the gold standard after 1819. While anti-bullionists in Britain sought greater flexibility in the money supply, fearing that being tied to gold would impede the circulation of sufficient currency, they lost ground after the 1820s and the 1844 Bank Charter Act handed victory to the bullionists, giving the Bank of England a monopoly on the issue of bank notes, all of which had to be backed by gold.² Money was an equally contentious issue in France. By considering debates over financial instruments in early nineteenth-century France, we can question the prevailing assumption that the *assignats* produced a widespread aversion to paper money. As a result, we can further refute the ‘retardation thesis’, which presents the nineteenth-century French economic system as inherently inferior to that of Britain.³

One obvious objection to the notion that the French found paper wealth intolerable is their willingness to invest in a wide range of securities, particularly from the mid-nineteenth century. The ‘universal suffrage of capital’ promoted by the Second Empire is well documented, and developed longstanding attempts to deepen the market for government bonds by increasing the circulation of paper wealth among small investors. The idea of broadening the capital base was clearly apparent in the early nineteenth century, reflecting the legacy of the *assignats* of the 1790s and of John Law’s ‘system’, which issued paper money

¹ P.T. Hoffman et al., *Priceless Markets: The Political Economy of Credit in Paris, 1660-1870* (Chicago, 2000), 207.

² M.J. Daunton, *Progress and Poverty: An Economic and Social History of Britain, 1700-1850* (Oxford, 1995), 352-7.

³ For challenges to the ‘retardation thesis’, see, *inter alia*, P. O’Brien and C. Keyder, *Economic Growth in Britain and France, 1780-1914: Two Paths to the Twentieth Century* (London, 1978); F. Crouzet, ‘The Historiography of French Economic Growth in the Nineteenth Century’, *Economic History Review*, 56.2 (2003), 215-42; J. Horn, *The Path Not Taken: French Industrialization in the Age of Revolution, 1750-1830* (Cambridge MA, London, 2006)

en masse between 1716 and 1720. While most nineteenth-century experiments with paper, both those of the Second Empire and their forerunners conceived earlier in the century entailed issuing securities – chiefly government bonds – instead of money, in all these cases paper was imbued with a value that could not be seen as intrinsic in a way that specie was deemed to have an intrinsic value;⁴ in this respect, there is little difference between paper money, bonds or shares. Thus, in his *Traité d'économie politique*, Jean-Baptiste Say defined paper money as a 'bond [*obligation*] that the sovereign wants us to receive in payment'.⁵ While bonds, in contrast to money, pay interest and are ultimately supposed to be redeemed,⁶ both of these instruments reflect the financial credibility of the state, which is expected to maintain their value – in one case by discharging interest and in both by not issuing too many. The management of financial instruments, in other words, is essential to the state's capacity to maintain 'credible commitment' to honouring its obligations.⁷ Moreover, money and debt are intimately linked, and in some cases even synonymous, insofar as the creation of one tends to stimulate the creation of the other. In reconstructing proposals to create a broad-based investing public in early-nineteenth century France, we can see that the idea of paper wealth was much more contentious than simply being subject to outright rejection following the debacle of the *assignats*.

The question of extending the circulation of paper became especially acute during the Restoration; like the rest of Europe, in the 1810s France suffered an economic contraction, which paper money or bonds could potentially counteract by offering the means to extend credit. More importantly, the French government faced considerable expenses, given the need to finance the payment of 700 million francs of reparations imposed by the victorious

⁴ Given the supposed intrinsic value of specie, the government stipulated the gold and silver contents of the franc, most importantly in the law of 1803.

⁵ J.-B. Say, *Traité d'économie politique*, 2nd edition, 2 vols. (Paris, 1814), i., 426.

⁶ For sceptics such as the economist Sismondi (see below), one way of insuring against the defects of paper money was for the issuer to pledge that it would be redeemed on a set date. Thus, in this respect too, the differences between bonds and money should not be overstated, since both were conceived in similar terms.

⁷ On the concept of 'credible commitment' see D.C. North and B.R. Weingast, 'Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England', *Journal of Economic History*, 49.4 (1989), 803-32.

allies in 1815, worth around 10% of GDP,⁸ the upkeep of an allied army of occupation of 150,000 troops for five years and compensation to private interests in the allied states for a sum set at 320.8 million francs in 1818. Despite the overhaul of France's financial institutions under the Napoleonic regime, not least the creation of the *Banque de France* in 1800, the French lacked a system of long-term public debt that would enable them to borrow on the scale required to pay the reparations. Between 1816 and 1818, the French therefore created such a system, floating a series of loans that enabled them to divest themselves of the indemnities and the army of occupation in 1818, two years early. Not only did this represent a considerable feat of public credit for a country that had suffered two invasions and economic collapse in 1814 and 1815, but the result was the creation of a system of public borrowing that lasted through the nineteenth century.⁹

The model adopted to develop public credit was derived from Britain, according to which loans were arranged with companies of bankers. In 1817 and 1818, Alexander Baring, a City banker and MP, contracted the loans required to pay the reparations. However, emulating the British model was not the only option available in 1815. The most obvious alternative considered during the early Restoration, of issuing bonds directly to the investing public, drew clearly on the legacy on John Law and the *assignats*. Law's system entailed facilitating the repayment of government debt incurred during the War of the Spanish Succession by transitioning to paper money, inflating the value of a state-owned asset to eliminate a state-owned liability.¹⁰ The *assignats* had a similar aim, issuing paper to cover the debt inherited from the *ancien régime* while simultaneously financing other government expenditure. The inflationary element of these schemes was shelved in their early-nineteenth-century

⁸ J.-C. Toutain, 'Le Produit intérieur brut de la France, 1789-1990', *Économies et Sociétés*, Histoire économique quantitative, 1.11 (1997), 5-136.

⁹ On the development of French public credit in the nineteenth century, see Z. Kang, 'L'État constructeur du marché financier', in P.-C. Hautcoeur (ed.), *Le Marché financier français au XIX^e siècle*, 2 vols. (Paris, 2007), I, pp. 159-93; J. Greenfield, *The Making of a Post-Revolutionary Fiscal-Military State in France* (Cambridge, forthcoming).

¹⁰ M. Sonenscher, *Sans-Culottes: An Eighteenth-Century Emblem in the French Revolution* (Princeton, 2008), 261; on Law, see A.E. Murphy, *John Law: Economic Theorist and Policy-Maker* (Oxford, 1997); L. Neal, "*I Am Not the Master of Events*": *The Speculations of John Law and Lord Londonderry in the Mississippi and South Sea Bubbles* (New Haven and London, 2012).

successors, not least because the aim was to incur debt rather than to eliminate it. The most eminent proponent of such a system of borrowing by public subscription during the early Restoration was Gabriel-Julien Ouvrard.

Born in the Vendée in 1770, Ouvrard engaged in commerce in Nantes in the 1780s before moving to Paris in the 1790s, presumably in part because of the collapse of the colonial trade. In Paris, he established himself in banking, later moving into business supplying the French armies, the Revolutionary Wars having begun in 1792. He achieved some notoriety in government and financial circles under Napoleon with his involvement in a major financial scandal in 1805-1806. His association with Napoleon's minister of police, Joseph Fouché, landed him in prison after the latter's disgrace in 1810. In 1813, having regained his freedom, he sought to encourage Napoleon in the mass-issuing of government *rentes*, anticipating the scheme that he pushed to finance the reparations through a vast public subscription which would obviate reliance on the bankers. However, given the government's lack of enthusiasm for this idea, he quickly converted himself into the principal intermediary between the French government and Baring, bringing the latter to Paris in January 1817.

Reconstructing Ouvrard's original scheme, which is a principal concern of this article, is problematic. The lack of documents make this an inherently speculative endeavour. The French finance ministry archives were incinerated during the Paris Commune of 1871 and nothing survived on the loans of 1817 and 1818. There are some documents in the French foreign ministry archives and in the archives of the Chamber of Deputies, but these contain nothing significant on Ouvrard's financial propositions. As for private archives, Ouvrard's papers are rather thin, though more material survives in the archives of the firms of Barings and Hopes, the latter being alongside Barings one of the principal issuing houses of the loans of 1817-1818.¹¹ The inadequacy of the archives is compounded by the mythology surrounding Ouvrard. While there are numerous biographies, most of these essentially amount to a precis of Ouvrard's self-serving memoirs which he published in 3 volumes in 1826-1827 when back

¹¹ Archives nationales du monde du travail, Roubaix, Ouvrard-Rochechouart-Larochejacquelein MSS, 164AQ; S[tadsarchief], A[msterdam], Hope & Co. MSS, 735; Baring Archive, London.

in prison.¹² Adolphe Thiers, then a journalist at the liberal newspaper *Le Constitutionnel*, wrote that the publication of the first volume had produced ‘quite a lively sensation’. He continued: ‘Ouvrard, who is very adroit, has produced a first volume of memoirs, in which he recounts his life and his transactions under the Directory, the Consulate and the Empire, a volume that is very curious and very adroit, in which there is no scandal, but in which the author makes you await another volume. That which has appeared is a threat to the ministry to obtain good treatment.’¹³ In short, the memoirs are not especially reliable – and certainly not as an account of Ouvrard’s life.

Given their reliance on his memoirs, historians have tended to exaggerate the novelty of Ouvrard’s economic ideas, swallowing his claims to brilliance instead of situating his ideas in context. Though there is even less archival or published material from Ouvrard’s like-minded contemporaries – hence, in part, the focus of this article on Ouvrard – we can see from what survives that his economic ideas were not as iconoclastic as he was inclined to claim. Instead of being cast as a lone radical, Ouvrard is better seen as representative of a particular strand of political economy, which historians have generally overlooked. While Restoration liberalism and particularly the doctrinaires have received extensive treatment, historians have given less attention to liberal economics in the early nineteenth century, focusing instead on the Saint-Simonians and on the republican political economy of Jean-Baptiste Say.¹⁴ Pierre Rosanvallon’s appraisal of François Guizot’s political thought, for example, says little about economics, claiming that the latter was of peripheral importance.¹⁵ Other

¹² G. Weill, ‘Le financier Ouvrard’, *Revue historique*, 127.1 (1918), 31-61; A. Lévy, *Un grand profiteur de guerre sous la Révolution, l’Empire et la Restauration: G.J. Ouvrard* (Paris, 1929); O. Wolff, *Die Geschäfte des Herrn Ouvrard: Aus dem Leben eines genialen Spekulanten* (Frankfurt, 1932); J. Savant, *Tel fut Ouvrard: Le financier providentiel de Napoléon* (Paris, 1954); M. Payard, *Le Financier G.-J. Ouvrard, 1770-1846* (Reims, 1958); J. Wolff, *Le Financier Ouvrard: L’argent et la politique* (Paris, 1992); J.-P. Sarrazin, *Gabriel-Julien Ouvrard: Grandeur et misère d’un financier de génie sous l’Empire* (Paris, 2014).

¹³ Thiers to Cotta, 10 May 1826, in R. Marquant, *Thiers et le baron Cotta: Étude sur la collaboration de Thiers à la Gazette D’Augsbourg* (Paris, 1959), no. 60, 323-4.

¹⁴ R. Whatmore, *Republicanism and the French Revolution: An Intellectual History of Jean-Baptiste Say’s Political Economy* (Oxford, 2000); R. Carlisle, *The Proffered Crown: Saint-Simonianism and the Doctrine of Hope* (Baltimore, 1987); A. Picon, *Les Saint-Simoniens: Raison, imaginaire, utopie* (Paris, 2002).

¹⁵ P. Rosanvallon, *Le Moment Guizot* (Paris, 1985), 267-70.

historians of early nineteenth-century French liberalism are similarly light on economics.¹⁶ The few scholars, such as Louis Girard and Francis Démier, who treat the subject present early nineteenth-century liberal economics as characterised by *laissez faire*.¹⁷ However, the ideas of liberals such as Thiers cannot be described as *laissez faire*.¹⁸ Instead, Thiers, like Ouvrard and his successors, promoted a different strand of monarchical, liberal political economy, more in line with Saint Simonianism than with Say's republicanism and which reflected the lasting influence of John Law.

In considering the intellectual legacy of Law's system, historians have tended to stop with the *assignats*. Arnaud Orain's *La Politique du merveilleux*, for example, ends in 1795.¹⁹ Likewise, Michael Sonenscher's appraisal of Law's legacy is confined to the eighteenth century, as is Rebecca Spang's.²⁰ While Marcel Pollitzer's book considers both Ouvrard and Law, he does nothing to connect their ideas or actions, offering instead a series of journalistic vignettes.²¹ Likewise, scholars have largely overlooked the similarity between the theory underlying the *assignats* in the 1790s and Ouvrard's proposals for government loans between 1813 and 1816. In reappraising the economic thought of Ouvrard and some of his contemporaries, we can see that the *assignats*, like John Law a century earlier, shaped French ideas of paper wealth, but were far from making the latter inadmissible. Moreover, in considering monarchical liberal political economy, we can qualify historians' tendency to regard early nineteenth-century French liberalism as anglophile. Just as some thinkers, such as Pierre-Paul

¹⁶ A. Craiutu, *Liberalism Under Siege: The Political Thought of the French Doctrinaires* (Lanham and Oxford, 2003); A. Jardin, *Histoire du libéralisme politique: De la crise de l'absolutisme à la constitution de 1875* (Paris, 1985).

¹⁷ L. Girard, *Les Libéraux français, 1814-1875* (Paris, 1984), 48-52; F. Démier, 'Économistes libéraux et "services publics" dans la France du premier XIXe siècle', *Revue d'histoire moderne et contemporaine*, 52.3 (2005), 33-50; J.-J. Goblot, *La Jeune France libérale: Le Globe et son groupe littéraire, 1824-1830* (Paris, 1995), 305-36.

¹⁸ D. Todd, *Free Trade and Its Enemies in France, 1814-1851* (Cambridge, 2015); S.W. Sawyer, *Adolphe Thiers: La contingence et le pouvoir* (Paris, 2018), 70-94.

¹⁹ A. Orain, *La Politique du merveilleux: Une autre histoire du Système de Law (1695-1795)* (Paris, 2018).

²⁰ M. Sonenscher, *Before the Deluge: Public Debt, Inequality and the Origins of the French Revolution* (Princeton, 2007); Sonenscher, *Sans-Culottes*; R.L. Spang, 'The Ghost of Law: Speculating on Money, Memory and Mississippi in the French Constituent Assembly', *Historical Reflections/Réflexions historiques*, 31.1 (2005), 3-25.

²¹ M. Pollitzer, *Le Règne des financiers: Samuel Bernard, J. Law, G.-J. Ouvrard* (Paris, 1978).

Royer Collard, had doubts about Britain as a political model,²² those who promoted government borrowing by public subscription sought to avoid emulating the British financial system.

I

Though the *assignats* supposedly deterred the French from paper wealth in the nineteenth century, not all the attention accorded to them or to Law was negative. With regard to the latter, for example, Thiers produced a study seeking to rehabilitate him in 1826, which appeared in a revised and extended version in 1858, just when the ‘universal suffrage of capital’ was strikingly successful.²³ The *assignats* seem to have been more readily defended than Law, perhaps in part because of the differences between these two experiments in paper money. Law’s system amounted to creating money that was underwritten by debt – following the logic that one person’s debt is another person’s asset – whereas the *assignats* were at least supposedly backed by land. Though Law could be, and often was, easily misunderstood as using land to underwrite his money, the land in question was deemed to be very different. While Law’s system allegedly rested on land in Louisiana, the *assignats* were backed by land in France, which supposedly merited much greater confidence.²⁴ Moreover, to suggest in the eighteenth or nineteenth centuries that land was poor collateral was to reject a well-entrenched economic shibboleth. Physiocracy, one of the most influential economic ideologies of the eighteenth century, lauded land as the premier economic asset, while French governments throughout the eighteenth and nineteenth centuries cosseted land as the basis of the social, political and economic order. Thus, Étienne Clavière, one of the chief architects of the *assignats*, perhaps had some reason when he rejected criticisms that he was

²² J. Jennings, *Revolution and the Republic: A History of Political Thought in France since the Eighteenth Century* (Oxford, 2011), 147-80.

²³ A. Thiers, ‘Law’, in *Encyclopédie progressive, ou Collection de traités sur l’histoire, l’état actuel et le progrès des connaissances humaines* (Paris, 1826), 49-128; A. Thiers, *Histoire de Law* (Paris, 1858).

²⁴ Spang, ‘The Ghost of Law’, 23.

resurrecting Law's system – even if the creation of the *assignats* coincided with a revival of interest in Law.²⁵

A major issue with the *assignats*, as contemporaries appreciated, was that too many were minted, a problem rendered more acute by the fall in land prices over the course of the 1790s. The government therefore responded to the collapse of one paper currency, the *assignat*, by replacing it in 1796 with another, the *mandat territorial*, which, theoretically, was essentially the same – that is to say, backed by land. The difference between the two was that whereas holders of the *assignats* were supposed to bid for whatever land they might wish to have in exchange, the holders of *mandats* were entitled simply to present themselves to the local authorities (*administration de département*) with jurisdiction over the land they wished to obtain, who would then approve the contract.²⁶ While historians have been quick to dismiss the *mandat* as the desperate measure of a government struggling to stay solvent without defaulting on its debts, this does not mean that contemporaries necessarily expected the *mandat* to collapse into hyperinflation, as it very rapidly did, thus pushing the government to a partial default in 1797.²⁷ As Paul Barras, a member of the five-man Directory that ruled France from 1795 to 1799, observed, 'we do not go easily from one paper money to another';²⁸ while the *mandat* had sceptics from the outset, few wanted the new paper money to collapse, and that it did so did not necessarily mean that paper money was definitively condemned. Just as the *mandat* replicated the theory of the *assignat*, the same logic explained the hyperinflation of both. To quote Barras again:

Times of war are not times of morality: they provide pretexts and so offer justifications for all and any violations. It has no doubt been a very constant feature that, since we have been at war with England, this power, in coalition with several others and in league with the émigrés, has thought of forging false *assignats* and *mandats* in order

²⁵ Sonenscher, *Sans-Culottes*, 314-5, 320; Spang, 'The Ghost of Law'.

²⁶ R.L. Spang, *Stuff and Money in the Time of the French Revolution* (Cambridge MA, 2015), 232-6.

²⁷ F. Crouzet, *La Grande inflation: La monnaie en France de Louis XVI à Napoléon* (Paris, 1993), 411-23; M. Marion, *Histoire financière de la France depuis 1715*, 6 vols. (Paris, 1914-1931), iii., 456-72; P.-L. Roussel, *Le Système des mandats territoriaux, 1796-1797* (Paris, 1920).

²⁸ P. Barras, *Mémoires: Le Directoire exécutif, octobre 1795-janvier 1797* (Paris, 2005), 171.

to destroy the resource of our national money. It is very true that a great quantity of this false money, cast into our territory, has brought a great prejudice against our credit.²⁹

Without the extraordinary circumstances created by the war, in other words, paper money should have worked. Thiers, in his *Histoire de la Révolution française*, first published in the 1820s, took a similar line, blaming the collapse of the *assignats* on the political instability that arose from the threat of counter-revolution.³⁰ In such an interpretation, the failure of the *assignats* was more a product of circumstances than of fundamental flaws in their conception.

Such arguments should be taken seriously. As Rebecca Spang has observed, a major problem with the *assignats* was that they were inextricably linked to revolutionary politics, not least because much of their value was shaped by their perceived qualities. Since, for example, they were backed by land taken from the Church, refractory priests and other Catholic activists denounced them as a sacrilege.³¹ Such problems raise the question of how widely the French public accepted the *assignats* in the first place, since most qualitative objections to them were inherent from the outset. Moreover, some such objections were specific to the circumstances of revolutionary politics and did not necessarily imply a rejection of paper money lasting into the nineteenth century. Likewise, the logic of the orthodox explanation for the inflation, that too many *assignats* were minted, implies that had fewer been issued they would not have succumbed to hyperinflation. Hence, many contemporaries who espoused the notion that too many *assignats* had been issued did not dismiss paper money as fundamentally flawed.

The British, moreover, demonstrated the potential of paper money during the war as they avoided hyperinflation, despite the Directory approving the forgery of Bank of England bills and the suspension of convertibility in 1797. Unlike in France, large sections of British society touted their nationalist credentials in accepting fiat money.³² While there was a tendency to

²⁹ Ibid., 301-2.

³⁰ A. Thiers, *Histoire de la Révolution française*, 9th edition, vol. 4 (Paris, 1839), 337-8.

³¹ Spang, *Stuff and Money*, pp. 180-2, 217; see also 'R. Taws, 'Trompe-l'Oeil and Trauma: Money and Memory After the Terror', *Oxford Art Journal*, 30.3 (2007), 358-60.

³² H. Shin, 'Paper Money, the Nation, and the Suspension of Cash Payments in 1797', *Historical Journal*, 58.2 (2015), 415-42.

regard the British case as an exception,³³ it nevertheless reinforced the legacy of the experiments of the 1790s which, rather than producing a hostility to paper money, reaffirmed an existing aversion towards paper that was not secured against a tangible asset. This was a point made, for example, by Charles Ganilh, a lawyer, economist and critic of Napoleon. In his 1806 *Essai politique sur le revenu public*, Ganilh observed that:

The *assignat* money assigned and specially guaranteed by the *domaines nationaux* should in the first place have only been emitted for the liquidation of the public debt and for advances that the lateness of tax payments might have required... from the moment the *assignat* money exceeded the needs of circulation, was reduced to measuring its value against other securities, and thus lost the characteristic of money, it depreciated rapidly and its depreciation was all the greater because its value as a security was more uncertain and more precarious.³⁴

Ganilh's criticism was directed against the *assignats*, rather than against paper money *per se*. As he noted a few pages later, 'paper money must be guaranteed by an assured security [*une valeur certaine*], with the ability to exchange it for this security.'³⁵ Others were more critical of paper money. The Swiss economist Sismondi, for example, published a panegyric against paper money in 1810. Taking the *assignats* as a cautionary tale, he argued that paper money was inherently unstable, a problem which could only be mitigated by ensuring that it was pegged to an asset for which it would be redeemed at a fixed time.³⁶

Ouvrard's views on the *assignats* are difficult to ascertain with any certainty. It seems that nothing of them survives outside the memoirs, which are curiously terse and allusive on the subject: 'I had had several occasions to make known my views on finance,' he tells us, 'notably at the time that I proposed to the government my plan concerning the *assignats*; I had equally expressed several ideas on the creation of the six hundred million *mandats territoriaux*. The

³³ E.g. C. Ganilh, *Considérations générales sur la situation financière de la France en 1816* (Paris, 1815), 41.

³⁴ C. Ganilh, *Essai politique sur le revenu public des peuples de l'antiquité, du moyen âge, des siècles modernes, et spécialement de la France et de l'Angleterre depuis le milieu du XV^e siècle jusqu'au XIX^e*, vol. 2 (Paris, 1806), 121-3.

³⁵ *Ibid.*, 129.

³⁶ J.C.L.S. de Sismondi, *Du papier monnaie et des moyens de le supprimer* (Weimar, 1810), 30-3, 39-43, 55-6, 59.

Director Barras, on whom my financial ideas seem to have made an impression, came to find me at Vitri; this visit was the origin of my relations with the government and a change in the direction of my business.³⁷ The relationship between Barras and Ouvrard is difficult to plumb, beyond the fact that they both had an affair with Theresia Tallien, who became Ouvrard's long-term mistress. Perhaps the best surmise is that Ouvrard encouraged the issuing of the *mandats*, probably in line with something of the conventional wisdom. Like all good self-promoters, Ouvrard had a talent for presenting himself as more original than he actually was, something apparent in the earliest expression he left us of his attitude to public credit which, again, is drawn from the memoirs. This came in the form of a memorandum he submitted to the Directors after having advanced the government 10 million francs presumably sometime between 1797 and 1799. Since, he wrote, 'the existence of a public debt is a good thing', he advocated the creation of a system of 'perpetual bonds, guaranteed by an independent *caisse d'amortissement*' which would

have the favourable faculty of decreasing and extinguishing itself [the debt] without doing harm to taxpayers and without damaging creditors; it becomes a principle of motion and activity for capital through increasing the number of securities in circulation, a means of success for all businesses, a source of affluence for all taxpayers, [a means] of increasing tax revenues, and a bond of attachment and confidence between the government and the citizens.³⁸

Such a proposal merits comment on several points. Firstly, it was relatively unoriginal, amounting to a distillation of what suited the bankers' interests, that is the creation of a stable public debt and a durable political system. The *caisse d'amortissement*, which Bonaparte established in 1799, was cribbed from the English example, Robert Walpole having established a Sinking Fund in 1717 which William Pitt then revamped in 1786. Secondly, though Ouvrard made no explicit mention of a democratised public debt, the relationship between public credit and the legitimacy of the state was clearly apparent in the text, an issue that of course acquired greater poignancy because the debacle of the *assignats* and the *mandats* contributed to the erosion of the Directory's legitimacy that left the regime

³⁷ G.-J. Ouvrard, *Mémoires de G.-J. Ouvrard sur sa vie et ses diverses opérations financières*, vol. 1 (Paris, 1826), 23-4.

³⁸ *Ibid.*, 30-2.

moribund by 1799. With the liberalisation of the market after the coup of Thermidor in 1794, which entailed the abolition of price controls, and the concurrent scarcity of commodities the inflation had reached its peak.³⁹ While Ouvrard said nothing about extending the pool of investors in French government bonds beyond the financial elites, he was nevertheless keen to argue that an increase in the number of government securities would facilitate the circulation of capital and thus expedite economic prosperity. Though relatively unoriginal, Ouvrard's views were not universally held. With the failure of the *assignats* to level social inequalities, republican political economy moved away from paper money.⁴⁰ Say, for example, regarded paper money as ultimately worthless.⁴¹ Likewise, he regarded government borrowing as counter to republican virtue. Public credit, he wrote, 'supports habits deadly to the industry and morality of nations.' It encouraged speculation and government spending, diverting resources towards unproductive ends, raising interest rates and therefore prices, while allowing certain individuals to make 'scandalous fortunes.'⁴² Abandoned by republicanism, the politics of public credit reverted to its association with monarchical liberal political economy, as had been the case under Law. Since Napoleon did not embark on large-scale government borrowing, this brand of political economy was most influential from the Restoration onwards.

II

Historians have generally credited the Consulate with stabilising the monetary situation through an adherence to 'hard' money, while emphasising Napoleon's aversion to paper.⁴³ However, this commitment to specie should not be overstated. While Napoleon was suspicious of paper, he was perfectly willing to borrow – in other words to issue bonds; his

³⁹ S.E. Harris, *The Assignats* (Cambridge MA, 1930), 186-205.

⁴⁰ Whatmore, *Republicanism and the French Revolution*, 86-9.

⁴¹ Say, *Traité d'économie politique*, i., 427.

⁴² *Ibid.*, ii., p. 360; J.-B. Say, *Cours complet d'économie politique pratique*, vol. 6 (Paris, 1829), 180.

⁴³ On the monetary reforms of the Consulate, see G. Thuillier, *La Monnaie en France au début du XIX^e siècle* (Paris, 1983).

aim was to avoid repeating the hyperinflation of the 1790s.⁴⁴ Moreover, the *Banque de France* issued paper, though for commercial use among merchants and financiers rather than for small transactions.⁴⁵ Beyond narrow financial and commercial elites, there seems to have been some openness to paper money, particularly as the economic and political outlook deteriorated towards the end of the Empire. A financial crisis in 1810-1811, compounded by the incessant war which pushed up taxes and impeded commerce, weakened the French economy. Moreover, with the disintegration of the Napoleonic regime from 1813, advocates of paper probably sensed an opening. Thus, in 1814, declaring paper money to be ‘as solid as and more precious than gold’, the mathematician and engineer Henri Bouchon-Dubournial proposed issuing it to compensate for shortages of specie, thus easing credit and reviving the French economy.⁴⁶ Likewise emphasising the potential of paper money to rejuvenate the economy, two years later, in 1816, a junior officer – *fourrier* – of the *garde nationale* proposed issuing paper money to all property-owners.⁴⁷ Like other authors, the officer emphasised the impact of political instability on the depreciation of the *assignats*, arguing that the political climate rendered uncertain the ability to exchange the *assignats* for the land by which they were nominally backed. Moreover, the *billets* of the *Banque de France*, he noted, were voluntarily accepted ‘everywhere’, demonstrating the workability of paper money in the right circumstances.⁴⁸ Such schemes were strikingly similar to those that Ouvrard promoted during the late Empire and early Restoration. In this context, we can see that his views reflected existing discourses, despite his biographers’ depiction of him as radical and iconoclastic.

Like other schemes for issuing paper in the mid-1810s, Ouvrard’s aimed to revive the French economy. His first came in the form of a proposal that he submitted to René Savary, Fouché’s

⁴⁴ P. Branda, *Le Prix de la gloire: Napoléon et l’argent* (Paris, 2007), 373-89.

⁴⁵ Y. Leclercq, *La Banque supérieure: La Banque de France de 1800 à 1914* (Paris, 2010), 228-33.

⁴⁶ H. Bouchon-Dubournial, *Considérations sur les finances, sur la dette publique, sur la nécessité et sur les moyens de créer un milliar [sic] en papier monnaie, aussi solide et plus précieux que l’or, qui, employé à payer l’arriéré actuel féconderait d’autant l’industrie, l’agriculture et le commerce* (Paris, 1814).

⁴⁷ M.G.***, *Projet d’une émission de papier-monnaie, remboursable par 10^e chaque année, portant intérêt à 6%, transmissible de gré à gré entre particuliers, avec une hypothèque spéciale pour chaque billet* (Paris, 1816).

⁴⁸ *Ibid.*, 7.

successor as minister of police, in October 1813, just before Napoleon's defeat at Leipzig. Having failed in his invasion of Russia in 1812, Napoleon had returned to Paris in December, immediately redoubling the already heavy burdens of taxation and conscription on the Empire. The imposition of new levies after Leipzig presaged the disintegration of the Empire. Brigandage increased dramatically, even as officials declined to impose the full weight of taxation and conscription that Napoleon demanded.⁴⁹ Meanwhile, the territories of occupied Europe, which bore 41% of the costs of the French budget between 1802 and 1814,⁵⁰ were largely lost. In response to such a desperate situation, Ouvrard reiterated in November his proposal for the creation of what he called a 'complete system of finance'.⁵¹

This entailed, in a manner similar to the *fourrier* of the *garde nationale* in 1816, 'calling landowners to the assistance of the state' by inviting them to subscribe to 6% *rentes* in proportion to their assets as determined by the repartition of the *contribution foncière*, the land tax established in 1790, to raise a sum of 960 million francs. The infrastructure used to collect the *contribution foncière*, moreover, could facilitate the mass-issuing of *rentes*. In floating a loan, he claimed, the state would preserve the consent of taxpayers by circumventing the need to raise taxes and giving them the benefit of interest payments, thus boosting the legitimacy of the state. To ensure the confidence of investors, the loan would be secured against the value of state forests, which could be sold to cover repayment of the loan. Selling the state forests would cost the treasury the revenue that these assets produced but, as he observed, in addition to raising immediate funds for the state, the government would benefit from additional tax revenue. The sale itself would be taxed and thereafter the forests' owners would be eligible to pay the *contribution foncière* and possibly other taxes, depending on the use they made of the forest thereafter. While Ouvrard condemned the *assignats*, emphasising that he proposed to issue the *rentes* in exchange for specie, his scheme nevertheless relied on using land as collateral and reflected the Revolution's impact on land. His rationale, in essence, was that taxpayers would have the means for his scheme, because

⁴⁹ M. Price, *Napoleon: The End of Glory* (Oxford, 2014), 171-5.

⁵⁰ P. Branda, 'La guerre a-t-elle payé la guerre?', in T. Lentz (ed.), *Napoléon et l'Europe: Regards sur une politique* (Paris, 2005), 270-1.

⁵¹ A[rchives] N[ationales] AF/IV/1081, Ouvrard to Rovigo, 16 October and 11 November 1813.

‘the *contribution foncière*, in recent years, reflects the great profits made by most landowners, leaseholders and farmers, either in the acquisition of *domaines nationaux* and other [property] paid for with paper money, or by the avoidance of all taxation during the period of paper money, because taxes paid in *assignats* are worthless.’ Despite the inflation, the *assignats*, according to Ouvrard, had benefitted some of the smallholders that many of the revolutionaries of 1789 had sought to assist. While they had caused financial chaos, the *assignats* had nevertheless achieved something of their aim and Ouvrard’s scheme, though he does not phrase it like this given the regime’s understandable desire to avoid replicating the monetary and political disorder of the 1790s, amounted to reviving this ideal of a democratised public credit. In contrast to Law’s system and the *assignats* which had been about amortisation, Ouvrard’s proposal was about increasing the public debt, but it still entailed minting paper wealth for the sake of deflecting fiscal pressures on the social order.

It is not clear that Ouvrard’s proposal received much, or any, further attention, but it is quite easy to imagine why his scheme would not appeal to Napoleon or his finance and treasury ministers. The latter, Nicolas Mollien, had already at the beginning of October 1813, concluded that ‘a loan constituted in *rentes* would not succeed.’⁵² Ouvrard’s proposal is unlikely to have shifted that position. Though Mollien, along with Savary, had assisted in Ouvrard’s release from prison, that he addressed his proposal to Savary is perhaps an indication that his relationships with Mollien, Gaëte – the finance minister – and their subordinates were not especially cordial. Leaving aside any potential animosity between Ouvrard and the finance and treasury ministries, there were probably several practical objections to the proposal. First, the government may have felt that the idea of facilitating the loan through the infrastructure of the *contribution foncière* risked provoking discontent from taxpayers. While the tax was supposed to collect a fifth of taxpayers’ income, it was far from accurately assessed, and the solution adopted during the Consulate and the Empire was to reduce the burden of the *contribution foncière* as much as possible, thereby mitigating discontent. Second, Ouvrard said nothing about what would happen if taxpayers were not interested in purchasing in *rentes*; instead, he just assumed that they would be. However, previous operations of this genre, in the 1790s not least, had amounted to forced loans – the

⁵² AN AF/IV/1083/B, rapport à l’Empereur, by Mollien, 1 October 1813.

promise of a profit, which Ouvrard claimed would secure the consent of taxpayers, would not necessarily suffice. Third, the size of the loan Ouvrard proposed, 960 million francs, was unprecedented. Not until 1871 would France issue a loan of that size, when 2 billion were borrowed to finance the first tranche of the reparations levied after the Franco-Prussian War. The figure of 960 million exceeded that of the reparations set in 1815 and came close to matching the size of the French government's budget, which only began to exceed 900 million francs annually in 1811.⁵³ While the size of the loan could be easily modified, proposing to issue *rentes* on such a scale no doubt reinforced the resemblance of Ouvrard's scheme to the *assignats*, despite his condemnation of the latter. While the *rentes* would be backed by specie and the state forests, and even if ministers and officials did not necessarily oppose the principle, issuing 960 million francs in new paper was probably reminiscent of the principal criticism of the *assignats* – that too many were minted.

Ouvrard's scheme was radical, but that did not mean it was necessarily inadmissible. Ouvrard was a capable self-promoter and, while he cultivated the image of a radical genius, he probably sought to have his schemes accepted, if only because their realisation would be to his benefit. In this case, he would presumably profit from a spike in the trade in *rentes* that his proposal would entail, given his penchant for speculation. Forwarding Ouvrard's letter to Napoleon, Savary wrote that its 'intentions seem very good to me'.⁵⁴ Like Law a century earlier, Ouvrard was clearly hoping to capitalise – literally – on the French government's financial desperation after Leipzig. The creation of Law's *Banque générale* in 1716 followed years of financial difficulty for the French government. Between 1708 and 1713, over half of French government expenditure was covered by borrowing, often at extortionate rates from the receivers, general farms and other financiers – the 'fisco-financiers'.⁵⁵ Desperate though the fiscal situation may have been in late 1813, the Napoleonic Empire opted for a new round of requisitions and tax increases in November 1813 and January 1814, before it collapsed with Napoleon's first abdication in April.

⁵³ Branda, *Le Prix de la gloire*, 583-5.

⁵⁴ AN AF/IV/1081, Rovigo to Napoleon, 11 November 1813.

⁵⁵ G. Rowlands, *The Financial Decline of a Great Power: War, Influence and Money in Louis XIV's France* (Oxford, 2012).

The Bourbon Restoration of 1814, as Louis XVI's brother took the throne as Louis XVIII, did not end the French government's financial problems. Though the war ended temporarily, the government still had to finance its debts and was under heavy pressure to reduce taxes. The most immediate pressure was the need to pay *l'arriéré*, a series of short-term, unfunded debts contracted by the Napoleonic regime, which amounted to 759 million francs in 1814, a sum greater than that of the indemnity imposed in 1815.⁵⁶ Thus, in May 1814, Ouvrard submitted a *Mémoire sur les finances*, proposing to cover the arrears by issuing 5% *rentes* at par directly to the government's creditors.⁵⁷ These *rentes* were to be accompanied by *bons supplémentaires*, which would insure the creditor against a fall in the *rente* by paying them the difference between the price of *rentes* when the *bons* were redeemed and the price of *rentes* at par. The *bons*, Ouvrard suggested, should be redeemable after 1820. Those *émigrés* who had lost their property in the 1790s and who returned to France in 1814 could likewise be compensated in a similar fashion, being given *rentes* where the restitution of their property was not possible, since the Restoration was conditional on the Bourbons accepting the redistribution of land that had taken place between 1789 and 1814. To ensure that the *rente* would rise, and to facilitate the repayment of the debt, Ouvrard proposed to revamp the *Caisse d'amortissement*.

Ouvrard's 1814 proposal did not entail the mass public subscription he had proposed in 1813. Still, the thrust of his plan in 1814, as in 1813, entailed a considerable extension of paper, giving *rentes* to those who had probably never held them before. In effect, therefore, the plan remained one of extending the numbers of investors for the sake of ameliorating public credit, which as Ouvrard emphasised would revive the economy after 25 years of war, much like Law's system after 1716. Greater prosperity, as after 1714, would entrench the legitimacy of the monarchy after the hardships of war. However, the finance ministry showed little greater interest in Ouvrard's plan in 1814 than it had the previous year, perhaps in part because while the regime had changed many of the finance ministry personnel were the same. The baron Louis, for example, the finance minister during the First Restoration, had been an official of the Napoleonic treasury, a role in which, incidentally, he seems to have

⁵⁶ M. Bruguière, *La Première Restauration et son budget* (Geneva, 1969), 81.

⁵⁷ G.-J. Ouvrard, *Mémoire sur les finances, adressé au Gouvernement par J. Ouvrard, au mois de mai 1814* (Paris, n.d. [1814]).

had some disagreeable interactions with Ouvrard.⁵⁸ Though the financial outlook was less severe with the return of peace, since the price of *rentes* was nevertheless at 65, Louis opted to cover the arrears by floating three-year bills, while the matter of the *émigrés* was deferred. No doubt these seemed to be lower-risk options than issuing paper in the manner that Ouvrard suggested. Understandably, given the disorder of the previous quarter century, low risk was a cardinal operating principle of the Restoration.

Napoleon's escape from exile in Elba and his return to France for his Hundred Days, offered Ouvrard his best chance at promoting his scheme for public credit. The depredations of another allied invasion combined with the costs of the subsequent occupation of France and the 700 million francs of extra reparations plunged French government finances into a desperate state. Thus, in February 1816, in response to the government's budget for that year, Ouvrard produced an appropriately revised plan for the extension of public credit, amalgamating elements of his 1813 and 1814 proposals.⁵⁹ To avoid the damage that would arise from an exodus of the capital required to pay the reparations, Ouvrard proposed to issue *rentes* abroad, boasting of having already made contact with an unnamed 'foreign firm' for this purpose.⁶⁰ For the time being, though, 'it was regrettable... that the negotiation could not happen', presumably because the 'foreign firm' was not interested.⁶¹ Ouvrard's alternative amounted to a variant on his 1813 scheme for a mass issue of *rentes* supported, as in his 1814 proposal, by *bons supplémentaires*: this was to 'ask the taxpayers' to 'become the creditors of the state'.⁶²

As in 1813, this idea was intended to strengthen the regime, giving taxpayers the benefit of interest payments while, Ouvrard claimed, his proposal for a new and improved system of public credit would facilitate lower taxes, further legitimising the Restoration. The 'new

⁵⁸ M.G. Buist, *At Spes Non Fracta: Hope & Co., 1770-1815: Merchant Bankers and Diplomats at Work* (The Hague, 1974), 338, 346.

⁵⁹ G.-J. Ouvrard, *Mémoire sur les finances, adressé au Roi et à la Commission de la Chambre des députés chargée de l'examen du budget proposé par les ministres le 23 décembre 1815, par J. Ouvrard, en février 1816* (Paris, 1816).

⁶⁰ *Ibid.*, 12.

⁶¹ *Ibid.*, 24.

⁶² *Ibid.*, 24-5.

financial regime', moreover, would reassure the great powers – that latter, given the occupation of France and the reparations burden, being a major concern of the French government.⁶³ Ouvrard proposed to convert French government securities, including the bills issued in 1814 to cover the arrears, into *rentes* backed by *bons supplémentaires*, which would now be redeemable between 1825 and 1830. Likewise, following his 1814 proposal, *rentes* were also to be issued directly to the state's remaining creditors and to *émigrés* as compensation for their losses after 1789. While the *bons supplémentaires* might assuage investors, they risked costing the government heavily, particularly if the price of *rentes* fell. To maintain the *rente*, Ouvrard, as in 1813, proposed to use the forests as collateral. At the same time, as before, he proposed the renovation of the *Caisse d'amortissement*. That this happened in 1816 was not because of Ouvrard. It was widely accepted that the *Caisse d'amortissement* needed to be overhauled.

While Ouvrard profited from the collapse of Napoleonic censorship to publish his financial proposals in 1814 and 1816, they attracted relatively little public attention. Only after his trial in 1824, following a public scandal over the charges he collected as a supplier of the French army during its expedition to Spain in 1823, did Ouvrard achieve notoriety – and, hence, the publication of his memoirs in prison. In part, perhaps, the lack of attention accorded to Ouvrard reflected the fate of other grand financial schemes produced during the early Second Restoration. Charles Ganilh, for example, published a proposal for an income tax and a system of *Banques de Secours* in the *départements* to revive credit, which garnered similarly little interest.⁶⁴ Bouchon-Dubournial's scheme was likewise largely ignored.

Despite a lack of public – or at least published – attention, Ouvrard's proposal for the reparations payments was certainly noticed in financial circles. In late September 1816, he sent a memorandum to the finance ministry, proposing that in 1817 the government borrow 300 million francs in *rentes* supported by *bons supplémentaires*.⁶⁵ Given the potential expense of the latter should the *rente* fall, he now added to his scheme the notion of a *Caisse de*

⁶³ *Ibid.*, 14.

⁶⁴ Ganilh, *Considérations générales sur la situation financière*.

⁶⁵ SA, 735/1936, Hope & Co. MSS, note by Ouvrard, 23 September 1816. There is another copy of this document, at the same reference, dated 27 September 1816.

réserve, underwritten by the sale of the forests, which would 'nullify the *bons supplémentaires* by raising the *rente*, and would make profits itself by purchasing *rentes*'. By late October, the government, wrote the banker Jean-Conrad Hottinguer, was 'seen to be more seriously occupied with M. Ouvrard's plan'.⁶⁶ Much of the ministry's surviving analysis of Ouvrard's scheme concerns the *bons supplémentaires*, in particular projections of their potential cost.⁶⁷ Still, one memorandum outlined the possibility of using mayors and prefects to publicise the loan, encouraging taxpayers to invest by informing them of its potential benefits and 'that a company of foreign capitalists is ready to fulfil [the loan]', thus appealing to national sentiment.⁶⁸ A major problem remained however. Given difficulties with tax collection during the early Restoration, the government was determined that the loan would be voluntary. But what if the volunteers were too few? As in 1813, there was no guarantee that Ouvrard's *bons supplémentaires*, if they were issued, would solve this problem, and for the loan to fail would be a disaster for French public credit. A major attraction of contracting the loan with bankers, on the British model, was that the bankers offered greater assurance that the bonds would be bought, if only by themselves.

Together, the potential problems of a public subscription and the invocation of foreign capitalists raise a question about the extent of the government's sincerity in considering Ouvrard's proposal. One possibility is that the issuing of *rentes* to the French public was genuinely intended to reduce the amount required from foreign bankers, making the operation easier and more manageable for them. Perhaps more likely, the government may have threatened a public subscription to gain leverage with the bankers. As Ouvrard had himself indicated, a loan from foreign bankers was the most desirable means of paying the reparations and this reflected the conventional wisdom. The problem, as Ouvrard had indicated in his published proposal, was that the foreign bankers were not especially forthcoming. Jacques Laffitte, one of the most eminent Paris bankers and the provisional governor of the *Banque de France*, had written to Barings at the beginning of October to

⁶⁶ J. Greenfield, 'Financing a New Order: The Payment of Reparations by Restoration France, 1816-1818', *French History*, 30.3 (2016), 385.

⁶⁷ SA, 735/1936, Hope & Co. MSS.

⁶⁸ SA, 735/1936, Hope & Co. MSS, note, [by the finance ministry], 29 October 1816.

propose a loan.⁶⁹ The Paris bankers, he wrote, lacked the means to issue a large enough loan themselves, and sought Baring's assistance in placing *rentes* in London. He received no response, and so Hottinguer, a member of the syndicate Laffitte had formed to issue the loan, tried again three weeks later, with equally little success. The government's consideration of Ouvrard's plan, therefore, may have been intended to increase the pressure on the Paris bankers to break the impasse and produce a workable plan for the French government to borrow what it needed to finance the reparations.

If the aim was an arrangement with foreign bankers, Ouvrard assisted the government. Aware that his plan was controversial, he pursued an arrangement with Baring himself. By December, therefore, he had manoeuvred himself into the position of the French government's official intermediary, and brought Baring to Paris to negotiate a loan in January 1817. At this point, the French government dropped Ouvrard, and in February concluded a contract with Baring and Pierre-César Labouchère, a senior partner of Hope & Co. Laffitte, Hottinguer and their associates undertook to issue *rentes* in Paris, while Baring did so in London.⁷⁰ Thus, the French adopted the British model, which seemed to offer the safest means of assuring the reparations payments. As Marc Flandreau and Juan Flores have argued, the endorsements of eminent firms played a major role in sustaining government bonds in early nineteenth century Europe.⁷¹ With Baring's imprimatur, investors, and thus the French government, felt able to be more confident of a rising *rente*.

III

While Baring and Labouchère dominated the reparations loans that the French government floated in 1817 and 1818, the concept of public subscription that Ouvrard promoted did not die. He may have shelved the idea but, in February 1817, an anonymous pamphlet appeared

⁶⁹ Greenfield, 'Financing a New Order', 386.

⁷⁰ For a more detailed discussion of Ouvrard's role in the loan negotiations of 1817, see Greenfield, 'Financing a New Order', 385-90.

⁷¹ M. Flandreau and J.H. Flores, 'Bonds and Brands: Foundations of Sovereign Debt Markets, 1820-1830', *Journal of Economic History*, 69.3 (2009), 646-84.

arguing that a 'national and monarchical' system of public credit could be obtained through a voluntary subscription from 'property-owners and *patentables*' – the latter referring to those who paid the *patente*, a tax on business and the professions.⁷² In this scheme, an investor's tax payments would be used to finance part of their subscription, effectively providing them with a tax cut in exchange for their participation in the loan. Not only did this recycle the idea, pushed by Ouvrard, of using the means of tax collection to float a loan; it also replicated the notion that France had a relatively egalitarian distribution of property. Whether these proposals were influenced by Ouvrard's pamphlets of 1814 and 1816 is impossible to say. The concept of a public debt funded by society as a whole was certainly not an idea that he originated. The important point is that the idea had traction during the early Restoration and at least purported to offer a means of paying the reparations.

Moreover, the eagerness of French investors to partake of the loans that Baring floated offered further encouragement to proposals for a public subscription. Around half of the reparations loans seem to have been subscribed in Paris.⁷³ As the public demand for *rentes* in Paris rose, opposition deputies and bankers railed against the government for having contracted the loans with foreign firms. In January 1817, the deputy and banker Casimir Perier published a pamphlet in which he argued that it was less harmful for the French government to borrow from its own citizens at a high interest rate than it was to borrow from foreigners at the same rate. In the latter case, hefty interest payments were sent abroad, while in the former they would remain in France, providing resources that the French state could tap. In this way, 'loans could facilitate loans', while to resort to foreign bankers would be to place the country's destiny in foreign hands. Economies in public spending, he claimed, would raise the confidence of French bankers, enabling them to provide the resources required for the reparations and thus obviating the need to borrow abroad.⁷⁴

While Perier's critique was largely about giving the French *haute banque* a greater share in the loans, animosity towards foreign bankers pushed some opposition deputies and

⁷² M.B., *Projet d'emprunt, en remplacement ou déduction du crédit de trente millions en rentes, porté par le budget de 1817* (Paris, February 1817), 9, 11-13.

⁷³ Greenfield, 'Financing a New Order', 391.

⁷⁴ C. Perier, *Réflexions sur le projet d'emprunt* (Paris, 1817), 2, 7-8, 10-1.

financiers towards emulating Ouvrard's logic of 1816, when a loan abroad had seemed unobtainable. Thus, the banker Michel-Frédéric Pillet-Will proposed opening public subscriptions in the *chef-lieu* of each prefecture and sub-prefecture. This would allow the 'whole of France' to partake in the loan required to liberate the country from the occupying allied army; public credit would become an expression of national pride.⁷⁵ In contracting the loan with the bankers, wrote the author of the February 1817 proposal for a public subscription, the government did not account for 'some differences, in the state of affairs and in the disposition of minds' between Britain and France. Noting that British capital was much more concentrated in London than French capital was in Paris, he revived his proposal of the previous year, for a loan using the infrastructure of the *contribution foncière* and the *patente*. Refuting criticism that the notion of a public subscription was similar to the minting of the *assignats*, he noted that the *assignats* had been issued at par, leaving their holders at a loss, whereas *rentes* would not be; more interestingly, perhaps, he also observed that the *assignats* 'had at least an advantage' in stimulating 'agriculture and commerce everywhere'.⁷⁶ The government disregarded such proposals, probably for much the same reasons as it hesitated over Ouvrard's original schemes. Baring and his associates offered a much greater surety of raising the required loan, and thus they remained supreme, floating the *rentes* required for the reparations. Moreover, by the time Pillet-Will published his proposal, the loans had already been contracted; his pamphlet was partly written to laud the success of public subscription, which was used to issue a further 14.6 million francs of *rentes* that the government needed to cover its budget deficit for the year.

Unveiled in *Le Moniteur* on 9 May 1818, the subscription was less ambitious than that envisioned by Ouvrard two years previously or that promoted by the more radical opposition deputies, financiers and their associates. Whereas they proposed to issue *rentes* across provincial France, the government's subscription was open to everybody who 'resides in Paris, or who has a representative there'.⁷⁷ While the subscription was a great success, raising

⁷⁵ M.-F. Pillet-Will, *Observations sur l'emprunt de 24 millions de rentes, qu'on dit être donné à deux maisons étrangères* (Paris, 1818), 7.

⁷⁶ M^r M.J.B.B., *Observations contre le système d'emprunter pour l'état en vendant des rentes; et Projet d'emprunt, En remplacement du Crédit de seize millions demandé par le Budget de 1818* (Paris, 1818), 8, 19-24, 38-42.

⁷⁷ *Le Moniteur universel*, 9 May 1818.

168 million francs of *rentes*, that is over eleven times the sum required, many of the *rentes* were very likely purchased by Paris bankers and existing rentiers.⁷⁸ Not until 1822 did the government – then of the ultra-royalist right – lower the minimum purchase from 50 francs of *rente* to 10 francs, reducing the nominal capital required from 1000 francs to 200.⁷⁹ Small investors were effectively priced out of the market in 1818. By 1824, there were only 10,000 small rentiers, that is investors holding between 10 and 50 francs of *rentes*, amounting to a total capital of 310,000 francs of *rentes* out of the 140 million in circulation.⁸⁰

While the government proved cautious about extending the number of investors in the public debt, this does not mean that it opposed the principle. In 1818, the government approved the foundation of the *Caisse d'épargne de Paris* by a group of liberal financiers and philanthropists. The purpose of the institution was to encourage the lower classes to save and so facilitate the improvement of their standard of living, while mitigating their dependence on poor relief in hard times. From the outset, however, the *Caisse d'épargne* was also intimately connected to the broadening of the investing public. The deposits it took were to be placed in *rentes*, which would be purchased in the account-holder's name as depositors accumulated the necessary savings. *Caisses d'épargne* were founded in other cities in the 1820s and, while their proliferation only really accelerated after the Revolution of 1830 removed the Bourbon regime, they nevertheless reflected the latter's willingness to extend the number of investors in *rentes*, reinforcing the socio-political order as Ouvrard had proposed – just on a much smaller scale and by different means. Since greater political stability would buttress public credit, the aim was to create a virtuous circle, in which these would be mutually reinforcing.⁸¹

The ultra-royalists' commitment to small rentiers was reflected in the debate over the indemnification of the *émigrés* in 1824. The government planned to raise the necessary funds

⁷⁸ Richelieu to Osmond, 2 June 1818, in S. Charléty (ed.), *Lettres du duc de Richelieu au marquis d'Osmond, 1816-1818* (Paris, 1939), 194.

⁷⁹ Law of 17 August 1822 (titre IV, §V, art. 24), *Le Moniteur universel*, 19 August 1822.

⁸⁰ P. Coq, 'De la conversion des rentes projetée en 1824; le 3 pour cent de M. de Villèle', *Journal des économistes*, 6 (1879), 57-84, here 64.

⁸¹ C. Christen-Lécuyer, *Histoire sociale et culturelle des caisses d'épargne en France, 1818-1881* (Paris, 2004).

through a debt conversion, and was consequently savaged by deputies on both the left and the right, who criticised the reduction of interest payments as threatening property and the livelihoods of small rentiers.⁸² Like the small farmer or small landowner, the small rentier attained sacred status in post-revolutionary France, whose interests the state was expected to serve, reflecting the more general commitment to property as the buttress of the social order. To own property, be it real estate or *rentes*, was to be a citizen.

If the idea of broadening the number of investors in the public debt was accepted on the ultra-royalist right, it was equally if not more popular with the more liberal regimes that followed the Restoration. In 1831, the July Monarchy, established the previous year, opened a public subscription, partly influenced by the success of that of 1818. While the subscription fell short of its aim, raising only 20 million francs of a desired 80 million, the idea of public subscription endured. With the greater integration of the national space following the construction of railways and telegraphs from the late 1830s, mass public subscription became administratively easier and consequently more attractive. After another unsuccessful subscription in 1848, the Second Empire developed the means for public subscription in the 1850s, using it to float three loans in 1854-1855 to raise 1,500 million francs.⁸³ These loans were issued largely as those such as Ouvrard and Pillet-Will had proposed: subscriptions were opened in each prefecture and sub-prefecture. While, in some areas, potential subscribers were deterred by the desire to avoid putting their money into paper,⁸⁴ there is no reason to think this aversion to paper was any greater in France than it was in Britain or elsewhere. Meanwhile, numerous small investors put their savings into paper. The loan of 750 million francs floated in July 1855, for example, received subscriptions worth 230-235 million from those purchasing 10 to 50 francs of *rente*.⁸⁵ Despite their alleged hatred of paper money in the nineteenth century, the French were nevertheless willing to become a nation of bondholders. French small investors became an increasingly important factor in the Paris bourse as the century progressed. While the reconstruction of French public credit after 1815

⁸² J. Mavidal et al. (eds.), *Archives parlementaires de 1787 à 1860: Recueil complet des débats législatifs et politiques des chambres françaises*, 228 vols. (1862-present), xl., xli.

⁸³ Marion, *Histoire financière*, v., 124, 364-8.

⁸⁴ E.g. AN F^{1cl} 34, sub-prefect of Bazas to the Prefect of the Gironde, 18 March 1854.

⁸⁵ Rapport à l'Empereur, by Magne, *Le Moniteur universel*, 30 July 1855.

eschewed relying on small investors, the Restoration laid the foundation for broadening the investing public, not least by nurturing a rising and stable *rente* and creating the *caisses d'épargne*.

IV

The *assignats* did not discredit paper money. While some were no doubt scarred by the hyperinflation of the 1790s, the *assignats* did little more to produce a long-term aversion to paper assets than the collapse of Law's system in 1720. Instead, Ouvrard and others developed schemes for extending paper wealth that sought to circumvent the deficiencies of the *assignats*, much as the latter were supposed to avoid emulating the shortcomings of Law's system. In each of these three occasions, paper assets entered the policy arena in response to a crisis. The foundation of Law's *Banque générale* in 1716 followed years in which financial desperation, arising from the escalating costs of war, had pushed the French government towards ever more radical expedients. In this respect, Law's system did not represent a completely new departure.⁸⁶ The *assignats*, too, were issued as the French government confronted the problem of having incurred the *ancien régime's* debts while having repudiated the tax system and facing a disintegrating system of public credit. On one level, Ouvrard and others reflected this tradition, of issuing paper to the wider public to overcome a crisis in public finance. The latter arose from the costs of the Napoleonic wars – not just the reparations, but also the arrears and, with respect to Ouvrard's 1813 proposal, the continuation of the wars themselves.

In paying the reparations, the Restoration avoided widening the circulation of paper in the manner that Ouvrard and others proposed. Instead, the government was able to secure loans by emulating the British system, which offered a surer means for the French government to establish its financial credibility. Just as historians have characterised the Restoration as an apprenticeship in British-style parliamentary democracy, it was also an education in British-

⁸⁶ Rowlands, *The Financial Decline of a Great Power*; Orain, *La Politique du merveilleux*.

style public credit.⁸⁷ In both these respects, the Restoration, so often lambasted as a reactionary attempt to resurrect something of the *ancien régime*, was remarkably innovative. Simultaneously, the regime accepted something of the tradition pushed by Ouvrard and others of using paper to draw potential investors into the national economy. Most notably, the government established the *caisses d'épargne* and issued the loan of May 1818 by a public subscription, both of which ultimately eased the democratisation of public credit – the ‘universal suffrage of capital’ – that emerged with the loans of the 1850s, since the *caisses d'épargne* broadened the investing public while the 1818 loan showed that public subscription could succeed.

Despite fostering important innovations, the Restoration was not radical. In matters of money, for example, it did not push French people to adopt gold and silver francs, let alone paper ones, as a mélange of *ancien régime* currencies continued to circulate well into the mid-nineteenth century.⁸⁸ Such caution was understandable, and reflected a predilection for bullion that was far from unique to France. However original France’s post-Napoleonic governments were, they had no wish to be reckless and needlessly risk provoking disorder. From their perspective, radicalism and chaos – in money as in other matters – had been hallmarks of the 1790s, a period that Restoration elites had no desire to resurrect. A dramatic overhaul of money or public credit might be theoretically sound and might even work; but if it was avoidable, the regime saw no need to undertake it and risk any dislocation that might ensue. Instead, the Restoration and, to a lesser extent, its successors, preferred more gradual change. The regime’s creation of a stable system of public credit reflected such an attitude, allowing the French to contemplate debt conversion from the 1820s and to borrow ever larger sums of money over the course of the century. Modern France was made by more than Revolution.

⁸⁷ P. Rosanvallon, *La Monarchie impossible: Les Chartes de 1814 et de 1830* (Paris, 1994); J.A.W. Gunn, *When the French Tried to Be British: Party, Opposition and the Quest For Civil Disagreement, 1814-1848* (Montréal, 2009).

⁸⁸ Spang, *Stuff and Money*, 246-70.