

GOVERNMENT AND THE ECONOMY IN FRANCE

A HISTORICAL PERSPECTIVE

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12 classes * 2 hours = 24 hours



COURSE DESCRIPTION

From the Old Regime to the Fifth Republic, government has promoted and, to a large extent, shaped economic growth in France, thus sparking a never-ending national conversation on wealth creation and distribution.

The objective of this course is threefold:

- 1- To examine the interactions between government, business and public opinion in France.
- 2- To familiarize students with the functions and responsibilities carried out by government economic agencies.
- 3- To give students the opportunity to discuss current economic policy issues and put them in historical perspective.

The lectures will follow a chronological framework, identifying and discussing key steps in the economic development of the nation, from medieval foundations to the contemporary challenges of a globalized economy. The lectures will also attempt to revisit major issues of French economic policy: national debt and taxation, national sovereignty and European integration, free trade and tariffs, regulation and financial innovation, industrial growth and protection of the environment, social security and individual freedom, etc.

OUTLINE OF THE CLASSES

I- Foundations

I-1) King and Country

- Medieval economic lawgiving
- “A much richer country than North America” (Adam Smith)
- Mr. Colbert’s system

Readings

- **Doc 1:** Philip Augustus: Suppression of Étampes Commune, 1199-1200 (*Documents sur les relations de la royauté avec les villes en France de 1180 à 1314*, ed. A. Giry and E. Lavissee (Paris: Picard, 1885), no. 5, p. 36. Translated by Richard Barton, 1998 © Paul Halsall [<https://sourcebooks.fordham.edu/source/1200etampes.asp>, site visited on December 17, 2021]).
- **Doc 2:** Adam Smith on the wealth of France (Adam Smith, *An Inquiry into the Nature and Causes of The Wealth of Nations*, Book IV, Chapter III, Part II [“On the Unreasonableness of those extraordinary Restraints upon other Principles”], 1776, Chicago, The University of Chicago Press, 1976, 521-522).
- **Doc 3:** Adam Smith on Colbert and his system (Adam Smith, *An Inquiry into the Nature and Causes of The Wealth of Nations*, Book IV, Chapter IX [“Of the Agricultural Systems, or of those Systems of Political Oeconomy, which Represent the Produce of Land as either the Sole or the Principal Source of the Revenue and Wealth of Every Country”], 1776, Chicago, The University of Chicago Press, 1976, 182-183).

I-2) The French Revolution

- The bankruptcy of the old Regime
- The end of privileges
- Banning guilds and unions

Readings

- **Doc 4:** An Englishman visits the kingdom of France on the eve of the French Revolution (Arthur Young, *Young’s Travels in France During the Years 1787, 1788, 1789*, London, Forgotten Books, 2018, 124-126).
- **Doc 5:** The prosperity of “the late monarchy of France” (Edmund Burke, *Reflections on the Revolution in France*, 1790, London, Penguin Classics, 1986, 231-234).
- **Doc 6:** Abolishing the feudal system (The Decree Abolishing the Feudal System, August 11, 1789, J.H. Robinson, ed., *Readings in European History* 2 vols. (Boston: Ginn, 1906), 2: 404-409, Hanover Historical Texts Project [<https://history.hanover.edu/texts/abolfeud.html> – site visited on January 12, 2021]).

II- The Age of Industry

II-1) Take-off

- The Napoleonic Settlement
- Laissez-faire
- Early industrialization

Readings

- **Doc 7:** Anticipating modern debates on taxation (Jean-Baptiste Say, *A Treatise on Political Economy*, 1803, 447– 49. Quoted in: Robert L. Formaini, “Jean-Baptiste Say. Foundations of France’s Free Trade Tradition,” *Economic Insights*, Federal Reserve Bank of Dallas, Volume 11, Number 1 [https://www.dallasfed.org/~media/documents/research/ei/ei0601.pdf, site visited on January 13, 2022]).
- **Doc 8:** The emergence of a new social organization (Charles Fourier, *Theory of Social Organization* [New York: C. P. Somerby, 1876] © Paul Halsall created 26 Jan 1996, latest revision 20 January 2021 [https://sourcebooks.fordham.edu/mod/1820fourier.asp, site visited on January 13, 2022]).
- **Doc 9:** A Marxist interpretation of the July monarchy (Karl Marx, *The Class Struggles in France, 1848 to 1850*, January - October 1850 for the *Neue Rheinische Zeitung Revue, Selected Works*, Volume 1, Progress Publishers, Moscow 1969 [https://www.marxists.org/archive/marx/works/1850/class-struggles-france/index.htm, site visited on January 13, 2022]).

II-2) The triumph of Capital

- Business law
- Booms and busts
- The colonial empire

Readings

- **Doc 10:** Industrial power and global politics (Eric Hobsbawm, *The Age of Capital. 1848-1875*, 1875, London, Abacus, 1997, 100-101).
- **Doc 11:** Third Republic Democratic Optimism (Léon Gambetta, *The Belleville Manifesto*, 1869, The Modern History Sourcebook, © Paul Halsall, July 1998 [https://sourcebooks.fordham.edu/mod/1869gambetta.asp, site visited on December 10, 2021]).
- **Doc 12:** Industrialization as a monster (Émile Zola, *Germinal*, Part I, Chapter 1, 1885, Translated by Havelock Ellis, London, J. M. DENT & SONS LTD [https://www.gutenberg.org/files/56528/56528-h/56528-h.htm, site visited on January 17, 2022]).

III- War and Post-war

III-1) The War economy and its consequences

- Mobilizing the industry
- Financing the war
- Human toll

Readings

- **Doc 13:** Telegram from the American ambassador in Paris to the State Department, April 13, 1917 (<https://history.state.gov/historicaldocuments/frus1917Supp02v01/d30>, site visited on January 13, 2022).
- **Doc 14:** The Director of the US Food Administration—and future President—assesses the needs of France and other allies (Herbert Hoover, *The memoirs of Herbert Hoover. Volume 1 : Years of Adventure 1874-1920*, New York, The Macmillan Company, 1951 353-354. [https://hoover.archives.gov/sites/default/files/research/ebooks/b1v1_full.pdf, site visited January 17, 2022]).

III-2) “The Great Interwar Crisis” in France (Robert Boyce)

- Restoring the Franc: Mission Impossible
- The Great Depression
- The Popular Front

Readings

- **Doc 15:** Keynes on Clemenceau and France in 1919 (John Maynard Keynes, *The Economic Consequences of the Peace*, 1919, in *The Essential Keynes*, London, Penguin Books, 2015, 464-465).
- **Doc 16:** *Time Magazine* reports on the Popular Front (France: “Arise and Slash!”, *Time*, June 22, 1936).

IV- Reconstruction

IV-1) WWII

- The French industry on the warpath
- The cost of German occupation
- The legacy of Vichy

Readings

- **Doc 17:** British propaganda on the French war effort (W. Somerset Maugham, *France at War*, London, William Heinemann Ltd, 1940, 36-39).
- **Doc 18:** The price of defeat (Article XVIII of the June 22, 1940 Armistice Agreement, <https://avalon.law.yale.edu/wwii/frgearm.asp>, site visited on January 13, 2022).
- **Doc 19:** Collaboration and compromise (Philippe Burrin, *France under the Germans*, New York, The New Press, 1996, 245-246).

IV-2) Rebuilding the nation

- The CNR Program
- Nationalizing the economy
- The French Welfare State

Readings

- **Doc 20:** Drafting plans for post-war France (Julian Jackson, *France. The Dark Years 1940-1944*, Oxford, Oxford University Press, 2001).
- **Doc 21:** Constitutionalizing the Welfare State (Preamble to the Constitution of 27 October 1946 [https://www.conseil-constitutionnel.fr/sites/default/files/as/root/bank_mm/anglais/cst3.pdf], site visited on January 13, 2022]).
- **Doc 22:** The Marshall Plan (Speech Delivered by General George Marshall at Harvard University, June 5, 1947 [excerpts, from: the George C. Marshall Foundation, at: http://www.marshallfoundation.org/library/doc_marshall_plan_speech.html, site visited on January 12, 2022]).

V- Growth and its Discontents

V-1) The “Thirty Glorious Years”

- Economic growth and social changes
- The end of Empire and the European choice
- Colbertism redux?

Readings

- **Doc 23:** Joining the Common Market: The Treaty of Rome, March 25, 1957 (online version accessible at: https://ec.europa.eu/archives/emu_history/documents/treaties/rometreaty2.pdf, site visited on January 13, 2022).
- **Doc 24:** A Gaullist ponders the legacy of centuries past (Yves-Marie Péréon, *Moralizing the Market. How Gaullist France Embraced the US Model of Securities Regulation*, Baltimore, Johns Hopkins University Press, 2018, 14-15).

V-2) The French Malaise

- Stagflation
- The ENA under attack
- Thatcher and Mitterrand

Readings

- **Doc 25:** Surviving the oil crisis (Communiqué Following Discussions Between President Ford and President Giscard d'Estaing, Online by Gerhard Peters and John T. Woolley, The American Presidency Project <https://www.presidency.ucsb.edu/node/256203>, site visited January 13, 2022).
- **Doc 26:** A New Beginning ? (Paul Lewis, “Which Way Now for The French Economy?”, *The New York Times*, May 17, 1981).

VI- The French Economy in the Age of Globalization

VI-1) Strategic choices

- The euro
- Global governance
- Facing the financial crisis

Readings

- **Doc 27:** Freedom of capital in Europe: A controversial interpretation (Rawi Abdelal, *Capital Rules. The Construction of Global Finance*, Cambridge and London, Harvard University Press, 2007, 2009, 82-84).
- **Doc 28:** The Maastricht Criteria (Treaty on European Union/Protocol on the convergence criteria referred to in Article 109j of the Treaty establishing the European Community, online version accessible at: https://www.ecb.europa.eu/ecb/access_to_documents/document/legal_act/shared/data/ecb.dr.leg1992_C191_85.en.pdf?8b1cf8dac4fa1f2f9a4b728d2d951d2e, site visited on January 13, 2022).
- **Doc 29:** Capitalism challenged (“Capitalism at bay. What went wrong and, rather more importantly for the future, what did not,” *The Economist*, October 18, 2008).

VI-2) New challenges

- Attracting foreign investments
- A good steward of the environment?
- The French state and the pandemic

Readings

- **Doc 30:** Constitutionalizing the protection of the environment (Charter for the Environment, 2005 [https://www.conseil-constitutionnel.fr/sites/default/files/as/root/bank_mm/anglais/charter_environnement.pdf, site visited on January 17, 2022]).
- **Doc 31:** Promoting France in a global age (Speech by President Emmanuel Macron - Ambassadors’ Conference 2018 [https://www.diplomatie.gouv.fr/en/the-ministry-and-its-network/news/ambassadors-week/ambassadors-week-edition-2018/article/speech-by-president-emmanuel-macron-ambassadors-conference-2018, site visited on January 13, 2022]).
- **Doc 32:** Responding to the pandemic, a joint effort at EU level (A Recovery Plan for Europe, Council of the European Union [https://www.consilium.europa.eu/en/policies/eu-recovery-plan/, site visited on January 17, 2022]).