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The Economic Policies of Jean-Baptiste Colbert

Jeri Kurtzleben

From 1643 to 1715 France, under the rule of the Sun King Louis XIV, enjoyed political dominance and revenues far above other European nations (Dunn 1979, p. 179). In 1661, Jean-Baptiste Colbert, a man of humble origins and little economic training, joined Louis' court as finance minister. A devoted servant nineteen years Louis' senior, Colbert shared the Sun King's desire for opulence, as well as his penchant for attention to detail (Murat 1984, p. 74). More than three hundred years have passed since Colbert initiated his economic and financial policies, yet his contributions live on. Colbert inaugurated policies regulating taxes, commerce, industry and trade. Throughout his tenure, he worked tirelessly for the advancement and self-sufficiency of France. Ironically, on occasion this actually worked to the detriment of France and roused public anger against Colbert.

TAX AND BUDGET REFORM

Taxation was one of the first issues Colbert addressed. He wanted to reform taxes at all levels; indeed, he sought equality of taxation at all class strata (Cole 1939, p. 304). Before his appointment, a large portion of France's taxes was lost en route to the king. These taxes lined the pockets of tax collectors along the way. Colbert gave great attention to reforming the tax system to rid it of such abuses.

The tax used in France was a direct tax based on personal wealth called the *taille* personal. This tax, however, was paid only by commoners who owned less than one-third of the land (Murat 1984, p. 194). Compounding this inequity was the fact that a commoner's tax *assessment* was not based on information provided by the commoner, or even by a central taxing authority; it came from the commoner's neighbors. The assumption was that one's neighbor had a better understanding of one's finances than oneself. Not surprisingly, the *taille* personal was riddled with corruption and inaccuracy.

Because the nobility and clergy were exempted from paying the *taille* personal, it was, in reality, a tax on the poor. However, even the poor could escape paying the tax by bribing tax collectors to go to prison for them, the bribe being cheaper than paying the *taille* itself (Sargent 1968, p. 22).

Colbert devised a number of reforms for the *taille* personal. Between the years 1661 and 1668, he ordered an investigation of nobles to identify those who were claiming false noble status in order to be exempt from paying the *taille* personal. Each noble was forced to prove his or her claim to nobility (Cole 1939, p. 304). In 1663, Colbert established a new regulation which stated that punishment of tax collectors, such as imprisonment, would not relieve individuals from their tax liabilities (Sargent, 1968, p. 23). This ended much bribery. Colbert also instigated investigations of all cases of purported injustice in tax collection from the year 1635 to the tax year then current. Because of his attention to details, tax collection did increase in France; however, Colbert was unable to correct the inequality in taxation between commoners and nobles. The commoners continued to pay a greater share of the taxes than the nobility.

Abuses also ran rampant in the system of *gabelles*, a form of indirect taxation based on the prices of products such as wine and cheese. In 1661, for example, the *gabelle* or salt tax collection total was to be 14,750,000 livres, but the Treasury only received 1,399,000 (Sargent 1968, p. 27). To combat the problem of lost collections, Colbert devised an auction at which tax collectors bid for the right to collect taxes in specific areas. Once the collection was complete, the tax collector would have to make up any difference between his assigned collection figure and the actual amount collected; on the other hand, he could keep any profits if there were a surplus. This provided an incentive for zealous collection. In only three years the Treasury was realizing an improvement in the collection rate (Sargent 1968, p. 27). Prior to Colbert's reform, only one-half of the revenues reached the Treasury (Cole 1939, p. 302).

Although improvement in tax collection was important in reducing France's large national debt, equally important was Colbert's use of budgeting as a financial tool. Colbert created a public accounting system which was used in France, not only in the seventeenth, but in the eighteenth century as well. This budget forced reductions of the lavish practices Louis often employed in parades and at his home in Versailles. Under Colbert's supervision, the Sun King reduced his spending by nearly half (Murat 1984, p. 111).

COMMERCIAL POLICIES

The development of French commerce was another Colbert legacy. During his administration, Colbert worked toward building French commerce both

internally and externally. Colbert understood that commerce would improve France's self-sufficiency. Commerce also provided an opportunity to accumulate bullion. Within France, Colbert initiated many measures to lessen the burdens on commerce. Beginning in 1665, subsidies were given industries, taxes were reduced, prices of goods were regulated, and tolls were diminished. Tolls were a particular impediment to commerce in seventeenth century France (Trout 1978, p. 124). Due to the nation's lack of bridges and satisfactory roads, exorbitant toll rates were charged, usually several times a trip.

In 1670, Colbert ordered all royal roads to be widened. Trees and bushes were not to be planted within ten feet of the road. A new highway system and new bridges were also begun. The roads and bridges increased commerce by reducing prices associated with trading. The new road system allowed trade to function year around, whereas in the past, trade depended upon the weather due to poor road conditions. The new road system helped bring France together as a nation and thus helped strengthen the nationalist spirit that was beginning to emerge.

Improved waterways were yet another way Colbert actively pursued his goal of increasing commerce and the speed of trade. It was through Colbert's initiative that the once hard to navigate Loire River in east central France was modified to accommodate the shipping of goods. Colbert also ordered the building of other canals and harbors (Lodge 1931, p. 167). His plans for expansion and improvement of waterways supported the growing French navy. A strong military on both land and sea was important to Colbert, not only for protection of commerce, but also for international prestige (Cole 1939, p. 351). In 1662, Colbert supported a plan for a Canal of Two Seas. This project created a water passage through France connecting the Atlantic Ocean and the Mediterranean Sea. The canal allowed for more efficient shipping and increased commerce. It drastically reduced the cost and time involved in trade. France's wine industry particularly benefited from the building of the canal which was finally completed in 1681 (Murat 1984, p. 159). Colbert has also been associated with urban renewal within Paris. He worked tirelessly to improve the look and ambiance of that city. He called upon famous architects and artists, such as Giovanni Lorenzo Bernini of Italy, to revamp Paris. Streets throughout the city were changed from narrow dirt paths to widened, paved city streets. Canals, fountains, and bridges were built, and the Botanical Gardens were restored to beauty. Soon after, many of Colbert's urban renewal concepts spread to other cities throughout Europe.

INDUSTRIAL POLICIES

Colbert also sought French self-sufficiency through the use of mercantilism.

Mercantilism depended upon the establishment of colonies and a merchant marine to promote trade. It also necessitated development of industry to gain a favorable balance of trade and resulting accumulation of bullion. Colbert believed France should export the finest quality of every commodity and to do this he implemented regulations. Regulation of industry was vital for Colbert for three reasons. First, he wanted uniformity and simplicity in industrial production, and this regulation could provide. These qualities helped increase profit by ridding industries of inefficiency. Secondly, Colbert wanted to protect consumers so that they would buy French goods, thus keeping revenue in France. He even advocated fixing prices if necessary. Finally, Colbert believed regulation was the best way to maintain quality. The quality would help to keep and expand sales (Cole 1939, p. 350).

In order to enhance France's self-sufficiency, Colbert thought it necessary to aid new industries. He gave particular attention to new textile works because so many of the French were importing cloth from the Dutch, English, and Spanish. Colbert established Van Robais, a textile manufacturer at Abbeville, in northern France, and also helped rehabilitate another textile work called Languedoc in the eastern Mediterranean area (Trout 1978, p. 125). They were given privileges other already established industries did not receive, including tax reductions. Colbert thus anticipated a common practice of state governments and economic development commissions today. As new industries established themselves, Colbert withdrew all aid on the premise that a competent industry would be able to survive the competition other industries offered.

In order to regulate all industries Colbert established a guild system. Obsolete since as early as 1600 in England, guilds were imposed upon all French industries already running and upon those new industries which Colbert began. The guilds kept a tight rein on the industries. Hundreds of rules and regulations were created, some dealing with minute details. In 1666, for example, Colbert began a nationwide standard for cloth width. Penalties were imposed if cloth was found to be of a different width. The breaking of even the smallest regulation had serious repercussions. Entrepreneurs attempting to leave the country and set up more profitable, less regulated, businesses were tracked down and imprisoned for several years as punishment.

Colbert intensely disliked idleness in his country, as well as national unemployment. To combat the problem he ordered everyone of working age to be employed in an industry. Even women were put to work in lace factories, a job Colbert felt suitable for their delicate hands. Bankruptcy was the ultimate failure in Colbert's eyes, and the death penalty on occasion served as punishment. Colbert himself failed in many of his policies; nevertheless, he felt the citizens of France should not. If an individual went bankrupt, he con-

sidered it "ill success" (Lodge 1931, p. 155).

Despite what may seem like overbearing regulations, France prospered during Colbert's lifetime. State subsidies and the firm rules of organization allowed many companies to remain open when they might have succumbed to inefficiency or waste. After the death of Colbert in 1683, France's industry rapidly declined (Sargent 1968, p. 56).

COLBERT'S FAILURES

Although Colbert's achievements are notable, his persistent authoritarianism at all levels and in all matters seems to be at the heart of the failures attributed to him. One might say that on occasion he took his obsession with French self-sufficiency too far. In many instances, Colbert actually stunted growth in industries and in trading companies. Despite the fact that he could not be everywhere at once, he was not one to delegate power to qualified men who might have been more aware of inefficiencies and ineffective production procedures in the industries. He instead took complete control himself. If perhaps he had loosened his rein and let some hierarchical system of responsibilities work, greater advances could have been made in the industries he sought to nurture.

Stubbornness was another Colbert liability. He disliked importing from any country, but especially from England and Holland. The Dutch were major competitors for French goods, hampering its markets because of Holland's ability to dictate prices (Murat 1984, pp. 142-43). In 1667, Colbert set up a tariff prohibiting nearly all imports into France. The English and Dutch goods that did find entry to France were taxed excessively, sometimes doubling the original cost. The English and Dutch were upset by this one-sided trading. Colbert refused to give in to their demands to expand trade. The war of 1672 can, in large part, be attributed to Colbert because of his insistence on tariffs on all goods imported from Holland. Holland had removed its tariffs on French imports at Louis' urging, but Colbert refused to reciprocate. The war to end France's trade rivalry ended without success and left France's treasury severely depleted.

Early in his term Colbert saw the success of the Dutch trading companies and thought that France could do the same. In 1664, he formed the East and West India Companies. These companies rarely saw profits despite all Colbert's efforts (Mims 1912, p. 79). Their failure was in part the result of too much initial investment with too little knowledge of the trading conditions with the colonies at the time. In addition, Colbert was looking for immediate large profits which did not result. As in other projects, Colbert directly controlled and regulated the companies, leaving little room for advancement for the men most closely associated with the work (Lodge 1931, p. 161). Again

Colbert's stubborn inflexibility of vision tempered the enterprises' success. At Colbert's death in 1683 he was disliked by many in France and was blamed "for all the misfortune of the day" (Murat 1984, p. 270). Indeed, his funeral was held at night to escape the angry mobs. Colbert had given most of his life to improving France, but despite his many accomplishments, at his death he had not achieved the level of success he wanted for France and its people.

COLBERT'S LEGACY

On the other hand, Colbert will always be remembered for the term *Colbertism*. *Colbertism* refers to a form of mercantilistic policy. Colbert wanted to ensure French businesses were helping France as a whole and not just working for their own self-interest as in traditional mercantilism (Palgrave 1987, p. 472). Thus mercantilism toward nationalistic ends often today is called *Colbertism*. French businesses did profit from Colbert's mercantilism, but the profits improved France's economic condition as Colbert planned. Colbert is also the first to be credited with modern public accounting. In this regard, his budgetary ideas were revolutionary in France.

Colbert was also responsible for vast improvements in the infrastructure throughout France, including canals, roads, and bridges. Indeed, Colbert is recognized as the man responsible for the building of the Saint-Martin Gate, a tourist attraction in Paris (Murat 1984, p. 108). These improvements helped unify France and expand commerce. Finally, Colbert played a strategic role in keeping and preserving ancient documents. His collections of artifacts and books eventually formed two important libraries in Europe, the *Librairie* and the *Bibliothèque Nationale*.

Throughout Colbert's tenure he retained a singular objective: the security of France. Many of the plans Colbert implemented never would have been attempted had he not been working for this goal. Due to Colbert's persistence, France developed and trained a powerful navy. Even today credit is given Colbert for its organization (Murat 1984, p. 276).

Despite these significant contributions, many of Colbert's policies were hated by the public. Nevertheless, they increased efficiency and thus increased profits and trade. Colbert also created new industries and better communication for all of France. France had been in economic trouble prior to Colbert's administration, but with Colbert at the helm France was able to make a strong resurgence. From the twentieth century, it appears that poor public relations as well as obsessive micromanagement were the real weaknesses in Colbert's leadership style, leading to the nation's lack of appreciation of his admirable goals.

The legacy Jean-Baptiste Colbert left was one of ambition for France. He never gave up hope of reforming France and making it a great country. His

intentions for the people of France were always laudable. He wanted to improve their standard of living by making taxation more equal. He also wished to reduce the burden on the poor and start businesses in which everyone could enjoy profits. Colbert gave unselfishly of himself and of his time to improve France for everyone. It is a shame that he was not more widely appreciated in his time—and in our own, as well.

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