Credit Crises, Persons, and Things in the French Second Republic

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> "If the Orleanist dynasty had ruled much longer, bankruptcy was inevitable. Citizens, let us announce with happiness and pride: along with all its other claims on the love of France and the respect of the world, let it be added: The Republic has saved France from bankruptcy!"
> *Rapport fait au gouvernement sur la situation financière de la République par le membre du Gouvernement Provisoire, Ministre des Finances* (March 9, 1848).

"Who said it? … Who said it? … Who said 'bankruptcy'?... Did anybody say 'bankruptcy'?" For over a month in spring 1849, these questions were raised with increasing agitation in the French National Assembly.[1] Statesmen interrupted each other; they murmured and whispered; they grumbled, laughed, shouted, and pleaded. On more than one occasion, the presiding deputy begged for calm and reminded his fellows of the day's scheduled agenda, but still they demanded to know *who* in February 1848 had dared utter the word "bankruptcy." Dupont de l'Eure, the 83-year-old veteran of the First Republic who had served as President of the Provisional Government (during which the word had perhaps been said), attempted to re-assure the Assembly that "Never was the word 'bankruptcy' uttered, but if it had been proposed—if it had been—it would have been rejected immediately," but his colleague Charles Duclerc kept the issue alive by

[1] *Dear colleagues: This is a very preliminary version of what will be a "stand alone" paper (i.e., an article to be submitted to a journal, not a book chapter)—you will note that it does not so much "conclude" as it simply ends! Regardless, and while it of course builds on my work on the French Revolution, I think it can be read and understood on its own terms. I look forward to our discussion.*

suggesting the whole question could be resolved by consulting the pages of the authoritative *Moniteur* (which, in fact, proved inconclusive).[2]

In undoubtedly the most cited analysis of this same era, Karl Marx famously wrote that "men make their own history, but they do not make it just as they please" and diagnosed bourgeois revolutions with a tendency to "anxiously conjure up the spirits of the past… and borrow from them names, battle cries, and costumes."[3] For Marx, this "conjuring" was how a revolution of the few nonetheless succeeded in presenting itself as a revolution made for all. Recourse to history "drugged" revolutionaries "as to their own content" and presented the gains of one class as those of an entire nation. Emplotting 1848 as a narcotic-induced ghost story remains evocative today, but it does little to explain why parliamentary debate in the Second Republic so often involved legislators arguing over who had said what or the exact date of a certain event.[4] These lawmakers were intent, it would seem, not just on making their own history but on writing it, as well. And history writing was, for them, a matter of giving credit (and discredit) where credit was due.

The Eighteenth Brumaire argues that cultural borrowing from the past forestalls the future, much as monetary borrowing in the past or present would seem to mortgage or encumber it. We might therefore paraphrase Marx's lesson for would-be revolutionaries as: "Neither a borrower nor a lender be." Yet the *quarante-huitards*, the very men whom Marx castigated for their lack of revolutionary creativity, might well have taken that as their slogan, as well. Deficit hawks *avant la lettre* (the term dates only from the 1980s), the dominant voices in the Second Republic's Constituent and Legislative Assemblies (May 1848-May 1849; May 1849-December 1851) were keen to cut spending, trim

budgets, and balance books—all of which they treated as the necessary preconditions for equality, fairness, and the security of the Republic. Their concern to forge a "bargain" government was justified with reference to political economy, predicated on analogies between public and personal finance, and often explained as a response to a July Monarchy that had been gluttonous, corpulent, corrupt, and rotten. It was also central to the official understanding of what it meant for France to again be a republic. The First Article of the Preamble to the November 1848 Constitution stated: "France, in definitively adopting this [Republican] form of government, proposes to march more freely on the path of progress and civilization, to assure a more equitable division of the costs and advantages of society, to enhance the comfort [*aisance*] of each by the gradual *reduction of public spending and of taxes,* and to raise all citizens to an always more elevated degree of morality, enlightenment, and prosperity without further commotion and by the steady and constant action of the laws and institutions." [emphasis added]

In what follows, I suggest that the dominant parliamentary voices in the Second Republic (monarchists, conservative and centrist republicans) were attached to ideas of individual responsibility that contributed both to how they thought about the unfolding of past history and to how they envisioned France's fiscal and monetary future. These commitments were very much in keeping with liberal notions of personhood and standard maxims of bourgeois personal finance, but at odds with—or, at the very least, insufficient for—resolving the credit crisis that gripped France in the late 1840s and early 1850s.[5] This analysis suggests that the supposed de-personalization of credit in the modern era has a more complex history than is usually thought.

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Credit, debt, and money in the modern era are far more anonymous and abstract than were their pre-modern predecessors. This is a commonplace. When explored in terms of the state, this transformation has often been marked by scholars as positive: the Financial Revolution, the creation of bodies like the Bank of England, and the shifting of debt from individual, highly fallible, monarchs to imagined and usually immortal communities such as nations—all of these (we have been told) helped create more credible borrowers, more stable institutions, and in general, the necessary context for modern growth and escape from pre-modern uncertainty.[6] In the French case, Amalia Kessler has argued that the early-modern "law merchant" (i.e., that body of law addressing specifically commercial transactions and administered through the Merchant Court) developed tools that allowed it in the eighteenth century to grow increasingly comfortable with anonymity. This development, she suggests, may have foreshadowed the emergence of political public opinion and promoted a new understanding of commerce distinct from the corporate entities (such as guilds) in which it had previously been embodied.[7]

The relation between the growing anonymity of public debt and the increasingly abstract nature of commercial transactions in civil society has rarely been directly theorized, however. (Kessler specifically identifies the use of credit in state finance as "far exceeding the scope" of her own work.[8]) In fact, it is not uncommon for critics who work on domains other than public debt to treat anonymity and abstraction as far darker forces in the making of modern finance (see, for instance, the work of Mary Poovey or Ian Baucom).[9] Asked how changes in public credit articulate with transformations in commercial or household transactions, scholars tend to treat the former as "context" for

the latter. Chronological coincidence thereby ends up doing the work of sustained analysis. Even more pervasive (and pernicious) has been the persistent tendency to link the two by analogy. The eighteenth- and nineteenth-century creation of constitutional governments and national debts distinguished the wealth of kings from that of the states they ruled, but public debate about the finances of the latter—and even those of later republics—has often turned on familial metaphors nonetheless.

In the French context, the history of credit in the nineteenth century has heretofore been told in two ways. One school follows Marcel Marion's still foundational *Histoire financière de la France* (1914-1928) in emphasizing how an austere state and frugal peasants allowed for national and even imperial growth, despite repeated revolutionary upheavals and more than one disastrous military defeat.[10] Marion's focus was resolutely on state finances, but when he described its successes he used a vocabulary better suited for a family or an individual: "They were almost always prudent, they did not chase after adventures, and—in short—practiced a good financial regimen which (as seems to be the rule) was not sufficiently appreciated by those who enjoyed its benefits."[11] Conversely—and, of late, more commonly—it has been argued that post-revolutionary France, "traumatized by the assignats," was so averse to credit instruments and financial institutions that its growth lagged behind Great Britain's for more than a century. Here, too, the argument is chiefly compelling only insofar as its failure to disarticulate public from personal finances can be ignored. Categories and concepts relevant for private individuals (such as "trauma") are used to explain the behavior of entire economic sectors, and public pronouncements (in the form of legislative debates or social-science treatises) have been treated as indicators of personal attitudes.[12] These two models differ

most significantly, perhaps, in how they treat the relation between monetary conservatism and political radicalism. For Marion and his followers, restrictive monetary policies are a virtue, and they serve a compensatory, even redemptive, function in the history of French republicanism. In the second analysis, by contrast, monetary conservatism resulted from political radicalism, marked its limits, and shows how nationally specific politics shaped (rather than simply reflected) economic developments. Its relation to other forms of change was therefore not reparative, but symptomatic.

Neither of these established framings gives monetary or banking policy in nineteenth-century France a role as itself a *political* or potentially transformative issue.[13] This is curious, for such an approach has been central to revitalizing interest in eighteenth-century political economy. Recent studies of the Revolution (led by the work of Michael Kwass) have emphasized its place as the culmination of a decades-long fiscal, political crisis in which the monarchy's ability to borrow was increasingly constrained by elite opposition to tax reform. We know, thanks to the work of John Shovlin and others, that eighteenth-century political economy was also a discussion about political participation. Paul Cheney is among the historians to have demonstrated that the state's attempted regulation of local, national, international, and colonial trade contributed significantly to social and political tensions in the 1700s.[14] Thanks to these studies and many others, we now have a much clearer account of how central fiscal and financial policies were to the politics of the late Old Regime. What we don't have, however, is a good sense for how these debates carried through the 1790s and into the 1800s. It is almost as if on one side of the Revolution we have "political origins" and, on the other, "economic consequences." What, however, of the later revolutions of 1814-1815, 1830,

and 1848? It makes intuitive sense that questions of debt and credit, borrowing and accounting should be as significant for these conservative, bourgeois, and liberal regime changes as they were for more radical ones, but we have comparatively little recent literature on the subject.

In an important intervention, Clare Haru Crowston has suggested that the periodization itself may be the source of the problem. She argues that the "Old Regime of credit"—in which "influence, reputation, and power" derived from (and defined) personal credibility which itself then shaded, faded, and could be converted into economic value and social status—did not disappear when the Revolutionaries "abolished" privilege or even when they declared a Republic and executed the King. Rather, it persists in multiple guises today. Claims and assumptions about the anonymity of credit are not so much objectively true as they are among the props underpinning our perception of economy, politics, and culture as "discrete spheres of life." "If eliminating [that] regime," she writes, "was a response to centuries of inequality and oppression… one advantage denizens of the Old Regime held was that they had an honest and sophisticated… understanding of the way their society generated value and of how ineffable resources like reputation and glory led to real power."[15] We would do well to re-capture some of that understanding for ourselves today.

This paper therefore uses the credit crises and financial debates of the French Second Republic (1848-1851) to re-assess the relation of public and private debt to each other, to persons, and to "real" assets. These questions are given particular salience today by the growing popularity of "Modern Monetary Theory" (MMT) among figures on the political Left in the United States (Bernie Sanders and Alexandria Ocasio-Cortez chief

among them). As developed in the writings of Randall Wray, Scott Fulwiler, and Stephanie Kelton (the last, chief economics advisor to Sanders's 2016 presidential campaign), MMT argues that there are no necessary budgetary limits to public spending on the part of a sovereign state that issues its own currency. Because it creates the money, has the option of "taxing it back in" when necessary, and is presumed to live "forever" as a productive adult (states have to plan on the aging and retirement of their citizens but not of the state as a whole), a country like the United States should not fear public debt but celebrate it (as proof of how much work the government is doing for the people). "For every deficit there is a surplus," they write, "and government deficits are actually the *source* of the positive net balance in our household and business sector" (original emphasis).[16] The idea that balanced budgets make sense for individuals, but not for polities, is increasingly to be found even among less heterodox post-Keynesians. "It's becoming increasingly doubtful," wrote Paul Krugman recently in his *New York Times* column, "whether there's any right time for fiscal austerity." Citing Olivier Blanchard's 2019 presidential address to the American Economics Association, Krugman concludes, "debt looks like a hugely overblown issue, and the way debt displaced unemployment at the heart of public debate in 2010-2011 just keeps looking worse."[17] France in 1848—when unemployment in Paris stood at 54% and when over 4500 small businesses had declared bankruptcy the year before—offers an ideal case study for exploring how…[18]

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Revolution and bankruptcy have much in common. Both mark a break with the past, both participate in a rhetoric of "new beginnings," and both are anything but "business as usual." Debt and credit—most often conceived as describing forms of

economic and/or moral commitment—are fundamentally temporal categories as well. Like memory, debt keeps the past alive in the present. Like imagination, credit projects current affairs into future conditions. The smooth functioning of debt and credit therefore requires shared time horizons. Episodes of social, cultural, and political instability disrupt their workings. When time is "out of joint," when the mood is "revolutionary," than the past's normal borrowing can quickly come to feel like the present's unbearable debt.

In February 1848, after three days of street fighting in Paris, a proclamation declared the "momentary" existence of a provisional French government. The brief text was shot through with vocabularies of time, traces, and debt. "A *retrograde* and oligarchic Government has just been overthrown by the people of Paris," it read. [emphasis added] "That Government has fled, leaving behind it a trail of blood that will prevent it from ever returning"—whereas most trails left behind allow someone to retrace their steps, these material remains were imagined instead to function as a line in the sand (or, perhaps, as the line at the bottom of a balance sheet). "All of France" was invited/presumed to be ready to "*lend* its support" [*prêtera le concours*] and called on to "prepare itself" by "order and trust" [*l'ordre et la confiance*] for the democratic government "it *owes* itself" [*que la France se doit à elle-même*]. The revolution, we might say, was justified by a rhetorical exercise in moral bookkeeping.

Nobody expected the February Revolution. Once it had started—that is, once the previous year's increasingly loud calls for expanded suffrage and parliamentary reform coincided with attempted state repression, popular violence, National Guard support for insurgents, and King Louis Philippe's abdication and flight—the hastily composed Provisional Government was eager to finish it as quickly as it had begun. The men who

formed this interim leadership were not radicals. Louis Blanc stood for the "organization of work" (by which he meant mutualism, workers' cooperatives, and guaranteed employment) but few of the Government's other members had socialist—or even genuinely democratic—inclinations. Proponents of electoral reform and constitutional monarchy, they nonetheless found themselves cast by circumstances in the role of revolutionary republicans. They were, in Peter Stearns' apt phrase, "a government whose goal was caretaking, …[facing] a crowd whose goal was revolution."[19]

The sudden collapse of the Orleanist monarchy and the avowedly "provisional" nature of the government that followed both intensified the on-going contraction in private credit markets (responses to the railway-speculation boom of the early 1840s and the crop failures of 1845-1846) and prompted panic about public ones. During the February street fighting, the Bourse (stock market) and Banque de France both shut their doors; when the Banque re-opened ten days later, it was to a run on its holdings. Meanwhile at the Bourse, the state 5% bonds lost more than half their value between February 10 and April 6, while shares in the Banque lost more than two-thirds (from 3195FF to 950FF).[20] Writing to British contacts in late March, Léon Faucher (writer on economic matters, sometime politician, and future member of the Second Republic's Finance Committee) reported "Everyone in Paris is ruined. The banks are falling one after another; only Rothschild is left and he has been bled dry."[21]

For years, the July Monarchy's leading critics had been predicting just such a crisis. Describing the regime as bloated, corrupt, and fundamentally rotten, their characterization of Louis Philippe as a "bourgeois" king had hardly been meant as tribute to him as a family man.[22] More interested in lining its dynastic pockets than in seeing to

France's national interests, the July Monarchy (the opposition asserted) had left the military underfunded, lost ground to Britain and Russia, and pursued a politics of "depressing monotony."[23] Spending only on itself, it had nonetheless somehow run up the largest "peace time" deficit in French history (that France was, in fact, fighting wars of colonial occupation in Algeria did not figure into contemporary calculations). Explaining why even those who did not share his radical republican views should be critical of the regime, Alexandre Ledru-Rollin thundered in autumn 1846 "all the figures show we are headed for a deficit… the abyss is under our feet, we are marching rapidly to bankruptcy." Having done so, however, he and his colleagues were now (in March 1848) singularly ill-positioned to confront the situation.[24] If the coffers really were empty, how could a change of political regime suffice to fill them? And if, in contrast, things were not really so dire, then why had so many members of the new government characterized it as such? Depicting the Provisional Government's own finances as stable would require either disavowing earlier statements (thereby calling its own honesty and legitimacy into question), defaulting on existing debt, or taking some variety of emergency measures. Animated by the conviction that anything like a write-down or partial default would scare the bond markets even further, the Government's first Finance Minister Michel Goudchaux (a Jewish banker who had been the economics writer at *Le National* and was known to be friends with the baron James de Rothschild[25]) tried to re-assure investors by quickly announcing that the new government would not only honor existing state debt but, in fact, make its next payments ahead of schedule. In March, his successor Louis Antoine Garnier-Pagès—Goudchaux found the job so miserable that he quit within a fortnight, threatening suicide if his resignation were not accepted—continued in the same

vein by moving to sell the crown jewels, auction the royal forests (the last of the *biens nationaux* to be sold), dramatically cut the number of government employees, and open an emergency Patriotic Loan. All of these measures, meant by the Provisional Government to demonstrate that "even though the Republic is the successor to a corrupt and prodigal government, it nonetheless accepts and firmly intends to honor all that government's commitments and to be faithful to all of its contracts," were such obvious crisis—even "revolutionary"—measures that they offered only very cold comfort.[26] In mid-March, the Banque had to suspend payments and the forced circulation of its notes was decreed.

Faced with delays in tax collection, poorly subscribed loans, international press coverage (hence jittery international investors), *and* huge crowds of angry, potentially violent, unemployed people (100,000 of them were estimated to have marched on the Paris Hôtel de Ville in mid-March), the Provisional Government tried both to address the social, humanitarian crisis in the real economy and to restore investor confidence. As with the earlier promise to sell the Crown jewels, the Provisional Government's strategy turned on identifying physical assets it could sell or, if necessary, tax. Introducing a 45% tax increase for the current year, Garnier-Pagès noted that while other governments might borrow, his could not: "far from offering us the slightest help, the floating debt has caused all our financial problems which, in turn, may have fatal consequences for our political situation." While the introduction of a new tax on revenues, an "income tax" [English in original], would be ideal, the time required to assess and collect it was simply more than the Republic could afford. Adding to the property tax was not in and of itself desirable, but (he continued) landowners had been the least affected by rising interest

rates, the 1847 harvest had been very good, and it seemed likely the current year's would be as well. The tax money collected could be used to fund work programs, social calm would be re-established with growing employment, and the resulting prosperity would increase property values. "Landowners will be indemnified for their sacrifices," he concluded.[27]

Some historians have seen in the 45-centime tax a deliberate ploy to antagonize rural property owners, channeling their anger away from big business and corrupt governments and toward urban workers (the most obvious immediate beneficiaries of the work-relief schemes it was meant to fund).[28] As is well known, this did more or less happen: the election in April returned a Constituent Assembly that was more politically and socially conservative than the Provisional Government had been and which became even more so after the attempted radical-socialist coup in May and the June Days. It is nonetheless difficult to accept that the whole thing was a clever plot hatched by schemers in the *haute bourgeoisie*. More plausibly, it reveals the extent to which the Provisional Government (and the Second Republic thereafter) tied its own hands by attachment to what today is called a PAYGO (pay as you go) model in which every planned expenditure must have a revenue stream corresponding to it. In the aftermath of years in which corruption and misallocation of resources had been two of the charges levied most often against the July Monarchy, this budgeting philosophy may have been rhetorically necessary but it was ill-conceived nonetheless. At the most fundamental level, it meant the Republic was in fact treating state budget decisions *as if* they were constrained in the same way as personal finances.

While the Provisional Government and—even more—the dominant forces in the Constituent Assembly adopted chiefly "hard money" budgeting, there was nonetheless widespread popular support for easy credit. These too, hinged less on the idea of money creation (as, for instance, commercial banks do it today) and more on finding a way to monetize otherwise illiquid assets. Proudhon's "Exchange Bank" and the "Bank of the People" are the best known of these plans to "republicanize money": co-operative banks that would issue interest-free notes against products left in their warehouses. Though short lived due to infighting and quarreling among the founder, administrators, and Proudhon himself, the Banque du Peuple did count 13,000 members in its three months of existence.[29] At the same time, the wholesale-industrial version of the same—state-sponsored "general warehouses" [magasins généraux] where stocks of raw materials and manufactured goods could be deposited in exchange for a state-issued stamp that would count as a "second signature" on any bill of exchange written by the depositor—proved immensely successful and continued in place until 1945.[30]

The Luxembourg Commission [the Commission on the Status of Workers, which met at the Palais de Luxembourg and was headed by Louis Blanc] made a strong case for credit as a necessarily *public* good. In its "General Report"[31] of late April 1848, the Commission argued that simply because credit had "in the past… chiefly profited capitalists," there was no reason that it could not "in the present and future, benefit workers as well." To do so, however, it would have to be organized publicly: "The State in the future must be the great distributor of credit… because the State alone can represent general interests, the interests of Society."[32] Recognizing that capitalists made their money by discounting and issuing paper, they proposed the state do so as well, and

insisted that while precious metals were necessary in an "abnormal" society where people did not, in fact, trust each other, they were inadequate to the task of providing sufficient liquidity for a democratic society in which everyone had an opportunity to prosper. They proposed—as Proudhon had done—that workers and artisans be issued paper against whatever assets they happened to have. "A time no doubt will come," the report continued, "when pledges [*gage*] will be considered superfluous, where simple *promises* will be worth *realities* and where paper will be the universal money. This will be the epoch of true credit , of personal and moral credit, and no longer of *crédit réel*, of credit that has to be backed by a *thing*. … But we aren't there yet. For now, we must limit ourselves to the only kind of credit possible, the credit based on *things*, as we wait for the time when we have faith *in persons*." (emphasis in original)

There was widespread interest in schemes for monetizing land, as well. A survey conducted in late spring 1848 revealed nearly uniform rural support for tax reform and the restoration of "traditional" *droits d'usage*, but also for cheap credit, improved communications, and enhanced transportation networks (in other words, for facilitated circulation in multiple guises).[33] Proponents of *crédit foncier* argued that France desperately needed some sort of institution to make low cost loans easily available to French peasants. In the absence of such an institution, and despite the visible extent and fecundity of national rural property, French agriculture lagged badly behind Britain and would continue to do so. All across France, something like a nation-wide petition campaign agitated for the creation of a land bank, mortgage-backed securities, and/or building societies.[34] German, Polish, and Scottish practices were repeatedly cited as models.

Be it Proudhon and his erstwhile collaborators, the socialists and reformers of the Luxembourg Commission, or the many proposals for agricultural credit, all presumed both that credit had to be backed by material property *and that* any sort of assets could be made to suffice. Where credit had henceforth been reserved to holders of large sums of capital, now it could and should be extended against many different forms of collateral. More conservative voices, however, opposed this materialization of credit, and insisted—in what scholars have generally assumed to be "Old Regime" terms—that credibility was a property not of goods but of persons.

Debate came to a head in October 1848 as representatives of the Constituent Assembly's Agriculture Committee squared off against its Committee on Finance. The former included noted Left liberals (Louis Wolowski) and ardent republicans (such as the physician Léopold Turck) while the latter, led by Berryer and Thiers, was among the most consistently conservative committees in the Assembly (and had been since before the June Days). Granting that the French countryside was currently "devoured by usury," the Finance Committee's Léon Faucher argued nonetheless against proposals for *credit foncier*. He justified his critique with a model of history in which the "hardness" of money was an accurate indicator of other forms of advance. "As civilization progresses," he asserted, "money acquires a fixity, it becomes invariable." As long as money's value could be altered—either by alloying the metals from which it was made or by issuing paper—"then you know you are still living in barbarism." By his definition, proposals for any sort of land-backed paper (such as circulating mortgage certificates) were vestigial barbarism because land was too variable to serve as "definite backing [*gage certain*]."

Moreover, he continued, the *real* source of agricultural value was not land, but the work put into it—which of course varied from farmer to farmer.

Like his democratic socialist opponents, Faucher partook of the nineteenth-century celebration of labor, but where they saw it as the basis for a shared universalism, Faucher particularized in a notionally meritocratic but also importantly essentializing register. "Credit is personal," he insisted. "Le crédit est personnel aux Etats, personnel aux individus … et on chercherait vainement à le matérialiser." His idea of personhood had the same fixity he attributed to civilized money. Citing Blackstone (or so he asserted) he noted that the law could do anything: anything, that is, that was not impossible. "Parliament cannot make a man into a woman," he observed (much to the entertainment of his audience). Appealing to the "nature of things," Faucher insisted there was no way to legislate trust or produce credit. For the Party of Order, the only way to maintain or revive public credit was by monetarily and fiscally conservative policies that had the effect (though, of course, not the stated intention) of leaving money in the private sector both rare and very expensive. In the context of a general economic downturn, such policies exacerbated an already severe credit crunch.

Faucher implied that there was no way to distinguish between individuals and states, persons and governments—that the success of either depended not on their resources but on their moral/monetary characters. There was something deeply paradoxical, of course, about a participant in the *Second* Republic (Faucher eventually served as the regime's final Prime Minister) insisting that it was not in the nature of states to change and that the debts run up by the July Monarchy had to be honored by the Republic. (As a like-minded author, the *Journal des Economistes*' Gustave du Puynode

wrote in 1849, "The first duty of a government is to honor its obligations. One doesn't contract with one ministry or with another, this authority or another one, you contract with the state which neither dies nor changes [on contracte avec l'Etat, qui ne meurt ni ne change].")[35] As Odette Lienau has observed, the idea that reputational risk prevents any state from repudiating inherited debt has the effect of bracketing (rendering irrelevant) the very concept of sovereignty.[36] The agential status of a republic with universal male suffrage is, by this logic, identical to that of a monarchy in which barely 3% of adult men had the vote. [*Note to self: the key thing here, and not a point Lienau makes, is clearly the nineteenth-century idea of the nation as something that has always existed and will always exist. Need to work through and think about relation of state-nation-sovereignty-debt credit for this final section*.]

The Second Republic's espousal of a "no bankrutpcy" policy was not revolutionary, but it was nonetheless comparatively new. Following the debt consolidations and partial defaults of the First Republic, and in the aftermath of a long tradition that aligned bankruptcy with absolutist rule (in 1715, the duc de Saint Simon had called it the essence of sovereignty), both the Restoration and the July Monarchy had been assiduous in insisting on the sacrality of debt and the inviolability of property. The Constitutional Charter of 1814, for instance (which opened by thanking "Divine Providence" for recalling the king to his kingdom and otherwise makes many breaks with the Republic and First Empire), stated: "Article 70. The public debt is guaranteed. All engagements between the State and its creditors are inviolable." The same wording appeared in the

1830 Charter that defined the July Monarchy as Article 61 and in the Second Republic's Constitution (far shorter, since it has no section on the King) as Article 14.

That bankruptcy is as dishonorable for states as it is for persons is one of the abiding assumptions that prevents revolutions from making real breaks with the past. Erika Vause has argued that bankruptcy law in the 1830s and 1840s was reconfigured so as to allow increasingly for distinctions to be made between the actual person of a debtor and the legal personality of the firm in whose name he had contracted debts. Reforms voted in 1838 ended mandatory debt imprisonment (a feature of the Commercial Code that had long gone unenforced) and the Provisional Government abolished debtors' prisons completely and freed existing prisoners (March 9, 1848). Yet this liberalization was short-lived: in September 1848, *contrainte par corps* was re-established as punishment for the non-payment of commercial debts and this law was actually expanded to cover additional categories in its final version (December 14, 1848).[37] Today, individuals and firms can and do strategically decide to declare bankruptcy, but states do not.

Endnotes

[1] *Procès-verbal de l'Assemblée Nationale* 9:584 (April 12, 1849), 585 ("Je dis que quand une pareille accussation est portée à la tribune, il faut prononcer le nom de celui qui a pu proposer la banqueroute"), 587 ("Qu'est-ce qui a parlé de banqueroute?... Qui a proposé la banqueroute?... Il faut que l'on sache qui a pproposé la banqueroute"), 589 ("La banqueroute d'abord; elle a été proposée.... Par qui? Par qui?"), 599 (April 13, 1849)
[2] Ibid., 9:589-590.
[3] Marx, *Eighteenth Brumaire*
[4] See for instance the debate between Flandin and Goudchaux on the chronology of events in the 1789 Revolution; *Compte rendu des séances de l'Assemblée Nationale* (Paris, 1850), vol. 4, p. 789 (Oct. 11, 1848).
[5] On liberal personhood and political economy, two indispensable books are William Reddy, *Money and Liberty in Modern Europe: A Critique of Historical Understanding* (Cambridge and New York: Cambridge University Press, 1987) and Jan Goldstein, *The Post-Revolutionary Self: Politics and Psyche in France, 1750-1850* (Cambridge: Harvard University Press, 2005).
[6] The *locus classicus* for this argument is of course Douglass North and Barry Weingast, "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England," *Journal of Economic History* 49:4 (Dec. 1989), 803-832.
[7] Amalia D. Kessler, *A Revolution in Commerce: The Parisian Merchant Court and the Rise of Commerical Society in Eighteenth-Century France* (New Haven and London: Yale University Press, 2007).
[8] Kessler, p. 295.
[9] Mary Poovey, *Genres of the Credit Economy* (Chicago: University of Chicago Press, 2008); Ian Baucom, *Spectres of the Atlantic* (Durham and London: Duke University Press, 2005).
[10] For a fairly recent text that follows Marion closely, see Sidney Homer and Richard Sylla, *A History of Interest Rates* 4th ed (Hoboken, NJ: John Wiley and Sons for Rutgers University Press, 2005), pp. 213-214.
[11] Marcel Marion, *Histoire financière de la France* (Paris, 1928), vol. 5, x.
[12] Some key examples include: Fernand Braudel, Ernest Labrousse et. al., *Histoire Economique de la France*, 4 vols (Paris, 1977-1982), vol. 3, part 1, pp. 356, 364; Eric Hobsbawm, *The Age of Revolution* (New York, 1962), p. 121; Philip Hoffman, Gilles Postel-Vinay, and Jean-Laurent Rosenthal, *Priceless Markets: The Political Economy of Credit in Paris, 1660-1870* (Chicago: University of Chicago Press, 2000).
[13] This typology of ways of reading/writing history (symptomatic, reparative, transformative) draws on Eve Kosofsky Sedgewick, "Paranoid Reading and Reparative Reading, or, You're So Paranoid, You Probably Think This Essay Is About You," in her *Touching Feeling* (Durham and London: Duke University Press, 2002) and Dominick LaCapra, *History and Reading: Tocqueville, Foucault, and French Studies* (Toronto: University of Toronto Press, 2000).

[14] Michael Kwass, *Privilege and the Politics of Taxation in eighteenth-century France* (Cambridge: Cambridge University Press, 2000); John Shovlin, *The Political Economy of Virtue* (Ithaca: Cornell University Press, 2006); Paul Cheney, *Revolutionary Commerce: Globalization and the French Monarchy* (Cambridge: Harvard University Press, 2010).
[15] Clare Haru Crowston, *Credit, Fashion, Sex: Economies of Regard in Old Regime France* (Durham and London: Duke University Press, 2013) and her earlier, "Credit and the Metanarrative of Modernity," *French Historical Studies* 34 (2011), 7-19. See also Fabien Eloire, Claire Lemercier, and Veronica Aoki Santarosa, "Beyond the Personal-Anonymous divide: Agency Relations in Powers of Attorney in France in the Eighteenth and Nineteenth Centuries," *Economic History Review* (2018),
[16] http://neweconomicperspectives.org/2018/01/answers-from-the-mmters.html (accessed Jan. 5, 2019). The best general introduction to MMT is Randall Wray, *Modern Money Theory: A Primer on Macroeconomics for Sovereign Monetary Systems* (Palgrave, 2012).
[17] Paul Krugman, "Melting Snowballs and the Winter of Debt," *New York Times* Jan. 9, 2019.
[18] Peter Amann, *Revolution and Mass Democracy: The Paris Club Movement in 1848* (Princeton: Princeton University Press, 1975), 23; Roger Price, *The French Second Republic, A Social History* (London: B.T. Batsford, 1972), 84-85.
[19] Peter Stearns, *1848: The Revolutionary Tide in Europe* (New York: W.W. Norton, 1974), 76.
[20] Inès Murat, *La Deuxième République* (Paris: Hachette, 1987).
[21] Léon Faucher, *Biographie et correspondance*, 3rd. ed. t I (P: Auguste Thomas, 1888), 213 (letter of March 30, 1848 to Henry Reeve). See also his previous letter, in which he predicted "general business failure [*faillite*], war, and anarchy," 210.
[22] See Jo Burr Margadant, "Gender, Vice, and the Political Imaginary in Post-Revolutionary France: Reinterpreting the Failure of the July Monarcy," *American Historical Review* 104 (Dec. 1999), 1461-1496.
[23] Ledru-Rollin, speech of September 2, 1845 (Le Mans) in *Discours politiques et écrits divers* t. I, quote from p. 196.
[24] Ledru-Rollin, speech of January 19, 1846 in *Discours politiques et écrits divers* t. I, quote from pp. 217-218.
[25] Tocqueville remembered him as "a radical…. [who] thanks to his intimate familiarity with business had managed to put a veneer of reasonable ideas over the crazy theories that filled his mind…"
[26] Declaration of the Provisional Government (1 March 1848) in *Recueil des décrets et actes financiers du gouvernement provisoire* (BNF 8-Lb[53] 1).
[27] "Rapport fait au gouvernement de la République par le Membre du Gouvernement Provisoire Ministre des finances," March 16, 1848, in Ibid.
[28] Rémi Gossez, "La Résistance à l'impôt: le quarante-cinq centimes" *Bibliothèque de la Révolution de 1848*, Tome 15, 1953, 89-132.
[29] Olivier Chaïbi, *Proudhon et la Banque du peuple, 1848-1849* (Paris: Connaissances et savoirs, 2010) and "Entre crédit public et crédit mutuel: un aperçu des théories du crédit au XIXe siècle," *Romantisme* 151 (2011), 53-66.
[30] "Rapport fait au gouvernement de la République par le Membre du Gouvernement Provisoire Ministre des finances," March 21, 1848, in *Recueil des décrets et actes*

financiers, 58-60; Georges Renard, *La République de 1848* (Paris: J. Rouff, 1907); Bruno M-J Dubron, *Etude juridique et économique sur les magisins généraux* (1898); 'ordonnance n° 45-1744 (6 août 1945) *Journal officiel* (August 7, 1945), 4882.

[31] drafted by two vaguely socialist members: François Vidal and Constantin Pecqueur (Deputy Librarian at the National Assembly, 1848 to 1851)

[32] Exposé Général in Louis Blanc, ed., *La Révolution de février au Luxembourg* (1849)

[33] A. N. C 943-969, summarized in George Fasel, "The Wrong Revolution: French Republicanism in 1848," *French Historical Studies* 8:4 (1974), 654-677.

[34] A-D de Gazeau, *Pétition présentée à l'Assemblée Nationale, tendant à obtenir l'institution des banques agricoles* (Poitiers, 1848); D. Pallais, *Sur la nécessité de fonder… crédit dit foncier* (Paris, 1848); J. Rambaud, *Projet de banque hypothécaire…* (Lyon, 1848); J. Denar, *Projet d'une banque hypothécaire…* (Lyon, 1848); J-C Lambert, *Catéchisme du crédit foncier* (Doubs, 1849); Charles Gomart, *De l'institution du crédit foncier* (Saint Quentin, 1850).

[35] Gustave du Puynode, *L'Administration des finances en 1848 et en 1849* (Paris: Joubert, 1849), 11.

[36] Odette Lienau, *Rethinking Sovereign Debt : Politics, Reputation, and Legitimacy in Modern Finance* (Cambridge, Mass.: Harvard University Press, 2014).

[37] Erika Vause, "In the Red and in the Black: Bankruptcy, Debt Imprisonment, and the Culture of Credit in Post-Revolutionary France" (PhD, University of Chicago, 2012).