

France and the failure of Statecraft

by [Fred Harrison](#) on 18 July 2016

The terrible atrocities being inflicted on the citizens of France are said to stem, in part, from the failure to integrate Muslim migrants into society. There is a more general explanation, however. At its heart, France is an intrinsically unstable state. Understanding the cause of the instability could lead to the improvement of governance in all nation-states.

Since the Revolution of 1789, France has reinvented itself five times. It can only be a matter of time before the Fifth Republic becomes the Sixth. Why this incapacity to create a durable statecraft?

Political instability in France is particularly poignant because it was here that statecraft as a science was first conceived. The seeds were sown with the exploitation of the peasants by Louis XIV, culminating in the mid-1670s with the threat by the people and the nobility of Normandy to secede from the realm. The discontent stemmed from Sun King's onerous fiscal demands: he was extracting more than the net income being produced by the economy. The state was not only taking the taxable income (rent), but eating into people's wages as well.¹

That state of affairs traditionally leads to Peasant Revolts. In France, the over-taxation fostered social discontent beyond the borders of Normandy. The revolt was suppressed, but the debate began about the terms on which the state might legitimately tax the people.

- ❖ *Producers* should be free to trade their goods, so that labour and capital may be allocated optimally to produce the greatest happiness for all.
- ❖ *The state* had to play its part: taking no more than the net income as its revenue - the sum that remained after deducting the wages of labour and the profits of capital.

The ruminations on these themes culminated in the rigorous statements by a group of philosophers who emerged in the mid-18th century. The Physiocrats explained in theoretical terms how the state could be a positive force for good, providing it deployed a Single Tax on the rent of land. Adam Smith studied the doctrine and commended it in *The Wealth of Nations* (1776).

Economics was born as the science of statecraft.

For France, it ought to have been plain sailing, after that, and particularly after the land-owning nobility was guillotined in the revolution. The revolutionaries placed the Single Tax at the heart of their debates about the future of their new republic. Unfortunately, they botched up the practical arrangements. In doing so, they failed to raise sufficient revenue, created a fiscal crisis, and gave Napoleon the excuse to reintroduce consumption taxes. The budget was balanced.² Society and the economy, however, were unbalanced.

The Revolution was not an historical inevitability. Anne-Robert Turgot, Louis XVI's comptroller general of finance (1774–76), wanted to introduce the Single Tax. The land-owning nobility used its influence in court to thwart Turgot's financial reforms. The revolutionaries then botched up their fiscal arrangements, establishing the 1st Republic which quickly collapsed (in 1804)...and so establishing a form of governance that could not deliver stability to the people of France.

The European Union

After the Second World War, French statesmen were at the heart of moves to create a new settlement for Europe. Initial arrangements were built around the concept of free trade, but that was insufficient to ensure long-term prosperity and stability. As the Physiocrats had already worked out, the economy - to produce the best results - needs the complement of benign fiscal governance. The French statesmen of the 1950s had forgotten the lessons of their history.

And so, the European Union evolved a constitution that contained the seeds of its own destruction. The two key flaws were

1. *The Four Freedoms*. These included the freedom of movement. The free movement of people meant that the social and economic costs of the failure of governance in one part of the continent (such as Eastern Europe) would be shifted onto populations in other parts of Europe.
2. *The single currency*. This imposed a uniform monetary discipline on all countries, creating stresses which would become unbearable for the more marginal regions of the union. Greece is now a hostage to that doctrine.

This model could only work if government was anchored in the doctrine of the Single Tax.³ Instead, the EU opted for VAT - one of the most pernicious, regressive forms of taxation in the fiscal toolkit. The cumulative impact is becoming clearer by the day. One outcome is the decision by the people of the UK to withdraw from this union. Within France, the pathology of mis-governance created the ghettos out of which terror has emerged to stalk the streets of Paris and Nice.

References

¹ Jacques Barzun (2001), *From Dawn to Decadence*, London: HarperCollins, p.296.

² François R. Velde (1997), "The Physiocrats", in Kenneth C. Wenzer (ed.), *An Anthology of Single Land Tax Thought*, Rochester: University of Rochester Press, p.24.

³ Fred Harrison (2016), *As Evil Does*, London: Geophilos, Ch.7.