

Court Capitalism, Illicit Markets, and Political Legitimacy in Eighteenth-Century France: The Example of the Salt and Tobacco Monopolies

My paper examines court capitalism and public opinion in eighteenth-century France. I argue that a main feature of court capitalism – the creation of state monopolies on consumer goods – alienated broad sections of the population. Managed by a private consortium of financiers called the General Farm, such monopolies provided the crown with enormous sums of tax revenue and deep lines of credit. But the monopolies also stimulated the growth of a massive underground economy. The parallel economy challenged the French monarchy in two ways. First, it gave rise to violent cycles of rebellion and repression as smugglers and Farm agents clashed. Second, such violence drew the attention of Enlightenment thinkers, who developed potent critiques of tax farming, indirect taxation, and court capitalism in general. Popular hostility and learned opposition came to a head during the French Revolution, when legislators dismantled the indirect tax system. Although the abolition of indirect taxes accorded with revolutionary ideas of fiscal equality, it undermined the financial footing of successive revolutionary governments.

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