

TOFLIT18: for a better understanding of the French economy

By Loïc Charles and [Guillaume Daudin](#)*

Recurrent questions on our economies are, to quote a few: Which factors and actors are key for economic development? What private and public behaviors are particularly growth-enhancing? How important are institutions and policies in shaping trade, in promoting innovations and then growth?...There are different ways of enhancing our knowledge to answer these questions. The first way consists in laboratory experiments where a small-scale environment is created in order to understand “how the different pieces of the system work and interact” This is particularly appropriate for learning on social preferences and dealing with welfare issues. But, as soon as questions related to growth – such those mentioned above – are concerned, laboratory experiments do not appear very suitable. One other way of enhancing our knowledge consists in analyzing what happens today in our country and, possibly, to carry out international comparisons in order to disentangle between what is “good” and what is “bad” for the economy. Once one is engaged in that direction, why stop at comparison across space? Analyzing what happened several decades or centuries ago and to learn from these past experiences for the current period can also be very fruitful.

The project “Transformations of the French Economy through the Lens of International Trade, 1716-1821” ([TOFLIT18](#)) follows this direction. The 4-year project, granted funding by [ANR](#), was launched on the 1st January 2014.

In few words, the project aims at analyzing the French economy during the period that laid the economic ground for the entry

of France and Europe in the modern industrial era. Its main tools are the retranscription, the use and the diffusion of French international trade statistics.

The French administrative trade statistics are the most comprehensive and coherent source of quantitative information available for the French economy at that time. These data were produced locally and aggregated at the national level by the Bureau de la Balance du Commerce from 1716 on ([Charles and Daudin ,2011](#)). Despite several administrative reshufflings, the techniques of gathering and presenting the statistics on French foreign trade went almost unchanged up to the 1820s: they provided the total value, and sometimes the unit values, of merchandise and partner-specific trade flows; we have already photographed an almost complete series of yearly statistics. These documents are unique as they provide quantitative information on several geographical levels. As such, they can be used to study the economic effects of international trade on the French economy as a whole, on the economy of a single region, of a port town as well as on the economic behaviors of individual agents, e.g. a merchant or a community of merchants from a single town/region. They can also be used to get a more accurate understanding of the interplay that existed between these different geographical levels.

The volume and dispersion of primary sources makes the process of collecting and putting them into a usable form both time-consuming and costly. Our [team](#) includes therefore social scientists with consolidated experience in the construction and management of large databases (notably [MARPROF](#), [NAVIGOCORPUS](#), [RICardo](#) and [SoundToll Registers Online](#)). They will bring their expertise to cross-test our dataset with other types of information on trade (shipping and merchants accounts). The collaboration of researchers who are currently working on similar set of foreign trade statistics for important economic partners of France at that period— Great-

Britain and the Austrian Netherlands – will allow both crosschecking and building comparative studies.

The result database will include the bilateral value (with 20-30 different partners) of trade flows at the national level from 1716 to 1821, a merchandise (600-1000 different goods) and partner breakdown from at least 1750 onward, unit values and quantities from 1771 to 1792 and regional trade data. The project will transfer this database in the public domain and make it easily useable by the research community. The collected data can partly substitute for the lack of domestic macroeconomic series.

We will use the data to improve our knowledge of the French economy and our understanding of the economic mechanisms at work, both at the national and regional level. Two main avenues of research will be privileged. First, we will investigate the evolution of French specialization, both across French regions and in comparison to other countries. How was it linked to the contrasted economic development of France and Britain? What does it tell us on the determinants of international trade? Second, we will study the effects of policy choices on the French economy: France went through several wars and politic upheavals. It also went through stark changes in its commercial policies: from mercantilism to mitigated free trade in the 1760s with its colonial empire, to a number of free-trade treaties in the 1780s, followed by the closing up of the economy under the Empire. What were the effects of these policy choices?

All these questions resonate particularly to our contemporary ears. More importantly, the answer to these questions can provide a renewed glance on the functioning of the (French) economy, both then and now.

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Why it's necessary to read Robert C. Allen: Global Economy History: A Very Short Introduction [1]

By Guillaume Daudin (Professor at the University of Paris-Dauphine, Researcher with the OFCE)

Robert C. Allen (born in 1947) has been Professor of Economic History at Oxford University since 2002. He defended his PhD thesis in 1975 at Harvard University. He has worked on a wide variety of topics and has received numerous awards for his publications. In 2009, his *The British Industrial Revolution in Global Perspective* was named Book of the Year by *The Economist* and the *Times Literary Supplement*. His research has focused on many aspects of the economic history of development: real wages, advances in agriculture, the sources of technical progress, the impact of imperialism, and sustainable development. He has been a key figure in the debate over the origin of divergences in development within Europe: he defends a unique position that stresses the importance of the material base (in Marx's sense) and of political choices rather than of the rest of the superstructure (culture, institutions, laws, etc.).

In 2011, he produced a very short book that was part of an English collection which resembles the "Repères" collection. It has already been translated into Italian, and may soon be available in French as part of the "Grands Repères" collection

of Editions La Découverte. This book provides an excellent introduction to some of the ongoing debate on the comparative history of development in modern times. It focuses on the mechanisms for the start-up of long-term economic growth in each country.

The book's thesis can be formulated as follows. The British Industrial Revolution can be explained by the exceptional conjuncture of relatively high wages compared to the cost of the island's capital and energy, which was due in part to the British Empire. This situation led entrepreneurs to develop technical innovations to save labour, even if this meant using production methods that were very capital and energy intensive. The modern economy was born.

The contrasting dissemination of the Industrial Revolution in the nineteenth century reflected the ability of each economy to implement the "standard model of development": the integration of the domestic market; the protection of industry from trade; the development of a banking system; and the promotion of mass education. Western Europe and North America were successful in doing this, other countries less so.

From the late nineteenth century, the technology gap between the rich and poor countries widened. Japan, the Soviet Union and Asia's newly developed countries succeeded only thanks to a determined policy on the part of the State. This involved simultaneously creating all the structures of the modern economy (steel mills, power plants, infrastructure, etc.). None of these investments would have been profitable in isolation. It was therefore necessary that the State ensure their coordination by developing policy simultaneously on every front. This is illustrated by the important role that Japan's Ministry of International Trade and Industry (MITI) played in the country's post-war development, using the example of steel. The MITI ensured that Japanese steel production was taking place on sites large enough to take advantage of increasing economies of scale; that the steel-

consuming industries (e.g. the automotive industry) expanded fast enough to absorb the steel output; that Japanese consumers saw their wages rise fast enough to consume the goods produced (thus providing *ex post* justification for the decision to use capital-intensive production technology); and that foreign markets did not close.

This book undoubtedly provides a somewhat limited perspective on global economic history, since it is focused on industrialization and its dissemination. It therefore leaves out a number of topics: inequality, finance, globalization, etc. It does not go very far back in history, and thus does not address the problems of development over the very long term. More fundamentally, perhaps, it is more a work on the comparative history of the economic development of nations than a work on global history *per se*. From a methodological viewpoint, it is Eurocentric in that it examines the dissemination of a European model, but this is not so much the case with regard to geographical coverage and documentation. Whole chapters are devoted to Africa and Latin America, continents that are rarely treated seriously in textbooks.

“Textbook” – so now the term is out. This book is indeed a textbook, an introduction to a broad and complex subject, and it must be judged accordingly. It is a short book that is better for not losing its focus. It defends a clear thesis, and the fact that it does not take into account the world in all its complexity has advantages. On the one hand, the thesis can be demonstrated more clearly, and it is easier to understand the dynamics. On the other hand, the reader (ultimately with guidance from the teacher) can more easily develop a perspective on the work and change their view by taking a critical approach.

The book differs from the economic history textbooks on the market in at least three ways:

- – As I have already mentioned, it has a truly global

geographic coverage, whereas many textbooks focus on French or European history. This is, for instance, the book that introduced me to the adaptation of the techniques of the Japanese textile industry in an environment of low wages during the second half of the nineteenth century. This was also the book that introduced me to the role of Africans, the Krobo people in particular, in the development of cocoa farming in Ghana during this same period;

- – The book is well informed about recent advances in economic history. Currently, this field is partly dominated by Anglo-Saxon economists; their work is very rarely translated, and French historians are not very familiar with it;
- – Yet it is a very accessible book. It is illustrated by numerous tables and graphs. It is anchored in the concrete thanks to accurate descriptions of events that are unfamiliar even to specialists on the subject, as they concern national stories that to us seem distant. This can only encourage the reader to gain a better knowledge of the field.

I have taught economic history at HEC Paris, the University of Lille, Sciences Po, and now Paris-Dauphine. I wish this book had been available when I started my teaching: it would have helped me a lot. Reading in English is usually not a problem for graduate students, even if it is more difficult for undergraduates. I'm looking forward to a translation so that I can have all my students read it.

[\[1\]](#) The book was published in 2011 by Oxford University Press.