French Economic Growth

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There are two views of the French economic performance during the 19th century. The traditional view is that the French economy was backward and lagged behind other European countries, ostensibly because they could not accept innovation (Crouzet 2003, pg. 221). This view is supported by GDP data available for this time period demonstrating that in 1913, for example, French real per capita income was 25% to 30% lower than British (Crafts 1983, 1984). Furthermore, only about a third of the French population lived in towns larger than 3,000, as compared with 3/4 of Britain’s population, where there was more opportunity for industrial growth. Indeed, at that time, the contribution of agriculture output to GDP was lower than for shares in employment (O'Brien 1996), leading to the conclusion that France's economy was not growing (Grantham 1997, pg. 370).

A revisionist view of French economic performance during the 19th century is that France’s was typical of Europe. Thus, it wasn’t that France was behind, but that British were ahead, and not typical of the European economy. Economists such as Maddison have mentioned that the growth rate of GDP per hour worked (in France) may have been the highest in Europe. Economists Rondo Cameron and Charles Freedeman point out that slow demographic growth of France was due, in large part, to slow growth of the economy. Factoring this in absolute terms, the French in 1913 probably had the highest living standard in Europe (Cameron and Freedeman 1983, pg. 8).

According to O’Brien and Keyder’s revisionist view, while labor productivity in agriculture was higher in Britain than France, “output per worker in French industry as a whole remained above British levels throughout the industrial revolution” (Cameron and Freedeman 1983, pg. 8). While many economists accuse O’Brien and Keyder of exaggerating their findings, they are not that different from the more conservative Francois Crouzet who mentions that per capita growth of France was about the same as Great Britain. (Cameron and Freedeman 1983, pgs. 8-9). Maddison also says that the average rate of per capita industrial production was equal to the rest of Western Europe.

According to this revisionist view of France’s economic performance, there was both slow economic and population growth. Unlike the traditional view which blames French’s economic
performance on workers, who had a passionate attachment to the land and lacked drive and ability, Colin Heywood mentions that part of the reason France had a subpar economy was because the Revolutionary and Napoleonic Wars lead to the British taking overseas markets, reducing overseas demand for France’s textiles and metallurgy. Heywood argues that there was a lot of cheap labor available, but the advanced sector was slow to create new employment. France’s natural resources, such as coal and iron, were more expensive than their European counterparts and this hampered development. Heywood mentions that the French didn’t lack drive and determination. In fact, France had invented technology to solve the high price of coal, such as high-powered steam engines, as well as the re-use of waste gases from blast furnaces. As Heywood mentions, “Alternate sources of energy were used, particularly water and hydro-electric power. In Alsace…as late as 1870, one fifth of the power used in cotton spinning and one third in cotton weaving came from water-wheels.” (Heywood 1992, pg. 16). Transport costs, such as canal and railroad construction, also made coal cheaper; the average price for a ton of coal fell from 40 francs in 1838 to 23.7 francs in 1867 (Heywood 1992, pg. 16).

According to Arthur Young, French agriculture was a source of poverty because of the tendency to sub-divide properties among children; while in England land was concentrated to produce general prosperity. Young recommended that France pass a law restricting the sub-division of properties in order to increase economic growth and production.

According to Francois Crouzet, total French GDP and population grew slower than other Western nations. "Consequently, the mediocre performance of French aggregate product did not prevent product per caput from growing at a rate which is not...different from...other West European countries." (Crouzet 2003, pg. 223). The French rate was the same as the British and close to the average rate for advanced countries. According to Maddison, the rates of growth of product per caput for the period 1820-1913 are: France at 1.1%, Britain at 1.0%, Germany at 1.3%, 12 West European countries at 1.2%. According to Maddison's estimates, only Germany, Belgium, Denmark, and Switzerland did better than France (Crouzet 2003, pg. 224). From 1870-1913, France had the highest growth rate of GDP per hour worked. What these comparisons show is that the traditional view of the French economy being backward is inaccurate.

According to the revisionist view, Roehl mentions that France entered the industrial age earlier than Britain. Commodity output per capita had grown the same rate in France as in Britain. But
how can this be? French produced less natural resources that Britain, yet there was no take-off marking the passage from pre-modern to modern economic growth. France should have grown slower than Britain and Germany since France had slow population growth, but France grew as fast as England without leaving any statistical trace of an industrial revolution. So Grantham asks, "How could France, which had not experienced the traumatic passage from tradition to modernity, be as economically successful as England?" (Grantham 1997, pg. 376) The answer, according to Roehl, is that France's economy wasn’t retarded; France was the first country to experience an industrial revolution. "Features of the French economy that had been interpreted as signs of retardation, such as small firm size and high dependence on informal or local institutions for securing capital, signified early passage into the industrial age…. There was no growth 'spurt' in the nineteenth-century data because…with less dislocation to labor, the critical transition had occurred in the eighteenth century." (Granthan 1997, pg. 377).

Another revisionist theory is of O'Brien and Keyder. They calculated commodity output at PPP prices. France was 15% below Britain, which they considered to be exceedingly small. According to O'Brien and Keyder, Britain had import surplus due to their victory in the Second Hundred Years War. France was not backward and stagnant; there are many paths to development. According to O'Brien and Keyder, the Revolution resulted in a large number of landowner peasants. The French path to the modern world was through proto-industrialization; the rural population didn't have to leave the land.

O'Brien and Keyder claim that France had similar levels of commodity output to Britain, and had higher labor productivity than Britain until 1890. They also mention that France had much higher capital per worker than Britain. Over the long run, France failed to match Great Britain levels of capital per worker and capital land ratio, so there was a slow release of labor from agriculture. According to them, "In France, the persistence of rural society and more traditional patterns of expenditure acted to constrain the development of factory industry." What this means is that France had a more backward agriculture sector than Britain and, so, had difficulties shifting resources from agriculture into industry.

N.F.R. Crafts takes a look at the economic growth in France and concludes that while Britain had a much higher economic growth than France, it was France that was normal compared to other European countries. It wasn’t that France was stagnant; Britain was exceptional. For example,
according to the revisionist view of O’Brien and Keyder, compared to Britain, France had more people working in agriculture than industry, which accounts for France’s poor economic performance. Crafts shows that while the proportion of income originating in agriculture and extractive industry in France was 27.6%; Britain had 18.8%. Compared to other European countries, France didn’t have a relatively high proportion working in agriculture: Denmark had 29.9% and Germany had 32.2%. Also, according to Crafts, the proportion of the labor force in agriculture in Britain was only 15.3% compared to France which had 41.6%. Britain’s labor force was unusual while France was the norm. (Crafts 1984, pg. 55).

Colin Heywood talks about the role of the peasantry. Heywood says that, according to the traditional view, the reason the French economy in the 19th century was stagnant was because peasants had a passionate attachment to the land instead of working in the advanced sector (factory); this is why French’s economy lagged behind. Heywood claims this isn’t the case. Peasants were willing to work, but the advanced sector was slow to create new jobs. France was handicapped by economic disasters of the Revolutionary and Napoleonic Wars, as well as high transport costs, so the demand and supply for increasing production was limited. The French farmer kept pace with market demand but due to a poor infrastructure base, the extent of the market was local. The reason that the peasants stayed on the land was because towns were slow to offer alternative employment and because market conditions were favorable to labor-intensive production in agriculture (Heywood 1981, pg.368).

From 1750 to 1850, the population of France was the highest in Europe. Due to such high population, demand for labor was cheap. Since labor was so cheap, industries had no incentive to invest in technological innovations and mechanize industry; it was cheaper to have workers work by hand. Also, since there was an increase in population, the demand for food increased, which resulted in needing more workers in agriculture.

Heywood states that the main reason for the slow rate of growth from French agriculture was due to the slow rate of demographic increase, which lowered the demand for food production. While the population in France increased from 0.3 to 0.6% before 1850, after 1850, the population growth slowed down to 0.1% (Heywood 1981, pg. 369).
According to Heywood, the French industrialist could purchase one ton of wheat with one or two tons of iron, whereas the British industrialist needed three to five tons of iron to purchase the same amount of wheat (Heywood 1981, pg. 371). This shows that the French farmers had less favorable terms of trade that the British, so French farmers had less of an incentive to produce more. Also, due to the wars, the roads were in bad shape and moving goods cost a lot of money. Due to poor transport, there was a lack of advanced industry available for the peasant and a lack of incentive for the peasants to increase production. Until investment in infrastructure, which didn’t happen until 1875, there weren’t opportunities for farmers to work in advanced industries.

Heywood disagrees with Arthur Young. According to Heywood, it wasn’t that the peasants were slow or had a passionate attachment to the land; it’s that the French farmer did keep pace with market demand. Rather, the incentives for the farmer to increase production just weren’t there.

**Work Cited**


