



## Fighting Financial Fascism

# The Inspiring Example of King Henry IV of France and Sully

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<http://roi-de-france.monnaie.me>

*Henri IV on a coin*

“The power and wealth of kings and sovereign princes consists in the opulence and number of their subjects. And the great and legitimate gain and revenue of people ... proceeds essentially from their laboring and cultivation of the land which gives them in return, so pleases God, the fruit of their labor, by producing great quantities of wheat, wine, grains, vegetables, and pasture land; sufficient not only to live in comfort, but to entertain traffic and commerce with our neighbors and distant countries.”

—Henry IV, Ordinance of Blois, April 8, 1599, confirmed by the Edict of 1607 respecting the draining of marshland

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**1610-2010. Four hundred years ago, King Henry IV of France was assassinated by a “lone assassin” acting for the global Empire of that time, the house of Austria. Advised by brilliant humanists, such as Philippe Duplessis-Mornay and Maximilien de Béthune, Duke of Sully, Henry IV remains a vibrant source of inspiration. Here we concentrate on the economic aspects of his battle.**



Following the assassination of King Henry III in 1589, Henry of Navarre acceded to the throne of France as Henry IV. Five years later, the King bitterly recalled, “I tell you that at the time God called me for this crown, I found France not merely in a state of ruin, but nearly lost for Frenchmen.”

Wild financial speculation, looting, war profiteering, religious conflicts, and dramatic climate variations had ravaged the country—repeated waves of famine and food insecurity, epidemics, six thousands castles destroyed, nine cities in ruins, 125,000 houses burnt, and a country crushed by a huge debt burden. Everything needed to be rebuilt.

To “keep going,” France’s ruling powers for some time had been passing the bill onto the population. Hence, the direct royal tax (“la taille”) more than doubled between 1576 and 1588, going from 8 million to 18 million pounds. However, this “fiscal austerity” did not even cover state spending. To bridge the gap, France increasingly went into debt. The latter increased from about 133 million pounds in 1588 to 296 million pounds in 1596, an amount ten times bigger than the annual budget! Given the persisting poverty, tax collections collapsed, and by 1596 interest alone on the state debt had grown to 10 million pounds, about 30% of the budget.

Faced with this disaster, King Henry IV and his loyal advisor Maximilien de Béthune, Duke of Sully, undertook several measures to reverse the decline and put the country back on the map. One step was to increase spending. The French state hired thousands of state employees (considered an absolute sin today!) whose number, from barely 4,000 under King François I in the early 16th Century rose to more than 25,000. The King and Sully adopted a policy of “excessive” spending for great works programs putting people to work. A century before Vauban, fortifications, bridges, roads, hospitals, schools, and canals were built, mushrooming throughout the nation—in addition to the millions spent to prevent their enemies of the misnamed Catholic League from restarting insane religious wars.



Musée national du château de Pau  
*Maximilien de Béthune, Duke of Sully (1559-1641),  
painting by François Pourbus the Younger, 1610.*

Current French center-right-wing politician François Bayrou, author of a well-documented biography of Henry IV, in line with his own ideology deliberately misrepresents Henry IV as a champion of tax breaks. But Bayrou admits the historical fact that the King and Sully “succeeded to reduce the French debt by 50% in ten years. Not only was the state’s creditworthiness fully restored but the King had from there on, strongly protected, at the Bastille castle, a solid treasury of 5 million pounds and could dispose over an available reserve of more than 11 million pounds. Even better, French Fiscal Year 1611 showed a budget surplus of 4.6 million pounds.”

The question is: How did the King and Sully perform this miracle, neither using fiscal austerity nor printing money, while all the great “experts,” such as those of the European Central Bank (ECB), the International Monetary Fund (IMF), the Bank for International Settlements (BIS), and the Group of 20 (G20), are failing so miserably today?

The secret—in reality only a secret because such knowledge is banned from university curriculums today—is an anti-monetarist approach combining a total war against usurious speculators and a policy of productive state credit aimed at promoting and raising to a higher order the creation of physical and human wealth.

This “protectionist” policy of peace through mutual development, which puts priority on the physical economy before anything financial, was applied full force during the period stretching from the 1598 signing of the Edict of Nantes to the assassination of Henry IV by the empire in 1610.

The fundamentals of this policy include the following:

1. **War on corruption.** Relatively similar to President Franklin Delano Roosevelt’s backing in 1933 for the U.S. Senate Committee on Banking and Currency Chief Counsel Ferdinand Pecora’s investigation into the causes of and responsibility for the Wall Street Crash of 1929, Sully opened fire on the corruption of a rotten system. “Sully started with the most urgent, the fight against corruption and the authoritative recuperation of debt titles,” i.e., to make people pay their legitimate debts to the state, nervously writes Bayrou. In reality, Sully mistrusted the French state’s “finance officers,” whom he accused of not working too hard and getting rich on the back of the country. In his *Mémoires*, also known as the “*Economies Royales*,” Sully wrote, “I saw with a horror that increased my zeal, that of 30 millions of taxes collected from particulars and entering the Treasury Department, I’m nearly ashamed to say so, nearly 150 millions [five times more] left the pocket of the people.” To fight this corruption, in 1597, 1601-1604, and 1607, Sully brought the finance officers to a special court, the *Chambre de Justice*, created to punish those who committed such wrongdoings while in office. He also decided that the tax collection accounts, ordinarily checked by the “*Chambre des comptes*,” would

from then on go through a preliminary check performed by the Financial Council headed by Sully himself. As an additional attack against the oligarchy, Sully and the King annulled in 1598 all noble titles awarded over the preceding 20 years.

2. **War on usury.** To deal with the old debts, whose interest often had remained unpaid, Sully acted in a three-fold manner. First, he conducted a general debt audit. Beginning early March 1597, a commission drew up a list of all debt contracted since 1560 and the way in which the debt had been paid. Second, Sully decided to honor only those debts the Kingdom considered legitimate. Third, buying time, payments would only start in 1605. Lastly, all back debt was double-checked and the interest rates lowered according to their date and the condition of the contract—those contracted before 1575 would see their interest rate lowered from 8.3% to 6.25% if they were honorably contracted, and lowered to 5.55% and even 4% in contrary conditions. For more recent debts the yield was not modified, except if they were considered fraudulent, in which case the interest rate also was reduced to 4%. Scrapping illegitimate debt from honorable debt through an orderly bankruptcy procedure provoked great anger, especially from those living off the yields they received on illegitimate state debt.
3. **Debt reduction.** To clear away the usurious debt, Sully either transformed short-term debt into long-term debt or, by threatening to pay nothing at all, negotiated the debt to be pardoned. For example, the Prince of Anhalt, instead of getting his money back, received a yield on a new tax on the sale of salt, the famous “gabelle.” In another case, the Duke of Tuscany was told not to pay the dowry for the bride of the King, but instead to drop his claims on the money France owed him. In each case, Sully checked with precision all the details of the old debt and the interest charges and came up with more reasonable figures. He then negotiated with the creditors by proposing an immediate down-payment in exchange for giving up part of the past amount. Often on the edge of bankruptcy themselves, creditors usually were content with such a deal, estimating that it was preferable to get something rather than nothing.



*Coin minted under the reign of Henri IV  
(1559-1641)*

4. **Monetary reform.** The utterance of currency was a royal monopoly. However, when Henry IV, a protestant king, arrived in power, Paris remained under the military control of the Catholic League, and so did the workshops producing the metallic gold or silver coins. As a result, a monetary war broke out between the League and King Henry IV who was obliged to set up his own workshops producing coins in those cities rallied to his reign until a settlement of the matter could be reached.

Making matters worse, the scarcity of these metals led to the production of lower quality coins with less gold or silver, provoking early inflation. It was only through the 1602 Ordinance of Montceaux, reestablishing a value of reference under the form of an abstract “accounting unit,” that a “fixed parity system” fixed the value of all the different coins in circulation (e.g., écus, francs, testons, and billons) and restored trade and confidence. In an Edict of 1609, once again sabotaged by the French parliament, Sully further proposed the introduction of a new currency, the “Henry,” and wanted to call on the French people to exchange their old coins for the new ones. That final effort failed but the overall policy was successful. Thanks to the monetary and credit clean-up, prices of basic goods were reduced

by 20% between 1596 and 1610. Seeing the chronic poverty hitting the country, the King not only agreed on a debt moratorium for many farmers, but lowered the income tax (la taille) by 12%. As an alternative, Sully introduced indirect taxes on consumption, such as the famous gabelle, a tax on the sale of salt, at that time an irreplaceable element for the conservation of food stuffs. The invention, in this specific historical context, of “indirect” taxation, ancestor of our current value added tax (VAT), was more just because till that time the nobility, just as Google today, did not pay any taxes at all. With Sully, now the nobility had to pay the gabelle.

5. **Large-scale infrastructure work programs.** Sully was not a free trader. Using his strong authority as a Minister, Sully, years before Jean-Baptiste Colbert, applied an intelligent dirigist policy. Sully handled as many matters as eight ministries would require today. He was the superintendent of finances, fortifications, and the King’s estate. In addition, he was the “grand Voyer de France” (urban and territorial planning), leading all public works, transportation, culture matters, and defense. The state orders to the private sector and the great public works for the general interest gave an unprecedented impulse to agriculture, manufactures, and new industries harmoniously spread throughout the national territory. Here are some examples:

**Roads.** No roads, no trade. Responsibility for the maintenance of the roads of the kingdom was given to superintendants in each region, predecessors of today’s Departmental Directions of Equipment (DDE). The amount spent on the development of this national network of roads increased from 600 pounds in 1600 to 1 million pounds in 1610, a gigantic and unprecedented increase. The main roads of France were upgraded, cleaned up, and paved while many of them became free of tolls. Anticipating the need for construction works and the navy, Sully had thousands of elm trees planted along these roads—the famous “Sully elms.”

**Bridges.** Bridges were built where needed—in Châtellerault, Saint-Cloud, Paris, Mantes, Rouen, Toulouse, Grenoble, and Amboise. For navigation, Sully built lighthouses, such as the one of Cordouan, and boosted cartography. In Paris, Henry IV built the magnificent Pont Neuf, the first bridge ever in France without houses on top and equipped with a huge clock.

**Canals.** In the footsteps of Charlemagne, Sully undertook a huge program of consolidating and modernizing a system of dams and dikes especially aimed at regulating the Loire, the longest waterway of France. In 1599, Sully called on the expertise of a Dutch engineer and hydrographer, Humphrey Bradley, whose specialty was draining marshland, dike building, and canal digging.



Photo: Charles Berg

*Key infrastructure of the Briare Canal linking the Loire to the Seine: the seven locks of Rogny (1880).*

Bradley and Sully, working with studies made 50 years earlier by Leonardo da Vinci in France, elaborated plans for many canals in France. Although the project to connect the Atlantic with the Mediterranean through the south of France (Toulouse-Bordeaux) had to wait for the arrival of Jean-Baptiste Colbert to be realized, Sully started in 1604 the digging of the Briare canal, a 54-mile-long canal with 16 locks connecting the Loire with the Seine River (connecting Paris with Rouen in fertile Normandy and the Atlantic). The project was sabotaged after the King's assassination, but the canal was eventually opened in 1642. The Charolais (or "Center") Canal, outlined by Da Vinci for King François I, would have completed this grid by connecting the Loire to the Saone-Rhone corridor, which goes all the way down to the Mediterranean.



**Forests.** Sully set up a special Forest Administration whose officers were also in charge of managing the rivers and lakes in order to increase fishing. Vast arrays of marshes were drained and transformed into useful farmland.

**Defense.** In defense matters, Sully consolidated safe borders with fortifications. The port of Toulon was fortified to fight piracy, and Henry IV concluded a special treaty with the Sultan to fight this evil. Some 500,000 pounds were spent each year to develop and consolidate fortifications.



**City building.** In Paris, Henry IV rebuilt the City Hall, built an arsenal with ironworks, and created two large hospitals—Saint-Louis and the Charité. He also laid plans for the beautiful *Place Royale*, which is built in 1605, and later renamed *Place des Vosges* after the French Revolution.



**Postal system.** In 1597, Sully created a national stagecoach service for passengers, and a mail coach in 1602 directed by a general post manager.

**Government.** Henry IV and Sully revived Charlemagne’s system of *Missi dominici*, initially envoys of the King in charge of the follow-up and enforcement of the Edict of Nantes but increasingly in charge of applying Sully’s economic reforms on the ground. Later, the French Revolution expanded and institutionalized them as “prefects” in each Department. As a predecessor to the U.S. Army Corps of Engineers and the Ecole Polytechnique, Sully founded the “Engineer Corps of the King,” composed of skilled artillery engineers but increasingly deployed to build bridges, canals, cities, and other infrastructure programs promoting the general welfare.

**Space Explorations.** After being named Royal Geographer by King Henry IV in 1603, Samuel de Champlain, sent on a mission by the King, discovered Massachusetts Bay and Boston in 1605, founded Quebec in 1608, and explored Lake Champlain in 1609.

6. **Agriculture and Manufacturing.** Sully, assisted by leading physical economist Barthelémy de Laffemas (1545-1612) and agronomist Olivier de Serres (1539-1619), promoted an ambitious policy to increase the nation's overall wealth as described by Sully's *Memoires*, the "Economies Royales": "The people of the countryside often tell the King that farming and grazing were the two udders from which France is fed and the true mines and treasures of Peru," i.e., not the gold obtained from colonial looting of Ibero-America.

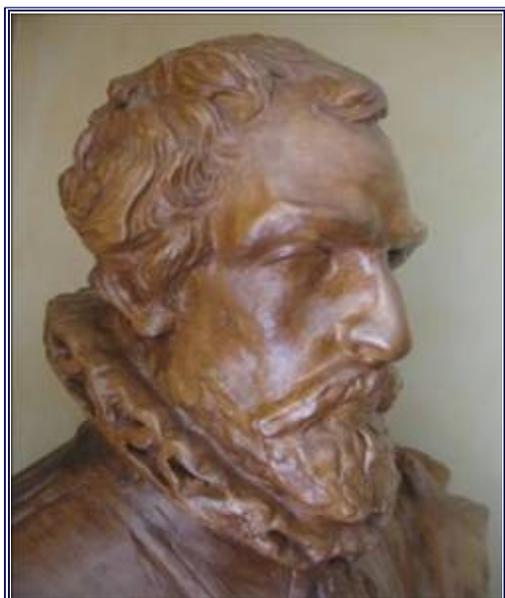


Wikipedia  
*Statue of agronomist Olivier de Serres (1539-1619)  
in Villeneuve-de-Berg (Constructed in 1804).*

**Farming.** Devastated by war, France, at the end of the 16th Century, similar to Africa's Sahel region today, had to face the consequences of unregulated prices and dramatic climate conditions provoking massive food insecurity. Scarcity provoked 300% to 500% price variations of cereals, the main food stuff of the people, and major famines broke out in 1576 and 1590. Epidemics and riots followed rapidly and paralyzed the entire economy. To prevent such chaos, the King took bold action. By the Edict of March 16, 1595, private tax collectors were forbidden from confiscating tools, cattle, and horses from farmers. Soldiers crossing productive fields were severely punished. With the help of expert advice from Dutch farmers, large areas of swamps and marshland were drained and made into polders. According to some sources, the total surface of useful farmland nearly doubled. The King's agronomist, Olivier de Serres, ordered fallow fields to be used to produce fodder by planting sainfoin and lucerne. These cultivated grasslands then could feed livestock while their living soil regenerated. New species of vegetables, fruits, and useful plants were introduced. The cultivation of maize, which just arrived from Ibero-America, spread and was produced in large quantities in southwestern France; bean production appeared in the lower Rhone area around 1594; and the potatoe, called at that time "cartoufle" or "white truffle," also coming from the New World, was cultivated in the gardens of the Vivarais region around 1600. Sully extended wine production, especially in Languedoc where its cultures nearly doubled. Wine, so far only produced for the wealthy, appeared on the table of every Frenchmen. While very few people could afford meat, Henry IV, underlining his commitment to feed the nation—and therefore feed the farmers first—told the Duke of Savoy in 1600, "If God keeps me

alive I will make sure that there is not a peasant without a chicken in the stew pot each Sunday.” As a result, by 1610 France not only recovered its level of agricultural production of 1560 but went beyond.

**Manufacturing.** While the evil school of French Physiocrats lied that they were the descendants of Sully, they covered up King Henry IV’s great passion for manufacturing and new industries. In Paris, for example, the King enlarged his Estate, the Louvre, with the aim of making part of it a permanent showroom and exhibition hall for “machines of mechanical inventions and industrial models.” The labor force was also trained and organized in the form of “jurandes,” corporations where knowledge and skills were exchanged and the interest of labor considered. In 1601, Sully created an “Assemblée de Commerce,” a meeting place for the state, entrepreneurs, and organized labor to foster industry, commerce, and manufacturing.



Mayors house of Beausemblant,  
Drome, Southern France.  
*Bust of physical economist Barthélemy de Laffemas  
(1545-1612).*

In the field of manufacturing, Sully’s advisor and physical economist Barthélemy de Laffemas stands out as one of the founders of protectionism, which, through the contributions of Jean-Baptiste Colbert, Alexander Hamilton, Henry Carey, Friedrich List, and today, Lyndon LaRouche, developed the real science of prosperity for all nations of the planet.

In his “Remonstrances” of 1601, written as a Royal Edict, Laffemas wrote, “Let’s inhibit and defend from entering our kingdom any merchandise, work and manufactured product coming from a foreign country, be it a gold or silver fabric, a drapery, a glove; be it iron, steel, copper, brass, watches and clocks or any product entering in the production of furniture, ornaments and clothing, whatever their quality or use.”

In first instance, the issue was to favor the development of French manufacturing in order to avoid systematic imports of production with a high added value, e.g., silk, leather, tapestry, crystal, or mirrors. Henry IV and Laffemas called on two Flemish tapestry producers to direct the Manufacture des Gobelins (Tapestry). Also, to expand sericulture or silk farming, thousands of mulberry trees, the leaves of which are required to feed the silkworm larvae, were planted in southern France, especially Languedoc and Dauphiné.

Even François Bayrou, whom we call on to read the very book on Henry IV that he wrote, recognizes the importance of “protectionism, the substitution of national products to imports, products with a high value added and which generate many jobs and open up new foreign markets; Laffemas intuitively followed a very coherent strategy of economic revival, close to the principles applied over the last decades by Japan and other newly industrialized countries.”

Sully, who was in charge of national defense and who ran France from his Arsenal residence constructed at the very heart of national armament production, turned his interest—how could it be otherwise—to mining and ironworks. New mines were discovered and exploited and new production developed.

## Conclusion

After the King was assassinated in 1610, Sully, at odds with Queen Maria de Medicis, fell into disgrace and resigned in 1611 as superintendent of Finances and Governor of the Bastille. The Queen even suspended the construction of the Briare Canal project and used the allocated funds as presents for her admirers at the Court. However, new generations would fulfill many projects initiated through the valiant battles of Henry IV and Sully, in the same way that they followed in the footsteps of Charlemagne, Louis XI, and Erasmus.

The precious concepts of Sully, Laffemas, and De Serres—further propagated including through the followers of Colbert at the courts of Italy and Spain under King Carlos III—helped prepare the groundwork for the American System of Political Economy. The most striking feature of this short 12-year period is the fact that then, just as now, solving the crisis was not a “technical” problem. The issue was rather, as American System political economist Lyndon LaRouche has put it repeatedly: Do we desire to survive as a civilization?

Admittedly, looking back at these great steps of humanity can inspire in us both sadness and joy. We experience joy when discovering the optimism and greatness of their deeds; sadness respecting the shallowness of our current leaders and those that vote for them. It is only our and your commitment to partake in the ongoing battle that will make the difference.

### **Sully’s “Grand Design”: Crush the Empire!**

Henry IV and Sully fully realized that as long as the imperial system prevailed in Europe, everything accomplished by France and in France since Louis XI can be rapidly reduced to nothing. Therefore, “interior” pacification, the ending of the religious wars, cannot be separated from “exterior” appeasement of tensions.



Wikipedia

*Henri IV on his horse, Pont Neuf, Paris. Statue by François-Frédéric Lemot, 1818.*

According to Sully's *Mémoires des Sages et Royales OEconomies d'Estat domestiques, politiques et militaires de Henry le Grand* (Tome IX, p. 45-46), King Henry IV, only days before his 1610 assassination, was "at the point of launching a campaign, and to walk a 36,000 person army, with 8,000 horses, the best paid, disciplined troops one could imagine, including the funds to pay them, 50 canons and munitions to operate them and the required food stuffs and what was required to pay the troops wherever they went, peacefully."

Confronted with new aggressive war schemes of Leopold of Austria, King Henry IV was at the point of "peacefully" walking into the areas threatened by the Empire—of course, ready to strike if any aggression became real. The idea was to crush the Empire, at that time the House of Austria, and to replace it with an entente of sovereign nation-states.

This "Grand Design" aimed at ending the permanent conflict between nation-states, such as France, and those permanently committed to restoring a global Empire. The policy of the latter had become increasingly murderous with the election of the young king Charles V as the emperor in 1519. His possessions at that time included the kingdoms of Aragon and Castile, the Netherlands, Lombardy, the Kingdom of Naples, Austria, and the American colonies. In 1556, recognizing the difficulties involved in ruling over so much territory, he divided the rule of the Empire between his son Philippe II of Spain and his brother Ferdinand I, elected emperor, but operating in concert with Philippe II. France, "alone" in the face of the Empire, repeatedly resisted submission to imperial rule.

To get rid of the Empire once and for all, Sully had a plan to redraw the map of Europe into 15 entities—six hereditary monarchies (France, Spain, Great Britain, Denmark, Sweden, and Lombardy), six "elective" powers (Papal States, Venice, Austria, Poland, Hungary, and Bohemia), and three "federative" republics (Switzerland, Italy, and Belgium). In Sully's view these 15 powers would be more or less equal in territory and wealth. All would freely allow their citizens to practice the three main religions (Catholicism, Lutheranism, and Calvinism). As a unity they would form a confederation directed by six particular councils and a general council that would settle differences between each ruler and his or her subjects or citizens and among heads of state. The intention was to end war and conflict. Often mistakenly presented

as the predecessor of today's European Union hoax, this "Europe of the fifteen," now cooperating in universal peace, would unite against the threat of the Turks, which despite their defeat at the battle of Lepanto in 1571, were still considered a grave threat to world peace.



Wikipedia

*Assassination of Henri IV of France, 1610.*

It has to be underlined that at the time Henry IV was assassinated, France had enormous military strength at its disposal, including 400 canons. And Sully, who lived on the site of the military arsenal in Paris, took great pride in showing foreign ambassadors the impressive ironworks and the rows of available cannons. The core of the French army consisted of 1,500 horsemen and 7,000 infantrymen in time of peace, and could be rapidly increased. The first caserne and military medicine appears at that time. Increasingly, troops were neither mercenaries nor noblemen, but well-paid, state-trained highly disciplined military personnel. For the 1610 expedition, the army had 42,000 troops available of which 12,000 were foreigners, not counting the reserve forces or nobility.

When Sully published his "Grand Design" plan in his memoirs of 1638, it hardly looked like more than a sweet utopia because the entire European continent had been plunged since 1618 into the Thirty Years' War. However, 10 years later, at the 1648 Treaty of Westphalia, Mazarin will combine Henry IV's Edict of Nantes and Sully's Grand Design plan for Europe to win peace by establishing the right of the nation-state above that of the Empire, signaling, for a while, the defeat of the Habsburg imperial obscurity.

## Sully and America

John Quincy Adams was U.S. Secretary of State during 1817-1825, the sixth U.S. President during 1825-1829, and the leading anti-slavery activist in Congress during 1831-1848. He had taken up the study of Plato in 1784, at age 17, while he lived in Paris in the company of the U.S. ambassador, Benjamin Franklin. Later, Adams wrote that Plato's lesson of the "indissoluble union of moral beauty and goodness ... made a deep and lasting impression on my mind."

John Quincy Adams went to Prussia in 1797 as the first U.S. ambassador there, while his father, John Adams, was President. As America's main European intelligence officer, the young man immersed himself in the new German classics being written by Schiller, Gotthold Lessing, and other republicans. The younger Adams was for a time a Harvard professor—at odds with the fancy Bostonians—and a national leader in promoting German language and literature in America.

Adams also was an expert historical student of the Grand Design of France's King Henry IV and his minister Sully. Such knowledge helped inform Adams in his vision for the improvement of the world through a community of principle of sovereign governments acting cooperatively.

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