THE GAMBLER AND THE KING’S EMPTY CHAIR

Testability and the Varying Successes of Representational Fictions by James Brocklebank

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On the 1st of September 1715, the Sun finally set over Versailles. France’s exalted ‘Sun King’, Louis XIV, had died after a 72-year-long reign, leaving behind a 2,000 million Livre Tournois (₶) war debt, a religious crisis, and an empty chair. The king’s later years had been beset by the losses of his heirs: the Grand Dauphin died in 1711, followed by the Dukes of Burgundy and Brittany in 1712. As a result, in September 1715, the crown passed to Louis’s five-year-old great-grandson, the Duke of Anjou. Louis XV, being in his minority, was too young to rule outright as his great-grandfather had. French monarchical power, however, persisted through a reinforced continuity of kingship. In the stead of the new king stood a symbolic empty chair, present for eight years at regency Council sessions. This signified that, in spite of the minority of the new king’s ‘body natural’, his ‘body politic’ of monarchical sovereignty was still the overriding authority.

The following year, the Scottish gambler John Law opened the Banque Générale in Paris. After a decade of failed attempts to convince European rulers of his theories, Law finally received the green light. Over the next four years, Law’s bank, and his later economic ‘Système’, came to occupy a central position in the French economy, issuing fiat paper money structurally analogous to the sovereignty of the young Louis XV. Paper money enjoyed no underlying value but the confidence it attracted in the same way the young king was sovereign despite being too young to rule himself. By 1720, however, the entire Système imploded in one of the most disastrous fiscal collapses in European history. Why, then, did the political fiction of the king’s Two Bodies survive centuries of crises across Europe but its monetary counterpart collapse within only four years? And thus what separates a fiction that endures from a fiction that fails?

THE BODY POLITIC AS CONSTITUTIVE FICTION

In ‘the King’s Two Bodies’, Ernst Kantorowicz defined kingship as a dichotomy of physical and spiritual bodily power: the body natural and the body politic. The body natural represents the physical incarnation of the king, constrained by age, illness, and death. The body politic, on the other hand, is the semi-mystical sovereign authority of the king, legitimate regardless of the condition of the body natural, and which transfers automatically upon the death of one sovereign to the heir.[1] Contemporaries considered it a sacred truth rather than a political tool. This essay, however, focuses on its consequence, rather than its theology.

The implementation of this political fiction began in a first phase of Christo-centric kingship, with the king's gemina/twin persona as human by nature yet divine by grace providing an early blueprint for the two bodies. This then evolved, thanks to the agency of jurists and their emphasis of Justinian law, to incorporate the king's portrayal as the lex animata, the living law. Kantorowicz estimated that by around 1600, the model of kingship had come to reflect the growing confidence of the polity. The transition of the corpus mysticum, from Christ's body at Eucharist, to the body of the church and then the body of the realm itself, refashioned the king as the head of the state, a secular mystical body no longer dependent solely on its theological origins. These evolutions, according to Kantorowicz, overlapped over centuries to create geographically varying circumstances of kingship based on precedence.[2]

The foremost consequence of the body politic was to preserve the status of kingship, since it disincentivised rebellion and guaranteed the smooth transition of power between successive rulers. By being the authority underwriting the law, the body politic made rebellion tantamount to anarchy, which disincentivized it. Indeed, Schmitt's definition of the sovereign as "he who decides on the exception", emergencies outside of the legal system, also shows that the body politic as the foundation of the law, and hence the king's power, was necessary to maintain stability.[3] According to Foucault's model of sovereignty as within a chain of power rather than a single point, the body politic was institutional, which made the authority of the king less vulnerable since it could not be targeted nor diminished as easily.[4] Monarchical independence was further protected by the body politic's continuity upon the death or incapacitation of the sovereign's body natural. Since a legitimate ruler always existed because the body politic could be transferred instantly or held steadfast, no political vacuum existed to be taken advantage of through usurpation.

In France, the locus of Law's Système, the body politic of kingship had survived successive crisis periods over centuries, including the Wars of Religion, the minority of Louis XIII, and the events of the Fronde. Although, as Fleuriau d'Armenonville claimed, regencies were 'always stormy times',[5] the monarchy survived intact. However, the French crises do not establish the influence of the body politic, since none of the crises directly tested it: the Fronde bypassed it,

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[1] Ernst H. Kantorowicz, *The King's Two Bodies: A Study in Mediaeval Political Theology* (Princeton, 1957), pp.7–9.
[2] Ibid., chs.III–V ('*Christ-centred', 'Law-centred' and 'Polity-centred Kingship*').
[3] Carl Schmitt, *Political Theology: Four Chapters on the Concept of Sovereignty*, trans.G. Schwab (Chicago, 2005), p.5.
[4] Michel Foucault, *Society Must Be Defended: Lectures at the Collège de France, 1975–76*, trans. D. Macey (London, 2003), p.29.
[5] Fleuriau d'Armenonville, quoted in J. H. Shennan, *Philippe, Duke of Orléans: Regent of France, 1715–1723* (London, 1979), p.44.

with rebel discontent aimed at Mazarin not the young king; the assassinations of Henri III and IV merely incapacitated the bodies natural; and the Wars of Religion went beyond it, an expression of rival allegiances to God rather than denial of the king's sovereignty. To understand whether the body politic could truly bear weight, events in England must be considered.

In England, the myth was directly assaulted during the English Civil War and Interregnum. In 1649, Charles I was executed by Parliament on a charge of high treason. The High Court of Justice thus ruled that neither the state nor the law were embodied in Charles, but within the people. Treason was no longer an offence against the king, but against the kingdom. This seemingly demonstrates that the myth of the body politic could not legally insulate the king's sovereignty. However, it merely demonstrates that the king's two bodies were separable. For example, Charles was tried, and executed, as Charles Stuart, a public officer, and although the office was abolished upon his death, only his body natural was compromised, his body politic continuing to create legal issues for the interregnum legislators. As Kishlansky argued, the ambiguity of whether the king's execution meant the death of the state led to the collapse of several subsequent constitutions which failed to locate a single fundamental authority.[6] Like Schmitt's argument, monarchical authority was necessary to underwrite the law. Indeed, Cromwell's title of Lord Protector suggests his role as mere caretaker for the crown, akin to a regent. This is echoed by Hobbes in 'Behemoth' that "the sovereignty was all this time in the King… the power to do execution was contended for as in a game at cards, and won by them that held the closest".[7] Hobbes' metaphor depicts the Interregnum as merely a temporary displacement of physical authority, showing the monarchy's body politic remained intact.

Again, in 1688, the body politic of the English monarchy was assaulted. After the deposition of James II by Parliament, William III's reign remained fundamentally contingent on parliamentary approval rather than self-sufficient as the body politic required. A more independent Parliament emerged from the 1688-9 Bill of Rights, establishing frequent conventions with authority over revenue. Despite apparent infringements on royal power, the monarch remained sovereign, absorbing parliamentary constraint, with Parliament requiring royal assent for legislation, as well as being symbolically opened by William.[8]

Hobbes's 'Leviathan', published two years after the regicide, offered a further explanation for why the body politic succeeded at defending the status of kingship. Hobbes' model sovereign was never tied to obligation because the covenant, representing the sovereign legitimacy of his body politic, existed only between subjects, thus he was legally unassailable. Furthermore, Hobbes' sovereign is overwhelmingly secure in his position because individuals cannot

[6] Mark Kishlansky, *A Monarchy Transformed: Britain 1603–1714* (London, 1996), pp.189–91.
[7] Thomas Hobbes, *Behemoth, or The Long Parliament*, ed. F. Tönnies (London, 1889), p.135.
[8] Steve Pincus, *1688: The First Modern Revolution* (New Haven, 2009), esp.ch. 12.

rationally withdraw from the covenant unless everyone does. Leaving the covenant is not rational for the collective because the resulting anarchic 'state of nature' is worse than continued loyalty to the sovereign except in service to immediate self-preservation. Furthermore, The Hobbesian covenant is self-referential. This makes the body politic a constitutive fiction, something created through common acceptance untethered from empirical evidence. Therefore, through the covenant, the body politic retained loyalty and thus could sustain support in the sovereign.

The body politic, therefore, survived and demonstrated its durability by defending the status of kingship throughout the regicide of the Civil War and the Glorious Revolution in England, highlighting that the unseen authority of the monarch's body politic, and common acceptance of its necessity, remained critical to the functioning of the state.

THE SYSTÈME AS ECONOMIC FICTION

Existing monetary systems in 1715 contained a body natural, the metallic value of coinage, combined with a body politic of public trust in the purity of the metal necessary for economic agents to accept specie money as a medium of exchange. Indeed, 'clipping' or counterfeiting specie was itself high treason against the king because it threatened to dispossess both currency and king of the people's trust. However, from his earliest theorising, (the 1704 'Essay on a Land Bank' and 1705 'Money and Trade Considered') Law recognised that given the insufficient specie supplies in England, Scotland, and France, the existing balance between monetary body natural and politic could not offer the currency stability and trade growth a paper currency could.[9] Law's paper money further abstracted the balance between the monetary body politic and body natural, and hollowed out the body natural which became paper rather than valuable bullion. Simultaneously, paper money raised the importance of the monetary body politic since economic agents were required to trust the state's management of paper money circulation whilst the incentive and ease for the state to increase the monetary base improved dramatically. Paper money therefore represented value through symbolism rather than metal.

The implementation of Law's Système can be characterised by three separate stages. Firstly, the private Banque Générale, established in May 1716, issued banknotes backed by specie denominated in écus[10]. Before its ultimate nationalisation, it grew to assume responsibility for credit-creation, issuing ₶148.6m of banknotes [11] whilst maintaining a healthy 25% specie reserve-to-

[9]Antoin E. Murphy, *John Law: Economic Theorist and Policy-Maker* (Oxford, 1997), pp.40–60, on Law's economic theory

[10]The écu-denominated notes were an attractive proposition given that the anticipated devaluation of the money of account would yield a profit on écu holdings. Murphy, *John Law*,ch.8.

[11]Of this sum, 89.5m livres were subsequently cancelled. Murphy, *John Law*, ch.8.

banknote ratio. This provided the blueprint for the later body politic of the currency, albeit on a smaller scale, by demonstrating that confidence could be sustained in an institution that created credit, and that non-metallic money was a viable medium of exchange.[12]

The second stage involved the Compagnie d'Occident (henceforth the 'Mississippi Company'), formed in 1717. The Company's flotation converted ₶100M of state debt in Billets d'état[13] into equity. A further six share issues allowed the Company to amalgamate monopoly trading rights for Africa, China, and the East Indies, control of the Mint and the United Tax Farms, and finally taking over the entire state debt of ₶1.5b. The Company's peak ₶4.8B market capitalization dwarfed both the ₶1.5B national debt as well as the ₶640m of Law's banknotes in circulation, sparking speculative frenzy. The Company metaphorically represented the body natural of Law's planned Système, designed to provide a healthy economic backdrop for his monetary experiment, rejuvenating trade whilst slashing state indebtedness.

In the third stage, the Banque Royale accelerated the monetary experiment. Founded in December 1718 to replace the Banque Générale [14], it was the official state bank, entirely owned by the crown, which had the exclusive right to control its banknote issuance. Although the Banque Royale banknotes were initially redeemable in either écus or livres, between December 1718 and Spring 1720, Law attempted to wean the economy away from specie currency. For example, banknotes were valued at a 5% premium to specie at tax offices, whilst gold and silver specie were devalued through raising the specie per money of account, making banknotes more attractive and more stable stores of wealth. Simultaneously, citizens were compelled to convert existing specie through a series of successive arrêts restricting its usage or ownership. By March 1720, specie was prohibited in all transactions over 100 livres, production of gold or silver objects over a certain weight was banned, and ownership of gold or silver specie was limited to 500 livres. The demonetization of gold and silver was announced by the arrêt of the 5th March 1720, the intended final step of Law's masterplan. Even before the planned demonetization, the Banque Royale had effectively created fiat currency, issuing banknotes far in excess of specie reserves despite their promised convertibility into specie. The Banque Royale thus drove the institutional effort to rebalance the monetary body politic and natural by instigating the process of demonetization.[15]

As his Système matured, it appeared that Law had created a constructed representation of monetary value sustained by confidence, akin to the King's Two

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[12]All financial data for the Système are drawn from Murphy, *John Law*, chs.8–13.

[13]subscription figure nominal; the billets d'état were discounted 65–70%.

[14]The Banque Générale's capital was returned in specie to shareholders, while its holdings of billets d'état was converted into Mississippi Company equity.

[15] Antoin E. Murphy, *John Law: Economic Theorist and Policy-Maker* (Oxford, 1997), chs.11–13, on the *arrêts* restricting the use and ownership of specie.

Bodies: sustained by confidence. If Law's Système had been transposed exactly from the political fiction, it should have functioned as effectively as the empty chair. However, it collapsed spectacularly, showing that some inconsistencies rendered Law's monetary fiction untenable.

THE DIVERGENT SUCCESS OF THE POLITICAL AND ECONOMIC FICTIONS

Analysing both mechanism and structure of the King's Two Bodies and Law's Système reveals why the political system of the King's Two Bodies survived and the economic Système failed.

If the body politic is understood as having withstood the most extreme form of assault, regicide, it must be presumed that it could have potentially failed. The King's Two Bodies, however, was a myth that could never be invalidated because, as a constitutive fiction, it could never truly be tested. Rebellions against a king based on personal religious conviction do not show that the transcendent spiritual authority of the body politic was ineffective at retaining loyalty, but that religious conviction superseded loyalty to a sovereign when conflicted, a form of Hobbesian self-preservation justifying rejection of the covenant. Furthermore, the loss of a throne through conflict cannot necessarily invalidate the myth either, since, as the victor would certainly claim, it can be argued to be an example of divine providence underwriting the usurping body politic and revocation of divine support for the former, rather than the nonexistence of a mystical body politic during the previous reign. This meant that the body politic was a concept that could not be tested since it was wholly malleable to political contingency; if the king survived, the body politic could be vaunted, and if the king was replaced, the body politic could be described as transferred. The body politic's malleability is, however, evidence of the robustness of its mechanism to ensure a legitimate ruler exists despite disruption to the body natural, even when it cannot prevent the outbreak of rebellion. To achieve this, the body politic must be able to accommodate any contingency, otherwise a vacuum of power would remain to be exploited in bloody civil war equivalent to Hobbes's 'State of Nature'.

If the King's Two Bodies was a constitutive fiction, Law's Système was a descriptive fiction vulnerable to be tested and falsified, since the banknotes issued by both the Banque Générale and the Banque Royale promised convertibility into specie, albeit of an undefined amount. Despite their convertibility, the Crown, anticipating an ultimate demonetization of bullion, expanded banknote circulation without regard to the value of specie reserves such as on the 25th July 1719 by ₶240m upon their existing ₶160m circulation. More significantly, the frenzy in Mississippi Company stock created a vast increase in on-paper wealth equal to roughly ₶4.6B without a corresponding increase in real economic output, making the discrepancy between paper money and specie increasingly disproportionate. As confidence in the Company began to wane in January 1720, led by bulwark investors such as the Prince de Conti, investors began to sell their shares for paper money and then immediately convert these into silver or gold specie through the Banque, exposing its vulnerability to convertibility. The discrepancy within the Banque between specie reserves and paper money, worsened by this initial wave, was exacerbated by the need to create more banknotes to support the falling share price pegged at ₶9,000 (5th March 1720 arrêt). Banknotes, like the covenant, were accepted only because common acceptance made it rational. However, unlike the covenant, defection (redeeming in specie) at an individual level was not just rationally possible, but incentivised by the scarcity of bullion, accelerating the monetary Système's decline into Hobbes' theoretical 'state of nature'. Therefore, the convertible nature of Law's paper money both created and redistributed the power to test the monetary body politic, allowing speculators to respond to the bubble in Mississippi shares and abuse of banknote issuance to test and falsify the monetary fiction, unlike the body politic which denied the need for external authority.[16]

The success of the Bank of England, which partly inspired Law's Système, despite its banknotes' convertibility, suggests that although convertibility was the Système's underlying weakness, institutional structure determined whether this weakness was exposed. Like both the Banque Royale and the Banque Générale, in 1694 the Bank of England had lent £1.2 million, raised by the public, to the government, and received a charter to issue notes against it.[17] However, as a private joint-stock corporation, the Bank remained separate from the state, and could not be ordered unilaterally by the crown to expand the money supply. Contrastingly, state ownership of the Banque Royale gave the crown exclusive right to issue notes, dangerously encouraging the heavily indebted state to over-expand the money supply, which England's structure prevented. Secondly, Parliament's post-1688 power to bind the crown ensured that the Bank of England's loan was secured on specific voted taxes, providing a concrete revenue stream to repay interest on the Bank's loan, and preventing any irresponsible credit manoeuvres. In France, however, the Banque Royale and Mississippi Company in effect underwrote banknotes based on the Louisiana Colony revenue streams. This was an uncertain and insufficient backing for a rapidly expanding money supply. Thirdly, unlike its English counterpart the South Sea Company, in France the Mississippi Company became responsible for note issuance after merging with the Banque Royale on 22nd February 1720, leading to the 5th March 1720 arrêt pegging the share price at 9,000 livres, which forced the spiralling creation of banknotes to artificially support its share price. Once Banque and Company were merged, the Banque could not allow the share price to collapse because its collapse would have rapidly endangered confidence in banknotes.

[16] Murphy, *John Law*, chs.11–13, for note-issue and market-capitalisation figures.
[17] On the founding of the Bank of England and post-1688 fiscal settlement see Pincus, *1688*, ch.12.

Two less significant asymmetries also existed between the political and the monetary fictions. Firstly, Law's Système had a requirement to grow to entice trust in its body politic and delay the fatal demand for convertibility. Indeed, awareness of the Company's stagnant operations precipitated the Spring 1720 share price fall, triggering the panic and loss of trust in the Système necessary to incite conversion of paper money into tangible bullion wealth. In contrast, the political myth of the king's body politic had no need to grow to sustain confidence, as natural acceptance of the king's sovereignty was enforced by centuries of precedence and understood as part of the natural order.

Secondly, the sovereignties of the body politic in the monetary Système and the political sphere were distributed differently. The king's body politic was institutionalist, spread throughout and performed by the entirety of the political apparatus of power. This made it less vulnerable by redistributing sovereignty away from any single point of possible failure. On the other hand, the authority controlling Law's Système was heavily concentrated in Law, and ultimately in the crown. This concentration was fatal thanks to the simultaneous fusion of the Banque and Mississippi bubble that did not occur in the Bank of England. Furthermore, the Système, as a decisionist structure, relied on sequential decisions by its operators rather than a distinct set of rules, which made it vulnerable to the miscalculations of one single locus of authority. For all the gravity of the Fronde, the king's sovereignty was never compromised because it existed institutionally; indeed the king remained the untouchable lex animata and corpus mysticum. Yet the financial whims of the public were enough to dismantle the Système because it had a single, testable, point at which it could collapse.[18]

CONCLUSION

In conclusion, John Law's Système and the political fiction of the King's Two Bodies were structurally analogous means of sustaining confidence in a value through symbolism rather than physical presence, in one case money and sovereign legitimacy in the other. Their divergent success hinges on the differentiating characteristic of convertibility, which made Law's Système a descriptive fiction, unlike the constitutive political fiction. This flaw's exposure, and the representational fiction's collapse, was contingent on institutional structure and expectations of the members of the economic covenant. Therefore, a representational fiction fails not when it is tested, but when it promises a test that it is structurally built to fail. Law's Système promised convertibility, to accrue trust in his paper money, but depended long-term on the demonetization of the bullion that redemption demanded. The king's empty chair was always presumed

[18] The normativist–decisionist–institutionalist typology is Schmitt's: Carl Schmitt, *Political Theology: Four Chapters on the Concept of Sovereignty*, trans. G. Schwab (Chicago, 2005), pp.2–3.

to be occupied, thus it could not be questioned; Law promised that his chair could be filled with gold on demand, and when sufficient doubt arose, enough people rushed to discover that, however hard they looked, it was as empty as the king's chair.

Conversely, the political fiction of the body politic ultimately succeeded in sustaining the status of kingship through its malleability to political contingency, by guaranteeing that legitimate authority always existed, in turn disincentivising rebellion and smoothing out transitions of sovereignty from one ruler to another, whether heir or usurper. As a constitutive fiction untestable with empirical evidence, the king's Two Bodies could never be challenged, and thus survived unlike the economic fiction.

The 1971 termination of the gold standard in the USA and the Bretton Woods gold-exchange standard marked the final transition of money into the same representational structure as the king's body politic. Perhaps if Law had not lacked the necessary institutional substrate to execute his vision, he would be committed to collective memory as the visionary Hume and Smith insisted he was. We no longer expect money to be backed by gold, and so, like the king's body politic, it endures through a Hobbesian covenant among ourselves from which it is no longer rational to defect. The power of the empty chair was not that a king would occupy it in the future; it was the tacit agreement not to question if it was empty.[19]

[19] For Hume's and Smith's assessments of Law see Murphy, *John Law*, pp.1–5, 322–3.

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