



Let them eat cake

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[stag_intro]The French Revolution averted, Marie Antoinette saved from the guillotine...

The very real way that French history could have been changed with a simple market tool[/stag_intro]

« **Then let them eat cake** ». Widely mistakenly attributed to Marie Antoinette, it is one of the most famous quotations in history, supposedly uttered by the Queen of France during one of the famines that occurred during the reign of her husband, Louis XVI. As the people of France suffered due to widespread bread shortages, the Queen is supposed to have suggested brioche as an alternative, being completely oblivious to the fact that it is enriched with butter and eggs, making it more expensive and unavailable than bread. The words have risen to fame as symbolically important to revolutionary historians explaining the violent overthrow of the monarchy that was to follow.

For in 18th century France, bread was the staple food of the French peasantry, and in the year 1788, with the grain market deregulated, it cost more than fifty percent of the people's income to buy enough food to survive. It was this same year that a drought hit in the summer, causing crop failure, and cold weather in the winter prevented the transportation of cereals along ice-blocked navigable rivers. The economic shock caused by adverse weather conditions decreased people's incomes, especially in areas with a high share of the population working in agriculture.

On the eve of the French Revolution, it was the tipping point; conditions were perfect for the disenfranchised in French society to rally against the rich, small elite of the French upper classes. Peasants joined the working and middle classes to lead revolts across France, the famished and poor populace turning to protest and violence directed against the feudal system.

But, what if the people of France really could have eaten cake in place of bread? What if, on the eve of the French Revolution, one could have hedged against the climatic conditions that contributed towards the perfect storm of political and economic unrest? What if the French feudal system had in place a means to have compensated the country's agriculturalists for the loss of crops? Would "liberty, equality and fraternity" have prevailed, or, like in the United Kingdom, Belgium and Spain, would the monarchy have been able to weather the weather?

The idea is, in fact, not so fantastical and most certainly does not involve going back in time and introducing 21st century technologies to the bewildered 18th century peoples. To the contrary, the resources were already in the hands of the people at the time, but wholly under-utilized. The answer lies in the realm of insurance, which has been around since early human society and was available at the time of the violent and persistent protests that led France's National Assembly to formally abolish the feudal regime. In fact, Lloyd's of London was already in place, the insurance arrangement having formed a society in 1774, a full 15 years earlier than the French Revolution.

It may be admitted that in the 18th century, the insurance market was fairly restricted to maritime, property, business, and life insurance. Accident insurance and national insurance were not to emerge until the late 19th century. And to be clear, what would have most certainly allowed for the agriculturalists at the time of the French Revolution to dine on cake is very much a new development of the 21st century, but it is in many ways just as straightforward as the insurance contracts in place at the time of Marie Antoinette and King Louis XVI.

It is weather index-based insurance, and to put it simply, it is an insurance client that links payments to the insured client when certain weather conditions happen. For instance, the increase in summer temperatures in the summer of 1788 that led to a severe drought with the effect that the crops of the season were crippled... an insurance broker working in France could have earlier indemnified that risk by tying payments to the threshold temperature that the farmers surely knew would signal the ruin of their fields.

In fact, weather index-based insurance can be purchased by any industry, such as farmers whose crops are devastated during periods of drought, energy providers who will not profit from clients using air conditioners during cool summers or heaters during warm winters, and tourism operators suffering from a drop in visitors caused by adverse weather conditions. It is simply a matter of identifying the weather variables exerting the most influence to the particular market, so that if Mother Nature does not cooperate, the insurer steps in.

Without suffering the full effects of crop failure in the summer of 1788, it may just have been that the peasant uprisings that finally led to the abolishment of the French feudal system the following year were thwarted, not to mention that the royal couple's heads could have been left firmly on their shoulders. Royalists everywhere can brood over the idea of what may have been... better yet, while commiserating over ... cake.