

Biography of Jacques Riboud (1908-2001)

Founder of the Centre Jouffroy for the Study of Monetary Theory

Jacques Riboud was born at Soissons on 4 February 1908. His father, Paul Riboud, was a civil engineer who later became Managing Director of the Chemins de Fer de l'Est. After graduating from the Ecole des Mines in Paris in 1930, Jacques Riboud did his military service in the artillery, at Fontainebleau. He then went to the United States on behalf of a group of industrial oil consumers, with the task of reporting on developments in the gas and oil industries in America.

It was the time of the Great Depression. After a period of spectacular economic expansion, America had been plunged into unemployment and poverty. This made a deep impression on the young Jacques Riboud, and he was to spend the rest of his life reflecting on what he had seen and searching, through study, for the causes of it and ways of remedying such situations. When he returned to France, the oil consumers group commissioned a study from him, the results of which led him to develop a new type of oil tank. He patented this tank and the income from the patent later helped him to found his own company.

Then came the war. He was mobilised in September 1939 as a lieutenant observer. His regiment of horse-drawn artillery took part in the battle of the Somme and suffered significant losses. After that there was a succession of engagements with the enemy intended to halt the German advance at the Seine, and then at the Loire. He was taken prisoner and freed after the armistice. He later recounted these experiences in his book "Souvenirs d'une bataille perdue" (the Horse War), giving an account of the battle and explaining the outcome. In particular he made a series of observations on the operational shortcomings of his regiment's guns. Having joined his family in the United States in 1941, he turned these observations to account in order to design and develop a field gun that would not have the

shortcomings he had observed in 1940, by combining stability with the ability for rapid fire in all directions whilst protecting the gunners.

He returned to France after the war in order to take charge of the Société des Raffineries Françaises des Pétroles de l'Atlantique, which consisted of two plants at Donges, at the mouth of the Loire, the reconstruction, modernization and enlargement of which he supervised. In 1952, he was appointed President of the Association Française des Techniciens du Pétrole. This was followed by the development of units for the separation of aromatics in order to create in France, with the help of chemists, a petrochemical industry producing, plastics, fibers, paints and varnishes. His connections at the Pentagon were decisive in obtaining Marshall Plan aid to finance the aromatic derivatives plant. It then occurred to him that the hydrogen by-product could be used to mould certain specialized types of steel forms, and he made the acquaintance in this connection of Paul Delouvrier, who was Chairman of the French government's Coal and Steel Committee. Jacques Riboud then went on to equip these new production units with automated control and monitoring systems.

The increase in capacity and the enlargement of the production units at Donges then required the extension and renovation of the adjoining village. This opened up a new area of exploration and experience – town planning, a subject to which he was to dedicate himself from the 60s onwards, with the creation of new towns in response to the urgent need for housing and reconstruction, whilst at the same time giving a practical demonstration of ideas in town planning that were in contrast with the dominant ideas of the time. He was a member – at different times and simultaneously – of the oil, chemicals and building committees of the French Vth and VIth National Plans.

He set out to show that it is possible to create, on a rational basis, new towns, or parts of towns, that are on a human scale and where the life of the community is organized around public buildings. He called such towns "Villes Heureuses" (happy towns – a term that he chose in contradistinction to Le Corbusier's expression "Cité Radieuse" or "radiant city"). In such

towns, in order to obviate the need for universal motor car transport, public buildings and groups of private town houses are linked to public transport networks by a small vehicle which he designed specially for that purpose. To this day, in the Greater Paris region, examples such as Villepreux La Haie Bergerie (6000 inhabitants), Verrières-Maurepas (20000 inhabitants), as well as new developments at Rambouillet, Corneilles-en-Parisis, and Pontchartrain, are witnesses to his originality in this field. His achievements apply the principle of « cluster » development to town planning. He had originally conceived this kind of organization for oil refineries, making it possible, thanks to a reduction in the «economic" size of the plants, to ensure that they were distributed in a more flexible manner over a given area. These ideas, proposed as an answer to the problems of organizing urban development in the region of Paris – a field in which at the time anarchy reigned - captured the imagination of Paul Delouvrier who, having been appointed a kind of super-prefect, helped to make it possible to implement them in the context of the new towns being built around Paris.

At the same time Jacques Riboud continued with his reflections on economic questions. One of his principal concerns at that time was the need to reduce risk in order to promote the growth of young businesses – particularly when they were just starting out. He had been greatly struck by the scale and the suddenness of the mass poverty and unemployment caused by the Great Depression of the 1930s in the United States, a country which until then had been prosperous. Among the various measures adopted by President Roosevelt, those which turned out to be the most fruitful were "risk reducers" such as the guarantees offered to depositors in the event of a failure or the reimbursement guarantee offered to mortgage lenders. He brought all these ideas together in 1962 in a book entitled "Expansion économique". In 1969, with this same objective of reducing risk, he proposed a new way of financing house-building using a so-called "Bon Hypothécaire", or mortgage voucher.

Following logically on from his analysis of risk in economic matters, he realized that, over and above the financial effects of the panic of 1929, due to the absence of management of banking risk, the great Depression was

to a significant extent the result of errors of management of money and mistaken ideas, or at any rate inadequate ideas, about the mechanics of money. He had long been aware of the problem of monetary inflation when the subject returned to the fore and the weapon chosen to fight it was a new policy known as "monetarism" which was to have serious effects on the financing of companies – including his own. With this in mind, as early as 1973, he recommended the creation of a new extranational currency, called the Eurostable, which would be inflation-proof. This new currency would be available for the nations of Europe and would be created initially by a consortium of private banks.

On 12 June 1974, he read a paper to the Société d'Economie Politique on his theory of a European transaction currency with stable real value (in terms of purchasing power) to be called the Eurostable – this call was repeated in an address on 19 January 1981 to the Institut de France. He continued his researches in France, England and the United States, with the central banks of those countries and the international monetary authorities, as well as through contacts such as Milton Friedman, Robert Mundell, Henri Guitton, Robert Triffin and Fritz Machlup.

From 1968 to 1983, he edited the Revue Politique et Parlementaire in which he published many articles setting out his views on monetary matters. In parallel with that, he expounded the same ideas in numerous books published under the aegis of the Centre Jouffroy pour la Réflexion Monétaire, which he founded in 1974.

Expanding on these ideas, in 1999 he set out a proposal for what he called the "Eurostable" and then the "New Bancor", an extranational currency issued by the IMF and which would take advantage of the possibilities offered by the new technologies of data-processing and communication in order to make the new international monetary architecture imagined by Keynes in 1944 with his "Bancor" at last achievable.

He was still working at the time of his death in 2001 on a new book ("From Barter to Xenocurrency") tracing the evolution of the understanding of the

notion of money from commodity money to a purely extranational money – which edition is available today.