

GUSTAVE de MOLINARI

and the

ANTI-ETATISTE LIBERAL TRADITION

by

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I N T R O D U C T I O N

THE INTELLECTUAL ORIGINS OF LIBERAL ANTI-STATISM

"It is the spirit of domination which has formed these monstrous aggregations or which has made them necessary. It is the spirit of industry which will dissolve them: one of its last, its greatest and its most salutary effects seems certain to be the municipalisation of the world.

Under its influence, the people will begin by grouping themselves together more naturally. You will no longer see within the same "denomination" twenty peoples who are strangers to one another, sometimes scattered to the four corners of the world, and those who are separated less by distance than by language and custom. The people will draw closer to each other and will gather together according to their real similarities and their true interests.

Although each group is formed of more homogeneous elements, there will, however, be infinitely less opposition among them. No longer having to fear each other, no longer tending to be isolated from each other, they will no longer gravitate as strongly towards their centre and they will no longer be repelled as violently by their extremities. Their frontiers will cease being armed with fortresses. They will no longer be encircled by a double or triple ring of custom officers and soldiers. Some interests will still tend to unite the members of the same association, a community with a peculiar language, a greater conformity of customs, or from the influence of capital cities where they have become accustomed to receiving their ideas, laws, fashions and customs. But these interests will continue to distinguish the association without hatred existing among them. In each country those inhabitants closest to the frontiers will have more contact

with neighbouring foreigners than with their distant compatriots. Moreover, a constant blending will take place between the inhabitants of each country. Each person will dispose of his capital and labour where he sees greater opportunities to increase them. Very soon, the same skills will be practiced with equal success amongst all peoples. The same ideas will circulate in all countries and differences of custom and language will ultimately disappear. At the same time, a multitude of places will acquire more importance and will feel less need to remain united with their capital city, becoming in their turn major towns. The centres of activity will multiply and finally the largest regions will end up having only a single people, composed of an infinite number of uniform associations, among which will be established, without confusion and without violence, the most complicated and, at the same time, the easiest, most peaceful and most profitable relations."

Charles Dunoyer, "La Liberté",
L'Industrie et la Morale, 1825.

Section 1:

Edmund Burke, William Godwin and Benjamin Constant.

The origins of liberal anti-statism go back at least to the radical dissent of the Levellers in the English Revolution of the seventeenth century. Their efforts to defend themselves against the power of the state, which wanted to control or prohibit their religious practices, resulted in some of the earliest liberal defences of property rights and the natural right of the individual to enjoy his liberty. One of the most thoroughgoing statements of the Leveller defence of natural rights in property and liberty is Richard Overton's "An Arrow Against All Tyrants", written from prison in 1646. In this tract, Overton was able to abstract the principles of natural rights from the more general question of religious liberty and was thus able to develop a secular theory of rights as a basis for political rights. He began his pamphlet with the following paragraph:

"To every individuall in nature is given an individuall property by nature, not to be invaded or usurped by any: for every one as he is himselfe, so he hath a selfe propriety, else could he not be himselfe, and on this no second may presume to deprive any of, without manifest violation and affront to the very principles of nature, and of the Rules of equity and Justice between man and man; mine and thine cannot be, except this be: No man hath power over my rights and liberties, and I over no man's; I may be but an Individuall, enjoy my selfe and my selfe propriety, and may write my selfe no more /than/ my selfe, or presume any further; if I doe, I am an encroacher and an invader upon another man's Right, to which I have no Right. For by naturall birth, all men are equally and alike borne to like propriety, liberty and freedome, and as we are delivered of God by the hand of nature into this world, every one with a naturall, innate freedome and propriety (as it were writ in the table of every man's heart, never to be obliterated) even so are we to live, every one equally and alike to enjoy his Birthright and priviledge; even all whereof God by nature hath made him free." (1)

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- (1) Richard Overton, "An Arrow Against All Tyrants and Tyranny, Shot from the Prison of Newgate into the Prerogative Bowels of the Arbitrary House of Lords, and all other Usurpers and Tyrants Whatsoever", in The Levellers in the English Revolution, (ed.) G.E. Aylmer; (Cornell University Press, 1975); pp.68-69. Also C.B. MacPherson, The Political Theory of Possessive Individualism, (Oxford University Press, 1975), Part III "The Levellers: Franchise and Freedom", pp.107-159.

However, it was not until the eighteenth century that these liberal ideas of liberty and property were developed into a more comprehensive theory of the state. The young Edmund Burke, for example, in his Vindication of Natural Society written in 1756, extended the religious dissenter's criticism of "artificial", imposed religion to the institutions of government.(2). In what is probably the first individualist, liberal anarchist tract ever written Burke condemned all forms of political society for being the main cause of war, suffering and misfortune.(3)

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- (2) "the cause of artificial society is more defenceless even than that of artificial religion ... the design /of this work/ was to show that, without the exertion of any considerable forces, the same engines which were employed for the destruction of religion might be employed with equal success for the subversion of government ... If you say that natural religion is a sufficient guide without the foreign aid of revelation, on what principle should political laws become necessary? Is not the same reason available in theology and in politics? If the laws of nature are the laws of God, is it consistent with the divine wisdom to prescribe rules to us, and leave the enforcement of them to the folly of human institutions? Will you follow truth but to a certain point?", A Vindication of Natural Society: Or a View of the Miseries and Evils Arising to Mankind from every Species of Artificial Society. In a Letter to Lord - by a late Noble Writer, in The Works of the Right Honourable Edmund Burke, (Oxford University Press, 1906-7) Vol. I, pp. 53, 4, 53.
- (3) For the view that the Vindication was not written as a satire, as is commonly believed, see Murray N. Rothbard, "A Note on Burke's Vindication of Natural Society", Journal of the History of Ideas, 1958, pp.114-118; Elie Halevy, The Growth of Philosophical Radicalism, (Faber and Faber, London, 1952); Isaac Kramnick, The Rage of Edmund Burke: Portrait of an Ambivalent Conservative, (Basic Books, N.Y., 1977), "Vindicating Burke's Vindication", pp. 88-93. The internal evidence suggests that Burke did not believe that he was able to state his real opinions openly because of the dangers faced by radical political theorists and other dissenting authors. "I have defended natural religion against a confederacy of atheists and divines. I now plead for natural society against politicians, and for natural reason against all three. When the world is in a fitter temper than it is at present to hear truth, or when I shall be more indifferent about its temper, my thoughts may become more public. In the meantime, let them repose in my own bosom, and in the bosoms of such men as are fit to be initiated in the sober mysteries of truth and reason ... A man is allowed sufficient freedom of thought, provided he knows how to choose his subject properly. You may criticise freely upon the Chinese constitution, and observe with as much severity as you please upon the absurd tricks or destructive bigotry of the bonzees. But the scene is changed as you come homeward, and atheism or treason may be the names given in Britain to what would be reason and truth if asserted of Chine." ibid., pp. 37, 40, 41.

Making a distinction common to many anti-statist liberals, Burke divided society into two types. Natural society, "founded in natural appetites and instincts, and not in any positive institution", was not based on force and allowed individuals to freely exercise their God-given natural rights as their individual consciences directed. Artificial or political society, on the other hand, was based on the imposition of "artificial" laws and regulations, thus usurping the proper function of the individual to determine his own peaceful behaviour. (4) Immediately, conflict arises from the division of society into two classes, the governed and the governors, the latter seeking to increase its power and wealth at the expense of the former. After cataloguing the political history of the world, a "history dyed in blood, and blotted and confounded by tumults, rebellions, massacres, assassinations, proscriptions"(5), Burke squarely places the blame on political society of whatever kind. (6) He accused all states of being essentially the same, in that they are based on force and exist for the benefit of those privileged minorities who are powerful or influential enough to control it.

"... we have shown them the three simple forms of artificial society, democracy, monarchy and aristocracy, however they may differ in name or in some slight circumstances, to be all alike in effect; in effect to be all tyrannies ... In vain you tell me that artificial government is good, but that I fall out only with the abuse. The thing ? the thing itself is the abuse ! "(7)

Burke recognised that even in "natural society" there would still exist the need for the protection of life, liberty and property because "it" was observed that men had ungovernable passions, which made it necessary to guard against the violence they might offer to

(4) Vindication, p.9. Political society was defined as "the absurd usurpation of man", p. 46.

(5) ibid., p. 16

(6) "I charge the whole of these effects on political society ... political society is justly chargeable with much the greatest part of this destruction of the species ... I still insist in charging it to political regulations that these broils are so frequent, so cruel, and attended with consequences so deplorable."
ibid., pp. 20, 21.

(7) ibid., pp. 35, 37.

each other". (8) As Molinari was to argue later (9), the "grand error" (10) that men made in attempting to solve this problem of how to protect themselves from aggression was to establish or accept a monopoly government with the powers to provide this service. Men now found themselves worse off than when they were without the state (11) because they now faced a nationally organised engine of oppression, whereas before they had faced only disorganised bandits or, at most, local feudal lords and their mercenaries. The perennial problem arose of who was to guard against the guardians ? (12)

Burke's failure was in not being able to provide a positive view of the form his "natural society" would take. He limited himself to a brilliant criticism of the basis of all political institutions from a natural rights' perspective and did not elaborate on "natural society", save for the assertion that "in a state of nature it is an inevitable law that a man's acquisitions are in proportion to his labours" (13) and that each individual would have the right to defend his person and property as he saw fit. (14) Burke did not have the tools at hand which were necessary to explain how an anarchist society would function. He lacked the Smithian free market economics that Molinari was to use to explain how society would provide itself with defence services, without resorting to the coercive monopoly of the state.

(8) Vindication, p. 37

(9) See page 55 of this thesis.

(10) Vindication, p. 37

(11) "... the greatest part of the governments on earth must be concluded tyrannies, impostures, violations of the natural rights of mankind, and worse than the most disorderly anarchies", ibid., p. 28.

(12) "They appointed governors over them for this reason (to defend themselves)! but a worse and more perplexing difficulty arises, how to be defended against the governors ? Quis custodiet ipsos custodes ?", ibid., p. 37

(13) ibid., p. 47

(14) "I am at full liberty to defend myself, or make reprisal by surprise or by cunning, or by any other way in which I may be superior to him." ibid., p. 46

A similar problem was faced by William Godwin. Like Burke, he defended individualism and the right to property (15), in fact drawing considerably from the Vindication for his criticism of the state (16), and concluded that the state was an evil which had to be reduced in power if not eliminated completely.

"Above all we should not forget that government is, abstractly taken, an evil, an usurpation upon the private judgement and individual conscience of mankind; and that, however, we may be obliged to admit it as a necessary evil for the present, it behoves us, as the friends of reason and the human species, to admit as little of it as possible, and carefully to observe, whether, in the consequence of the gradual elimination of the human mind, that little may not hereafter be diminished." (17)

Godwin looked forward to the day when the entire state could be done away with completely.

"With what delight must every well-informed friend of mankind look forward to the auspicious period, the dissolution of political government, of that brute engine which has been the only perennial cause of the vices of mankind, and which, as has abundantly appeared in the present work, has mischiefs of various sorts incorporated with its substance, and no otherwise removable than by its utter annihilation!" (18)

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- (15) "I ought to appropriate such part of the fruits of the earth as by any accident comes into my possession, and is not necessary to my benefit, to the use of others; but they must obtain it from me by argument and expostulation, not by violence. It is in this principle that what is commonly called the right of property is founded. Whatever then comes into my possession, without violence to any other man, or to the institutions of society, is my property", Enquiry Concerning Political Justice and its Influence on Modern Morals and Happiness, (ed.) Isaac Kramnick, (Penguin, 1976), p. 199.
- (16) Godwin's footnote acknowledging his debt to Burke in ibid., p. 88. Also F.E.L. Priestley's edition of Enquiry, (University of Toronto Press, 1969), Vol. III, pp. 39, 117, 125-26.
- (17) Enquiry, p. 408
- (18) ibid., p. 554

But he still faced the difficult problem of adequately explaining how the stateless society of the Enquiry could work in practice. Godwin's stateless society presupposed a sudden change in the behaviour of the individuals comprising that society. He was convinced of the essential goodness of uncorrupted men and believed that when political institutions disappeared men would become "reasonable and virtuous".

"Simplify the social system in the manner which every motive but those of usurpation and ambition powerfully recommends; render the plain dictates of justice level to every capacity; remove the necessity of implicit faith; and we may expect the whole species to become reasonable and virtuous." (19)

Godwin's solution to the problem of aggression involved the use of juries which would act as advisory bodies in "adjusting controversies." These juries would reason with the offender, urging him to forsake his errors, and if this failed, to subject the offender to the criticism and ostracism of his peers (20). But it is difficult to see how these juries could exercise this function without using force to capture criminals and, as Molinari was at pains to argue in Les soirées de la rue Saint-Lazare, to recompense the victims for any losses caused by the crime. Godwin's unreasonable optimism about the unaggressive nature of man in a stateless society unfortunately was common to many other anarchist, especially communist anarchist thinkers of the

(19) Enquiry, p.553

(20) "It might then be sufficient for juries to recommend a certain mode of adjusting controversies, without assuming the prerogative of dictating that adjustment. It might then be sufficient for them to invite offenders to forsake their errors. If their expostulations proved, in a few instances, ineffectual, the evils arising out of this circumstance would be of less importance than those which proceed from the perpetual violation of the exercise of private judgement. But, in reality, no evils would arise: for, where the empire of reason was so universally acknowledged, the offender would either readily yield to the expostulations of authority; or, if he resisted, though suffering no personal molestation, he would feel so uneasy, under the equivocal disapprobation, and observant eye, of public judgement, as willingly to remove to a society more congenial to his errors." ibid., pp. 553-54. On juries and the division of society into "parishes", exercising this function of social control by "banishment", see ibid., pp. 545-46.

nineteenth and twentieth centuries (21).

It is quite probable that Molinari was well aware of William Godwin's and, through him, Edmund Burke's anti-statism. Godwin's ideas were brought to France by Benjamin Constant among others. Constant had studied at the University of Edinburgh from 1783 to 1784 and was aware of English political thinking of this entire period. He corresponded with Godwin in 1795-96 and expressed his desire to translate Godwin's Enquiry into French. Godwin had even sent a copy to the Convention via John Fenwick on February 15, 1793, and his novel, Caleb Williams, had been reviewed in La Décade in January, 1796. In 1799, Constant announced his forthcoming translation of the Enquiry but it never appeared due to the "political events then and in the future" which "caused the indefinite postponement of its publication (22). However, Constant was able to popularise many of Godwin's anti-statist ideas through his writings and his speeches at the Tribunal. Only with the publication of Constant's Oeuvres manuscrites de 1810 did 576 pages of translation appear, along with an essay on Godwin and his ideas (23). Constant was influenced by Godwin (24) to reject state intervention and coercion and to support all forms of voluntary and peaceful activity and he, in turn, influenced many of the laissez faire liberals who worked with and influenced Molinari.

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- (21) George Woodcock, Anarchism: A History of Libertarian Ideas and Movements, (N.Y., 1971), p. 92
- (22) Leonard Liggio, "Charles Dunoyer and French Classical Liberalism", Journal of Libertarian Studies, Vol. I, No. 3, p. 173; see also Elizabeth W. Schermerhorn, Benjamin Constant: His private life and his contribution to the cause of liberal government in France, 1767-1830, (N.Y., 1924), pp. 179, 188.
- (23) Ecrits et Discours politiques, (ed.) O. Pozzo di Borgo, (1964), Vol. I, pp. 234-35; Recueil d'Articles: Le Mercure et la Renommée, (ed.) Ephraim Harpaz, (Geneva, 1972), Vol. I, "De Godwin et de son ouvrage sur la justice politique", pp. 214-226.
- (24) A short biographical sketch was done for the Dictionnaire de l'Economie politique, (Paris, 1852), Vol. I, p. 833, by Joseph Garnier, a friend and colleague of Molinari's.

Section 2:

Adam Smith and Jean-Baptiste Say.

The other major intellectual current that influenced the anti-statism of the French laissez faire liberals, and Molinari in particular, was the economic ideas of Adam Smith and Jean-Baptiste Say. Both these theorists described how society would operate in the absence of government control and intervention in the economy. Smith argued that government intervention was immoral, because it violated individuals' natural rights to property, and was generally inefficient. The selfish actions of individuals acting in the unhampered market promoted the general interest in spite of having no explicit intention of doing so;

" ... every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it ... and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of society more effectively than when he really intends to promote it." (25)

In the stateless economy "the simple system of natural liberty" would prevail and this "spontaneous order" (26) of the market, rather than the imposed order of the state, would maximise wealth and ensure the uninterrupted use of each individual's justly acquired (whether by first use or by peaceful exchange) property. Thus:

(25) Adam Smith, The Wealth of Nations, (J.M. Dent and Sons, London, 1933), Vol.I, Bk.IV, Ch.II, p. 400.

(26) "the result of human action but not of human design" (Adam Ferguson) in F.A. Hayek, Law, Legislation and Liberty; A new statement of the liberal principles of justice and political economy, (University of Chicago Press, 1973), Vol. I "Rules and Order", p.20.

"All systems of preference or restraint therefore being completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord. Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men. The sovereign is completely discharged from a duty, in the attempting to perform which he must always be exposed to innumerable delusions, and for the proper performance of which no human wisdom or knowledge could ever be sufficient; the duty of superintending the industry of private people, and of directing it towards the employments most suitable to the interest of the society." (27)

Molinari was to use these two concepts of Smith, the spontaneous order of the market and the system of natural liberty, to build his theory of extreme liberal anti-statism.

Jean-Baptiste Say popularised and extended Smith's ideas of the free market. He defended the right to property more rigorously than Smith and his conclusions had a greater influence on the anti-statism of Molinari. Say considered any barrier to the free use or abuse of property a violation of the individual's rights (28), including slavery and military conscription (29). Taxes were also

(27) Wealth of Nations, Vol. 2, Bk. IV, Ch. IX, p. 180.

(28) "Je remarquerai qu'on peut violer le droit de propriété, non seulement en s'emparant des produits qu'un homme doit à ses terres, à ses capitaux, ou à son industrie, mais encore en le gênant dans le libre emploi de ces mêmes moyens de production; car le droit de propriété, ainsi que le définissent les juriconsultes, est le droit d'user, et même d'abuser." Traité d'Economie politique, in Collections des Principaux Economistes, (ed.) Horace Say, Vol.9, (1841, reprinted 1966, Onsbrück, Otto Zeller), p. 134.

(29) "l'esclavage qui viole ainsi la plus indisputable des propriétés", ibid., p. 13. Conscription: "C'est la violation la plus scandaleuse de la propriété et de tous les droits naturels", Cours d'Economie politique, in ibid., Vol. 11, p. 64.

condemned for the same reasons (30), especially if they were in excess of the "minimum" necessary to protect the public. In that case

"il serait difficile de ne pas envisager ce surplus comme une spoliation, comme un sacrifice purement gratuit, exigé de force de la part des particuliers. Je dis exigé de force, même sous les gouvernements représentatifs, parce que l'autorité peut l'avoir rendu tellement nécessaire que l'on ne puisse le refuser." (31)

To a liberal like Say, force could never legitimise the activity of the state even with so important a matter as taxation. Say, like Molinari, went to great pains to denounce the use of force in all human affairs, especially when used by the state or the privileged political classes (32). The state was nothing more than a tool used by the politically privileged to maintain an "ordre artificiel" which "ne dure que par des moyens forcés, et ne se rétablit jamais sans des injustices et des violences." (33) It was because the state was an artificial body that it had to be limited in scope as much as possible. Say concluded that it must "ne se mêler en rien de la production" and as a general principle "si l'intervention du gouvernement est un mal, un bon gouvernement la rendra aussi rare qu'il sera possible" because government "a le malheur d'être toujours obligé de compter sur la négligence, l'incapacité et les coupables condescendances de ses agens." (34)

(30) "Les contributions publiques, mêmes lorsqu'elles sont consenties par la nation, sont une violation des propriétés ... une spoliation", Traité, p.136

(31) Cours, p. 514

(32) "la force ne constitue jamais un droit, même lorsqu'on est obligé de la respecter", Cours, Vol.11, p. 273

(33) Cours, Vol. 10, p. 555

(34) Traité, p. 198

The greatest enemy of the laissez faire liberals were the monopolies either granted to privileged individuals or exercised by the state itself. Consistent with his defence of property rights and his general disdain for the state, Say made an initial attack on all government monopolies which Molinari was to later develop into his theory of free market anarchism. Say argued that

"Le gouvernement viole la propriété que chacun a de sa personne et de ses facultés, lorsqu'il s'empare d'une certaine industrie, comme de celles des agents de change et des courtiers, et qu'il vend à des privilégiés le droit exclusif d'exercer ces fonctions. Il viole encore plus la propriété, lorsque, sous prétexte de la sûreté publique, ou seulement de la sûreté du gouvernement lui-même, il vous empêche de changer de lieu, ou bien lorsqu'il autorise un gendarme, un commissaire de police, un juge à vous arrêter, à vous détenir, tellement que personne n'a la complète certitude de pouvoir disposer de son temps, de ses facultés, ni de terminer une affaire commencée. La sûreté publique serait-elle mieux violée par un brigand que tout tend à réprimer, et qui est toujours si promptement réprimé ?"(35)

Not only was monopoly a violation of individual property rights but it was also inefficient. No central authority could know the needs of all consumers because this information was dispersed throughout the economy (36).

(35) Traité, p. 135

(36) "Au milieu d'une libre concurrence, mieux un industriel défend ses intérêts, et mieux il sert la fortune nationale. Toute interposition d'une autorité ne peut s'y connaître aussi bien que les particuliers. Tout commandement est fatal parce qu'il ne peut jamais suppléer à l'intelligence des producteurs, et qu'il gêne leurs mouvements, qui sont leurs principaux moyens de succès." Cours, Vol.10, p.555; for a modern statement of this argument, see F.A. Hayek, Individualism and Economic Order, (Chicago, 1972), Sect. II, "Economics and Knowledge".

Say even made a tentative step towards Molinari's anarchism when he suggested that public services should be made competitive by having their coercive monopoly destroyed. His scheme was to "abandonner tous les services publics à une libre concurrence" in order to make them as cheap and as efficient as the other industries whose activities were regulated by the market.

"Tout en convenant de l'extrême difficulté de laisser le salaire des services publics se régler d'après le principe de la libre concurrence qui préside à la plupart des autres transactions sociales, on doit convenir que plus on peut permettre ce principe dans l'administration des Etats, et plus les intérêts de l'Etat sont ménagés." (37)

Like Molinari, Say quotes the important passage from Smith's Wealth of Nations where he argues that the reason justice was so cheap in England was that the separate courts competed for clients by offering the speediest service at the lowest price (38). As a principle of justice, Say argued that those who consume a good or service should be the ones to pay for it (39). When the production of security is monopolised by the state, the purchaser's rights are violated because the range of choice has been artificially limited and he thus is forced to pay a monopoly price. The excess of the monopoly price over the "necessary" or free market price is equivalent to the

(37) Cours, Vol.11, p. 62; "On voit qu'il n'est pas impossible d'introduire dans les services publics le principe de la concurrence, dont on recueille de si heureux effets dans les opérations productives." ibid., p. 277.

(38) Traité, p. 222; Wealth of Nations, Bk. IV, Ch. 7, Vol.2, pp. 206 ff. See page 134 of the Appendix.

(39) "Si l'équité commande que les consommations soient payées par ceux qui en jouissent, les pays les mieux administrés sous ce rapport, sont ceux où chaque classe de citoyens supporte les frais des consommations publiques, proportionnellement à l'avantage qu'elle en retire." Traité, p. 501

theft of that amount of property from the consumer (40). To overcome this problem, Say proposed to follow Smith's example in Wealth of Nations and allow competition in the pricing of court services. Each litigant would be free to choose the court and judge that best suited him. Fees would be made up of three components: a levy set by the province, a premium paid to the particular judge, and an honorarium proportional to the "valeurs en litige" which would be payable after the judgement had been given. In some cases, criminal trials for example, the costs would be borne by the losing party (41).

Anticipating Molinari by some twenty years, Say argued that only the competition provided by the free market could give the consumers of security a service that was "prompte, équitable et peu coûteuse". The market would encourage the courts and the judges to recognise the interests of the consumers since it was their voluntary patronage that

(40) "De même que le prix d'une marchandise, lorsqu'il est fondé sur un monopole, et, en vertu de ce privilège, supérieur aux frais de production, est une atteinte à la propriété de l'acheteur, un impôt qui s'élève plus haut que les frais nécessaires pour procurer au contribuable la sécurité dont il a besoin, est un attentat contre la propriété du contribuable." Cours, Vol.11, p. 389

(41) "Smith veut que la justice civile soit payée par les plaideurs. Cette idée deviendrait plus praticable encore, si tous les jugements étaient rendus, non par des tribunaux nommés d'office, mais par des arbitres choisis par les parties, entre un certain nombre d'hommes désignés à la confiance publique. Si ces arbitres, qui feraient toujours l'office d'un jury d'équité, étaient payés proportionnellement à la somme disputée, et sans égard à la durée de l'instruction, ils seraient intéressés à simplifier, à abréger les procès, pour épargner leurs temps et leurs peines, et à juger équitablement pour avoir de l'occupation." Traité, pp. 501-502; "Les arbitres seraient payés par les parties ou peut-être seulement par la partie perdante, en raison, non de la longueur des procès, mais de l'importance des intérêts débattus. Les parties emploieraient ou non, à leur gré, le ministère des avoués et des avocats ... Ainsi les honoraires des juges pourraient se composer: 1^e d'un traitement fixé par la province, et fort modéré; car il faut payer un homme simplement pour qu'il se tienne à la disposition du public; 2^e d'une prime s'il était nommé arbitre ad hoc; 3^e d'un honoraire proportionné aux valeurs en litige et payable après le jugement." Cours, Vol.11, pp. 267-77

paid their salaries. In order to attract as many clients to their court as they could, the judges would be

"intéressés à être intégrés pour obtenir une haute réputation d'équité et se trouver plus fréquemment appelés à siéger. Ils seraient intéressés à terminer promptement les différends, afin d'en pouvoir expédier un plus grand nombre. Enfin, les frais des parties ne seraient pas disproportionnés avec les intérêts débattus, et il n'y aurait point de frais inutiles." (42)

Molinari would add considerably to Say's early formulation of free market anarchism by introducing the idea of paying for police services and protection by contracting individually with insurance companies. He was even to argue that national defence could be better supplied by competing companies on the free market and that small proprietary communities would gradually replace the leviathan state. It was with Molinari that the two different currents of anarchist thought converged. He combined the political anarchism of Burke and Godwin with the nascent economic anarchism of Adam Smith and Say to create a new form of anarchism that has been variously described as individualist anarchism, anarcho-capitalism or free market anarchism.

Section 3:

The Ideologues: Charles Comte and Charles Dunoyer

Both Comte and Dunoyer were influenced by the economic liberalism of Say and developed with Saint-Simon the doctrine of Industrielisme. Together they developed a class analysis of society where the warrior class, with political privilege, and the industrial class, the result of the unhampered market, were in constant conflict. In their economic theories Comte and Dunoyer argued that the market, and all the voluntary exchanges that took place there, was the antithesis of force. Thus the market, identified as society, was completely separate from the state and antagonistic towards it. As the historian Albert Schatz argued

"Le libéralisme tend donc à créer entre l'Etat et l'individu un antagonisme radical qui n'est pas dans la doctrine classique et qui fait qu'Etat et individu sont deux forces inversement proportionnelles l'une à l'autre. En conséquence, il y a dans le libéralisme une tendance d'abord potentielle, puis agissante, à retirer à l'Etat toute espèce de rôle économique: nous la verrons prendre naissance dans les compléments qu'apporte Dunoyer à la doctrine classique et aboutir plus tard à une forme plus ou moins déguisée de l'anarchisme." (43)

There can be no question about the implicit anarchism of Comte's and Dunoyer's liberalism. Dunoyer, for example, thought that in the future the state would merely be an appendage of the market, which

(43) L'Individualisme économique et sociale: Ses origines, son évolution, ses formes contemporaines, (Paris, 1907), p.197

would gradually wither and die as the market expanded (44).

Perfection would be reached when "tout le monde travaillât et que personne ne gouvernât" (45), and "le maintien de la sûreté commune n'exige/rait/plus l'intervention d'une force spéciale et permanente, le gouvernement pourrait en quelque sorte disparaître ..." (46).

A colleague and fellow liberal, Augustin Thierry, echoed Dunoyer's sentiments when he wrote that "it was in losing their powers that the actions of governments /have/ ameliorate/d/" and that, if given a choice between an oppressive state apparatus and "anarchy", he believed that "the excess of the police are far more fatal than the absence of the police" (47), and that "the less it makes itself

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- (44) "Dans un état bien ordonné, le gouvernement ne doit être qu'une dépendance de la production, qu'une commission, chargée par les producteurs qui la paient pour cela, de veiller à la sûreté de leurs personnes et de leurs biens pendant qu'ils travaillent, et de les garantir contre les parasites." Censeur européen, Vol.11, p. 102, quoted in Edgar Allix, "La déformation de l'économie politique libérale après J.B. Say: Charles Dunoyer", Revue d'histoire des doctrines économiques et sociales, 1911.

Schatz observed of Dunoyer's ideas that "Ainsi entendue, la fonction gouvernementale ne réclame qu'un petit nombre d'agents, la masse des travailleurs demeurant disponible pour accroître la somme des utilités sociales autres que la sécurité. Il convient donc de diminuer le nombre et des fonctions publiques et des fonctionnaires, et d'employer à cette fin le seul moyen efficace, qui est de réduire les émoluments, ou salaires. Peu importe d'ailleurs l'enseigne de la Compagnie chargée de veiller à la sûreté commune, qu'elle soit monarchie ou république, pourvu qu'elle coûte peu et ne vexé point, qu'elle réalise progressivement cet idéal d'une société si parfaitement éduquée, que le gouvernement puisse disparaître, en laissant aux habitants la pleine jouissance de leur temps, de leurs revenus et de leur liberté." L'Individualisme, pp.210-11.

Molinari was to show in Les Soirées that there was no need to assume that society or individuals would become progressively more educated before society could do without government monopoly security .

- (45) ibid., Censeur europ., Vol. II.

- (46) Censeur europ., Vol. VII, in ibid.

- (47) Censeur européen, Vol. VIII, pp.230, 41, quoted in Mark Weinburg, "The social analysis of three early 19th century French liberals: Say, Comte and Dunoyer." Journal of Libertarian Studies, Vol.2, No. 1, p. 54

felt, the more the people prosper." (48)

The anarchism of Comte and Dunoyer was dependent on their view of the evolution of societies. Like Molinari, they believed that as society became more civilised, as organised coercion became less of a factor in the economy, "les besoins de police et de justice deviennent, à mesure que nous nous civilisons, plus faciles à satisfaire" (49). The advance of industrielisme would dissolve the state until there was complete freedom to trade and move across national borders.

"C'est l'esprit de domination qui a formé ces agrégations monstrueuses ou qui les a rendues nécessaires; c'est l'esprit d'industrie qui les dissoudra: un de ses derniers, de ses plus grands et de plus salutaires effets paraît devoir de municipaliser le monde ... les centres d'actions se multiplieront; et finalement les plus vastes contrées finiront par ne présenter qu'un seul peuple, composé d'un nombre infini d'agrégations uniformes, agrégations entre lesquelles s'établiront, sans confusion et sans violence, les relations les plus compliquées et tout à la fois les plus faciles, les plus paisibles et les plus profitables." (50)

J.L. Talmon described the final stage of this gradual evolution of the industrial society of the liberals as a community where,

"Among themselves they would settle matters by way of contract, warranted by their own corporations and their laws and customs. Since the feudal-military-clerical State was in no position to render real assistance, but only to do harm, or worse - to extort ransom, the industrial classes developed almost a religion of non-interference by the State. Liberty became identified with the absence of government, individual freedom with

(48) Charles Comte, Traité de législation, Vol.I, p. 448, quoted in Weinburg, p. 57

(49) Dunoyer, Oeuvres, Vol. I, p.297, quoted in Allix, p. 9

(50) Dunoyer, L'Industrie et la morale considérées dans leurs rapports avec la liberté, (Paris, 1825), pp. 366-67

isolationism. The experience of feudal-clerical rule was universalised into a philosophy teaching that government as such is a natural enemy ..." (51) (emphasis added).

Comte and Dunoyer contributed to the Journal des Economistes (Dunoyer was in fact one of the founders of the Société d'Economie politique in 1842), so the writings of these two theorists were well known in free trade liberal circles (52). Molinari acknowledged his debt to Comte in the Dictionnaire biography and admitted that he owed his insights into the application of economic analysis of state functions to Dunoyer (53). A closer examination of Molinari's views will show how he adapted the insights of the political and economic anarchists to forge a new and ultimately more devastating critique of the state and its coercive monopolisation of the production of security.

The above summary has attempted to show that Molinari was working within a tradition of liberal anti-statism that stretched back at least as far as the seventeenth century. The influence of Molinari's anti-statist ideas will be briefly examined in the conclusion where it will be argued that a continuous thread of liberal anti-statist thought has existed until the present day, largely due to the pioneering work of Gustave de Molinari.

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- (51) Political Messianism, The Romantic Phase, pp. 49-50, quoted in Leonard Liggio, "Charles Dunoyer and French Classical Liberalism", Journal of Libertarian Studies, Vol. I, No. 3, p. 171
- (52) "Dunoyer", Nouveau Dictionnaire d'Economie politique, (Paris, 1891-92), Supplément, (1897), pp. 142-144; Obituary of Dunoyer, Journal des Economistes, Vol. 36, Series 2, Oct-Dec. 1862, p. 442; Gustave de Molinari wrote the biographical study of Charles Comte for the Dictionnaire, Vol. I, pp. 446-47
- (53) Molinari, Cours d'Economie politique, (Paris, 1863), Vol. I, p. 186

CHAPTER ONE

Gustave de Molinari (1819-1912)

"Man appropriates to himself the sum total of elements and powers, both physical and moral, which make up his being. This appropriation is the result of an effort in discovering and recognising these elements and powers and in their application for the satisfaction of his needs, in other words their utilisation. This is self-ownership. Man appropriates and possesses himself. He also appropriates, by another effort in discovering and occupying, transforming and adopting, the earth, the material and powers of his immediate surroundings, as much as they can be appropriated. This is real and personal property. Man continually acts, under the impetus of his self-interest, to conserve and increase these elements and agents which he has appropriated in his person and in his immediate surroundings and which constitute values. He fashions them, transforms them, modifies them or exchanges them at will, as he deems it beneficial. This is liberty. Property and liberty are the two factors or components of sovereignty.

What is the self-interest of the individual? It is to have absolute ownership of his person and the things that he has appropriated outside of his person, and to be able to dispose of them as he wishes. It is to be able to work alone or to freely combine his powers and other property, either wholly or in part, with that of others. It is to be able to exchange the products that he gets from the use of his private property, whether personal or real, or even to consume or conserve them. In one word, it is to possess in all its fulness 'individual sovereignty.'"

L'Evolution politique, (1884), p. 394.

Section 1:

Early years in Paris: Free Trade and Revolution.

"Of medium height, with abundant hair, short-sighted, but able to read without spectacles, wearing a moustache and impériale, with only a slight hardness of hearing, he /G. de Molinari/ remained until quite lately physically fit and intellectually vigorous to such an extent as to excite the admiration of all who saw him. Struck down by hemiplegia, he had retained all his lucidity of mind, and when death sought him out, he was still pondering over the great questions which had filled his life, and their relations to contemporaneous events." (1)

With these words, a close friend and colleague marked the end of Gustave de Molinari's long and active life as a political economist, a life which had coincided with a broad and eventful period in French history from the constitutional monarchy of Louis Philippe to the mid-years of the Third Republic. Yet Molinari was not French by birth, for he was the son of Baron de Molinari, a former officier supérieur in Napoleon's Empire, who had subsequently settled in Liège as a physician. From the time of his birth on 3rd March, 1819, until he left Belgium for Paris in 1840, little is known of Molinari's life and upbringing. Like many others who wished to follow a carrière de lettres, he was attracted to Paris, the political and cultural centre of the French-speaking world. As he hoped to establish himself in journalism, particularly in the new field of 'economic propagandism', it is possible that he became associated with the Société d'Economie politique which had been established in 1842 and included in its membership some of the most active political economists in France. Like Michel Chevalier, who had already established himself as a political economist as Rossi's successor at the Collège de France in 1840 (2),

(1) Guyot, "Obituary", The Economic Journal, March 1912, p.155.

(2) Emile Levasseur's address to the "Quarantième anniversaire de la fondation de la Société", Journal des Economistes, (henceforth JDE), 1882, p. 297.

Molinari took an early interest in the effect of railways on the industrialisation that Europe was undergoing and his first published essay dealt with that question (3). In 1846, he became involved in the Association pour la liberté des échanges following a meeting of distinguished liberals in Paris at which he was invited to join the board of the newly formed association and be the secrétaire adjoint. Indeed, it is likely that Molinari had helped found the Paris free trade association as it was only the second of its kind in France after Bordeaux. In addition, he became one of the editors of the association's journal, Libre-échange.

In the mid-1840s, Molinari became increasingly active in the free trade press in Paris, defending his ideas in the Courrier français (1846-47), the Revue nouvelle, Commerce (1848), the Journal des Economistes (of which he was made an editor in 1847), and La Patrie (1849-51). He also published the first of his many books on economic and political themes. In 1846 appeared his Etudes économiques: sur l'Organisation de la Liberté industrielle et l'abolition de l'esclavage and, in the following year, the Histoire du tarif:- I. Les fers et les huiles; II. Les céréales (4). In 1848, he was commissioned to edit and annotate volume two of the Mélanges d'Economie politique in the Collection des Principaux Economistes. Molinari's most famous work appeared in 1849, Les Soirées de la rue Saint-Lazare, entretiens sur les lois économiques et défense de la propriété, in which he pushed to its ultimate limits his opposition to all state intervention in the economy. Arguing that the market could better satisfy the public's need for security than could the compulsory monopoly of the state, Molinari became the most consistent of the French free trade liberal school, with his insistence that all spheres of human activity could be described and explained by economic law.

(3) Molinari, "L'avenir des chemins de fer", (1843), first published in La Nation then in La Gazette de France.

(4) This was Molinari's first book published by the great liberal publisher Guillaumin who was to publish many of his later works and under whose impress appeared a large number of important and influential liberal works throughout the nineteenth century.

Molinari continued his argument in the October 1849 issue of the Journal des Economistes in the essay "De la Production de la Sécurité" which sparked off a lively debate in the Société d'Economie politique. Although his colleagues could not agree with his foray into economic anarchism, Molinari continued to elaborate his thesis on free market security for fifty years until old age and pessimism overtook him. Nevertheless, Molinari must be credited with being the first person to solve the anti-statists' problem of how to explain the functioning of a fully free society. Previously, anarchist or near-anarchist theorists had preferred to leave unexplained how their utopia would operate. They asserted instead that the future society would not require a police force because mankind would no longer need protection, either because there would no longer be property to steal or that men would no longer want to steal, public pressure being considered sufficient to deter the would be criminal. Molinari was the first "free market proprietary anarchist" (5) who, working within the tradition of Adam Smith and the early 19th century French liberals Constant, Say, Comte and Dunoyer, combined anti-statism with the political economist's understanding of the market and how it operated to satisfy the needs of consumers.

During the 1848 revolution, Molinari had been active trying to counter the propaganda of the socialists and the "conservatives of the status quo". He and some other "amis de la liberté économique" had started the Club de la liberté du travail for that very purpose but had failed because the provisional government did not or would not protect their right of freedom of association. The club was "envahi et dissous par un troupeau de communistes" and the members, not wishing to use violence, were dispersed by the crowd (6). After

(5) See Lawrence S. Moss, "Private Property Anarchism: An American Variant", in Further Explorations in the Theory of Anarchism, (Blacksburg, Va. 1974).

(6) Molinari, "Charles Coquelin", JDE, 1952 (2), p. 245

failing to get Charles Coquelin elected to the Constituent Assembly of April, 1848, and after the collapse of their short lived "journal populaire", Jacques Bonhomme (edited by Molinari and Coquelin), the five "amis de la liberté", Bastiat, Coquelin, Fonteyraud, Garnier and Molinari, could do little more in such an inhospitable climate.

The club and the magazine were not the only casualties of the revolution. The Association pour la liberté des échanges was dissolved in April or May, 1848, because "l'association desper^{ait} enfin de se faire écouter au milieu de la tourmente politique" and the events of the revolution had dispersed the principal members so that they could no longer meet (7). Soon afterwards, three of the five "amis" died. Fonteyraud, "cette vive et charmante intelligence, l'une des plus chères espérances de l'économie politique" died in 1849. Bastiat, "l'homme qui savait le mieux rendre accessibles et populaires les vérités économiques" followed in December 1850 (8), as did Charles Coquelin, "une ^{des} meilleures plumes et l'une ^{des} voix les plus éloquentes", in August 1852. Molinari summed up the period with considerable understatement when he described it as a time when "les doctrines libérales n'étaient décidément pas en faveur." One can imagine the disappointment that Molinari must have felt with the failure of all his attempts to popularise his free trade liberal ideas. It must have been with a feeling of despair that Molinari ended the obituary of his friend Coquelin with the plea that "plus tard, lorsque cette noble cause aura triomphé pour le bonheur du genre humain" someone might remember them (9).

(7) Molinari, "Liberté des Echanges (Association pour la), Dictionnaire de l'Economie politique, (Paris, Guillaumin, 1852), Vol.2, p. 48. "Il n'est donc pas étonnant que les membres de l'association pour la liberté des échanges n'aient pas réussi à passionner les masses en faveur des réformes douanières; ils avaient eu le malheur d'être devancés par les socialistes auprès des classes ouvrières, tandis qu'ils voyaient se dresser contre eux, dans les régions supérieures de la société, la ligue tenace des intérêts privilégiés. En présence de cette ligue du socialisme en bas et et du protectionisme en haut, leur propagande se trouva sinon paralysée, du moins rendue singulièrement difficile."

(8) Molinari, "Frédéric Bastiat", JDE, 1851 (1), p. 23

(9) Molinari, "Charles Coquelin", JDE, 1852 (2), pp. 202, 247

In spite of the fact that Bastiat had been elected to both the Constituent and Legislative Assemblies during the period 1848 to 1850 and had been appointed Acting President of the Finance Committee, the 1848 revolution was ultimately a serious setback to the free trade liberal cause (10). The Provisional government had been severely criticised by the économistes: Léon Faucher in the Revue de Deux Mondes, Blanqui and Wolowski at the Conservatoire and Michel Chevalier in Les Débats and in his lectures at the Collège de France. The result was the resolution of April 7, 1848, which suppressed five chairs, (one of which was the Chair of Political Economy held by Chevalier) and reorganised the Collège to remove the source of criticism (11). This manoeuvre was countered by the Société d'Economie politique which sent a delegation to talk to Lamartine. Headed by Léon Faucher and comprising de Tracy, Horace Say, Dussard, Garnier, Renouard and Molinari, it was able to influence the Assembly and the law of 7th April was reversed and the Chairs were reestablished by a law of 24th December (12). It was also under the provisional government that Garnier began the Club de la liberté du travail, which was suppressed by violence, so it is no wonder that the liberals felt that "le socialisme déclarait la guerre à l'économie politique". (13)

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- (10) Chapter 9, "Bastiat as Legislator", in Dean Russell, Frédéric Bastiat: Ideas and Influence, (Foundation for Economic Education, N.Y., 1969); "the free trade movement as such had ceased to exist in France when Bastiat began his legislative career ...", ibid., p. 106
- (11) "Quatrième anniversaire", JDE, 1853, Vol. XXXVII, p. 299
- (12) Louis Napoleon Bonaparte was elected Président on 10 December, 1848, and the criticism of the free trade liberals may not have been felt as acutely as in April.
- (13) Molinari's review of the "Dictionnaire de l'Economie politique", JDE, 1853, Vol. XXXVII. Also see Léon Say's and Emile Levasseur's address in "Quatrième anniversaire" op cit.

Another result of the 1848 revolution in France was the publication of the famous Dictionnaire de l'Economie politique in 1852. The liberals associated with the Journal des Economistes and the Société d'Economie politique were concerned that the ideas of the économistes were not more widely known. With the industrial revolution beginning in earnest and promising to be "bien plus vaste et bien plus profonde qu'aucune révolution politique", the government's and the working people's ignorance of the operation of the market threatened to 'derail' the engine of progress. The revolution had proved to the économistes what "abîmes l'ignorance des gouvernements et des peuples avait creusé sous les pas de la société". Because they misunderstood the market, the workers formed "des coalitions, des émeutes, des révolutions, en vue d'améliorer leur sort". They had been fooled by the false claims of the utopian socialists and their actions could only lead to a worsening of their condition. The liberals felt compelled to popularise their theories to prevent this from happening and to apply pressure on governments to reform their outmoded and restrictive laws. The remnants of the old regime (14) were just as harmful as the attempts of the socialists to "refaire la société". Since the French Revolution, the governments of Europe

"dont les progrès de la production et du crédit augmentaient incessamment les ressources, ont fini par se persuader que ces ressources étaient illimitées, et qu'ils ont augmenté leurs dépenses dans une proportion plus forte encore. Depuis un demi-siècle, ils ont usé et abusé des emprunts publics. Ils ont épuisé le sang des générations présentes et escompté les ressources des générations à venir pour satisfaire leurs mauvais appétits de domination et de conquêtes."(15)

(14) Molinari believed that the early économistes had not been completely successful in removing all the old restrictions which hampered the developmoent of the economy. He explained that "Nos sociétés renferment encore de trop nombreux vestiges de régime réglementaire. Nulle part, la liberté du travail et des échanges n'a conquis pleinement sa place au soleil." Cours d'Economie politique (2nd edition, 1863; 1st ed. 1855; Paris, Guillaumin), Vol.I, p. XI, (henceforth Cours).

(15) Molinari, "Dictionnaire", JDE, 1853, Vol.XXXVII, pp.421,426,422.

The liberals were convinced that the teaching of the principles of political economy was more necessary then than at any other period in history. Taking their example from the success of the English free traders and their Anti-Corn Law League, the French économistes planned to distribute elementary treatises, catechisms, pamphlets, tracts, and journals to as many people as would listen to them (16). In addition, societies and associations would be created to discuss the finer points of economic theory and to lobby the legislature to repeal or reform the custom and tariff laws.

The Dictionnaire was a valiant effort to condense the theory of political economy into a simplified encyclopaedic form which would enable the intelligent layman to apprise himself of the latest theories and publications in virtually every field of economics and politics. The Dictionnaire was begun by Ambroise Clément and continued by Charles Coquelin until his death. Guillaumin took over the project after Coquelin's death and, with the assistance of Horace Say, Courcelle-Seneuil, Molinari and Garnier, was able to complete the dictionary in 1852 after two years' preparation. This "bazar de l'économie politique" aimed at combining the theory of political economy with its practical application by using academics, journalists, government inspectors, industrialists and politicians as its contributors. Molinari's contribution was considerable, writing twenty five articles - some with considerable bibliographies - and five biographical sketches. Ambroise Clément had conceived the idea of a popular encyclopaedia of liberal views towards the end of 1850 and it is likely that this was the last activity of the Paris liberal movement that Molinari was engaged in before he left for Belgium.

(16) See Norman McCord, The Anti-Corn Law League 1838-1846, (Unwin University Press, 1968).

Section 2:

Refuge in Belgium

After the coup d'état of December 1851, Molinari returned to Belgium because, as Guyot put it, "Le régime dictatorial ... heurtait les opinions libérales de M. de Molinari." (17) There he published a small volume on revolution entitled, Les révolutions et le despotisme, envisagés au point de vue des intérêts matériels, (1852), in which he condemned both revolution and despotism as being destructive of life and property. Molinari extended his dislike of the 1848 revolution to the French Revolution and a theme to which he constantly returned was the massive expansion in the size and power of the state that had followed the revolution (18). Although he associated demagogy with revolution and reaction with despotism, he did not condemn the French Revolution out of hand. He admired the "élan généreux qui lui a donné naissance" and the "nobles principes de tolérance et de liberté qu'elle a proclamés à la face du monde." (19) But these noble principles were betrayed by the revolutionary excesses which had resulted in an increase in state power rather than its much needed reduction which liberals such as Turgot (20) had tried to achieve fully two decades before the Revolution. The inevitable result was the "échafaud à l'intérieur, les baïonnettes au dehors" (21); barbarism rather than progress.

(17) Y. Guyot, "M.G. de Molinari", JDE, February 1912, Vol. XXXIII, p. 179

(18) See especially Chapter IX, "La Révolution française", in L'Évolution politique et la Révolution, (1884): "Comment donc une révolution entreprise naïvement, pour établir au profit de l'humanité toute entière un régime de liberté et de pain, a-t-elle abouti à la reconstitution et à l'aggravation de l'ancien régime au profit d'une nouvelle classe gouvernante, à l'accroissement des servitudes et des charges qui pesaient sur les "consommateurs politiques" et à la recrudescence de l'état de guerre?" ibid., p. 291

(19) Les révolutions, p. 90

(20) M. Monjean, "Turgot", Dictionnaire, Vol. 2, pp. 777-87; and H. Baudrillart, "La Philosophie des Physiocrates", JDE, 1851 (1), pp. 224-34.

(21) Molinari, Les Révolutions, p. 91.

Molinari was fortunate enough to be appointed professor of political economy at the Musée royal de l'industrie belge and also at the Institut supérieur du commerce in Antwerp. He was thus able to escape the stifling atmosphere of Paris under Napoleon III and devoted himself to a serious study of the theory of political economy and to the propagation of those ideas through the press. The result of his lectures at the Musée royal was his major theoretical economic treatise, Cours d'Economie politique. The lectures upon which this work was based had been started at the Athénée royal de Paris in 1847 but had been interrupted by the revolution. Thanks to the intervention of Charles de Brouckere, Burgomaster of Brussels and president of the Association belge pour la liberté des échanges, Molinari had been able to secure the position at the Musée royal and complete his theoretical work by 1854 (22).

The Cours aimed at filling a lacuna which Molinari felt existed in the main body of political economic scholarship, viz.:

"l'absence d'une démonstration suffisamment claire de la loi générale qui, en établissant un juste et nécessaire équilibre entre les différentes branches de la production comme aussi entre les rémunérations des agents productifs, fait régner l'ordre dans le monde économique." (23)

The founders of the science of political economy had only to fight "les privilèges des corporations et des castes, l'abus des monopoles et des restrictions" whereas by mid-century the socialists' "réaction anti-libérale et néo-réglementaire" had

(22) The Cours was dedicated to Brouckere in thanks and it is here that Molinari explains how he came to be appointed to the Musée royal.

(23) Cours, p. XI. Molinari commended his intellectual forbears for helping free industry from its political shackles under the ancien régime, "Cette tâche, les fondateurs l'ont admirablement remplie", ibid, p. XI. However, conditions had changed by mid-nineteenth century and a new approach was needed to defeat the remnants of the old restrictions and the new holders of privilege which had emerged since (and because of) the revolution of 1789.

turned the working classes, those who would have benefited most from the "demolition of the old established regime", against the political economists. The liberals now had to fight against the "bénéficiaires des abus de l'ancien régime" from above as well as the socialists from below. It was also necessary to defend the market system from the socialists' criticism that the market was "anarchique" (24). Molinari was to spend his life attempting to show how the market, by the operation of known natural laws, established an ORDER which was just and necessary and that any attempt to interfere created the very 'anarchy' that so concerned the socialists. This "principe régulateur" worked automatically and thus did not require an overseer to direct it or tinker with it. The Revolution of 1848 had affected Molinari personally and he feared the consequences of the socialists' "vaine utopie d'une reconstruction sociale" which would disrupt the market order and bring about the 'anarchy' or chaos resulting from an imposed order and which imprisoned society in an "organisation artificielle".

Molinari continued to write articles and reviews for the Journal des Economistes whilst in Belgium as part of his 'strategy' of popularising the ideas of political economy by means of journalism. For this reason, he began the Economiste belge on January 1, 1855, and remained with it until 1868. An interesting statement in the Journal des Economistes, which often reprinted extracts from Molinari's contributions to the Economiste belge, reveals that he had in no way compromised his anti-étatiste indictment of government intervention. He described it as "l'intervention

(24) "Anarchy" and 'anarchic' are used in this paper in the sense of chaos, disorder and lawlessness. 'Anarchism', on the other hand, is used in the sense of a political theory which advocates the maximum amount of individual liberty, a necessary condition of which is the elimination of governmental or other organised force. The kind of anarchism developed by Molinari and others is not lawless or chaotic but depends on the observance of natural law and the market for the establishment of a just and peaceful economic order.

abusive du gouvernement dans le domaine de l'activité privée". When offered a position in the Belgian branch of the Société d'économie politique he had refused because, as a commentator in the JDE put it,

"il a craint que son nom s'éloignât de la Société les personnes qui se plaignent du radicalisme de l'Economiste belge, en matière d'intervention gouvernementale, et aussi parce qu'il désire que le journal et la Société restent indépendants, mais en se prêtant un mutual appui." (25)

During the fifties, Molinari continued to oppose protectionism and he published a series of popular essays on the grain trade: "Le Commerce des Grains: Dialogues entre un émeutier, un économiste et un prohibitioniste" (26). He then turned to the problem of war, a question which was to dominate his thought in the latter part of the century as the European powers drifted steadily towards some form of military confrontation. He had written a biographical sketch of the Abbé de Saint-Pierre, an 18th century advocate of "La paix perpétuelle", for the Dictionnaire and was to write a fuller biography in 1857 which included extracts on peace by Saint-Pierre, Eméric de Lacroix (Crucé), Rousseau, Necker, Kant, Bentham, de Maistre and the several Congresses of Peace (27).

(25) Molinari, "La situation économique en Belgique", JDE, 1856, Vol. XI, Series 2; and ibid., Vol. VIII, 1956, p. 150

(26) Part one appeared in the JDE, 2nd series, Vol. IV, 1854; part two in ibid., Vol. VI, 1955; both were reprinted in Questions d'économie politique et de droit publique, (Lacroix, Bruxelles, 1861).

(27) L'Abbé de Saint-Pierre: Sa vie et ses oeuvres, (Guillaumin, Paris, 1857). See also "Des progrès réalisés dans les coutumes de la guerre", JDE, Series 2, Vol. III, two parts; "La paix perpétuelle est-elle une utopie?", ibid., Vol. XII, 1856. Molinari, Frédéric Passy and Clavel had planned to publish a pacifist journal in neutral Belgium, provisionally entitled L'Européen, in 1859, but this attempt had not come to anything. Frédéric Passy, Pour la Paix - notes et documents, (Paris, 1909; Garland reprint), p. 7

Another issue which attracted Molinari's attention was that of state education. He argued that the state had no business providing education, which could be left to private enterprise, but that it should compel parents to provide some kind of education for their children. Molinari viewed this obligation on parents to provide education for their children as a form of debt which the state was forced to collect on behalf of the children. He was severely criticised by Frédéric Passy for letting the state get a foot in the door by admitting that the state had any role whatsoever to play in education. As far as Passy was concerned, if the state was harmful when it interfered to regulate trade then it was equally harmful in the case of education. The reason for Molinari's concession to the state, in what would otherwise be a thoroughgoing anti-étatiste philosophy, was his concept of "tutelle", a form of benign paternalism which he reserved for those who had not yet developed the capacity to look after themselves in the rigours of a free society (children, slaves, imprudent workers, women and prisoners) (28).

(28) The education debate was printed in "Si l'éducation des enfants est obligatoire par le père de famille; discussion à la Société d'économie politique", JDE, Series 2, Vol. XVIII, 1858; De l'enseignement obligatoire: Discussion entre M. G. de Molinari et M. Frédéric Passy, (Paris, Guillaumin, 1859); Gaëtan Pirou, Doctrines économiques en France depuis 1870, (Paris, 1946), pp. 111-12. On tutelage, see Chapter XI "Tutelle et liberté", in L'Evolution politique, pp. 424-485. Also pages 87-88 of this thesis.

Section 3:

Paris in Revolution

In 1860, Molinari returned to Paris, for reasons that are not clear, and in 1867 joined the Journal des Débats, becoming chief editor under the direction of M. Bapst from 1871 to 1876. Molinari was present in Paris during the siege and attended many public meetings. The proceedings which he recorded were published in two volumes, Les Clubs rouges pendant le siège de Paris (Garnier Frères, Paris, 1871), and Le Mouvement socialiste et les réunions publiques avant la révolution du 4 septembre 1870, (Garnier Frères, Paris, 1872). His aim in doing so was to show that "la liberté de la parole et le droit de réunion ne sont pas tellement consolidés en France qu'il soit superflu d'en montrer l'utilité" (29), and he defended the clubs from the charge that they had fomented the Commune by saying that they had helped to maintain morale during the siege. Rather, he claimed, the suppression of the clubs and free speech had done much to bring on the Commune. "C'est dans les conciliables fermés que l'insurrection communaliste a été organisée. Ajoutons que cette insurrection a échoué deux fois sous le régime de la liberté illimitée de la presse et des réunions, et qu'elle a réussi après que les journaux et les clubs révolutionnaires eurent été supprimés" (30). The government had made a terrible mistake by trying to forestall the possibility of revolution by muzzling the press and banning the clubs. Freedom of speech was a "liberté nécessaire" and the government had no right to prevent the expression of new ideas and any attempt to experiment with new forms of business organisation. Even if the government had had the competence to determine which ideas were right and which were wrong, "il devrait, dans l'intérêt même de la science et du progrès, se garder d'en user".(31). The individual had to decide for himself whether a

(29) Preface to Les Clubs rouges, p.vi, written 15 May 1871.

(30) ibid.

(31) Preface to Le mouvement socialiste, p. xiii.

new idea or social organisation should be adopted,

"il faut lui laisser à elle-même /l'intelligence/ le soin de les trier et de les épurer par les procédés qui lui sont propres, l'examen, la discussion, l'expérience, sans intervenir dans ses opérations. Il faut la laisser libre si l'on veut qu'elle conserve toute sa puissance et toute sa fécondité. Il ne faut pas davantage essayer de lui interdire telle ou telle région du domaine ouvert à son activité, sous prétexte que ses recherches y seraient vaines, qu'elle n'a plus de découvertes à y faire, ou que ces découvertes ne valent pas la peine d'être faites. Qu'en sait-on ? Qu'en peut-on savoir ? Enfin, il faut prendre son parti de l'agitation que cause l'intelligence en mouvement et des perturbations que provoquent ses découvertes. C'est un mal, soit ! mais le progrès est à ce prix." (32)

Molinari realised that it had been the challenge of socialism which had awakened political economy out of its lethargy in 1848 and had prompted it to defend itself against socialist attacks on the right of property, capital and wage labour. More importantly, it had encouraged the économistes to popularise their doctrines and, as a result, in the three years from 1848 to 1851 there had been "plus d'efforts pour populariser ses doctrines qu'elle n'en avait fait auparavant en un demi-siècle" (33). But the coup d'état of 1851 had put an end to the socialists' agitation and, in spite of the fact that their intellectual opposition had been crippled, the économistes had not been able to "s'emparer de /la/ clientèle" of the socialists. They could not "y substituer ses produits à ceux du socialisme et du protectionisme qui est le socialisme des chefs d'industrie" (34), because the économistes had become complacent with the forced removal of their opponents. Molinari described the period between 1851 and 1868 as

(32) Preface to Le mouvement socialiste, p.xiv

(33) ibid., p. xvi

(34) ibid., p. xvi

"une période plus stérile, plus vide que celle qui s'est écoulée depuis la compression de l'agitation socialiste. Ah! c'est que le monopole est funeste à la science aussi bien qu'à l'industrie, et que la concurrence n'est pas un stimulant moins nécessaire pour les économistes que pour les filateurs et les tisserands de laine ou de coton... il faut, pour tout dire, laisser libre carrière à l'agitation socialiste, si l'on veut que les Français apprennent l'économie politique." (35)

In addition, the actions of Napoleon III's government had provided ammunition for the socialist cause by regulating industry so that new and better forms of "l'organisation des entreprises de production et le mode de répartition des produits" (36) could not be tried, and by severely controlling workers' organisations in a clumsy effort to prevent workers improving their conditions.

"La loi sur les sociétés commerciales a protégé les entreprises existantes contre la concurrence des formes nouvelles, tandis que les lois sur les livrets, sur les coalitions et les 'combinaisons' ayant pour objet d'influer sur les prix du travail, essayaient de rendre immuable le mode de recrutement des ateliers et de rétribution des ouvriers. On croyait assurer ainsi, à perpétuité, la sécurité de l'industrie, la discipline et la paix des ateliers." (37)

The result of the regulation had been to achieve the direct opposite. The injustices that were frozen into the existing structure of industry had been rightly criticised by the socialists, and the workers who chafed under the regulations had been ready to accept the remedies of the socialists as a viable solution. The tragedy was that the socialists had not distinguished between the evils caused

(35) Preface to Le mouvement socialiste, p.xviii.

(36) ibid., p. xix

(37) ibid., p. xix

by the regulations and industrialisation itself. Capital had been criticised instead of political privileges and the wage system had been condemned along with the unjust regulations that prevented the workers from organising peacefully to improve their conditions.

"On a provoqué une réaction violente contre la constitution industrielle qu'on avait cru affermir; et, comme il arrive toujours, cette réaction a attribué aux formes d'entreprises protégées par la loi plus de vices qu'elles n'en avaient, et aux autres plus de qualités qu'elles n'en pouvaient avoir. Les entreprises ont été rendues responsables de tous les maux de l'industrie et de la société, tandis que l'association industrielle était exaltée sans mesure. En même temps, la réglementation des rapports des entrepreneurs et des ouvriers, en immobilisant une situation inégale et vicieuse, fomentait la guerre civil du capital et du travail au sein de chaque atelier, et rendait odieux le régime de salariat." (38)

To counter the privileges of the politically powerful and the misplaced criticism of the workers, Molinari and the free trade liberals wanted complete freedom for all to think and act as they saw fit provided, of course, that the right of others to life, liberty and property was respected. Thus they defended the right of the socialists, their mortal intellectual enemies, to agitate, publish and organise to promote their own interests and ideas in the Clubs. Molinari did not deny the harmful effect of the socialists' ideas nor their propensity to engage in violent action; but he felt that the benefits of allowing them the freedom to protest outweighed the possible harmful effects of their activity.

"... malgré les désordres qu'engendre cette agitation, malgré le dommage temporaire qu'elle cause aux intérêts, malgré les soucis dont elle est la source pour le gouvernement, chargé du maintien de l'ordre, elle doit être laissée pleinement libre, car elle est la condition d'un progrès nécessaire dans les idées et dans les faits." (39)

(38) Preface to Le mouvement socialiste, p.xx

(39) ibid., p. xxi

"On les /les motifs pour limiter la liberté de la presse/ a invoqués sous tous les régimes, et pour défendre les institutions les plus grossières. Sans nier les perturbations qu'engendre la liberté, nous dirons que le mal qu'il est dans leur nature de causer est peu de chose en comparaison du bien qu'elles produisent, et nous n'exceptons de cette règle ni les agitations publiques ni les agitations socialistes auxquelles, selon toute apparence, on ne manquera pas d'engager le gouvernement à opposer un frein permanent dans l'intérêt de l'ordre public." (40)

(40) Preface to Le mouvement socialiste, p. vii

Section 4:

Molinari and the Journal des Economistes

Between 1878 and 1883, Molinari published in the Journal des Economistes, in serial form, two of his major works of historical synthesis: L'Evolution économique du dix-neuvième siècle: Théorie du progrès (1880) and L'Evolution politique et la révolution (1884). Like Marx, Molinari developed a systematic theory to account for the rise of modern industrial society. He examined the economic and political developments that had taken place in ancient and feudal societies, the beginnings of the market economy and the rise of the state and organised warfare. He then turned to the French revolution and its effects on the course of industrial development and the increase in liberty caused by the market as it broke down the restrictions of the old regime. One of Molinari's major themes in these two works was the gradual evolution from slavery to the "self-government" of the individual, with "tutelage" being an intermediary stage between them. He concluded the Evolution politique with an examination of the possible forms that the future society would assume under a "regime of full liberty". Molinari's theory of the evolution of free society will be dealt with in greater detail below, but it is perhaps worth noting that he still maintained that a free society would dissolve the monopoly that the state had in the "production of society" and that an era of "la liberté de gouvernement" would then begin (41).

(41) "De la production de la sécurité", JDE., 1849, Vol.22, p. 277, reprinted in Questions d'économie politique et de droit publique, Vol.2, "La liberté de gouvernement", 1, p. 245, translated by J. Huston McCulloch, Centre for Libertarian Studies, Occasional Paper No.2, (N.Y., 1977). Les Soirées de la Rue Saint-Lazare, Onzième Soirée, "Du gouvernement et de sa fonction", p.303. Cours de l'économie politique, Vol.2, Quatrième partie, Douzième leçon, "Les consommations publiques", p.480f. In the Economiste belge, "Le sentiment et l'intérêt en matière de nationalité", 24th May, 1862; polemic with Hyac. Deheselle 4th & 21st July, 5th & 19th July, 1862; "Principe du sécessionisme", 30th Aug. 1862; "Lettres à une Russe sur l'établissement d'une constitution en Russie", 2nd & 30th Aug., 19th Sept. 1862; "La crise américaine", 17th Jan. 1863; "Un nouveau Crédit Mobilier", 14th Feb. 1863; "Une solution pacifique de la question polonaise", 9th May, 1863; quoted in Cours, p. 532.

In 1881, after the death of Joseph Garnier, Molinari was appointed editor of the prestigious Journal des Economistes (42). It was a fitting tribute to one of the leaders of the free trade liberal school to be given editorship of the main organ for the dissemination of laissez-faire ideas in the French-speaking world (43).

(42) Joseph Garnier, the man whom Molinari succeeded as editor of the Journal des Economistes, had been a leading activist in free trade and pacifist circles. Born in 1813, in Beuil, Alpes-Maritimes, he came to Paris at the time of the 1830 revolution and studied political economy under Adolphe Blanqui at the Ecole spéciale du Commerce. He was one of the five who founded the Société d'Economie politique, he was editor and secretary of Le Libre-Echange and he lectured in political economy at the Ecole Blanqui, the Athénée Royal (1842-43), the Ecole des Ponts-et-Chaussées (1846-1881) and occasionally at the Ecole supérieure du Commerce and the Collège Chaptal. He also contributed to the founding of the Club de la liberté du travail and the popular journal Jacques Bonhomme. In 1873, he was elected a member of the Académie des Sciences morales et politiques to replace Charles Dupin and elected senator in 1876 for the department of Alpes-Maritimes. Garnier was also very active in the peace movement, being one of the organisers of the Congrès des amis de la paix for the meetings in Paris, Frankfurt and London in 1849, 1850, 1851. Garnier was considered by his colleagues to have considerable talent for popularising the ideas of peace and liberty, ideas which he considered to be inseparable both in theory and practice. Molinari wrote of him that

"L'économie politique a été la passion et le labeur de sa vie. Il considérait l'application de ses principes comme le moyen le plus efficace de débarrasser la société des utopies du socialisme et des coalitions d'intérêts, peut-être plus pernicieuses encore, car les utopies ne menacent que l'avenir, tandis que les coalitions d'intérêts exploitent le présent. Aussi sa vie entière a-t-elle été consacrée à la propagande des vérités de cette science de la paix et de la liberté. Il a travaillé à les vulgariser par les discours, ses leçons, ses articles, ses livres. Il a écrit le meilleur ouvrage d'enseignement de l'économie politique que nous possédions, son Traité, qui est devenu classique et qui a été traduit dans toutes les langues. Il était infatigable!"
"Obsèques de Garnier" JDE, 1882, Vol. XX 4th Series.

(43) The editors of this journal were: Adolphe Blanqui (1842); Hippolyte Dussard (1843-45); Joseph Garnier (1845-55); Henri Baudrillart (1855-65); Joseph Garnier (1865-81); Gustave de Molinari (1881-1909); Yves Guyot (1909-?).

The Journal des Economistes had been preceded by the short-lived Revue mensuelle d'Economie politique, edited by Théodore Fix from July 1833 to 1836, and by a dinner-club which had met in the 'Jardin turc' during the years 1834-37. Both the Journal des Economistes and the Société d'Economie politique had had their origins there and had been supported by the same small group of dedicated individuals (44). The Journal had been founded by the indefatigable publisher Guillaumin and the first issue appeared on 15 December 1841. Its aim was summarised by Garnier in 1848 as,

"/faire/ la guerre à l'ignorance, aux monopoles, à la régimentation, à la protection douanière, à la centralisation exagérée, à la bureaucratie, à l'esprit guerrier, aux systèmes artificiels, aux lois inintelligentes, aux privilèges, aux abus; le lendemain, ils /les économistes/ sont résolus à continuer la lutte contre les obstacles anciens et nouveaux qui gênent la production, la circulation, la distribution et la consommation de la richesse publique ou privée." (45)

It also printed the minutes of the meetings of the Société d'Economie politique, official documents and laws, essays on nearly every topic of interest concerned with economics, politics, social issues and summaries of the sessions of the Académie des Sciences morales et politiques. Many free trade liberals wrote for the Journal at one time or another, among them being: Frédéric Bastiat, Cherbuliez, Adolphe Blaise, Blanqui, Michel Chevalier, Ambroise Clément, Charles Coquelin, Eugène Daire, Charles Dunoyer, Dussard, Léon Faucher, Fix,

(44) For the early history of the Journal des Economistes and the Société see "Journal des Economistes", Dictionnaire de l'Economie politique; and the 40th anniversary of the foundation of the Société, JDE, Vol. XX, Series 4, 1882. In 1847 the Société had 50 members, eighty in 1849, one hundred and seventeen in 1859, one hundred and forty eight in 1864, one hundred and sixty five in 1868, two hundred and eleven in 1874 and two hundred and twenty seven in 1882. See also Michel Lutfalla, "Aux origines du libéralisme économique en France: le Journal des Economistes; Analyse du contenu de la première série 1841-53", Revue d'histoire économique et sociale, 1972, No.4.

(45) Quoted in "Journal des Economistes", Dictionnaire, from JDE, March 1848.

Garnier, Molinari, Monjean, H. Passy, Reybaud, Rossi, Horace Say, V. de Tracy, Wolowski and Richard Cobden (46). From 1881 until November 1909, Molinari devoted himself to the Journal des Economistes, bringing to it his considerable talent as a writer and his experience and widespread knowledge of economic and political affairs. Around him he had gathered a group of contributors "whom he animated with his own zeal and enthusiasm, and of whom he made real friends" (47). He also continued to publish a considerable amount of his own and this period was in fact his most prolific.

Soon after he became editor, he continued his work on the evolution of industrial societies and on labour exchanges for workers (48). Just as industry had its exchanges to assist in the movement of capital and the dissemination of price information, so the working classes needed to pool their resources to confront big business. The Bourse du Travail would be the meeting ground for buyers and sellers of labour and would facilitate the movement and pricing of labour, to the advantage of both parties. In 1857, Molinari and his brother Eugène had founded a journal, La Bourse du Travail, in Brussels, in an attempt to reconcile what they regarded as the false antagonisms that existed between workers and employers. Although the magazine did not last more than a few months, Molinari did not lose interest in the problem. In June 1882 the Société d'Economie politique devoted one of its sessions to the Bourse and its possible influence on strikes and Molinari continued to write on this question for the next decade (49).

(46) Listed in "Journal des Economistes", Dictionnaire.

(47) Yves Guyot, "Obituary - Gustave de Molinari", The Economic Journal, March 1912.

(48) Molinari had first written about how workers could improve their conditions in the July 1846 edition of the Courrier français (Victor Durrieu, editor).

(49) Yves Guyot, "Molinari", JDE, Vol. XXXIII, 1912, p.186-87; "Société d'Economie politique: sur les bourses du travail", JDE, Vol. XVIII, 1882, p. 441; Molinari, "La Bourse du travail", JDE, Vol. XLIV, 1888, p. 321; Les Bourses du travail (Paris, 1893).

Although, as Guyot claimed, Molinari invented the term and the concept of the labour exchange, the exchanges that appeared in France in the last decades of the century were corrupted forms since the buyers of labour were excluded and the exchanges were used as a weapon in the class war rather than as a means of eliminating it (50).

The other major works of his which appeared in this period dealt with the very intimate connection between morality and the market system. Property, peace and freedom were all defended on moral, and not just on utilitarian grounds and the natural laws which governed the operation of the market had their origin, Molinari argued, in the divine law that governed human behaviour (51).

In July, 1887, the Times had published his scheme to eliminate war by organising a "Ligue des neutres". This league had as its aim the combination of the armies of the smaller, neutral nations of Europe in order to discourage the larger, more warlike nations from threatening them with invasion or attack. His hope was that "les puissances actuellement les plus agressives finiraient par désarmer si, chaque fois qu'elles emploieraient leurs armements

(50) "under the Marxist influence of Guesde, a Fédération nationale des Syndicats was formed for political action in 1886. In opposition to this, Bourses du Travail, founded in 1887, as popularly controlled centres of mutual aid, workers' education, and employment exchanges, formed a national federation in 1892." A. Cobban, A History of Modern France, Vol.3, 1871-1962, (Hammons-worth, 1965).

(51) He developed these ideas in the following books: Les Lois naturelles de l'Economie politique (1887); La Morale économique (1888); Notions fondamentales d'économie politique et programme économique (1891); Religion (1892); Science et Religion (1894); Comment se résoudra la question sociale? (1896); La Viriculture (1897); Grandeur et décadence de la guerre (1898); Esquisse de l'organisation politique et économique de la Société future (1899); Les problèmes du XXe siècle (1901); Questions économiques à l'ordre du jour (1906); Economie de l'Histoire, Théorie de l'Evolution (1908); Ultima Verba (1911). In addition, he contributed to the second edition of the Dictionnaire de l'Economie politique (1892).

à menacer la paix, elles rencontraient des armements plus forts employés à la défendre" (52), but he was under no illusion that this utopian scheme had much chance of being realised. He knew too much about the 'interests' who benefited from war and the threat of war to expect them to act in the interests of the people whose lives they threatened. Thus, the seed of his later pessimism was sown when he admitted of his peace plan "que nous avons voulu démontrer en formulant ce projet, sans nous dissimuler d'ailleurs que nous n'avions aucune chance de le réaliser dans l'état présent des esprits et des choses." (53)

It was later, in his Ultima Verba, that he revealed that

"Mon dernier ouvrage concerne tout ce qui a rempli ma vie: la liberté des échanges et la paix ... Ces idées fondamentales sont partout en baisse ..." (54)

and again in his Théorie de l'Evolution:

"On peut espérer qu'il se produira une opinion assez intelligente pour comprendre que l'existence des sociétés peut désormais être assurée à moins de frais, et assez puissante pour enlever l'Etat assureur aux intérêts particuliers qui s'en disputent la possession, et qui au lieu de simplifier et d'alléger cette vieille et lourde machine, s'évertuent tous les jours à la compliquer et à l'alourdir." (55)

Gone was the certainty of two decades ago that the ever advancing market would inevitably bring to an end all the government interventions which hampered its progress. Neither politicians, businessmen,

(52) "Projet d'association pour l'établissement d'une ligue des neutres", initially published by the Times, 28th July, 1887; reprinted in La Morale économique, p.438.

(53) ibid., p. 431

(54) Guyot, "Molinari", JDE, p. 194.

(55) Molinari, Théorie de l'Evolution, op cit., p. 257.

nor workers had given up their faith in the power of the government to improve their standard of living, in spite of the free trade liberals' arguments to the contrary. Molinari had well understood the fact that these groups which controlled or had access to the state, comprised a class which would not willingly give up the privileges that power bestowed. Unfortunately, he had badly underestimated the readiness of the exploited classes, the workers, the consumers and the industrialists who did not seek state privileges, to identify government intervention as the enemy of progress. Ultimately, his efforts at popularising free trade ideas had failed to win a large enough audience to influence the course of events. The result was a growing sense of pessimism in the last decades of his life as he observed the rise of statism, socialism, militarism and colonialism, - forces which he had opposed throughout his long and active life. Consequently, from 1893 onwards, he began to compromise his anti-statist views, gradually abandoning his belief that competition amongst defense agencies is the best and most moral method of defending property rights. Molinari came to adopt the position of his opponents, that a single defense agency, the state, should have a monopoly of defense services within a given geographical area. In spite of this compromise in his later years, Molinari had made a major contribution to the development of anti-étatiste liberal ideas, being the first free trade liberal to argue for the complete dismantling of the state, even down to the "night watchman" functions that most other classical liberals defended.

Molinari retired at the end of 1909, at the age of ninety, after having spent twenty-eight years as the editor of the Journal des Economistes. He was highly regarded by Guyot for "the elegance of his literary style, his strength and delicacy of expression, the oppositeness of all terms employed ... [and as] one of the masters of the French language." (56) A close family friend, A. Raffalovich,

(56) Guyot, "Obituary", The Economic Journal, p. 155.

revealed to Guyot after Molinari's death that he had often given to charity (57). Such acts of kindness had gone unnoticed by his critics who persisted in describing him as one of "die Gruppe der Intransigenten, Unentwegten, Orthodoxen." (58)

Molinari died at Adinkerque on January 28, 1912, leaving behind no school of eager followers to develop his economic and political ideas. He had been the last of the great nineteenth century French laissez faire liberals and when he died, so did that tradition, an anachronism in the rampant statism of the twentieth century. The development of Molinari's extreme anti-statism, the ideas which made Molinari's liberalism so unique, will be examined in the following chapter.

(57) "C'était un homme tout à fait désintéressé ... Que d'actes de charité ses proches et ses amis l'ont vu accomplir, sans bruit!"
Quoted in Guyot, "Molinari", JDE, 1912, p. 183.

(58) Raymund de Waha, Die Nationalökonomie in Frankreich, (1910, Stuttgart), p. 71.

CHAPTER TWO

The Development of Molinari's *Anti-étatisme*

"Therefore I claim that if a community gave notice, after a certain interval - a year for example, that it would cease the payment of judges, soldiers and gendarmes, at the end of the year this community would not have fewer courts and governments ready to function. And I add that if, under this new regime, each person retained the right to freely engage in these two industries and to freely buy these services, security would be produced most economically and would be the best possible."

"Since the need for security is still very strong in our society, it would be profitable to found government enterprises. One would be assured of covering costs. How would these enterprises be founded? Separate individuals would not be able to do it, anymore than they can construct railroads, docks, etc. Vast companies would thus be established to produce security; they would procure the material and the workers that they would need. As soon as they were ready to function, these property insurance companies would call for clients. Each person would contract with the company which inspired in him the greatest confidence and whose conditions appeared the most favourable."

Les Soirées, pp. 20-21.

Section 1:

The Production of Security . - 1849.

Molinari's most original contribution to political and economic thought is his thesis that the market can provide more cheaply and more efficiently the service of police protection of life, liberty and property. Hitherto, this had been considered to be the monopoly of the state, and it was Molinari's insight that the laws of political economy could and should be applied to the management of state functions (1). His attempt to apply economic laws to the state lead him to conclude that the market could in fact replace the state monopoly of police as well as the provision of roads, lighting, garbage collection, sewerage and education. Molinari argued, in summary, that if the market was more efficient in providing people with shoes or bread then, for exactly the same reasons, it would be better to hand over all monopoly state functions to the market. Thus the argument is tacitly made that "proprietary anarchism" (2) is inherent in the logic of the free market and that consistency requires that one pursue the minimisation of state power to its logical conclusion, i.e., no government at all.

As far as it can be determined, Molinari's first efforts in applying the laws of political economy to the state were made

(1) "On s'était accoutumé à croire que les gouvernements, ayant à remplir une mission d'un caractère sublime, ne pouvaient rien avoir de commun, dans leur mode d'établissement et de fonctionnement, avec la multitude des autres entreprises, et l'on n'eut pas même l'idée que les règles qui s'appliquaient à celles-ci pussent également leur être applicables." Cours, Vol.2, pp. 515 and 521.

(2) It will be argued on pp. 80-83 that there are two main kinds of anarchist thought: "left wing" communism anarchism which denies the right of an individual to seek profit, charge rent or interest and to own property, and "right wing" proprietary anarchism, which denies the right of the state to exist because it defends the individual's right to property and to charge rents, interest and profit.

in a short essay printed in the Courrier français in July 1846 (3), in which he likened the state to a "grande compagnie d'assurances mutuelles". In his ideal state, individuals would only form a society in order to guarantee their security from outside threats. Only those who consent to "faire partie d'une société" (4) would become members of the association, only those who realised the benefits of organised society would be prepared to make the sacrifices necessary to sustain it. The individual members of the society would be required to "contribuer à l'entretien du gouvernement chargé par la société d'établir la sécurité au profit de tous".(5) However, it is unclear whether Molinari accepted the idea that consent should be available to individuals who now compose the society (one of the major arguments of the anarchists) or whether this 'act of incorporation' had taken place at one time in the past and was somehow binding on those living in the present. The latter thought seems to be implicit in this early essay and it would not be until he published his essay "De la production de la sécurité" in 1849 that he would take the major step of abandoning the binding nature of the original social contract.

In Molinari's future society "où rien ne viendrait troubler le libre emploi des facultés humaines" (6), each citizen would have an equal right to equal protection by the state but their contributions to the maintenance of the state would necessarily be unequal. Since each person's attributes and skills

(3) "Le droit électoral", Courrier français, 23 July 1846, reprinted in Questions d'économie politique, Section III, "La liberté de gouvernement II".

(4) ibid., p. 271.

(5) ibid.,

(6) ibid., p. 272.

were naturally different, the rewards that would come to them as a result of their labour would also be different. Each person would acquire differing quantities of property which the state would have to protect. Molinari thought that the expense of protecting property was proportional to the amount or value of the property to be protected: "il dépense pour la protection de chaque propriété une somme proportionnée à la valeur qu'il protège ou qu'il assure" (7). The problem that he faced was in determining how much each citizen should pay the state to protect him and his property given that each had an equal right to equal protection and the differing costs of providing that protection.

It was in order to solve this problem that Molinari compared the state to a mutual insurance company and the taxpaying citizens to "actionnaires". Thus, like any insurance company, each would contribute "au maintien de la société dans la proportion de la valeur de son action, dans la proportion de l'impôt qu'il paie" (8). The rights of the shareholder would be proportional to the amount of his initial capital investment and should include the right to exercise some control over its use;

"Dans toute association bien organisée, les droits d'un actionnaire sont proportionnels à la valeur de sa mise de fonds. Une mise de fonds représente en effet une certaine quantité de travail dont l'actionnaire se dessaisit volontairement, mais à la condition d'en diriger et d'en surveiller l'emploi. Si ce pouvoir de direction, de surveillance ne répondait pas à la mise de chacun, si, par exemple, les actionnaires dont la mise est égale à deux ne possédaient point un pouvoir de direction et de surveillance plus considérable que ceux dont la mise ne vaut que un, évidemment il y aurait injustice, inégalité; il y aurait d'une part diminution, et d'une autre part augmentation irrationnelle de droits ..." (9).

(7) "Le droit électoral", Courrier français, 23 July 1846, reprinted in Questions d'économie politique, Section III, "La liberté de gouvernement II".

(8) ibid.

(9) ibid.

Molinari concluded that electoral rights, "le droit de prendre part à la gestion des affaires de cette grande compagnie d'assurances mutuelles que l'on nomme une société" (10), also had to be proportional to property owned and taxes paid. The alternatives to this property requirement for participation in governing the state, which he considered "équitable et nécessaire" (11), were two. Either the lesser property owners were excluded from their fair (proportional) share in the management of the state thus allowing the rich to concentrate political power in their hands to the detriment of the weak; or if electoral rights were equal for all property owners, such as was the case in the United States of America, the more industrious would be "à la merci de la masse des incapables et des paresseux" and there would be "aucun respect des droits acquis, aucune protection efficace pour la vie et la propriété de chacun" (12). His scheme was designed to secure the "égalité de protection" from threats from above and below, a common theme of the free trade liberals who feared the oligarchy of the rich and powerful just as much as the unrestricted democracy of the mob.

What distinguished Molinari's criticism of democracy, the typical fear of the "déplaire au peuple [qui paralyserait] le libre exercice du droit des individus" (13), from that of a conservative, was his uncompromising defense of the liberty of the individual (14). In Molinari's eyes, the form of the government was not essential, rather it was the amount of liberty and the security of a person and property that a political system guaranteed

(10) "Le droit électoral", p. 273.

(11) ibid.

(12) ibid., pp. 273-74.

(13) ibid., p. 274.

(14) "Le vrai remède à tant de maux n'était autre que la liberté, la liberté illimitée et complète, la liberté dans toute la sphère où se déploie l'activité humaine", JDE, Vol.21, 1848, p. 64.

that determined how it should be judged (15). Without liberty for all, including the weak and poor, the powerful would seize the state for their own narrow interests and the result would be the perpetuation of inequality and the destruction of the equal right to protection.

"Sous l'empire d'un tel système, on sait ce qui arrive: les gros actionnaires, les censitaires pourvus du droit électoral, gouvernent la société uniquement à leur profit; les lois qui devraient protéger également tous les citoyens servent à grossir la propriété des forts actionnaires au détriment de la propriété des faibles; l'égalité politique est détruite." (16)

Few, if any, conservatives would be as concerned as Molinari for the protection of the property of the weak from the attacks of the rich. Such was his faith in the justice of the market that he even believed that only under a system of full liberty for all would the inequalities of nature begin to disappear and the condition of the masses improve;

"Quelles que fussent donc les inégalités particulières, inégalités que la généralisation du principe de liberté ferait au reste promptement disparaître, les droits des masses recevraient inévitablement par l'application de ce système une satisfaction sérieuse et immédiate, sans toutefois que les droits de la minorité aujourd'hui privilégiée se trouvassent sacrifiés." (17)

(15) "Je préfère les gouvernements issus de la souveraineté du peuple. Mais les républiques que vous nommez démocratiques ne sont pas le moins du monde l'expression vraie de la souveraineté du peuple. Ces gouvernements sont des monopoles étendus, des communismes. Or, la souveraineté du peuple est incompatible avec le monopole et le communisme ... /la souveraineté du peuple/ c'est le droit que possède tout homme de disposer librement de sa personne et de ses biens, de se gouverner lui-même." Les Soirées, p. 310.

(16) "Le droit électoral", p. 273.

(17) ibid., p. 275.

The inevitable consequence of subjecting state monopolies to the close scrutiny of political economy was to question the state's very right to have monopolies, even to question the right of the state to exist at all. Between the time he wrote "Le droit électoral" in 1846 and 1849, when the result of his enquiries into the nature of the state monopoly of protection was published in the Journal des Economistes, Molinari had been undergoing this revolution in his thought. Unfortunately, little is known about his activities during this period except for the fact that he had been giving some lectures at the Athénée royal de Paris in 1847 which were published in 1855 as his Cours d'Economie politique. In the Cours, Molinari deals at length with the problem of state monopolies and it is possible that he felt compelled to push political economy to its logical, anarchist limits as he organised his material for the introductory lectures at the Athénée royal. As he rethought the role of competition in the free market and the acknowledged weaknesses of state run enterprises, perhaps he was struck by the compelling logic that these universal, natural laws that govern economic behaviour should also apply to the state and its activities. The result was the historic 1849 essay "De la production de la sécurité".

So radical was Molinari's proposal that private, competitive insurance companies could and should replace the state for the provision of police protection of life and property, that the editor of the Journal des Economistes, Joseph Garnier, felt obliged to write a short defense of his decision to print the article. Although he criticised the article for "paraître empreint d'utopie dans ses conclusions", he praised the attempt to delineate more clearly the true functions of the state which "n'a encore été traitée que d'une manière accidentelle" (18). Few political theorists then, as now, were prepared to analyse the assumptions upon which their

(18) Note 1 to "De la production de la sécurité:", JDE, 1849, Vol. XXII, p. 277.

defense of the state rested. It is to the credit of the économistes that some of them at least were willing to do just that and this was recognised by Garnier. Those who "exagèrent la nature et les attributions du gouvernement" (19) had been challenged by Molinari to justify and defend their position and it is indeed unfortunate that more did not come to adopt his position. The reasons they gave for rejecting Molinari's views will be examined in more detail below but it should be noted here that they did not squarely face the questions posed by Molinari's radical challenge nor did they do justice to their own ideology.

Molinari opened his essay with the bold and radical division of society into 'natural' and 'artificial' components. Following in the tradition of the young Edmund Burke, William Godwin, and the early nineteenth century French liberals Charles Comte and Charles Dunoyer (20), Molinari viewed the state, or 'political society' as "organisées d'une manière purement factice par des législateurs primitifs". Once created, it could also be "modifiées par d'autres législateurs" as society progressed (21). The distinguishing feature of this society is that,

"le gouvernement joue un rôle considérable, car c'est au gouvernement, dépositaire du principe d'autorité, qu'incombe la tâche de modifier, de refaire journallement la société."(22)

This form of society is strikingly contrasted with 'natural society' which is "un fait purement naturel; comme la terre qui la supporte, elle se meurt en vertu des lois générales, préexistantes". These laws of society required no other science than political economy to be explained and it was the task of the économistes to describe the operation of this "organisme naturel de la société" (23).

(19) "De la production de la sécurité", note 1.

(20) See pp. 1-20 for the origins of Molinari's thought.

(21) "De la production de la sécurité", note 1.

(22) ibid. p.277.

(23) ibid.

Unlike 'political society', 'natural society' arose spontaneously from the needs of individuals, which could be better satisfied by combining into groups. Once in a group, the law of the division of labour began to operate as individuals chose tasks they were better able to fulfil than others. Exchanges of goods immediately followed and a network of voluntary relations were established as each individual pursued his self interest. Man is "essentiellement sociable" (24) because he realises that only in a group can he best satisfy some of his most pressing needs. One of these is the need for security, both from wild animals and from other human beings, and in response to this need came the "fondation d'établissements ayant pour objet de garantir à chacun la possession paisible de sa personne et ses biens" (25), to which is given the name of government. It was the fear of attack on their person or property that led men to organise themselves into societies and then to establish a government. Unfortunately, men erred when they allowed (either from ignorance of political economy or from physical weakness in the face of stronger, better-organised groups) the security business to be monopolised by one group or class. Men have suffered the consequences of this monopoly of government and, lacking a clear alternative, they "se résignent aux sacrifices les plus durs plutôt que de se passer de gouvernement, partant de sécurité, et l'on ne saurait dire qu'en agissant ainsi, ils calculent mal". (26).

Molinari believed that political economy provided an alternative to the sacrifices that men suffer under the expensive, inefficient and coercive government monopoly of security. He proceeded by stating

(24) "De la production de la sécurité", p.278.
 (25) ibid.
 (26) ibid., p. 279.

two "vérités" that had been established by political economy and deducing from this two conclusions about the function of government in a free society. If his conclusions followed from his "vérités", then his fellow économistes would be forced to accept his anarchism or reject two fundamental premises of their philosophy. The two truths were:

"Qu'en toutes choses, pour toutes les denrées servant à pourvoir à ses besoins matériels ou immatériels, le consommateur est intéressé à ce que le travail et l'échange demeurent libres, car la liberté du travail et de l'échange a pour résultat nécessaire et permanent d'abaisser au maximum le prix des choses."

"Que l'intérêt du consommateur d'une denrée quelconque doit toujours prévaloir sur l'intérêt du producteur." (27)

And from this he concluded that:

"Que la production de sécurité doit, dans l'intérêt des consommateurs de cette denrée immatérielle, demeurer soumise à la loi de la libre concurrence."

"Qu'aucun gouvernement ne devrait avoir le droit d'empêcher un autre gouvernement de s'établir concurrentement avec lui, ou d'obliger les consommateurs de sécurité de s'adresser exclusivement à lui pour cette denrée."(28)

(27) "De la production de la sécurité", p. 279.

(28) On the distinction between "matériel" and "immatériel" values, see C. Dunoyer, "Production", Dictionnaire, pp. 439-450, Cours, Vol.1, pp. 186ff; Dunoyer, De la liberté du travail, in Oeuvres de Ch. Dunoyer, (1886), Vol. 1, p. 592. "Immatériel" values did not have to be tangible objects, they could be services or skills. The advance made by J-B. Say and Dunoyer was to break away from the physiocratic view that only solid objects could have value. "De la production de la sécurité", p.279.

The first conclusion can be reduced to the statement that all "immatériel" or intangible commodities (29) should be subjected to the law of free competition. This is true because all so-called intangible commodities require the use of tangible objects for their production or maintenance. For example, security, even though the feeling of security is certainly intangible, it requires physical objects such as vehicles, buildings, uniforms, weapons and the feeding and clothing of the men employed in its provision. All of these commodities have a price on the free market and, as Molinari would argue, these can only be provided at the lowest price and highest quality in a society with free competition. Similarly, in the twentieth century, the Austrian economist, Ludwig von Mises, has argued that whenever the state monopolises an industry or even an entire economy (i.e. socialism), it destroys pricing arrangements and creates pockets of chaos. Prices indicate to the entrepreneur the state of supply and the intensity of consumer demand, information which no number of advisers, planning authorities and experts can satisfactorily supply. To the extent that the state prevents competition and pricing agreements from being freely reached, it prevents the rational allocation of resources and the desires of consumers from being met (30).

The second conclusion can be reduced to the statement that the government does not have the right to prevent any individuals from making any peaceful trade on the free market, nor does it have the right to force any individual to deal with itself or with anyone else not freely chosen by that individual. This is

(29) This is how J. Huston McCulloch translates "immatériel" in "The Production of Security", Centre for Libertarian Studies Occasional Paper 2, (May 1972, New York).

(30) Ludwig von Mises, "The Economics of a Socialist Community", Socialism: An Economic and Sociological Analysis, (London, 1969), pp. 111ff. Also Murray N. Rothbard, Man, Economy and State, (Los Angeles, 1970), pp. 825ff.

based on the belief that each individual has a natural right to the free use of his person and justly acquired property (31).

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- (31) "Si l'homme-souverain a le droit de disposer, en maître, de sa personne et de ses besoins, il a naturellement aussi le droit de les défendre. Il possède le droit de libre défense", Les Soirées, p. 310.

Molinari explained what he meant by individual and property sovereignty in L'Evolution politique, (1884): "L'homme s'approprie l'ensemble des éléments et des forces physiques et morales qui constituent son être. Cette appropriation est le résultat d'un travail de découverte ou de reconnaissance de ces éléments de ces forces, et de leur application à la satisfaction de ses besoins, autrement dit leur utilisation. C'est la propriété personnelle. L'homme s'approprie et se possède lui-même. Il s'approprie encore, - par un autre travail de découverte, d'occupation, de transformation et d'adaptation, - le sol, les matériaux et les forces du milieu où il vit, en tant qu'ils sont appropriables. C'est la propriété immobilière et mobilière. Ces éléments et ces agents qu'il s'est appropriés dans sa personne et dans le milieu ambiant, et qui constituent des valeurs, il agit continuellement, sous l'impulsion de son intérêt, pour les conserver et les accroître. Il les façonne, les transforme, les modifie ou les échange à son gré, suivant qu'il le juge utile. C'est la liberté. La propriété et la liberté sont les deux facteurs ou les deux composantes de la souveraineté.

Quel est l'intérêt de l'individu ? C'est d'être absolument propriétaire de sa personne et des choses qu'il s'est appropriées en dehors d'elle, et d'en pouvoir disposer à son gré; c'est de pouvoir travailler soit isolément, soit en associant librement ses forces et ses autres propriétés, en tout ou en partie, à celles d'autrui; c'est de pouvoir échanger, les produits qu'il tire de l'exploitation de sa propriété personnelle, immobilière ou mobilière, ou bien encore de les consommer ou de les conserver: c'est, en un mot, de posséder dans toute sa plénitude la 'souveraineté individuelle'.

Cependant l'individu n'est pas isolé. Il est perpétuellement en contact et en rapport avec d'autres individus. Sa propriété et sa liberté sont limitées par la propriété et la liberté d'autrui. Chaque souveraineté individuelle a ses frontières naturelles dans lesquelles elle s'exerce et qu'elle ne peut franchir sans empiéter sur d'autres souverainetés. Ces limites naturelles, il faut qu'elles soient reconnues et garanties, sinon les faibles se trouvent à la merci des forts et aucune société n'est possible. Tel est l'objet de l'industrie que nous avons nommée 'la production de la sécurité'

No person or group, therefore, can interfere in another individual's uncoercive activity nor can they deprive a person of property unless a crime has been committed against the person or property of another individual. If a group of individuals wish to associate for some purpose (for example, for the provision of security) until such time as they aggress against the person or property of another, the government has no right to prevent them.

Such were the startling conclusions that Molinari's rigorous logic reached. He even surprised himself and admitted that,

"je dois dire qu'on a, jusqu'à présent, reculé devant cette conséquence rigoureuse du principe de la libre concurrence." (32)

Molinari refused to accept any exceptions to the law of free competition and freedom to work and trade which he considered to be an "entière, absolue" right of the individual (33). If his colleagues refused to see the consistency of his position then they were not "économistes purs" (34) and it was their responsibility to demonstrate why the production of security should be the sole exception

(31) contd.

ou, pour nous servir de l'appellation habituelle, tel est l'objet du 'gouvernement'." pp. 394-95.

"La souveraineté réside dans la propriété de l'individu sur sa personne et ses biens et dans la liberté d'en disposer, impliquant le droit de garantir lui-même sa propriété et sa liberté ou de les faire garantir par autrui... Si un individu ou une collection d'individus use de sa souveraineté pour fonder un établissement destiné à pourvoir à la satisfaction d'un besoin quelconque, il a le droit de l'exploiter et de diriger suivant les impulsions de son intérêt, comme aussi de fixer à son gré le prix de ses produits ou de ses services. C'est le droit souverain du producteur. Mais ce droit est limité naturellement par celui des autres individus non moins souverains, considérés en leur double qualité de producteurs et de consommateurs." ibid., pp. 410-11.

(32) "De la production de la sécurité", p. 279.

(33) ibid.

(34) ibid., p. 280.

to their dearly held economic principles. Laissez-faire led a priori (35) to anarchism, Molinari claimed, and if this was to be rejected then some other method of organising the production of security would have to be found.

The two other possible alternatives, in Molinari's view, were monopoly or communism.

"Il n'y a pas, dans le monde, un seul établissement de l'industrie de la production de la sécurité, un seul gouvernement qui ne soit basé sur le monopole ou sur le communisme." (36)

Monopoly led inevitably to "la surtaxe abusive" and all monopolies, being maintained "nécessairement sur la force" (37), were therefore abhorrent to those who wished to see force reduced to a minimum in all human relations (38). When a single commodity was monopolised, whether by a privileged individual or group or by the community itself, partial communism was the result. If all commodities were monopolised, then complete communism was the result (39). Initially the government had been seized by "les races les plus fortes, les plus guerriers" and monopolised for their benefit. The only way they could have expanded their profits from this monopoly was to have expanded their market by conquest and seized more "consommateurs forcés" (40). Thus,

(35) "De la production de la sécurité", p. 280.

(36) ibid.

(37) ibid., p. 281.

(38) "L'homme ne demeure complètement souverain que sous un régime de pleine liberté. Tout monopole, tout privilège est une atteinte portée à sa souveraineté.", Les Soirées, p. 311. "L'école libérale dit: Détruisez les monopoles et les privilèges, restituez à l'homme son droit naturel d'exercer librement toute industrie et il jouira pleinement de sa souveraineté." ibid.

(39) "De la production de la sécurité", p. 282.

(40) ibid.

"La guerre était la conséquence nécessaire, inévitable de l'établissement du monopole de la sécurité ... et ce monopole devait engendrer tous les autres monopoles." (41)

Security began by being the preserve of a privileged minority, "une caste" (42), but under the pressure of the oppressed masses' demand for freedom, this monopoly was transformed into partial communism, a new monopoly ruled in the name of the masses. Thus gradually, with this important command post of the economy in the hands of vested interests, other sections of the economy became monopolised and communised by those who had the ear of the government. The monopoly of the use of force by the state is the means by which the other monopolies are maintained (43). The people are now faced with two choices, either to move towards "communisme complet ou liberté complète" (44). If communistic methods of production are more efficient than the market then all production, not just security, should be organised communally. If, on the other hand, the free market is better, then it would be better in all areas of production and should be extended to police, law courts and defense (45). As far as Molinari was concerned "le progrès consistera inévitablement à la production communiste remplacer par la production libre" (46).

(41) "De la production de la sécurité", p. 282.

(42) ibid., p. 284.

(43) "le communisme de la sécurité est la clef de voûte du vieux édifice de la servitude", Les Soirées, p. 318.

(44) "De la production de la sécurité", p. 284. This dichotomy is also maintained by the modern Austrian laissez-faire liberal Ludwig von Mises in his A Critique of Interventionism: Inquiries into the Economic Policy and Economic Ideology of the Present, translated by Hans F. Semholz, (New York, 1977, originally 1929).

(45) "Ou la liberté est préférable au communisme, et, dans ce cas, il faut rendre libres toutes les industries encore organisées en commun, aussi bien la justice et la police que l'enseignement, les cultes, les transports, la fabrication des tabacs, etc.", Les Soirées, p. 319.

(46) "De la production de la sécurité", p. 284.

Another problem for those who would like the government to maintain its monopoly is that of legitimacy. If people cannot conceive of how the market could provide security services, it is because they view society as an "oeuvre factice" (47) in which the government must constantly "modifier ou refaire la société" (48). In order to do this, the government must have more power than other groups in that society and this power is based on authority. The two most common ways of justifying this authority of the government have been the appeal to God or to the majority of the people. The former has suffered because of demystification. The people,

"en examinant, en raisonnant, ils ont découvert que leurs gouvernants ne les gouvernaient pas mieux qu'ils m'auraient pu le faire eux-mêmes, simples mortels sans communication avec la Providence." (49)

Popular sovereignty is questionable because it can 'legally' deprive a minority of its justly acquired property and so, in his eyes, it loses its moral claim to legitimacy (50). Molinari concluded that in all regimes "on obéit donc aux dépositaires de l'autorité

(47) "De la production de la sécurité", p. 287.

(48) ibid., p. 284.

(49) ibid., p. 286

(50) "/que/ la majorité des habitants ait le droit d'établir autant d'industries qu'il lui plaira, et d'obliger la minorité à contribuer aux dépenses de ses industries organisées en commun." Les Soirées, p.316. "Dans certains pays, le gouvernement de la majorité emploie une partie des deniers publics à protéger des propriétés essentiellement illégitimes et immorales. Aux Etats-Unis, par exemple, le gouvernement garantit aux planteurs du sud la propriété de leurs esclaves. Cependant, il y a aux Etats-Unis, des abolitionnistes qui considèrent, avec raison, l'esclavage comme un vol. N'importe! le mécanisme communautaire les oblige à contribuer de leurs deniers au maintien de cette espèce de vol." Les Soirées, pp.325-26.

qu'autant qu'on croit avoir intérêt à leur obéir" (51) and since in all regimes the interests of the governed are constantly being harmed by the privileges of the ruling caste the governors must ultimately resort to the hangman and the terror. In fact, whether a government is based on a simple monopoly of security or is organised along communist principles,

"Ces deux écoles, qui prennent pour point de départ l'organisation factice, aboutissent donc nécessairement au même terme, à la TERREUR." (52)

For Molinari, and all other anarchist theorists, the only legitimate form of authority is that which is based on the consent of all individuals (53). This form of consensual authority arises 'naturally' from society because men have,

"Un naturel instinct [qui] révèle à ces hommes que leur personne, la terre qu'ils occupent et cultivent, les fruits de leur travail, sont leur propriétés, et que nul, hors eux-mêmes, n'a le droit d'en disposer ou d'y toucher." (54)

From this natural instinct arises the necessity of an "industrie qui prévienne ou réprime ces agressions abusives de la force ou de la ruse" (55). Thus, a man or a group of men, would form a business which would seek customers willing to pay for the protection of their person and property. This would occur for two reasons.

(51) "De la production de la sécurité", p. 287.

(52) ibid.

(53) Molinari wanted "des gouvernements dont je puisse, au grè de ma volonté individuelle, accepter ou refuser les services." Les Soirées, p. 305.

(54) "De la production de la sécurité", p. 288.

(55) ibid.

Firstly, property ownership is a natural instinct of man and its protection is one of man's greatest needs, thus people would be willing to pay for it. Secondly, the self interest of the businessman who sees a profit opportunity in the provision of security would take steps to attract customers by offering the best possible service for the lowest price (56).

Once established, these defense agencies would compete for customers and before any agreement is reached the potential customer would do the following things. He would determine whether the "producteur de sécurité" (57) had the ability to provide the services the consumers wanted; he would seek guarantees that the business was reputable and would not aggress against him instead of defending him against aggression; he would examine the offers of the other defense agencies to see whether they offered the same service at a better price or whether they offered a better service at the same price. Molinari believed that the terms offered by the various defense agencies would probably include the following conditions:

a) "garantir aux consommateurs pleine sécurité pour leurs personnes et leurs propriétés, et, en cas de dommage, de leur distribuer une prime proportionnée à la perte subie";

b) "Que le producteur établisse certaines peines contre les offenseurs des personnes et les varisseurs des propriétés, et que les consommateurs acceptent de se soumettre à ces peines, au cas où ils commettraient eux-mêmes des services contre les personnes et les propriétés";

(56) "D'un autre côté, tous les propriétaires indistinctement n'ont-ils pas besoin de sécurité et de justice? Tous ne sont-ils pas disposés, en conséquence, à s'imposer des sacrifices à ce besoin urgent, surtout s'ils sont impuissants à y satisfaire eux-mêmes ou s'ils ne le peuvent à moins de dépenser beaucoup de temps et d'argent?"

Or s'il y a d'un côté des hommes propres à pourvoir à un besoin de la société, d'un autre côté, des hommes disposés à s'imposer des sacrifices pour obtenir la satisfaction de ce besoin, ne suffit-il pas de laisser faire les uns et les autres pour que la denrée demandée, matérielle ou immatérielle, se produise, et que le besoin soit satisfait?", Les Soirées, p.328.

(57) "De la production de la sécurité", p. 288.

c) "Qu'il impose aux consommateurs certaines gênes, ayant pour objet de lui faciliter la découverte des auteurs de délits";

d) "Qu'il perçoive régulièrement, pour couvrir ses frais de production ainsi que le bénéfice naturel de son industrie, une certaine prime, variable selon la situation des consommateurs, les occupations particulières auxquelles ils se livrent, l'étendue, la valeur et la nature de leurs propriétés" (58).

Therefore, in Molinari's future society, the defense agency takes on some of the functions of an insurance company (59). It levies a premium determined by the value of the property to be insured, recompenses the person insured for any possible loss, and takes steps to ensure that its insurance payments are kept to a minimum. The latter is a police and security guard function which flows naturally from the business of insurance. To reduce payments for stolen or damaged property, the insurance company would ensure that regular patrols were made by security guards to discourage thieves and that every effort was made to catch thieves in order to recover stolen property.

Unlike the monopoly of the state which forces consumers to pay for police protection whether they want to or not, the contracts agreed upon by the individual defense agencies and their clients would be voluntary and would not involve the use of force or the threat of its use. Like any other business, the consumer would have the right to patronise or not to patronise any defense agency as he saw fit;

"Si ces conditions, nécessaires à l'exercice de cette industrie, conviennent aux consommateurs, le marché sera conclu; sinon les consommateurs ou se passeront de sécurité,

(58) ibid.

(59) "ces compagnies d'assurances sur la propriété", Les Soirées, p. 331.

ou s'adresseront à un autre producteur." (60)

If the defense agency raised its prices or did not provide an adequate service, the disappointed consumers "toujours auront la faculté de donner leur clientèle à un nouvel entrepreneur, ou à l'entrepreneur voisin." (61) Competition between the agencies to increase or maintain the number of their clients would ensure that protection was provided "du bon marché ou d'une justice plus prompte" (62), thus avoiding the evils of the state monopoly, viz. arbitrary justice and bad management, high prices for poor service, and the constant battle of factions to secure the privileges that the state has at its disposal.

With the power of the state dissolved there would now be no mechanism for the central control of the economy, no 'broker of privilege and monopoly' and hence no need for war. War is an activity that takes place between states, with their organised armies, conscripted troops, and tax supported military expenditure. Where there is "la liberté du gouvernement" (63), there is no defense agency with a monopoly of power to provoke war. War in fact would become unprofitable because no agency would want to risk the heavy insurance

(60) ibid., p. 288.

See "La concurrence qui s'établissait alors entre les différentes cours, améliorerait la justice et la rendait moins chère. Adam Smith attribue à cette cause les progrès de l'administration de la justice en Angleterre", Les Soirées, p. 320. Molinari then quoted Wealth of Nations, Book V, Chapter 1.

(61) "De la production de la sécurité", p. 289. "Dans leurs les compagnies d'assurances sur la propriété elles circonscriptiions elles ne pourraient néanmoins opprimer ni exploiter leurs clients, sous peine de voir surgir instantanément des concurrences", Les Soirées, pp. 331-32.

(62) ibid., 289

(63) ibid., p. 290.

payments that the destruction of property in a war would cause (64). If a renegade defense agency tried to seek a monopoly, and thus become a state, the consumers "appelleraient immédiatement à leur aide tous les consommateurs libres que menacerait comme eux cette agression, et ils en feraient justice." (65) The renegade agency would have to conquer each separate company that was in the protection industry. Unlike warfare between states, there would not be a single institution which could be seized to take over the nation and thus any attempt to become a monopoly would be prohibitively expensive. The consumers would benefit from the fact that the production of security was decentralised because it would be more responsive to local and individual needs and this decentralisation would be a considerable barrier to any attempt to reestablish the state. Complete liberty to compete in the protection industry would be the precondition for peace (66) and when this has been

(64) "Sous ce régime, les gouvernements ne peuvent rien gagner par la guerre; ils peuvent, au contraire, tout perdre. Quel intérêt auraient-ils à entreprendre une guerre? serait-ce pour augmenter leur clientèle? Mais, les consommateurs de sécurité étant libres de se faire gouverner à leur guise, échapperaient aux conquérants. Si ceux-ci voulaient leur imposer leur domination, après avoir détruit le gouvernement existant, les opprimés réclameraient aussitôt le secours de tous les peuples... .

Les guerres de compagnie à compagnie ne se feraient d'ailleurs qu'autant que les actionnaires voudraient en avancer les frais. Or, la guerre ne pouvant plus rapporter à personne une augmentation de clientèle, puisque les consommateurs ne se laisseraient plus conquérir, les frais de guerre ne seraient évidemment plus couverts. Qui donc voudrait encore les avancer?", Les Soirées, pp. 333-34.

(65) "Ils s'uniraient à leur tour, et comme ils possèdent des moyens de communication que n'avaient pas leurs ancêtres, comme ils sont cent fois plus nombreux que leurs vieux dominateurs, la sainte-alliance des aristocraties [the would-be monopolists] serait bientôt anéantie. Nul ne serait plus tenté alors, je vous jure, de constituer un monopole", Les Soirées, p. 332.

(66) "Mais de même que la guerre est inévitable sous un régime de monopole, la paix est inévitable sous un régime de libre gouvernement", Les Soirées, p. 333.

achieved "la situation des différents membres de la société deviendra la meilleure possible". (67)

Molinari believed that the defense agencies would limit themselves to a particular geographic area in order to provide the best service to their clients. This did not mean that each company had a monopoly within a given area but rather reflected the problems of transportation and communication in mid-nineteenth century Europe. As railways, telegraphs and roads improved, there was no theoretical reason why the clients of any company could not be quite widely dispersed geographically (68). If it were possible then the market would find the most efficient and profitable way of doing it (69), provided of course that all artificial restrictions were eliminated.

These ideas were expanded into a chapter of his remarkable book Les Soirées de la rue Saint-Lazare which was published in 1849. He revealed later that his reason for writing the book and for founding the Economiste belge was to demonstrate "des nuisances de l'intervention gouvernementale" (70). In the "Onzième Soirée", he endeavoured to explain how his system of "absolue propriété et de pleine liberté économique" (71) would operate. Although he repeated his main arguments from the article, he also added some important new material on compulsory jury service; how private competitive defense agencies would operate, how foreign invasions might be dealt with, how the government debt might be reduced and whether nationalism would survive the transition to anarchism.

(67) "De la production de la sécurité", p. 290.

(68) Or even be quite large, "De vastes compagnies ...", Les Soirées, p. 330.

(69) "Cette industrie étant libre on verrait se constituer autant de compagnies qu'il pourrait s'en former utilement. S'il y en avait trop peu, si, par conséquent, le prix de la sécurité était surélevé, on trouverait profit à en former de nouvelles; s'il y en avait trop, les compagnies surabondantes ne tarderaient pas à se dissoudre. Le prix de la sécurité serait, de la sorte, toujours ramené au niveau des frais de production.", Les Soirées, p. 331.

(70) Cours, Vol. 2, p. 552.

(71) Les Soirées, p. 303.

Molinari condemned the jury system for three reasons: it was compulsory and hence violated the individual's right to liberty; it was inefficient because it used amateurs when full-time professionals were required; and it was likely to be biased politically.

"En effet, on ne se contente pas d'obliger les contribuables à payer les frais de la justice, on les oblige aussi à remplir les fonctions de juges. C'est du communisme pur ... Dans les causes politiques, le jury n'a-t-il pas coutume de prononcer selon la couleur de son opinion, blanc ou rouge, plutôt que selon la justice?" (72)

In the market, on the other hand, the division of labour and the law of competition ensured that only those most capable succeeded. He thought that it was inevitable that competent individuals would emerge to act as judges, lawyers and policemen without the state, or any other institution, having to resort to the lottery of the jury system:

"au sein de la société, il y a des hommes spécialement propres, les uns à juger les différends qui surviennent entre les propriétaires et à apprécier les délits commis contre la propriété, les autres à défendre la propriété des personnes et des choses contre les agressions de la violence et de la ruse ... et des hommes que leurs aptitudes naturelles rendent spécialement propres à être juges, gendarmes et soldats." (73)

To assume the contrary would imply that the market could not provide skilled bakers, cobblers, grocers or doctors, an assumption no laissez-faire économiste was prepared to make.

(72) Les Soirées, pp. 322-24.

(73) ibid., pp. 327-28.

A major problem faced by the political economist is that he cannot predict with certainty the shape or composition of the future free society. Since men would be free to act in any non-aggressive manner they chose, the économiste could not know before hand what these free entities would do. Unlike the socialist, who can guarantee that the government or the community would 'plan', 'organise' and 'control' the economy, the économiste had no blue print for the future. All that he could do is describe the laws that govern human economic behaviour and leave open the question of what specific institutions would arise to satisfy the needs of consumers. Molinari was well aware of the limitation that this placed on the political economist but he was confident that he had understood the natural laws of the market correctly and that his broad projections into the future were fundamentally correct. Thus,

"L'économie politique peut dire: si tel besoin existe, il sera satisfait, et il le sera mieux sous un régime d'entière liberté que sous tout autre. A cette règle, aucune exception! mais comment s'organisera cette industrie, quels seront ses procédés techniques, voilà ce que l'économie politique ne saurait dire." (74)

He believed that even with just one year's preparation the market would be able to provide a full range of services; such as judges, soldiers and police (75). To those who would scoff at the possibility of this revolution being achieved at all, let alone

(74) Les Soirées, p. 329.

(75) "Je prétends donc que si une communauté déclarait renoncer, au bout d'un certain délai, un an par exemple, à salarier des juges, des soldats et des gendarmes, au bout de l'année cette communauté n'en posséderait pas moins des tribunaux et des gouvernements prêts à fonctionner; et j'ajoute que si, sous ce nouveau régime, chacun conservait le droit d'exercer librement ces deux industries et d'en acheter librement les services, la sécurité serait produite le plus économiquement et le mieux possible." ibid., p.329.

in one year, Molinari compared the present with the tightly controlled economy of the medieval community. If one had described to a medieval guildsman the massive growth that would take place in industry, the cheapening of prices and the increase in the number and quality of goods available on the market, once the medieval restrictions had been cast aside by the industrial revolution, his response would have been one of disbelief. Such a concept is beyond his understanding. Similarly with the production of security. What is inconceivable today, the market, if left alone, would supply tomorrow (76).

Molinari also expanded his description of how an insurance company might operate in a totally free and competitive society. To ensure the security of the entire community it is most likely that the various companies would cooperate in a similar way to that of the different contemporary security forces. The local, provincial and national forces cooperated to catch criminals and the private companies would do likewise because it would be in their economic interest to do so. They would set up common facilities and perhaps share information on criminals because this would lower their costs and provide better security, thus attracting more customers to their businesses (77).

(76) "Si quelqu'un était venu dire alors qu'à la place des malingres et chétives industries des corporations, la liberté mettrait un jour d'immenses manufactures fournissant des produits moins chers et plus parfaits, on eût traité ce rêveur de la belle manière. Les conservateurs du temps auraient juré leurs grands dieux que cela ne se pouvait concevoir.", Les Soirées, p. 330.

(77) "Elles s'entendraient comme s'entendent aujourd'hui les gouvernements monopoleurs et communistes, parce qu'elles auraient intérêt à s'entendre. Plus, en effet, elles se donneraient de facilités mutuelles pour saisir les voleurs et les assassins, et plus elles diminueraient leurs frais." ibid., p. 331.

If threatened by an external invasion it would be the companies and their clients who would be directly threatened with the destruction of their property and the loss of their lives. Thus, they would again cooperate in the defense of their mutual interests. Molinari suggested that the companies would ask their clients for an additional premium to cover the costs of the extraordinary defense measures. If this was refused by their clients this would indicate that they would prefer to run the risk of the invasion than pay the extra premium. They would be exercising their rights as free individuals to determine in what manner their property was to be used and what risks they were prepared to accept; rights which are not granted in a society where a military and political elite determined how taxpayers' money was spent. If those insured, however, considered the risks great enough to threaten them, they would willingly pay the additional amount and the companies would then find sufficient funds to take extra precautions. In the fully free society of the future, the risks of inter-state war would no longer exist because Molinari believed that the leviathan state monopolies would gradually dissolve into competing, free-market insurance companies. Standing armies would also disappear because they would be too expensive to maintain without conscription and taxation. War, as we know it, would no longer exist (78).

(78) "Quel serait l'intérêt des compagnies? Ce serait de repousser les envahisseurs, car elles seraient les premières victimes de l'invasion. Elles s'entendraient donc pour les repousser et elles demanderaient à leurs assurés un supplément de prime pour les préserver de ce danger nouveau. Si les assurés préféraient courir les risques de l'invasion, ils refuseraient ce supplément de prime; sinon, ils le payeraient, et ils mettraient ainsi les compagnies en mesure de parer au danger de l'invasion.", Les Soirées, p. 333;

"Je conclus de là que la guerre serait matériellement impossible sous ce régime, car aucune guerre ne se peut faire sans une avance de fonds", ibid., p. 334.

As for the problems of the transition period from "les gouvernements monopoleurs ou communistes /aux/ gouvernements libres" (79), many of these could be solved by the sale of government property such as roads, canals, rivers, forests, buildings and equipment from the public service. For example, the public debt could be completely paid off, Molinari believed, because the assessed value of all publicly owned property in France was greater than the value of the debt. The sale of this property would not only help to transfer it to private ownership but would also wind up the state's financial liabilities in an orderly fashion (80).

State coercion also prevented a true feeling of national identity from forming. Most nations were "informes agglomérations de peuples que la violence a formées, que la violence seule maintient le plus souvent" (81) and were torn apart by the legitimate efforts of these suppressed groups to form their own governments and determine their own futures, free from the political intervention of a ruling class, often of a different nationality. The concepts of 'nation' and 'government', Molinari warned, should not be confused. A nation could exist because of common customs, language, heritage and civilisation and it was irrelevant how many 'governments' or defense companies there were within this nation. As long as these companies did not erect artificial barriers that restricted trade or the movement of people and did not engage in hostilities with each other, the people of this nation would be free to enjoy their common

(79) Les Soirées, p. 335.

(80) "Pensez-vous qu'en vendant toutes les propriétés aujourd'hui communes, routes, canaux, rivières, forêts, bâtiments servant à toutes les administrations communes, matériel de tous les services communs, on ne réussirait pas aisément à rembourser le capital de la dette? Ce capital ne dépasse pas six milliards. La valeur des propriétés communes en France s'élève, à coup sur, bien au delà." , ibid., p. 335.

(81) ibid., p. 335.

heritage or customs. Monopoly governments, on the contrary, had divided national groups in order to more easily rule them, using the principle of "diviser pour régner" (82). In a society where there was "liberté de gouvernement" a nation would willingly accept a plurality of defense agencies just as it accepted the usefulness of more than one bank, one school system, one church and one grocer's shop (83). Such a system would also see the multiplication of voluntary ties connecting all national groups and would do much to reduce international tension and misunderstanding.

(82) Les Soirées, p. 336.

(83) "l'instinct de la nationalité réagira contre ce morcellement barbare et cet antagonisme factice imposés à un même peuple, et les fractions désunies de ce peuple tendront incessamment à se rapprocher."; "Que la diversité des gouvernements cesse d'entraîner la séparation, le morcellement des peuples, et vous verrez la même nationalité en accepter volontiers plusieurs. Un seul gouvernement n'est pas plus nécessaire pour constituer l'unité d'un peuple, qu'une seule banque, un seul établissement d'éducation, un seul culte, un seul magasin d'épiciers, etc." ibid., p. 336.

Section 2:

Sole Defender of Free Market Justice - The Société
d'Economie politique debate

Molinari's radical extension of the liberal philosophy was not well received by his colleagues in the Société d'Economie politique. Its meeting of the 10th October, 1849, was devoted to an examination and discussion of the ideas contained in Molinari's essay on the "production of security". More specifically they were concerned with the question of whether "le gouvernement peut être soumis au principe de la libre concurrence". (84) The general consensus was that Molinari had gone to extremes in subjecting the state to such a rigorous economic analysis, that the state had to have an unquestioned "autorité suprême"(85), as Charles Coquelin put it, in order to provide justice and security. Bastiat also believed that only a "pouvoir suprême" had a right to use force, and thus only a state with a monopoly of this power had the right to enforce the laws (86). He could not conceive of any system without a single and superior body which would have a monopoly of the use of force. Charles Dunoyer, who thought that Molinari "s'était laissé égarer par des illusions de logique"(87), believed that competing defense agencies would only lead to "des luttes violentes". To avoid this it would be more prudent to "laisser la force là où la civilisation l'a mise, dans l'Etat" (88), a truly amazing statement

(84) Journal des Economistes, Vol.XXIV, 1849, p.315; a summary of the debate was printed with Molinari's essay "De la production de la sécurité" in Questions, p. 269.

(85) Questions, ibid.

(86) ibid.

(87) ibid., p. 270.

(88) ibid., p. 270.

coming from an économiste supposedly devoted to reducing the power of the state and eliminating the injustices of economic privilege. He further argued that political competition already existed in France in the form of competing political parties and the voting system,

"En France, par exemple, tous les partis se font une véritable concurrence, et chacun d'eux offre ses services au public, qui choisit bien réellement toutes les fois qu'il vote au scrutin." (89)

This was by no means the competition that Molinari envisaged, where the state still levied compulsory taxes, prohibited any real 'competition' with its monopoly and disposed of stolen "tax" money and privileges through the voting system. In another context, the individualist anarchist, Lysander Spooner, criticised the false freedom offered by the voting system:

"In truth, in the case of individuals, their actual voting is not to be taken as proof of consent, even for the time being. On the contrary, it is to be considered that, without his consent having been asked a man finds himself environed by a government that he cannot resist; a government that forces him to pay money, render service, and forego the exercise of many of his natural rights, under peril of weighty punishments. He sees, too, that other men practice this tyranny over him by the use of the ballot. He sees further, that, if he will but use the ballot himself, he has some chance of relieving himself from this tyranny of others, by subjecting them to his own. In short, he finds himself, without his consent, so situated that, if he use the ballot, he may become a master; if he does not use it, he must become a slave. And he has no other alternative than these two. In self-defence, he attempts the former. His case is analogous to that of a man who has been forced into battle, where he must either kill others, or be killed himself.

(89) Questions, p. 270. See also Edgar Allix, "La déformation de l'économie politique libérale après J.B.Say: Charles Dunoyer" Revue d'Histoire des Doctrines économiques et sociales, 1911, on the gradual compromises made by Dunoyer in his radical anti-statism of the Restoration period. Allix believed that Dunoyer's liberalism was formed in opposition and deformed once Dunoyer was elected to office.

Because, to save his own life in battle, a man attempts to take the lives of his opponents, it is not to be inferred that the battle is one of his own choosing. Neither in contests with the ballot - which is a mere substitute for the bullet - because, as his only chance of self-preservation, a man uses a ballot, is it to be inferred that the contest is one into which he voluntarily entered; that he voluntarily set up all his own natural rights, as a stake against those of others, to be lost or won by the mere power of numbers. On the contrary, it is to be considered that, in an exigency into which he had been forced by others, and in which no other means of self-defence offered, as a matter of necessity, used the only one that was left to him.

Doubtless the most miserable of men, under the most oppressive government in the world, if allowed the ballot, would use it, if they could see any chance of thereby meliorating their condition. But it would not, therefore, be a legitimate inference that the government itself, that crushes them, was one which they had voluntarily set up, or even consented to." (90)

Molinari's great insight was to see that only on the free and competitive market could the individual enter into arrangements that were truly contractual and to which he gave his uncoerced consent. His free market insurance companies were the only means of providing security that depended on the completely uncoerced consent of all parties concerned; that did not rest on exploitive taxation or the lottery of the voting process.

His critics in the Société did not deal with the problem of consent nor with the consistency with which Molinari used the principles of political economy. Instead they feared that Molinari's radical ideas would become propaganda in the hands of the socialists and thus be used eventually against the more moderate liberals in the Société. Bastiat quite openly said his ideas would be

(90) Lysander Spooner, No Treason: The Constitution of No Authority, 1867, No.2, quoted in No Treason, (1870, No.6), p. 15, in James J. Martin edition, 1973, (Colorado Springs, Libertarian Broad-sides, No. 5).

"une propagande utile et efficace en présence du socialisme qui se manifeste partout, même dans l'esprit de ceux qui voudraient le combattre." (91)

Charles Coquelin was equally concerned that these "opinions excentriques" would be seen to be the opinions of all the économistes, especially since Molinari used the dialogue form in Les Soirées in which the Economiste argued for Molinari's ideas against his antagonists the Socialiste and the Conservateur (92).

The more moderate économistes, such as Coquelin, Bastiat, Dunoyer (93), conceived of a more active role for the state in the economy than Molinari was prepared to grant it. For example, Dunoyer, in his article on government in the Dictionnaire, which was compiled soon after the Société debate on Molinari's ideas, attributed a major positive role to the state. Basing his ideas on those of Adam Smith, he attributed to the state the task of providing internal and external security as well as all those

"public works and certain public institutions, which it can never be for the interest of any individual, or small number of individuals, to erect and maintain; because the profit could never repay the expense to any individual or small number of individuals, though it may frequently do much more than repay it to a great society." (94)

Dunoyer's view of the state, as a "producteur de sociabilité" (95), gave it virtually unlimited powers to interfere in the economy and in the private lives of individuals. For him,

(91) Questions, p. 269.

(92) Extract of Coquelin's review of Les Soirées initially printed in JDE and reprinted in Dictionnaire, p. 197, Vol. 2.

(93) Coquelin, "Etat", Dictionnaire, Vol. 1, p. 733; Bastiat's pamphlet, L'Etat (1849) from which Coquelin quotes extensively.

(94) Adam Smith, Wealth of Nations, Book iv, Chapter 9.

(95) "Government", Dictionnaire, Vol. 1, p. 837.

"le gouvernement est essentiellement du nombre des arts qui agissent directement sur les hommes, à la différence de ceux qui dirigent leur activité sur la nature matérielle, et qui développent en eux ces ordres si nombreux et si divers de sentiments, de forces, de facultés, de talents, d'aptitudes, d'habitudes, qui leur sont indispensables pour remplir leur destination, et sans la participation desquels nulle production ne leur serait possible. Sa tâche particulière, dans ce travail commun, est d'apprendre aux hommes à bien vivre entre eux, à mettre dans leurs rapports les plus essentiels de la justice et de la mesure. Nous dirons, si l'on veut nous permettre ce langage, qu'il est producteur de sociabilité de bonnes habitudes civiles: c'est là le fruit particulier de son art et de son travail; et il concourt à la production générale en introduisant dans l'immense laboratoire qui constitue la société, cet ingrédient précieux des bonnes relations, de la justice dans les relations, sans lesquelles rien ne serait possible, tout se verrait immédiatement arrêté, et qui font de l'art qui les produit le plus important peut-être de ceux qu'embrasse l'économie de la société." (96)

Without a powerful central state, this production of 'sociabilité' would be impossible to achieve and individuals would be free instead to pursue their own, perhaps 'anti-social' self-interest (97); thus Molinari's views seemed to the moderate liberals in the Société to be closer to socialism or anarchism than to the liberalism with which they were familiar. Only A. Clément was prepared to support Molinari's radical anti-étatisme in his article on security in the Dictionnaire. Although finally siding with the

(96) "Gouvernement", Dictionnaire, p. 837.

(97) "Une certaine philosophie, à notre avis très proche parente du socialisme, a souvent et très amèrement observé que ce soin de faire naître ou d'entretenir la sécurité au sein des populations, en respectant d'ailleurs leur liberté, soin que l'économie politique présentait comme le devoir le plus capital, sinon comme le devoir exclusif et unique des gouvernements, leur créait des attributions infiniment trop restreintes." ibid., p. 840.

state monopolists, he agreed with Molinari that the "classes parasites" had been able to seize political power and that

"La violence et la fraude ont été le plus ordinairement les premiers fondements de leur puissance, et pendant longtemps leur domination a moins eu pour objet la protection de tous les droits fondés sur le travail et l'épargne, que la spoliation des travailleurs au profit des classes dominantes." (98)

Molinari was able to reply to his critics in his article "Nations" in the Dictionnaire. He again criticised the économistes who continued to exaggerate the size and power of the state, calling this an "erreur si désastreuse" (99). Governments which did more than provide security were described as 'ulcers'. To counter the charge of being an anarchist, he claimed that "l'économie politique sainement entendue ne conduit pas à la suppression des gouvernements qu'elle n'aboutit à la destruction des nationalités" (100). Only if men were angels would the need for some form of government disappear entirely, he argued. Precisely because of the acute need for protection, the 'government' should do nothing else but protect life, liberty and property and refrain from any other activity completely. It should also be subject of the "mêmes pratiques de scrupuleuse économie dont l'application est de règle dans l'industrie privée" (101).

Much of the disagreement between Molinari and the moderates in the Société came from a confusion over the use of the concepts 'anarchism' and 'government'. As Molinari explained in his article on the "Nation", he distinguished between governments which overstepped their limits and governments which fulfilled their natural function of providing security. To the former, he gave the name 'State' and, to the latter, 'government' (102). Molinari wished

(98) "Sécurité", Dictionnaire, p. 604.

(99) "Nations", ibid., p. 261.

(100) ibid., p. 261.

(101) ibid.,

(102) A similar distinction was made by the 20th century anarchist thinker Albert Jay Nock in Our Enemy the State, (1935, Free Life Editions, N.Y., 1973), p. 19.

to eliminate the State and to remove the monopoly of the existing government and allow competing insurance companies to supply this need on the free market. These insurance companies were still called 'governments' even though they did not have a monopoly within a given geographical area. Thus confusion arose over the ambiguous use of 'State' and 'government'. To anarchists such as Proudhon, the state and the government were distinguished by their monopoly of force within a given area, whereas anarchy "is the absence of a ruler or a sovereign" (103) and a situation of "NO MORE GOVERNMENT" (104). Molinari would have agreed with Proudhon's view that the ideal political formation would be one of "self-government", a term that Molinari was to adopt in his Cours:

"I have already mentioned ANARCHY, or the government of each man by himself - or, as the English say, self-government - as being one example of the liberal regime. Since the expression "anarchical government" is a contradiction in terms, the system itself seems to be impossible and the idea absurd. However, it is only language that needs to be criticised. The notion of anarchy in politics is just as rational and positive as any other. It means that once industrial functions have taken over from political functions, then business transactions and exchange alone produce the social order. In these conditions each man could call himself his own master, which is the very opposite of constitutional monarchy." (105)

In this respect Molinari was just as much an anarchist as Proudhon. Both wanted to see an end to all government monopolies; both wanted to see men become self-governing; both wanted the market to take over all government functions. Their differences in these matters were merely semantic.

(103) "Memoir," 1840, in Selected Writings of Pierre-Joseph Proudhon, (ed.) Stewart Edwards, (London, 1970), p. 89.

(104) "General Idea of Revolution in the 19th Century," in ibid., p.98.

(105) "The Federal Principle," 1863, in ibid., p. 91.

However, their differences in economic theory were considerable and it is probably for this reason that Molinari refused to call himself an anarchist, in spite of their many similarities in political theory. Molinari refused to accept the socialist economic ideas of Proudhon, especially his support for the right to work, the right to revolt, the illegitimacy of lending at interest and the centralisation of credit (106). Thus, in Molinari's mind, the term 'anarchist' was intimately linked with socialist and statist economic views. The left wing anarchists, Molinari believed, were not only mistaken in their economic views but also in their understanding of human nature. A common belief of the communist anarchists was that in the future stateless society it would not be necessary to have any police or protection agencies. This would happen for two reasons. Firstly, private property would disappear thus making crimes against property impossible. Secondly, public pressure would replace the need for police, prisons and courts, this opinion having been first conditioned by the new conditions of a fully free society. For example, Proudhon explained that,

"Anarchy is, if I may be permitted to put it this way, a form of government or constitution in which public and private consciousness, formed through the development of science and law, is alone sufficient to maintain order and guarantee all liberties. In it, as a consequence, the institutions of the police, preventive and repressive methods, officialdom, taxation, etc., are reduced to a minimum. In it, more especially, the forms of monarchy and intensive centralisation disappear, to be replaced by federal institutions and a pattern of life based on the commune." (107)

(106) "M. Proudhon et M. Thiers", JDE, Vol.21, 1848, p.72.

(107) "Correspondence," 1864, in Selected Writings, p.92.

These ideas were foreign to a thinker who believed that only angels could live without a 'government' and that property was a natural right of all individuals. Molinari had, in fact, vastly improved the power of the anarchist argument by using the theory of political economy to describe how free market 'governments' could work. Instead of lamely arguing, as did Proudhon, Bakunin and Kropotkin, that there would no longer be any need for police, Molinari was the first to develop a theory of free market, proprietary anarchism that extended the laws of the market and a rigorous defense of property to its logical extreme, thus explaining how such a society could function by extrapolating from economic phenomena which were occurring in the present.

In spite of his protestations to the contrary, Molinari should be considered an anarchist thinker. His attack on the state's monopoly of defense must surely warrant the description of anarchism. His reluctance in accepting this label stemmed from the fact that the socialists had used it first to describe a form of non-statist society that Molinari definitely opposed. Like many original thinkers, Molinari had to use the concepts developed by others to describe his theories. In his case, he had come to the same political conclusions as the communist anarchists although he had been working within the liberal tradition and it is therefore not surprising that the terms used by the two schools were not compatible. It would not be until the latter half of the twentieth century that radical free trade liberals would use the word 'anarchist' to describe their beliefs (108).

(108) Especially Murray N. Rothbard in his Power and Market, Government and the Economy, (IHS, Menlo Park, Calif., 1970) and For a New Liberty: The Libertarian Manifesto, (Collier, 1978). See page 117. These "radical free trade liberals" adopted the name "libertarian" in order to escape the unfortunate connotations of the word "liberal", which had undergone a profound change in meaning in the twentieth century. It no longer meant a desire to considerably reduce the size and power of the state

Section 3:

The political economy of 'ulcerous' government

Molinari returned to the idea of the 'production of security' in his book based on his lectures at the Musée royal. The final chapter was devoted to an examination of "Les Consommations publiques" where he introduced for the first time two ideas which he was to study at length in his later works: the notion of "la tutelle" and that the history of society is divided into three stages through which it must pass as it evolves into its final form - "les régimes de la communauté, du monopole et de la concurrence". It was his desire to explain the "discordance qui se manifeste de nos jours entre l'état des gouvernements et celui des autres branches de l'activité sociale" (109) that led him to examine the stages through which society had progressed.

The first stage, that of "la communauté", had been the coming together of groups of families to provide for their common defense and other "services publics" such as roads, bridges, wells. Organised as a tribe or a commune, in this early stage of society's history, the government's function had been quite extensive. It had prevented "nuisances sociales" from harming the community by enforcing custom. Thus

"le gouvernement ... est chargé de faire observer ces coutumes indispensables au maintien et au progrès de la communauté" (110).

(108) contd.

but now embraced a variant of welfare state socialism. The intellectual confusion caused by this fundamental change in meaning is revealed by the many attempts to qualify the term liberal with an appropriate adjective; such as "real" liberal, "radical" liberal, "classical" liberal, and in this paper "free trade liberal". For a discussion of these problems see Hayek's Postscript, "Why I am not a conservative", in The Constitution of Liberty, (Chicago, 1972); Ludwig von Mises, Liberalism: A Socio-Economic Exposition, (Sheed Andrews and McMeel, 1978); Murray N. Rothbard, "Left and Right: The Prospects for Liberty", in Égalitarianism as a Revolt against Nature and Other Essays, (Libertarian Review Press, 1974).

(109) Cours, Vol.2, p. 484.

(110) ibid., p. 486.

As this society expanded in size the services exercised in common became more complex and numerous. This resulted eventually in the "spécialisation" of each function which was controlled by a "réunion de familles" (111). These families passed these particular skills from one generation to another, gradually forming a monopoly and thus entering the second stage in the history of societies.

Molinari believed that "toute industrie ̄ passe ̄ nécessairement par la phase du monopole au sortir de la production embryonnaire." (112) This monopoly may be only transitory as the forces of competition gradually come into play, or it may become permanent if artificial barriers are erected to prevent this competition from being felt. These artificial monopolies were purely "le fait de la volonté humaine" (113), being nothing more than forms of political privilege granted to some at the expense of others, and which had gradually weakened and then destroyed ancient society. In this second phase of society

"les attributions ou les fonctions gouvernementales doivent nécessairement croître en nombre et en importance à mesure que la spécialisation des industries, et les échanges qui en découlent, succèdent à la production embryonnaire." (114)

One of these new attributes had been the creation of a special organisation for the protection of property. This had involved the regulation of the market, the verification of weights and measures to prevent fraud, the control of money and the regulation

(111) Cours, Vol.2, p. 487.

(112) ibid., p. 489.

(113) ibid., p. 492. Later, in Economie de l'histoire: Théorie de l'évolution (1908), Molinari was to accept the necessity of certain "natural monopolies" such as defense but in the 1850s Molinari was still optimistic that the market could eventually put an end to all monopolies, natural or "artificial".

(114) ibid., p. 493.

of monopolies in an attempt to eliminate some of their harmful effects. Both government and society had been organised into corporations or monopolies having

"leurs états-majors d'entrepreneurs et leurs armées d'ouvriers, auxquels une clientèle appropriée, en partage de laquelle les étrangers à la corporation ne peuvent entrer, fournit des moyens d'existence assurés." (115)

In this corporatist society, the government was nothing more than a

"corporation ou une réunion de corporations superposées à celles qui ont monopolisé les autres branches de travail" (116),

and as this government became more "specialised", it became increasingly monopolised by either a family (becoming a royal family) or a group of families (becoming an oligarchy).

The motive force which propelled society from one stage to the next was the market (117) and this was gradually extended as the harmful effects of monopoly were felt and removed, in spite of the "résistance désespérée des monopoleurs" (118). When the freedom to trade was combined with the freedom to engage in industry society entered a new third stage which was the "ère de la concurrence".

(115) Cours, Vol.2, p. 495.

(116) ibid., p. 497.

(117) "C'est l'agrandissement successif du marché de la consommation qui détermine le passage de la société de la production embryonnaire et communautaire, à la production spécialisée et monopolisée d'abord, à la production de concurrence ensuite." ibid., p. 499.

(118) ibid., p. 500.

Society had now become so complex that the old methods of protecting property were obsolete and inadequate. Long term contracts, copyright laws, the need to adjudicate contract disputes had necessitated a corresponding expansion in the scope of the 'production of security' which the antiquated government monopoly system could not provide. Only the market could respond to the rapidly changing needs of society in this new "régime de pleine concurrence" (119) and only it could ensure that the production of security corresponded to the new needs for protection that arose (120). Since, Molinari argued, society had quite recently entered the third and final stage of society's development, the era of competition, the government must cease intervening in the economy to support artificial monopolies and allow the market to determine what is produced and how wealth is distributed. Only when this was achieved would "la production et la distribution de la richesse tendent d'elles-mêmes à s'opérer de la manière la plus utile" (121).

In this third and final stage of society, the government could sometimes be justified in acting as a "tuteur des incapables" (122), those people who were more or less incapable of governing themselves. This included those who could not wisely control their consumption, those who caused injury to others because they could not govern themselves properly and the "hommes-enfants" whose physical maturity did not correspond to their "état moral" (123).

(119) Cours, Vol.2, p. 504.

(120) "La 'production de sécurité' doit donc se développer et se perfectionner dans cette nouvelle phase de l'existence des sociétés, en raison même de l'extension et du raffinement du besoin auquel elle doit pourvoir", ibid., p. 503.

(121) ibid.

(122) ibid., p. 504.

(123) ibid., pp.505-6.

Molinari warned that individuals, however, must not be prevented from exercising their right to self-government if they wished to.

"Sinon il empêcherait les forces morales nécessaires pour pratiquer un bon self-government de se développer par un constant exercice ..." (124)

However, given the considerable complexity of the affairs that the government should be engaged in, i.e. the production of security, it was impossible for the government to exercise both functions adequately. Thus, "une entreprise spéciale" would arise on the market to look after those who could not adequately look after themselves:

"C'est pourquoi la tutelle des individualités incapables du self-government est destinée, selon toute apparence, à devenir l'objet d'une branche d'industrie qui naîtra tôt tard de la transformation progressive de la servitude." (125)

In the two previous stages of society, the government had been "en harmonie avec celle de toutes les autres entreprises". In the age of primitive communism, the government had been organised and run by the community. In the age of monopoly, the government had been monopolised. Now in the age of competition, there had appeared an anomaly, the rest of society had become free of monopolistic restrictions but the government remained "attardés dans le vieux régime de monopole". There was no longer "unité dans la constitution politique et économique de la société" (126), and a "dissonance" was thus created between these two sections of society (127).

(124) Cours, Vol.2, pp.505-6.

(125) ibid., p. 506. See also Vol.1, Lessons 9 and 10; and L'évolution politique, Ch.XI "Tutelle et liberté".

(126) Cours, Vol.2, pp.508-9.

(127) ibid., p. 481.

The result was that, just as the communal government was "anti-économique" (128) in the monopoly stage of the government, this monopoly government had become "anti-économique" in the age of full competition and therefore suffered all the vices of monopoly, - high prices, poor service and structural rigidities because it could not adapt to changing conditions. This had become most noticeable since the French revolution of 1789 which had reversed the tendency of the market to break up and separate industries during the era of monopoly (129). A new class had arisen to manage this "consolidated monopoly" which had become a "véritable monstre" under their management (130).

Molinari continued with a lengthy analysis of government monopolies in an attempt to answer his critics in the Société who had argued that certain government monopolies should remain in the government's hands. He concluded this analysis with the following four observations on governments. Firstly, they "transgressed" against the law of the "unité des opérations" and

(128) Cours, Vol.2, p. 510.

(129) "Le monopole gouvernemental ... retrograda en fusionnant des industries que le progrès avaient séparées sous le régime du monopole; il se reconstitua encore dans le personnel spécial que nécessitait la production des services publics ... En effet, en reconstituant, d'un côté, avec les débris des anciennes corporations gouvernantes, une corporation colossale que l'on investissait du monopole des services les plus nécessaires à la société; en dissolvant, de l'autre, toutes les corporations inférieures et empêchant leur reconstitution sous des formes nouvelles, appropriées au régime de la concurrence, on faisait de la société gouvernée une poussière sans consistance, et on livrait les consommateurs ainsi individualisés des services publics, à la discrétion de l'aggrégation formidable à laquelle on en conférait de nouveau le monopole." ibid., p.518.

(130) "Les constitutions ne devinrent que trop souvent des instruments d'exploitation entre les mains des classes supérieures, qui avaient eu l'habileté de se faire attribuer le contrôle du gouvernement qui se trouvait, de fait, monopolisé par elles", ibid., p. 519. "On vit se reconstituer une classe gouvernante dans laquelle l'ancien personnel gouvernemental se fondit avec l'élément nouveau que la révolution avait fait surgir." ibid., p.517; p.523.

the law of the division of labour. By this he meant that the government tried to do too many things and did not become skilled in any one field, thus providing a bad service at a high price. Secondly, governments transgressed against the law of "limites naturelles", i.e. each enterprise had an optimum size at which it was most profitable and provided the best possible service to consumers. Because governments did not act according to market demand, they grew too big and inefficient to respond to the individual requirements of its customers. Thirdly, governments transgressed the law of competition either by prohibiting enterprises from starting up or by preventing foreign businesses from selling their goods and services within their borders. For example,

"Aucun service public, pour tout dire, n'est produit et distribué dans des conditions de pleine concurrence, c'est-à-dire en laissant le champ entièrement libre aux entreprises rivales et en subissant l'obligation de couvrir les frais de sa production avec la rémunération ordinaire des capitaux qui y sont engagés." (131)

Fourthly, the government transgressed against the principles of "la spécialité" and free exchange of goods. In the free market, businesses responded to the individual needs of the consumers and payment was made only after the price had been agreed upon. Governments, on the other hand, found this impossible to achieve because of their size and the lethargy that monopoly caused. Any exchange that occurred between a consumer and the government was "commun et obligatoire, au lieu d'être spécial et libre"(132) and, furthermore, payment was not made freely between producer and consumer but was levied indiscriminately on all taxpayers.

(131) Cours, Vol.2, p. 524.

(132) ibid., p. 525.

The combined result of the actions of monopolised government services was to increase the tension that existed between it and those industries which had entered the final stage of society's evolution towards complete economic and political liberty. This was the clash that had to occur between any two aspects of a society which were not operating by the same principles, in this case those of monopoly and free competition. Since government and its monopolies lagged behind the rest of the community in its evolution towards competition, it had become an 'ulcer' that hampered the further development of industry (133). Because of its actions

"une masse croissante de forces vives est soutirée à la société, au moyen de la pompe aspirante des impôts et des emprunts, pour subvenir aux frais de production des services publics ou, pour mieux dire, à l'entretien et à l'enrichissement facile de la classe particulière qui possède le monopole de la production de ces services."(134)

The remedy that Molinari proposed to rid society of this ulcerous growth was radical in the extreme (135). He proposed to transform the "constitution anti-économique" of government by forcing it to obey economic laws. To make government "économique" it would be necessary to

(133) "cet ulcère qui dévore les forces vives des sociétés, à mesure que le progrès les fait naître." Cours, Vol.2, p.531. See also the analysis of government intervention by Murray N. Rothbard in Toward a Reconstruction of Utility and Welfare Economics, (Centre for Libertarian Studies, Occasional Paper No.3, N.Y., 1977). "... no government interference with exchanges can ever increase social utility ... no act of government whatever can increase social utility .. a free and voluntary market 'maximises' social activity." pp.29-30.

(134) Cours, Vol.2, p.531.

(135) ibid., p. 531.

"débarrasser les gouvernements de toutes les attributions qui ont été annexées à leur fonction naturelle de producteurs de la sécurité, en faisant rentrer l'enseignement, le culte, le monnayage, les transports, etc., dans le domaine de l'activité privée.../et/ soumettre les gouvernements, comme toutes les autres entreprises, à la loi de la concurrence." (136)

The first part of his programme was definitely acceptable to his fellow free trade liberals in the Société. The "simplification" of the state was accepted in theory even if it had a long way to go before it would be put into practice, given the power of the vested interests who opposed free trade and competition. On the other hand, there were still very few indeed who would accept his views on "la concurrence politique" but he was hopeful that circumstances would become increasingly favourable for the adoption of his ideas. The American Civil War he considered to be an important step towards the realisation of the right to secede and the right to freely choose one's government or at least to withdraw from one that was not to one's liking (137).

At this point in his life Molinari was quite optimistic about the possibilities of complete liberty becoming a reality. He did not believe that the reforms that he thought necessary would come quickly, but he thought that the pressure of economic reality would finally prove too much for the forces that wanted to preserve the reconstituted old regime intact.

(136) "Nous n'en croyons pas moins devoir revendiquer, hardiment, la priorité de cette prétendue chimère /la concurrence politique/". Cours, Vol.2, p. 532.

(137) "l'idée de soumettre les gouvernements au régime de la concurrence est généralement encore regardée comme chimérique. Mais sur ce point les faits devancent peut-être la théorie. Le 'droit' de secession' /sic/ qui se fraye aujourd'hui son chemin dans le monde aura pour conséquence nécessaire l'établissement de la liberté de gouvernement. Le jour où ce droit sera reconnu et appliqué, dans toute son étendue naturelle, la concurrence politique servira de complément, à la concurrence agricole, industrielle et commerciale." ibid., p. 532.

"Sans doute, ce progrès sera lent à accomplir. Mais il en est ainsi de tous les progrès. Quand on considère la masse d'intérêts et de préjugés qui leur font l'obstacle, on désespère même de les voir se réaliser jamais." (138)

Molinari took heart from Adam Smith who dispaired of seeing free trade in his lifetime (139) and unrealistically predicted that within one hundred years protection would only be a bad memory and that political monopolies would soon follow the disappearance of industrial and commercial monopolies (140). He concluded his two volumes textbook on political economy with the following optimistic declaration, thus bringing to an end his first efforts in forming a theory of radical anti-étatisme, a subject he was not to return to until the 1880s:

"Leur /les industries libres/ heure suprême finira donc par sonner, et l'Unité économique se trouvera ainsi établie dans la phase de la concurrence comme elle l'a été dans les phases précédentes de la communauté et du monopole. Alors, la production et la distribution des services, enfin pleinement soumises, dans toutes les branches de l'activité humaine, au gouvernement des lois économiques, pourront s'opérer de la manière la plus utile." (141)

(138) Cours, Vol.2, p. 532.

(139) Molinari had a lengthy quote from Wealth of Nations, Book IV, Ch. II, ibid., p. 534.

(140) "on peut aujourd'hui, sans s'abandonner à des rêves utopiques, espérer qu'avant un siècle le système protecteur n'existera plus qu'à l'état de mauvais souvenir dans la mémoire des hommes. Pourquoi les monopoles politiques ne disparaîtraient-ils pas à leur tour comme sont en train de disparaître les monopoles industriels et commerciaux ? S'ils disposent d'une puissance formidable, les intérêts auxquels ils portent dommage grandissent aussi, chaque jour, en nombre et en force." ibid., p. 534.

(141) ibid., p. 534.

Section 4:

Proprietary communities and the right to secede.

Molinari did not return to his theory of the production of security until 1884, nearly thirty years after the publication of the Cours. In that year, he published a series of essays which had initially been written for the Journal des Economistes, one of which dealt with the form that a government of the future might have. He had lost none of his faith in the power of the market to overcome the political restrictions that were placed in its path and thus to complete the processes which had been set in motion with the onset of the era of competition. Molinari was hopeful that:

"Un jour viendra toutefois, et ce jour n'est peut-être pas aussi éloigné qu'on serait tenté de le supposer en considérant la marche rétrograde que la révolution a imprimée aux sociétés civilisées; un jour viendra, disons-nous, où la servitude politique perdra toute raison d'être et où la liberté du gouvernement, autrement dit la liberté politique, s'ajoutera au faisceau des autres libertés." (142)

He was still convinced that governments of the future free society would take the form of insurance companies that would compete for customers on the market (143).

What was new in his discussion was an argument that entire villages, suburbs or quartiers could be built and owned by private bodies, thus permitting competition in the provision of "public goods" such as lighting, roads, public works, sanitation, etc. Molinari envisaged farsighted entrepreneurs who would

(142) L'Evolution politique et la Révolution, (1884), Ch. X, "Les gouvernements de l'avenir", Section V "La liberté du gouvernement", p.381. Molinari described "la liberté de gouvernement" as "un complément logique et nécessaire de la liberté de l'industrie", Les Lois naturelles, p. 260.

(143) "les gouvernements ne seront plus que des sociétés d'assurances libres sur la vie et la propriété", ibid.

purchase property in an area in which they thought people would want to live. They would choose land which was suitable because of its situation, accessibility and healthy ^{aspect} condition and then design appropriate buildings, roads, schools, churches, theatres and meeting halls. This "compagnie propriétaire" (144) would also provide well-paved and lit roads, drainage, water, public transport, water, gas and electricity to all the homes and, most importantly, security of property and person in order to attract as many people as possible to come and live in their city. These services could be provided by the company itself or by sub-contractors who specialised in the various fields of transport, public utilities and sanitation. All services would be paid for by rents levied by the company on the inhabitants and the administration of the community would be left either in the hands of the company itself or by special organisations which would be set up to handle this function (145).

If there were several such "compagnies immobilières" within a single city then their rational self interest would ensure that their roads, drainage, gas, electricity and public transport were compatible in order to lower costs and improve service. Most likely some form of permanent organisation would be established to solve difficulties as they arose and to coordinate future planning. If problems remained or if serious disputes occurred between the property holders then mutually agreed upon

(144) L'Evolution politique et la Révolution, p. 398. See also Molinari, Les Lois naturelles de l'Economie politique, (1887), 4th Part, Chapter XIV "La constitution naturelle des gouvernements. La commune. La province. L'Etat."; Chapter XV, "La liberté de gouvernement".

(145) Molinari suggested an "agence urbaine" or a "perception de loyers" to manage local affairs. ibid., p. 391.

arbiters or tribunals would be turned to for a decision (146). Whether a city was owned by a company, by shareholders or by individuals, some form of organisation would arise which would be able to make decisions on matters of common interest (147). Like his plan for an ideal electoral system which he published in 1846 (148), Molinari thought that any common body would be arranged so that those who had the most property had proportionally the greater say in matters which affected the community. It was his intention that property owners should have a means of protecting their property from those who had no property or who wished to increase their property at the expense of others. Thus he wished to model his "city governments" on the limited liability and joint stock companies that had revolutionised business practices. If there were any fear that the larger property owners would use their wealth to exploit the poorer or smaller property owners, the latter could withdraw at any time and "secede" from the organisation. They could annex themselves to neighbouring cities or villages or even form a smaller 'city' of their own.

"Ces unions seraient toujours libres de se dissoudre ou de s'annexer à d'autres, et elles seraient naturellement

(146) "il y aura des rapports nécessaires d'intérêt mutuel pour le raccordement des voies, des égouts, des tuyaux du gaz, l'établissement des tramways, etc.; elles seront, en conséquence, obligées de constituer une union ou un syndicat permanent pour régler ces différentes questions et les autres affaires résultant de la juxtaposition de leurs propriétés, et la même union devra s'étendre, sous l'influence des mêmes nécessités, aux communes rurales du voisinage. Enfin, si des différends surgissent entre elles, elles devront recourir à des arbitres ou aux tribunaux pour les vider.", L'Evolution politique et la Révolution", p. 392.

(147) Molinari considered some services as having "un caractère de collectivité naturelle", such as roads, police, sanitation, which could only be provided "communally" and not "individually" on the market. Nevertheless, he still believed that competition between administrative areas would lower prices and ensure the best service to the "citizens". Les Lois naturelles, p. 246.

(148) See page 49.

intéressées à former les groupements les plus économiques pour pourvoir aux nécessités inhérentes à leur industrie." (149)

Large property owners would be safe from the 'mob' and the smaller property owners would have a means of avoiding the exploitation of the powerful only, Molinari believed, in a system where all property was defended and where individuals had the right to organise their affairs in whatever manner that suited them. This was possible in a society where the state did not have a monopoly on essential services and where individuals were free to form governments of their own choosing.

Molinari distinguished between the forms of the state suggested by the socialists and the anarchists and that possible in a regime of full competition,

"L'avenir n'appartient donc ni à l'absorption de la société par l'Etat, comme le prétendent les communistes et les collectivistes, ni à la suppression de l'Etat, comme le rêvent les anarchistes et les nihilistes, mais à la

(149) L'Evolution politique, p.393. Molinari explicitly endorsed secession as a means of exercising one's right to self-government: "si la commune est vaste, les habitants d'un quartier riche, surtaxés au profit des autres ou vice versa, pourront se séparer de l'ensemble, ce qui est interdit sous le régime actuel, soit pour former une commune indépendante, soit pour s'annexer à la commune voisine", Les Lois naturelles, p.263. Molinari believed that left wing anarchists would quickly learn by experience how necessary a police force and other services would be if they were permitted to form 'states' of their own, provided they made some contribution to common defense. Molinari also believed that this right to secede was a 'double' one. The commune had the right to secede from the province just as the province had the right to secede from the state: "Sans doute, des circonstances locales pourront faire obstacle à l'exercice de ce droit de sécession, mais si l'on songe que la contiguïté des territoires n'est point - l'expérience l'atteste - nécessaire à la constitution d'une province et d'un Etat, qu'une commune ou une province peut subsister comme une enclave, on se convaincra que le droit de sécession communale ou provinciale suscitera une concurrence suffisante entre les Etats et les provinces pour améliorer la qualité de leurs services et en abaisser le prix." ibid., pp.265-66.

diffusion de l'Etat dans la société. C'est, pour rappeler une formule célèbre, l'Etat libre dans la Société libre." (150)

As competition became more widespread, consumers would begin to realise how expensive and inefficient the old system of state monopolies had become and eventually

"l'opinion publique ... se soulèverait tout entière contre un système illusoire pour les uns, écrasant pour les autres; elle brûlerait l'idole de l'Etat qu'elle adore aujourd'hui, et elle reprendrait l'oeuvre, interrompue par la révolution, de la réforme et la simplification de la machinery du gouvernement." (151)

Under the pressure of growing competition and the increasing economic burden of the monopoly state the era of full competition would at last be completed, with competition in both the economic and the political spheres.

Molinari concluded L'Evolution politique with some extremely optimistic remarks about the necessity of society's progress. Although couched in Spencerian and religious terms, he merely repeated his conclusions which he had first put forward in Cours d'Economie politique in 1855, that society had reached its final stage with the era of competition (152). Molinari was so convinced of the inevitability of the market's ultimate success that he felt that no liberal propaganda could equal the effect of the 'omnipotent state' itself in convincing people of its harmful consequences. In fact, liberals could fold their arms and let the workings of natural law bring about the society they desired. All

(150) L'Evolution politique, p. 393.

(151) ibid., p. 500.

(152) "Ce qui doit nous rassurer, par-dessus, c'est l'indestructibilité et la nécessité providentielle de la civilisation."
ibid., p. 504.

they needed to do was to act occasionally to hasten "la transformation". They could "aplanir ces obstacles, accélérer ou ralentir la marche de l'humanité, diminuer ou augmenter la somme des forces qui conduisent au but mystérieux qui lui est assigné" (153).

This belief in inevitable progress is the key to the failure of the free trade liberals in general and Molinari in particular to realise their aims. Without engaging in concerted political activity the free trade liberals had little chance of influencing political events. Too many were content to wait for the 'inevitable' or to devote their lives to journalism, speaking to an ever diminishing number of supporters, rather than begin the difficult and painstaking task of organising themselves into a political party of professional "révolutionnaires". For too long, Molinari and the anti-statist liberals had remained at the level of well-meaning amateurs in their attempts to bring about lasting political and economic changes. Their activities remained at the level of "study circles" when, as Lenin said in another context,

"We were acting as amateurs at a moment in history when we might have been able to say, varying a well-known statement: "Give us an organisation of revolutionaries, and we will overturn Russia." (153a)

(153) Les Lois naturelles, p. 276; "Les amis de la liberté pourraient donc se croiser les bras et se contenter de 'laisser faire' la force des choses pour assister au triomphe de leurs doctrines.", L'Evolution politique, p. 504.

(153a) Lenin "What is to be done?", Works, Vol.5, pp.441-2.

Section 5:

Retreat to monopoly government.

In spite of the lack of support for his anti-statist ideas, Molinari continued to espouse them as late as 1893 (154). It would not be until 1899 (155) that he withdrew from his position of fully competitive insurance companies and adopted a more moderate, semi-monopolistic view. In the Esquisse, Molinari still believed that the right to secede from a state was important in reducing the threat of war and revolution. Disaffected groups could form their own communities or even their own states and inter-state problems could be solved by courts and tribunals applying the same principles of law that were used to settle disagreements between individuals (156). Molinari continued to describe the functions and duties of the 'producers of security' as he had in his first essay on this question (157), but a qualification had now been introduced which had not been present in his earlier works. This qualification concerned the consumers of security. Originally, Molinari had believed that each individual had the right to exercise his natural right to defend his own life and property from attack. Since the market had allowed the division of labour to operate, it was likely that individuals would decide not to exercise this right but delegate it to a company which would specialise in this business. At no time, Molinari argued in 1884, did this delegation of rights mean that the individual had given up any of his rights, as some 'social contract' theorists claimed. Comparing the production of bread to that of security, Molinari had argued

(154) "Le consommateur a le droit de les [les services de la sécurité] accepter ou de les refuser, d'en débattre le prix et d'en contrôler la qualité, exactement comme s'il s'agissait de toute autre marchandise ... de s'adresser à quelque autre producteur de sécurité", Précis d'Economie politique et de morale, 1893, pp.206-8.

(155) Esquisse de l'organisation politique et économique de la société future, 1899.

(156) ibid., p.76-77.

(157) See pp. 64-65.

"Je cesse d'exercer mon droit de producteur de pain, mais je continue à le posséder, et même il s'est étendu au lieu de décroître: à mon droit, dont je puis continuer à user, de fabriquer du pain pour ma consommation, s'est joint celui d'en produire pour autrui, en fondant une boulangerie ou en contribuant à la fonder et à la mettre en oeuvre par mes capitaux et mon travail. Mon droit de consommateur s'est étendu de même; car je puis demander le pain dont j'ai besoin à deux producteurs au lieu d'un: au boulanger et à moi. Si je m'adresse de préférence au boulanger, c'est parce que son pain est meilleur et me revient moins cher que celui que je produisais moi-même." (158)

In the Esquisse, Molinari had retreated somewhat from this position by suggesting that "la nation" rather than the individual would contract with the competing security companies. These "compagnies judiciaires" would remain "pleinement indépendantes et concurrentes" (159), but it would now be the nation or "collectivité" which

"contracter/ait/ de préférence, par entremise de délégués ou autrement, avec la maison ou la compagnie qui lui offrira les conditions les plus avantageuses et les garanties les plus sûres pour la fourniture de cet article de consommation naturellement collective." (160)

Individuals would still be completely free to engage in production or to trade all goods which were "naturellement individuelle", namely those goods and services which could be purchased or contracted for individually. Molinari had made a distinction between 'public goods', such as security, and other goods before but had never argued that individuals were incapable of paying for these public goods by contracting for them individually. In "La

(158) L'Evolution politique, p. 404.

(159) Esquisse, p.85. Molinari quotes Adam Smith again on the English court system.

(160) ibid., p. 84.

production de la sécurité" and Les Soirées de la rue Saint-Lazare, he had argued that within a given geographical area individuals would be free to contract for security services with any number of competing companies. Like churches or bakeries, there could be many businesses providing the same or similar services within the same city or province, limited only by the size of the market and the efficiency and profitability of each enterprise. In the Esquisse these 'competing governments' had given way to communes or provinces which had a monopoly in the provision of security within their geographic borders. Individuals would not make their own arrangements for security but would appoint 'delegates' or "mandataires" to act on their behalf (161). Once the contract had been concluded, whether for a short or long period, the mandate of the people's representatives would end and then only a small committee of consumers or their representatives would be necessary to oversee the fulfillment of the contract until its expiration. In some cases even this 'rump' would not be necessary if the press and other consumer groups were active (162). So even though individuals or groups retained their right to secede from the larger administrative units they would, in turn, set up monopoly defense services within their borders. These 'states' would not be very different from existing state monopolies, Molinari believed, because they would retain the most important characteristic of a state -

(161) "Les individus s'associent et forment une collectivité assez nombreuse pour y pourvoir d'une manière à la fois économique et efficace. Ils choisissent des mandataires qu'ils chargent de traiter, en faisant appel à la concurrence, avec une entreprise, - maison ou société - réunissant les aptitudes et les capitaux nécessaires à la production de ce service d'assurance." Esquisse, p. 97.

(162) ibid., pp. 98-99.

the monopoly of the use of force in a given geographical area. In a society, as Molinari described it in the Esquisse, states would be more numerous and their services would be cheaper and more efficient because of the competition of 'sub-contractors' (163), but the state would still remain a monolithic entity from which the only escape would be to persuade a town or commune to secede. Molinari seemed to have forgotten his earlier insights into the nature of the state monopoly and how it arose. If minorities were unable to convince enough people to join them in seceding from the larger state or if the monopoly states grew too powerful and prevented them from exercising this right, the benefits of what little competition remained in the provision of security would be lost. With each area monopolised by a single defence agency, it would be easy for this company to establish itself as a permanent monopoly and prevent the consumers from taking their business elsewhere. Molinari had argued in "La production de la sécurité" that one of the major benefits of competing defense agencies within the same city or commune was that none would be able to become a monopoly and exclude the others from offering their services to the community. Molinari seemed also to have forgotten his arguments directed against government by representation. Only by exercising their rights directly could individuals ensure that their interests were protected. This included the right of each individual to determine for himself how his property could be protected and how much he was willing to

(163) "Ces conditions ne différeront, théoriquement du moins, de celles du régime actuel de production de la sécurité que sur un point, mais sur un point essentiel, à savoir: l'obligation imposée à l'assureur de payer aux assurés, victimes des atteintes à la vie ou à la propriété, des indemnités proportionnées au dommage causé, sauf recours aux auteurs de ces atteintes." Esquisse, p. 84.

spend to secure it. If the costs of paying a company were too high, then the individual had the right to decide to do without security or provide it himself. This right was now denied citizens of the commune or city who would be forced to pay for 'public goods' by rents or taxes rather than by paying separate insurance premiums to the company of their choice.

The reason for Molinari's departure from his earlier more radical position was his increasing emphasis on the spurious distinction between those goods and services which could be satisfied individually and those which were by nature of benefit to the entire community. In "La production de la sécurité", this distinction had been made but it was argued that the market could provide so-called public goods because the same economic laws were at work. No monopolies were considered necessary and the monopoly of security was considered both dangerous and inefficient. By 1899 Molinari had abandoned this view of monopolies and had accepted the need for certain geographic monopolies for the provision of certain public goods such as street lighting, roads, drainage and security but not surprisingly for money or the postal service (164). He had made a distinction between natural monopolies and industries which could be provided competitively and, although he admitted that these monopolies were harmful to consumers, his only concession to his earlier views on competition was to allow only indirect competition (165).

(164) Economie de l'histoire: Théorie de l'évolution, 1908, p. 218.

(165) "Il n'existe plus qu'un nombre chaque jour plus restreint de monopoles naturels. Ces monopoles, à commencer par celui de l'assurance de la vie et de la propriété individuelle et de la conservation du domaine national, sont gérés par l'Etat, les sous-Etats des provinces, des départements et des communes. Cette gestion en régie par l'Etat occasionne à la nation la même déperdition de forces qu'il est dans la nature de tout monopole de causer. Cependant, elle peut être évitée du moins en partie par un recours indirect à la concurrence." ibid., p. 250.

Molinari now argued in l'Economie de l'histoire that the state itself would contract with companies for the provision of security. The consumers would not even have direct control through their "mandataires" of the price or the terms of the contract and the state itself would ensure that the contract was fulfilled. Thus Molinari fell into the trap of thinking that it was possible to simulate competition, in order to have its benefits, without having it in fact (166). The result was that Molinari had abandoned his theoretical distrust of all government monopoly and had capitulated to the position of his early opponents in the Société d'Economie politique debate of 1849. Gone were the competing defence agencies and the state monopolies. Gone was the emphasis on the absolute right of each individual consumer to choose the company of his or her choice to protect their person and property from harm. Molinari had returned to the 'Night watchman' state of the classical liberals though still believing that 'competition' within the government would stop the abuses of this monopoly.

(166) "Il peut contracter pour cette gestion, d'une manière temporaire et même illimitée, sauf à surveiller l'exécution du contrat, avec des maisons ou des associations concurrentes, présentant les garanties matérielles et morales nécessaires. Dans ce cas le prix du produit ou du service pourra ne pas dépasser celui d'une industrie de concurrence, quoique le stimulant qui pousse celle-ci à perfectionner ses procédés et son outillage soit moins puissant et plus faible.", Economie de l'histoire: Théorie de l'évolution, 1908, p.250.

C O N C L U S I O N

The Influence of Molinari's Ideas

"1. As a corollary to the proposition that all institutions must be subordinated to the law of equal freedom, we cannot choose but admit the right of the citizen to adopt a condition of voluntary outlawry. If every man has freedom to do all that he wills, provided he infringes not the equal freedom of any other man, then he is free to drop connection with the state - to relinquish its protection and to refuse paying towards its support. It is self-evident that in so behaving he in no way trenches upon the liberty of others, for his position is a passive one, and while passive he cannot become an aggressor. It is equally self-evident that he cannot be compelled to continue one of a political corporation without a breach of the moral law, seeing that citizenship involves payment of taxes; and the taking away of a man's property against his will is an infringement of his rights ... Government being simply an agent employed in common by a number of individuals to secure to them certain advantages, the very nature of the connection implies that it is for each to say whether he will employ such an agent or not. If any one of them determines to ignore this mutual-safety confederation, nothing can be said except that

he loses all claim to its good offices and exposes himself to the danger of maltreatment - a thing he is quite at liberty to do if he likes. He cannot be coerced into political combination without a breach of the law of equal freedom; he can withdraw from it without committing any such breach, and he has therefore a right so to withdraw.", Herbert Spencer, Social Statics, (1851), p. 185.

Section 1:

The coincidence of liberal anti-statism: Herbert Spencer
and Auberon Herbert

Two years after Molinari had first proposed his theory of the "production of security", the English political philosopher, Herbert Spencer, independently pushed free market liberalism to its anarchist limits in his book Social Statics. Spencer argued that the state was not an "essential" institution and that it would not necessarily last forever (1). As society progressed, government would inevitably become smaller and "decay" as voluntary market organisations replaced the coercive political institutions of the state. Using arguments that Molinari was to ^{use} borrow for his later works (especially his double work on the evolution of societies; L'Evolution politique et la Révolution (1884) and L'Evolution économique du XIX^e Siècle (1880)), Spencer asserted that this evolution "always tended towards perfection ... towards a complete development and a more unmixed good, subordinating in its universality all petty irregularities and fallings back, as the curvature of the earth subordinates mountains and valleys." (2)

Spencer deduced from the principle of equal liberty the right of individuals "to ignore the state". In a chapter with the same name, which was deleted in later editions of Social Statics as Spencer drifted away from his radical anti-statism, he advocated the right of the individual to refuse to pay taxes to the state for the protection of his life and property. Spencer compared this right with the right claimed by the Dissenters to refuse to pay dues to the church and argued that if religious separation and independence was

(1) Social Statics, (Robert Schalkenbach Foundation, N.Y., 1970), p. 13.

(2) ibid. p. 263.

just, then this, "if consistently maintained, implies a right to ignore the state entirely" (3). By exercising their natural rights to property and uncoerced activity, the political protestant who refused to pay taxes to the state became a "voluntary outlaw" who merely had exercised his right to "drop connection with the state - to relinquish its protection and to refuse paying towards its support." (4) If the state refused to recognise this right to peacefully withdraw from the state then "its acts must be essentially criminal" (5).

Spencer's alternative to the coercive monopoly of the state was to convert it into a "mutual-safety confederation" (6) which would provide protection to all who paid its "taxes". Those who decided to secede would be free to make their own arrangements for defence, but Spencer did not go as far as Molinari in arguing that "competing governments" would spring up to provide the security of those who withdrew. He did, however, hint that this would be the case with the statement that

"if, as was shown, every man has a right to secede from the state, and if, as a consequence, the state must be regarded as a body of men voluntarily associated, there remains nothing to distinguish it in the abstract from any other incorporated body." (7)

Spencer also hinted that these voluntary defense organisations would be run on business principles. On several occasions, he described it as a "mutual assurance", "insurance" or "joint-stock protection

(3) Social Statics, p. 191.

(4) ibid., p. 185.

(5) ibid., p. 189.

(6) ibid., p. 185.

(7) ibid., p. 224.

society confine/d/ ... to guaranteeing the rights of its members" (8). From Spencer's position it would be only a small step to the full free-market competing defence agencies as described by Molinari.

There is no evidence to connect the very similar views of the young Molinari and the young Spencer on the right of the individual to either compete with or withdraw from the monopoly of the state. In the absence of such evidence, it must be assumed that the two thinkers arrived at their positions independently of one another, suggesting that anti-statism is inherent in the logic of the free market. Both men were prepared to push their liberal ideas to its furthest logical extent, so long as they were consistent with the natural right of the individual to freely act and to enjoy the uncoerced use of his property.

Another "liberty philosopher" who was struck with the internal logic of liberty was a disciple of Herbert Spencer. Auberon Herbert was drawn to a similar anti-statist position because, as he argued in 1885,

"They are ... the necessary deductions from the great principle - that a man has inalienable rights over himself, over his own faculties and possessions - and those, who having once accepted this principle, who having once offered their allegiance to liberty, are prepared to follow her frankly and faithfully wherever she leads, will find, unless I am mistaken, that they are irresistibly drawn step by step to the same or to very similar conclusions." (9)

(8) Social Statics, pp. 241, 247.

(9) "The Right and Wrong of Compulsion by the State", in The Right and Wrong of Compulsion by the State, and other essays, by Auberon Herbert, (ed.) Eric Mack, (Liberty Classics, Indianapolis, 1978), pp.176-77. Molinari, however, did become aware of Auberon Herbert's views well after he had developed his free market anarchism. Herbert's book, A Politician in Trouble about his Soul, was reviewed by Yves Guyot in the JDE, Vol.XXX, 1885, p.246. In addition, many of Spencer's books were translated into French and reviewed in the JDE, but not, surprisingly, Social Statics.

He was aware that there were few men who were prepared to "loyally submit themselves to a great principle" and accept the conclusion that "if the great principle justifies itself anywhere, it justifies itself everywhere." (10) Herbert, however, was such a man and he was prepared to go even further than Spencer in defending the right of the individual to refuse to pay taxes to a coercive government.

Like Molinari, Herbert believed that, if the market were given a chance to operate free from the restrictions of the state, "every want that we have will be satisfied by means of voluntary combination." (11) He extended Spencer's idea of the joint-stock protection society and argued that a "system of insurance" would develop on the free market whereby "voluntary protective associations of every kind and form" would replace the monopoly of the state (12). These protective associations would be financed by "voluntary taxes" - insurance premiums in Molinari's system - paid by those individuals who voluntarily placed themselves under the jurisdiction of each association. In this "deofficialised" fully voluntary society (13)

"... the state should compel no services and exact no payments by force, but should depend entirely upon voluntary services and voluntary payments ... it should be free to conduct many useful undertakings ... but that it should do so in competition with all voluntary agencies, without employment of force, in dependence on voluntary payments, and acting with the consent of those concerned, simply as their friend and their adviser." (14)

(10) "The Right and Wrong", pp. 177, 178.

(11) *ibid.*, p. 185; also "Mr. Spencer and the Great Machine", in *ibid.*, p. 303: "friendly voluntary cooperation, as free men and women, for all public wants and services."

(12) "Right and Wrong", *ibid.*, pp. 186-188.

(13) "The Principles of Voluntarism and Free Life", in *ibid.*, p.378.

(14) *ibid.*, p. 390.

The similarity to Molinari's ideas is quite striking and, again, there is no evidence suggesting that Herbert ever read Molinari or had even heard of him. Both Spencer and Herbert did not go as far as Molinari's suggestion that these voluntary defence agencies would be fully professional business organisations whose prices would be determined on the market by competition. They merely limited themselves to criticising the monopoly of the state and arguing that the individual had the right to organise freely.

Herbert also faced the same problem that Molinari had with labelling his philosophy. Like Molinari, he rejected the term "anarchism" which he associated with the socialism of Proudhon and the terrorism of the "detestable bomb", even though he was quite tolerant of Tolstoy's and Benjamin Tucker's "most peaceful and reasonable forms" (15). Herbert argued that the "sane, peaceful and reasonable section of anarchists", Tucker for example, were mistaken in their rejection of "government". He argued, like Molinari, that even in a fully free society there would exist a need for protection from aggression. Any organisation which provided this service was called a "government", even if it did not have any monopoly, thus the protective associations of the anarchists was merely a government decentralised "to the furthest point, split up into minute fragments of all sizes and shapes." (16) In Herbert's mind, a true "anarchist" wished to do away with all organised forms of protection and, since this was impossible given human nature, "anarchy", or 'no government', is founded on a fatal mistake". Thus

(15) "Mr. Spencer", in "The Right and Wrong", p. 311.

(16) "The Principles of Voluntaryism", in ibid., p. 383.

"b/y the necessity of things, we are obliged to choose between regularly constituted government, generally accepted by all citizens for the protection of the individual, and irregularly constituted government, irregularly accepted, and taking its shape just according to the pattern of each group. Neither in the one case nor in the other case is government got rid of." (17)

However, unlike Molinari and Herbert, it has been argued in this paper that the second form of "government", the "irregularly constituted government" of Herbert and the "competitive governments" of Molinari, is in fact a new form of anarchism, since the most important aspect of the modern state, the monopoly of the use of force in a given area, is rejected in no uncertain terms by both men.

(17) "The Right and Wrong", p. 383

Section 2:

The Influence of Molinari on Benjamin Tucker.

Another, admittedly minor, figure who was probably influenced by Molinari was P.E. De Puydt. De Puydt wrote an essay in 1860 extolling the virtues of "Panarchy", a system very similar to Molinari's, where "governmental competition" would permit "as many regularly competing governments as have ever been conceived and will ever be invented" to exist simultaneously (18). Governments would become political churches, only having jurisdiction over their congregations who had elected to become members of that particular denomination. Disputes between "governments" would be settled by "international" courts and an individual could change from one government to another, without leaving his home, by registering his decision, for a small fee, with a "Bureau of Political Membership" (19). De Puydt described his "panacea" as

"simply free competition in the business of government. Everyone has the right to look after his own welfare as he sees it, and to obtain security under his own conditions. On the other hand, this means progress through contest between governments forced to compete for followers. True, worldwide liberty is that which is not forced on anyone, being to each just what he wants of it; it neither suppresses nor deceives, and is always subject to a right of appeal. To bring about such a liberty, there would be

(18) "Panarchy", Revue trimestrielle, (Bruxelles, July 1860), translated by Adrian Falk, in An A.B.C. Against Nuclear War, (ed.) John Zube, (Berrima, N.S.W., 1975), p. 229.

(19) "If a disagreement came about between subjects of different governments, or between one government and a subject of another, it would simply be a matter of observing the principles heretofore observed between neighbouring peaceful states ... Anything else would be the business of common courts of justice.", ibid., p. 227.

no need to give up either national traditions or family ties, no need to learn to think in a new language, no need at all to cross rivers or seas, carrying the bones of one's ancestors. It is simply a matter of declaring before one's local political commission, for one to move from republic to monarchy, from representative government to autocracy, from oligarchy to democracy, or even to Mr. Proudhon's anarchy, without so much as removing one's dressing gown and slippers." (20)

Given the similarity of De Puydt's ideas to those of Molinari's and the fact that De Puydt was familiar with the writings of the political economists (21), it would be reasonable to conclude that De Puydt was influenced by Molinari's anti-statism, although giving it a new twist with his concept of "panarchy".

Benjamin Tucker, the American individualist anarchist, was not reluctant to call his own laissez-faire liberalism a variant of anarchism. In fact, Tucker argued that "the only true believers in laissez faire are the Anarchists" (22) and hailed Auberon Herbert as "a true anarchist in everything but name" (23). Tucker was definitely aware of Molinari's work and at least one of

(20) "Revue trimestrielle", p. 227.

(21) "...it is from the works of the economists that I have derived the principle whereof I propose a new application, still farther reaching and no less logical than all others." p. 223
It is most likely that De Puydt was aware of Molinari because Molinari was at that time living and teaching in Belgium and De Puydt quotes from a work of Charles de Brouckere, who had arranged for Molinari to teach at the Musée royal, the Principes généraux d'économie politique, (1851). See also the obituary of de Brouckere, JDE, Vol.XXVI, Series 2, April-June, 1860, p. 265.

(22) Benjamin Tucker, Instead of a Book by a Man Too Busy to Write One: A Fragmentary Exposition of Philosophical Anarchism, (first published 1897, reprinted 1969 by Haskell House, N.Y.), p. 371.

(23) Liberty, Vol.15, No. 6, p.16, quoted in Eric Mack, p. 20, No. 15.

Molinari's books was reviewed in Tucker's magazine (24). He shared Molinari's view that the production of security was an economic commodity which could be better supplied by the free and unhampered market, thus going beyond the criticism of Herbert and Spencer and, arguing with Molinari, that the market could offer a positive and practical alternative to state monopoly defence. These "political abolitionists" (25) argued that

"defence is a service like any other service; that it is labor both useful and desired, and therefore an economic commodity subject to the law of supply and demand; that in a free market this commodity would be furnished at the cost of production; that, competition prevailing, patronage would go to those who furnished the best article at the lowest price; that the production and sale of this commodity are now monopolised by the State; and that the State, like almost all monopolists, charges exorbitant prices; ... and, finally, that the State exceeds all its fellow-monopolists in the extent of its villainy because it enjoys the unique privilege of compelling all people to buy its product whether they want it or not." (26)

(24) Liberty, Vol.14, No.23, p. 2, Review of The Society of Tomorrow, (1904), the English translation of Molinari's Esquisse (1899). Albert Schatz, the French historian of individualism, was struck by the similarity of Tucker's and Molinari's rejection of the state's monopoly of security. See his Individualisme, p. 514.

(25) Instead of a Book, p.54.

(26) ibid., pp. 32-33 and p. 14.

Section 3:

The modern libertarian movement.

After the death of Molinari in 1912 and the political retirement of Tucker in 1908 after a fire destroyed his bookshop and publication office (27), liberal anti-statism virtually disappeared until it was rediscovered by the economist Murray Rothbard, in the late 1950s. As a political philosophy, it had led a precarious existence, emerging in seventeenth century England, mixing with Smithian economic ideas in France in the early nineteenth century and coming to an unsteady maturity simultaneously in mid-century England and France. Molinari was its most radical and original expositor and, for nearly fifty years, he defended and elaborated these ideas without assistance or support. Liberal anti-statism died out in both France and England during the twentieth century but it was revived in the United States by a group of laissez-faire economists, Rothbard in particular (28), who have combined a natural law defence of property and the liberty of the individual with economic theory drawn from the Austrian rather than

(27) James J. Martin, Men Against the State: The Expositors of Individualist Anarchism in America, 1827-1908; (Ralph Myles, Colorado Springs, 1970), p. 273.

(28) Murray N. Rothbard, Man, Economy and State: A Treatise on Economic Principle (Nash Publishing, Los Angeles, 1970, first printed 1962), Vol.2, p. 884; Power and Market; Government and the Economy, (Institute for Humane Studies, California, 1970), Chapter 1, "Defence Services on the Free Market", pp. 1-7; For a New Liberty: The Libertarian Manifesto, (Collier Macmillan, revised ed., 1978), Chapter 12, "The Public Sector, III: Police, Law and the Courts", p. 215-241.

the classical school of economics (29). A leading member of the Austrian school, Friedrich Hayek, who won the Nobel Prize for economics in 1974, has stated as recently as October 1976, in terms reminiscent of Molinari, that

"regional and local governments, limited by the same uniform laws with regard to the manner in which they could make their individual inhabitants contribute to their revenue, would develop into business-like corporations. They would compete with each other for citizens, who could 'vote with their feet' for that corporation which offered the highest benefits compared with the price charged." (30)

(29) See also Jarret B. Wollstein, Society without Coercion: A New Concept of Social Organisation, (Society for Rational Individualism, 1969), reprinted in Society without Government, (The Right Wing Individualist Tradition in America, edited by Murray N. Rothbard and Jerome Tuccile, Arno Press and the New York Times, 1972); Morris and Linda Tannehill, The Market for Liberty, (Lansing, Michigan, 1970); Richard and Ernestine Perkins, Precondition for Peace and Prosperity: Rational Anarchy, (Ontario, Canada, 1971); for a non-Austrian, neo-classical approach to the same concept see David Friedman, The Machinery of Freedom: Guide to a Radical Capitalism, (Harper Colophon, 1973); for a discussion of market orders, economic and legal, see Volume 1 of Hayek's magnum opus Law, Legislation and Liberty: A new statement of the liberal principles of justice and political economy, Volume 1, "Rules and Order", (University of Chicago Press, 1973), Bruno Leoni, Freedom and the Law, (Nash, Los Angeles, 1972) and Lon Fuller, The Morality of Law, (Yale University Press, 1964).

(30) "Whither Democracy", lecture given before the Institute of Public Public Affairs, Sydney, October 8, 1976, reprinted in Social Justice, Socialism and Democracy; Three Australian Lectures, (Centre for Independent Studies, Sydney, 1979).

Thus liberal anti-statism, seemingly an aberration in the development of laissez-faire and liberal ideas, has in fact been an adjunct of mainstream liberalism from its origin in the seventeenth century to the present. It is a tradition of thought which many adherents have claimed to be a logical extension of the classical liberal notions of the right to property and the freedom to exchange on the market. The importance of Molinari's contribution to this tradition was to put forward, for the first time, a theory of how the market could replace the state's monopoly of police, law courts and defence. He therefore deserves attention from scholars interested in the development of classical liberal as well as anarchist thought in order to explain, firstly, the inter-connection between these two streams of thought and the rise of the modern nation state, and, secondly, the continued interest expressed in these ideas in the present.

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A P P E N D I X

Les Soirées de la rue Saint-Lazare.

(1849), Guillaumin, Paris

Eleventh Lecture

SUMMARY: On government and its function (1). Monopoly governments and communist governments. - On freedom of government. - On divine right. → The divine right is identical to the right to work. - Vices of monopoly government. - War is the inevitable consequence of this system. - On the sovereignty of the people. - How sovereignty is lost. - How it is recovered. - Liberal solution. - Communist solution. - Communist governments. - Their vices. - Centralisation and decentralisation. - On the administration of justice. - Its ancient organisation. - Its present organisation. - Deficiency of the jury system. - Advantages of free government. - What is meant by nationality.

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- (1) For a long time economists have refused to deal not only with government but also with all purely intangible functions. J.B. Say was the first to introduce these kinds of services into the domain of political economy, giving them the general name of "intangible goods". By doing this, he has rendered a greater service to science than is generally recognised: "The industry of a doctor, he says, and, if one wishes to multiply examples, of an administrator of the Commonwealth, of a lawyer, of a judge, which are of the same kind, satisfy needs so necessary that without their labour no society could exist. Isn't the fruit of their labours real? They are so real that

Conservative (C): In your system of absolute property and full economic liberty, what is the function of government ?

Economist (E): The function of government consists solely in assuring to each the preservation of his property.

Socialist (S): Good, it is the "night watchman's state" of J.B. Say. Now, I have a question to put to you: Today there are two kinds of governments in the world; one traces its origin back to a fictitious divine right.

C.: Fictitious! Fictitious! It is debatable!

S.: The others arise from the sovereignty of the people. What do you prefer ?

E.: I wish neither one nor the other. The first are monopoly governments, the second are communist governments. I demand free governments in the name of the principle of property and in the name of the right that I possess to provide security myself or to buy it from whoever I please.

C.: What do you mean ?

E.: I mean governments whose services I can accept or refuse according to my free will.

C.: Are you serious ?

(1) contd.

they are procured for the price of another material good and, by these repeated exchanges, the producers of intangible goods acquire wealth. Thus the Comte de Verri is wrong in claiming that the employment of Princes, magistrates, soldiers, priests, does not immediately fall into the group of objects with which political economy is concerned. J.B. Say, Traité d'Economie politique, Book 1, Chapter XIII.

E.: You are going to see how serious. Isn't it true that you favour divine right ?

C.: I admit I am somewhat inclined to it since we have lived in a republic.

E.: And so you imagine yourself to be an adversary of the right to work ?

C.: If I imagine it ? But I am sure of it. I swear ...

E.: Don't swear because you are an avowed supporter of the right to work.

C.: Just one moment, I ...

E.: You are a supporter of divine right. Now the principle of divine right is absolutely identical to the principle of the right to work. What is divine right ? It is the right that certain families possess to govern the people. Who gives them this right ? God himself. Just read the Considérations sur la France, and the pamphlet on the Principe générateur des Constitutions politiques of Joseph de Maistre.

Man cannot make himself sovereign, says M. de Maistre. At most he can serve as an instrument to dispossess a sovereign and to hand over his dominions to another sovereign who is already a prince. However, there has never existed a sovereign family to which one can assign a plebeian origin. If this phenomenon occurred, it would herald a new era.

... It is said that: It is I who make sovereigns. This is not a saying of the Church, a metaphor of the preacher; it is the literal truth, pure and simple. It is a law of the political world. God makes kings, literally. He prepared the royal lines, he fosters them behind a cloud which obscurs their origin. They then appear crowned with glory and honour, they then take their seats." (1)

(1) Du principe générateur des constitutions politiques, Preface.

This means that God has invested certain families with the right to govern men, and that no one can deprive them of the exercise of this right.

Now, if you recognise certain families as having the exclusive right to exercise this particular kind of industry called government, and if, moreover, you believe, along with the majority of divine right theorists, that the people have to give themselves up, as they have for centuries, as subjects or as a source of income, like unemployment benefits paid to the members of these families, haven't you good grounds for rejecting the right to work? Between the improper claim of compelling society to provide workers with work which suits them or with sufficient compensation, and this other improper claim of compelling society to provide the workers of the royal families either with work appropriate to their power and dignity, namely the work of governing, or with a minimum income, what is the difference?

S.: In truth, there is none.

C.: Doesn't it matter if the recognition of divine right is indispensable for the preservation of society?

E.: Couldn't the socialists reply that the recognition of the right to work is no less necessary to the preservation of society? If you admit the right to work for some, shouldn't you admit it for all? Isn't the right to work nothing more than an extension of divine right?

You say that the recognition of divine right is indispensable for the preservation of society. Then why do the people want to rid themselves of divine right monarchies? Why is it that the old monopoly governments are the ones ruined, the others on the verge of being ruined?

C.: The people are stricken with madness.

E.: That's a very widespread madness ! But believe me, the people have good reasons for ridding themselves of their old rulers. The monopoly of government is no better than any other. One does not govern well and, especially not cheaply, when one has no competition to fear, when the ruled are deprived of the right of freely choosing their rulers. Grant a grocer the exclusive right to supply a neighbourhood, prevent the inhabitants of this neighbourhood from buying any goods from other grocers in the vicinity, or even from supplying their own groceries, and you will see what detestable rubbish the privileged grocer will end up selling and at what prices ! You will see how he will grow rich at the expense of the unfortunate consumers, what royal pomp he will display for the greater glory of the neighbourhood. Well ! What is true for the lowliest services is no less true for the loftiest. The monopoly of government is worth no more than that of a grocer's shop. The production of security inevitably becomes costly and bad when it is organised as a monopoly.

It is in the monopoly of security that lies the principal cause of wars which have laid waste humanity.

C.: How is that ?

E.: What is the tendency of all producers, privileged or not ? It is to increase the number of their clients in order to increase their profit. Now, under a monopoly regime, what means can the producers of security use to increase their clientele ? The

people are not considered under this regime and they form the legitimate domain of the Seigneur's^(*) anointed. No one can invoke their will to acquire the right of governing them ! The sovereigns are thus obliged to resort to the following processes to increase the number of their subjects:
1) to purchase kingdoms or provinces; 2) to marry heiresses who bring with them dominions as dowry or who are certain to inherit them later; 3) to conquer by force the domains of their neighbours. This is the first cause of war !

On the other hand, sometimes when the people are revolting against their legitimate sovereigns, as recently happened in Italy and Hungary (1), the Seigneur's anointed are forced to make these insubordinate cattle obey them once again. To achieve this end, they form a holy alliance and they inflict great carnage on their revolutionary subjects until they have pacified their rebellion. But if the rebels are in communication with other people, the latter join in the struggle and the conflagration becomes widespread. This is the second cause of war !

I have no need to add that the consumers of security, the object of the war, also pay the expenses.

Such are the advantages of monopoly governments.

S.: So you prefer governments which spring from the sovereignty of the people. You place democratic republics above monarchies and aristocracies. Well done !

E.: Let us make a distinction, I beg of you. I prefer governments

(*) i.e. Lord of manor.

(1) 1848 Revolution.

which have arisen from the sovereignty of the people. But the republics that you call democratic are not the least in the world the true expression of the people's sovereignty. These governments are extended monopolies, communism. Now, the sovereignty of the people is incompatible with monopoly and communism.

S.: What then, in your eyes, is the sovereignty of the people ?

E.: It is the right that all men possess to freely dispose of their person and goods and to govern themselves. If, like a master sovereign, man has the right to dispose of his person and goods, he also naturally has the right to defend them. He possesses the right of free defense.

But can each person exercise this right separately ?
Can each person be his own gendarme and soldier ?

No ! No more than the same man can be his own labourer, his own barber, his own tailor, his own grocer, his own doctor, his own priest.

It is an economic law that man cannot profitably engage in several professions at the same time. Also one sees, from the beginning of societies, that all industries become specialised and different members of society turn to occupations suited to their natural aptitudes. They live by exchanging the products of their business for the many objects necessary for the satisfaction of their needs.

Isolated man indisputably enjoys all his sovereignty. Only this sovereign, being forced to engage by himself in all the industries which provide the necessities of his life, finds himself in quite a miserable condition.

When man lives in society, he can preserve his sovereignty or he can lose it.

How can he lose his sovereignty ?

He loses it either totally or partially, directly or indirectly when he ceases to be able to dispose of his person and his goods.

Man remains completely sovereign only under a regime of full liberty. All monopoly, all privilege, is an attack on his sovereignty.

Under the ancient regime, where no one had the right to freely dispose of his person and goods, where no one had the right to freely engage in all industry, sovereignty is narrowly limited.

Under the present regime, the attack on the free activity of individuals by a multitude of monopolies, privileges and restrictions has not ceased. Man has not yet fully recovered his sovereignty.

How can he recover it ?

Two schools of thought exist, which give completely opposite solutions to this problem: the liberal school and the communist school.

The liberal school says: Destroy monopolies and privilege, give man back his natural right to freely engage in all industry and he will fully enjoy his sovereignty.

The communist school says, on the contrary: Beware of giving each person the right of freely producing everything. This would be oppression and anarchy ! Give the right to the community, to the exclusion of individuals. Everyone shall be united to organise all industry in common. The state shall be the sole producer and the sole distributor of wealth.

What is the basis of this doctrine ? It is often said to be slavery, to be the absorption and annulment of the individual will in the general will, to be the destruction of individual sovereignty.

In the first rank of industries organised en commun appear those which have as their object the production and defense of the property of persons and things from all aggression.

How are the communities which engage in this industry, the nation and the commune, organised ?

The majority of nations have been successively put together by alliances of the owners of slaves or serfs and by their conquests. France, for example, is a product of alliances and conquests. By marriages, by force or deceit, the sovereigns of the Ile de France successively extended their authority over the different parts of ancient Gaul. A single monopoly government succeeded twenty monopoly governments which occupied the present surface of France. The kings of Provence, the dukes of Aquitaine, Brittany, Burgundy, Lorraine, the counts of Flanders, etc., gave way to the king of France.

The king of France was entrusted with looking after the internal and external defence of the State. However, he did not manage defence or internal police alone.

Each Lord of the Manor originally policed his domain; each commune, freed from the force or the money payments of the Seigneur's onerous tutelage, policed its recognised region.

Communes and Seigneurs contributed to the common defence to a certain degree.

One could say that the King of France had the monopoly of general defence and that the lords of the manors and the bourgeoisie of the communes had that of local defence.

In certain communes, the police were under the direction of an administration elected by the city bourgeoisie, in the principal communes in Flanders, for example. Elsewhere, the police were formed into corporations like the bakers, butchers, cobblers, in other words, like all other industries.

In England, this latter form of the production of security continued until our time. In the city of London, the police were, until recently, in the hands of a privileged corporation. And strangely, this corporation refused to cooperate with police of other areas, so much so that the City had become a veritable refuge for malefactors. This

anomaly only disappeared in the period of Robert Peel's (1) reform.

What did the French Revolution do ? It divested the king of France of the monopoly of general defence, but it did not destroy this monopoly; it handed it back to the nation, organised hereafter as an immense commune.

The small communes, into which the territory of the ancient Kingdom of France was divided, continued to exist: The number even increased considerably. The government of the large commune had the monopoly of general defence, the government of the small communes exercised, under the surveillance of the central power, the monopoly of local defence.

But, it did not stop there. Other industries, notably education, religion, transportation, etc., were also organised by the general commune and by the individual communes, and many taxes were imposed on the citizens in order to cover the costs of those industries organised in common in this way.

Later, the socialists, poor observers if ever they were, did not notice that these industries which were organised by the general commune or by the individual communes, were operated more dearly and not as well as those industries left free. They demanded the organisation in common of all branches of production. They wanted the general commune and the individual communes not to restrict themselves to providing police, building schools and roads, paying for religion, opening libraries, subsidising theatres, undertaking stud breeding, making tobacco, carpets, porcelaine, etc., but to set about producing all things.

The good sense of the public revolted against this distopia, but it did not go any further. It well understood that it would be ruinous to produce everything in common. It

(1) See the Etudes sur l'Angleterre of Léon Faucher.

did not understand that it was ruinous to produce certain things in common. So it continued to practice partial communism, whilst spurning the socialists who loudly called for complete communism.

However, the conservatives, supporters of partial communism and adversaries of complete communism, are today divided on an important point.

Some wish that partial communism continue to be practiced in the general communes; they defend centralisation.

The others demand, on the contrary, a larger share of powers for the small communes. They wish that the latter could engage in many industries, found schools, construct roads, build churches, subsidise theatres, etc., without needing the authorisation of the central government. They demand decentralisation.

Experience has shown the vices of centralisation. Experience has proven that industries engaged in by the large communes, by the State, supply products which are more expensive and worse than those of free industry.

But is this to say that decentralisation is better? Is it to say that it is more useful to emancipate the communes or, which comes to the same thing, to allow them to freely establish schools, and welfare institutions, build theatres, subsidise religion, or even to freely engage in other industries?

What do the communes need in order to cover the costs of the services which they undertake? They need capital. Where can they get this capital? From the pockets of individuals, nowhere else. They are compelled, therefore, to levy different taxes on the inhabitants of the commune.

These taxes today generally consist in additional amounts added to the taxes paid to the State. However, certain communes have also obtained authorisation to establish a small customs-duty around their borders, under the name of town-dues (octroi). This customs-duty, which injures the majority of the

remaining free industries, naturally considerably increases the resources of the commune. Also the authorisations to establish a town-duty are often asked of the central government. The latter does not agree to them and, in doing that, it acts wisely; in return, it quite often allows the communes to impose extraordinary taxes, in other words, it allows the majority of commune administrators to establish an extraordinary tax that all who are governed are forced to pay.

Let the communes be emancipated, let the majority of inhabitants in each locality have the right to establish as many industries as it wishes and force the minority to contribute to the expenses of these industries which are organised in common, let the majority be authorised to freely establish all kinds of local taxes and you will very quickly see established in France as many different and separate States as there are communes. Successively, you will see spring up 44,000 (*) internal customs under the name of town-duties, in order to meet local taxes; you will see, when all is said and done, the reconstruction of the middle ages.

Under this regime, the freedom to work and exchange will be harmed by the monopolies that the communes will confer on certain branches of production and, by the taxes that they will levy on the other branches, to support the industries carried on in common. The property of all will be at the mercy of the majorities.

In the communes where socialist opinion predominates, I ask you, what will become of property ? The majority will not only levy taxes to cover the expenses of the police, public roads, religion, welfare institutions, schools, etc., but it will also levy them to establish common workshops, common shops, common banks, etc. Will the non-socialist minority be forced to pay these local taxes ?

(*) In the sense of "innumerable".

Under such a regime, what then becomes of the sovereignty of the people ? Doesn't it disappear under the tyranny of the greatest number ?

More directly still than centralisation, decentralisation leads to complete communism, that is to say, to the complete destruction of sovereignty.

What then is necessary to restore this sovereignty that monopoly has stolen from mankind in the past; and that communism, this extended monopoly, threatens to take away from them in the future ?

Quite simply, it is necessary to make free the different industries which have hitherto been monopolised, and presently exercised in common. It is necessary to leave to the free activity of individuals the industries which are still performed or regulated by the State or by the commune.

When man possesses the right to freely apply his talents in all kinds of work, as he did before the establishment of societies, without any fetter or tax, then he will again fully enjoy his sovereignty.

C.: You have surveyed the different industries which are still monopolised, privileged or regulated, and you have proved to us, more or less successfully, that the industries ought to be left free for the common good. So be it! I do not wish to return to an exhausted topic. But is it possible to take away from the State and the communes the responsibility of general and local defence ?

S.: And therefore the administration of justice ?

C.: Yes, and the administration of justice. Is it possible that these industries, to use your own word, could be supplied other than in common, by the nation and the commune.

E.: I would perhaps make little of these two communisms if you would quite freely consent to give up all the others; if you would force the State to be from now on only a gendarme, a soldier and a judge. However, no! ... because the communism of security is the keystone of the old edifice of servitude. Besides, I see no reason to grant you that one rather than the others.

In fact, there are two choices:

Either communism is better than liberty and, in this case, all industries should be organised in common, by the State or by the commune.

Or liberty is preferable to communism and, in this case, all industry still organised in common should be made free, and indeed justice, police, as well as education, religion transportation, the making of tobacco, etc.

S.: That is logical

C.: But is it possible ?

E.: Let's see! What about justice ? Under the ancien régime, the administration of justice was not organised and paid for in common, it was organised as a monopoly and paid for by those who made use of it.

For several centuries, there was no industry more independent. It formed a privileged corporation, like all the other branches of tangible or intangible production. The members of this corporation could bequeath their office or mastership to their children or even sell it. Enjoying these offices in perpetuity, the judges became known for their independence and integrity.

Unfortunately, this regime had, on the other hand, all the vices inherent in monopoly. Monopolised justice is dearly paid for.

S.: And God knows how many complaints and objections the judges' fees stirred up. Witness these small verses which were

scrawled on the door of the Palais de Justice after a fire:

"One fine day Lady Justice

put the Palais completely to the flames

for having eaten too many spices" (1).

Shouldn't justice be essentially free? Now, wouldn't gratuitous fees lead to organisation in common?

E.: They complained that justice ate too many spices. They did not complain that it ate them. If justice had not been monopolised; if consequently, the judges had been able to demand only the legitimate remuneration of their industry, they would not have complained of the judges' fees. In certain countries, where those under the jurisdiction of a court had the right to choose their judges, the vices of monopoly were particularly weakened. Competition, which was then established among the different courts, improved justice and made it cheaper. Adam Smith attributes the progress in the administration of justice in England to this cause. The passage is rather interesting and I hope that it will remove your doubts:

"The fees of court seem originally to have been the principal support of the different courts of justice in England. Each court endeavoured to draw to itself as much business as it could, and was, upon that account, willing to take cognisance of many suits which were not originally intended to fall under its jurisdiction. The court of king's bench, instituted for the trial of criminal causes only, took cognisance of civil suits; the plaintiff pretending that the defendant, in not doing him justice, had been guilty of some trespass or misdemeanour. The court of exchequer, instituted for the levying of the king's revenue, and for enforcing the payment of such debts only as were due to the king, took cognisance of all other contract debts; the plaintiff alleging that he could not pay the king because the defendant would not pay him. In consequence of such fictions it came, in many cases, to depend altogether upon the parties before what court they would choose to have their cause tried; and each court

(1) Pun on épices which means "spices" and judges' fees.

endeavoured, by superior dispatch and impartiality, to draw to itself as many cases as it could. The present admirable constitution of the courts of justice in England was, perhaps, originally in a great measure formed by this emulation which anciently took place between their respective judges; each judge endeavouring to give, in his own court, the speediest and most effectual remedy which the law would admit for every sort of injustice."

S.: But, once again, aren't gratuitous fees preferable ?

E.: Don't tell me that you have returned again to the illusion of gratuitous fees. Do I have to prove to you that free justice is more expensive than the other kind of justice, in order to subsidise the free courts and pay the salaries of the free judges out of the sum total of taxes levied ? Do I need to show you again that free justice is necessarily iniquitous, because everybody does not equally make use of justice, everyone does not equally have a litigious spirit ? As for the rest, justice is far from being free under the present regime, don't forget.

C.: Law suits are ruinous. However, can we complain of the present administration of justice ? Isn't the organisation of our courts irreproachable ?

S.: Oh! Oh! Irreproachable ? An Englishman whom I accompanied one day to the jury court, left the hearing quite indignant. He could not conceive how a civilised people could permit an agent of the king or of the republic indulge in rhetoric whilst giving a death sentence. This eloquence, supplier to the hangman, horrified him. In England, one is satisfied to expose the prosecution; one does not prejudice it.

E.: Add to that the proverbial slowness of our courts of justice, the suffering of the unfortunates who await their judgement for months and sometimes for years, whilst the preliminary proceedings could be completed in a few days; the costs and

enormous delays cause, and you will be convinced that the administration of justice has not progressed at all in France.

S.: However, let us not exaggerate anything. Today, thank God, we possess the jury system.

E.: Indeed, we are not satisfied in forcing taxpayers to pay the costs of justice, we also force them to perform the functions of judges. This is pure communism: ab uno disce omnes (1). As far as I am concerned, I don't think that the jury is better at judging than the national guard, another communist system! in order to make war.

S.: Why not ?

E.: Because one can do well only one's profession, one's specialty, and the profession, the specialty of a jury is not that of a judge.

C.: Also it merely has to state the offence and to assess the circumstances in which the offence was committed.

E.: That is to perform the most difficult, the most troublesome function of the judge. It is this very delicate function that requires a judgement so sound, so trained, a spirit so calm, so cool, so impartial, that is left to the hazards of the lottery. It is just as if one drew lots for the names of the citizens who would be entrusted each year, to make boots or to write tragedies for the community.

C.: The comparison is forced.

E.: It is more difficult, in my opinion, to make a good judgement than to make a good pair of boots or to properly write a few lines of Alexandrines (2). A perfectly judicious and impartial judge is rarer than a clever cobbler or a poet capable

(1) From one learn everything.

(2) Rhyming verse of twelve syllables so called from its use in old French poems on Alexander the Great.

of writing for the Théâtre-Français.

In criminal trials, the unfitness of the jury is shown up every day. But one, alas, only gives indifferent attention to the errors committed in the jury courts. What can I say? One almost regards it as an offence to criticize a judgement which has been delivered. In political trials, isn't the jury accustomed to pronouncing according to the colour of its opinion, white or red, rather than according to justice? Any man who is condemned by a white jury wouldn't he be absolved by a red jury, and vice versa?

S.: Alas!

E.: Already minorities are very tired of being judged by juries belonging to the majority. You can guess what happens ...

What about industry which provides internal and external defence? Do you think that it would be much better than that of justice? Don't our police and especially our army cost us very dearly for the actual service they give us?

Finally, is there any disadvantage to this public defence industry being in the hands of a majority?

Let us examine it.

In a system where the majority establishes the assessment of taxes and directs the use of public funds, mustn't the tax weigh more or less heavily on certain sections of society, according to the predominant influences? Under monarchy, when the majority was purely imaginary, when the upper class assumed the right of governing the country to the exclusion of the rest of the nation, didn't the tax weigh principally on the consumption of the lower classes, on salt, wines, meat, etc.? Without doubt, the bourgeoisie paid its share of taxes, but the sphere of its consumption being infinitely larger than that of the lower class, much less of its revenue was seized.

As the lower class becomes aware of this, it will acquire more influence in the State and you will see an opposite tendency produced. You will see progressive taxes, which are today turned against the lower class, turned against the upper class. The latter will without doubt resist this new tendency with all its might; it will cry out against spoliation and theft; but if the communal institution of universal suffrage is maintained, if the vicissitudes of violence do not return, once again, the government of society into the hands of the rich classes to the exclusion of the poor classes, the will of the majority will prevail and progressive taxes will be established. A part of the property of the rich will then be confiscated to lighten the burden of the poor, just as a part of the property of the poor has, for a long time, been confiscated to lighten the burden of the rich.

But there is still worse to come.

Not only can the majority of a communal government establish, as it wishes, the assessment of taxes, but it can, in addition, put this tax to whatever use it judges suitable, without taking the will of the minority into account.

In certain countries, the government of the majority uses part of public funds to protect property which is essentially illegitimate and immoral. In the United States, for example, the government guarantees Southern planters their property in slaves. However, there are, in the United States, abolitionists who rightly consider slavery as theft. No matter! the communal mechanism forces them to contribute their money to the maintenance of this kind of theft. If one day the slaves attempt to free themselves from this iniquitous yoke, the abolitionists will be forced to go to the defence of the planters, arms in hand. This is the law of majorities!

Elsewhere, it happens that the majority, driven by political intrigues or by religious fanaticism, declares war on a foreign people. Although the minority is horrified at this war and curses it, it is forced to contribute its own blood and money. Again, this is the law of the majorities!

So what happens? The majority and the minority are perpetually at war and that war sometimes descends to the parliamentary arena in the street.

Today, it is the red minority which is rising up in rebellion. If this minority becomes the majority, and if, by using its rights as a majority, it altered the constitution as it saw fit, if it decreed progressive taxes, compulsory loans, and paper money, what assurance do you have that the white minority would not rise up in rebellion tomorrow?

There is no lasting security in this system. And do you know why? Because it threatens property directly; because it puts at the mercy of a minority, blind or enlightened, moral or immoral, the person and goods of everyone.

If the communal regime, instead of being adapted to a multitude of aims, as in France, was narrowly restricted as in the United States, the causes for dissent being less numerous, the disadvantages of this system would be less. However, they would not disappear entirely. In certain circumstances, the acknowledged right of the greatest number to tyrannise the will of the smallest number would still generate a civil war.

C.: But, once again, it is inconceivable how the industry that provides the security of person and property could be organised if it were made free. Your logic leads you to dreams worthy of Charenton (1).

(1) French equivalent of "bedlam"; a mad house.

E.: Let's see! don't get angry. I suppose that after having just found out that the partial communism of the State and commune is positively wrong, you would leave free all branches of production except for justice and public defence. So far, there is no objection. But a radical economist, a dreamer, comes and says: Why then, after having freed the different uses of property, won't you also free that which insures the preservation of property? Won't these industries, like the others, be exercised more equitably and more usefully if they are made free? You claim that this is impracticable. Why? On the one hand, aren't there, in the heart of society, men who are specially qualified to judge the disputes which arise among property owners, and to assess the crimes against property, and others who can defend the property of persons and things from the aggression of violence and deceit? Aren't there men whose natural aptitudes make them specially suited to be judges, gendarmes and soldiers? On the other hand, don't all property owners without exception have need of security and justice? Aren't they all prepared, therefore, to impose sacrifices on themselves in order to satisfy this urgent need, especially if they are unable to satisfy it themselves or if they can't do it without a greater expenditure of time and money?

Now, if there are, on the one hand, men able to provide a need of society, and on the other hand, men prepared to suffer sacrifices in order to satisfy this need, isn't it enough to leave each one of them alone so that the goods demanded, tangible or intangible, are produced and that the need is satisfied?

Doesn't this economic phenomenon happen irresistibly, fatally, like the physical phenomenon of the fall of bodies?

Am I then not justified in saying that, if a society gives up the provision of public security, then this particular

industry would nevertheless be provided? Am I not justified in adding that it would be better under the regime of liberty that it was under the regime of the community?

C.: In what way?

E.: That is of no concern to economists. Political economy can say: if such a need exists, it will be satisfied, and it will be better under a regime of total liberty than under all others. This rule has no exception! but how this industry will be organised, is a technical matter about which political economy cannot speak.

Thus I can maintain that if the need to be fed is manifest in the heart of society, this need will be satisfied, and that the freer each person is to produce food or buy it from whoever he wishes, the better it will be.

I can maintain further that things would happen in exactly the same way if, instead of food, it was a matter of security.

Therefore, I claim that if a community gave notice that after a certain interval, a year for example, it would cease the payment of judges, soldiers and gendarmes, at the end of the year this community would not have fewer courts and governments ready to function. And I add that if, under this new regime, each person retained the right to freely engage in these two industries and to freely buy these services, security would be produced most economically and would be the best possible.

C.: I always reply that it is inconceivable.

E.: In the period when the established regime held industry prisoner in the confines of the communes, and when each corporation was the exclusive ruler of the communal market, it was said that society was threatened each time an audacious innovator tried to challenge this monopoly. If someone had come and said then

that instead of the weak and wretched industries of the corporations, liberty would one day set up immense factories supplying products less dearly and more perfectly, this dreamer would have been treated in la belle manière. The conservatives of the time would have sworn by the gods that this was inconceivable.

S.: But let's see! How can one imagine that each individual has the right to govern himself or to choose his government, or even to not choose it ... What would happen in France if, after having made all other industries free, French citizens announced with one voice that they would cease supporting the government of the community at the end of a year ?

E.: In this respect, I can only conjecture. However, this is pretty nearly how things would happen. Since the need for security is still very strong in our society, it would be profitable to found government enterprises. One would be assured of covering costs. How would these enterprises be founded ? Separate individuals would not be able to do it any more than they can construct railroads, docks, etc. Vast companies would thus be established to produce security; they would procure the material and the workers that they would need. As soon as they were ready to function, these property insurance companies would call for clients. Each person would contract with the company which inspired in him the greatest confidence and whose conditions appeared the most favourable.

C.: We would queue up to subscribe. We would surely queue up!

E.: Since this industry is free, one would see established as many companies as could be usefully formed. If there were too few, if, consequently, the price of security was raised, it would be profitable to form new ones; if there were too many, the excessive companies would not be long in being dissolved.

In this way, the price of security would always be reduced to the level of the costs of production.

C.: How would these free companies cooperate to provide general security ?

E.: They would cooperate just as the monopoly and communist governments cooperate today, because it would be in their interest to cooperate. Indeed, the more they established common facilities for the capture of thieves and assassins, the more they would lower their costs.

By the very nature of their industry, the property insurance companies would not be able to overstep certain limits: they would make a loss supplying police in places where they would only have a small clientele. Nevertheless, within their limits they could neither oppress or exploit their clients, on pain of seeing competitors instantly spring up.

S.: And if the existing company wanted to prevent competition from being established ?

E.: In short, if it attacked the property of its competitors and the sovereignty of everyone ... Well then, all those whose property and independence would be threatened by the monopolists, would rise up and punish them.

S.: And if all the companies cooperated in establishing monopolies. If they formed a holy alliance to force themselves upon the people, and so strengthened by this coalition, they exploited the unfortunate consumers of security without mercy, if, by heavy taxes, they took for themselves the better part of the fruits of the peoples' labour ?

E.: If, when all is said and done, they began to do what the old aristocracies have done until the present ... well then, the people would follow the advice of Béranger:

"People, form a Holy Alliance
and help each other."

This time, they would be united, and since they have the means of communication that their ancestors did not have, and since they are a hundred times more numerous than their old rulers, the holy alliance of the aristocracies would soon be destroyed. I swear that no one would be tempted to establish a monopoly any longer.

C.: Under this regime, how would a foreign invasion be repelled ?

E.: (1) What would the companies' interest be ? It would be to drive back the invaders because they would be the first victims of invasion. They would therefore cooperate in repelling them and would ask their clients for a supplementary premium to protect them from this new danger. If those insured preferred to run the risks of invasion, they would refuse to pay this supplementary premium; otherwise they would pay it, and thus they would enable the companies to ward off the danger of the invasion.

But just as war is inevitable under a regime of monopoly, peace is inevitable under a regime of free government.

Under this regime, governments can win nothing by war, they can, on the contrary, lose everything. What interest would they have in undertaking a war ? Would it be to increase the number of their clientele ? But since the consumers of security are free to govern themselves as they wish, they would get away from the conquerors. If the latter

(1) In Les Soirées, this dialogue is attributed to the Socialist, but it is obviously the Economist who is speaking. This passage is more likely to be by the Economist than the Socialist because it continues the debate between the Economist and the Conservative.

wanted to impose their rule on them, after having destroyed the existing government, the oppressed would immediately call for the help of all people

The wars of company against company, moreover, would occur only as long as the shareholders wished to advance the costs. As war is now no longer able to bring anyone an increase in clientele since the consumers would no longer allow themselves to be conquered, the costs of war would obviously no longer be covered. Then who would want to advance them ?

C.: What conditions would a property insurance company impose on its clients ?

E.: These conditions would be of several kinds.

In order to be in a position to guarantee full security of person and property to those insured, it would be necessary:

- 1) That the insurance companies establish certain penalties against offenders of person and property; that those insured agree to submit to these penalties in the event that they themselves commit crimes against person or property.
- 2) That they impose on those insured certain restrictions with the aim of facilitating the detection of the perpetrators of the crime.
- 3) That, in order to cover their costs, they regularly charge a certain premium which will vary according to the situation of those insured, their particular occupation, the extent, nature and value of the property to be protected.

If these stipulated conditions were agreeable to the consumers of security, the contract would be concluded, otherwise the consumers would turn to other companies or provide their own security.

Follow this hypothesis in all its details and you will be convinced, I think, of the possibility of transforming monopoly or communist governments into free governments.

C.: I still see a great many difficulties. Who would pay the debt ?

E.: Don't you think that by selling all property which is today held in common, roads, canals, rivers, forests, buildings used by all the commune administrations, equipment from all the public services, we could easily manage to repay the capital of the debt ? This capital does not exceed six billion. The value of common property in France surely is much more than that.

S.: Wouldn't this system mean the destruction of all nationality ? If several property insurance companies were established in a country, wouldn't National Unity be destroyed ?

E.: In the first place, National Unity would have to exist before it could be destroyed. Now, I cannot see a national unity in these shapeless agglomerations of people that violence has shaped and that most frequently violence alone maintains.

It is wrong then to confuse these two things which are naturally quite distinct: the nation and the government. A nation is one when the individuals which comprise it have the same mores, the same language, the same civilisation; when they form a distinct and original variety of the human race. Whether this nation has two governments or whether it has only one does not matter very much. Unless each government surrounds the areas under its domination with an artificial barrier and engages in incessant hostilities with its neighbours. In this latter eventuality, the instinct of nationality will react against this barbaric dismembering and this artificial antagonism imposed on the same people, and the disunited parts of this people will be immediately drawn back together.

Until the present time, governments have divided the people in order to more easily keep them obedient; divide in order to rule, this has been the fundamental maxim of their

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Until the present time, governments have divided the people in order to more easily keep them obedient; divide in order to rule, this has been the fundamental maxim of their

policy in all ages. Men of the same race, to whom the community of language gives an easy means of communication, have energetically reacted against the practice of this maxim; in all ages, they have tried to destroy the artificial barriers which separate them. Finally, when they have succeeded, they have wanted a single government so that they will not be disunited again. But note well that they have never asked this government to separate them from other people ... The instinct of nationalities is thus not selfish, as has so often been claimed; on the contrary, it is essentially sympathetic. If the diversity of governments stops causing the separation, the dismembering of peoples, you will see the same nationality willingly accept several of them. A single government is no more necessary to establish the unity of a people than a single bank, a single educational institution, a single religion, a single grocer's store, etc.

S.: Truly, that is quite a strange solution to the problem of government.

E.: It is the only solution which conforms to the nature of things.

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