

The Struggle against Protectionism, Socialism, and the Bureaucratic State: The Economic Thought of Gustave de Molinari, 1845-1855 *by David M. Hart*



“Liberty! That was the cry of the captives of Egypt, the slaves of Spartacus, the peasants of the Middle Ages, and more recently of the bourgeoisie oppressed by the nobility and religious corporations, of the workers oppressed by masters and guilds. Liberty! That was the cry of all those who found their property confiscated by monopoly and privilege. Liberty! That was the burning aspiration of all those whose natural rights had been forcibly repressed.” (S12)

Gustave de Molinari (1819-1912)

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ABSTRACT

In the late-1840s in Paris there was an extraordinary group of economists who had gathered around the Guillaumin publishing firm to explore and promote free market ideas. One of these was the young Belgian economic journalist Gustave de Molinari (1819-1912) who was just starting out on his career which would lead him to eventually becoming one of the most important and prolific free market economists in Europe in the 19th century. In this paper I explore the first ten years of Molinari's career as an economic journalist, author of a book on labor issues and slavery, and on the history of tariffs, a free trade activist, editor of classics of 18th century economic thought, lecturer on economics at the *Athénée royal*, activist in the 1848 Revolution, prolific author of articles in the *Journal des Économistes*, author of *Les Soirées de la rue Saint-Lazare* (Conversations on Saint Lazarus Street), contributor to the *Dictionnaire de l'Économie politique*, and, after going into self-imposed exile to Brussels after the coup d'état of Louis Napoleon in December 1851, professor of economics at the *Musée royal de l'industrie belge*, author of a treatise on economics, owner-editor of a newsletter *L'Économiste belge*, author of a book on the class analysis of Bonapartist despotism, and another popular book of "conversations" about free trade.

In the middle of this very hectic period of his life Molinari published a book for Guillaumin as part of their anti-socialist campaign after the February 1848 Revolution saw socialists seize power and attempt to implement some of their ideas, especially that of the "right to a job," paid for at taxpayer expense, as part of the National Workshops program run by Louis Blanc. Within the new Constituent Assembly politicians like Frédéric Bastiat fought to terminate the National Workshops program and keep the "right to a job" clause out of the new constitution. Outside the Assembly the economists wrote scores of books and pamphlets to intellectually defeat socialist ideas at both the popular and the academic level. Molinari's book was designed to appeal to educated readers and consisted of a collection of 12 "evenings" or "soirées" at which "a Conservative," "a Socialist," and "an Economist" debated important political and economic issues. In these conversations, the economist (Molinari) exposes the folly of both the

conservative (who supported tariffs, subsidies, and limited voting rights) and the socialist (who supported government regulation of the economy, the right to a job for all workers, and the end to the “injustice” of profit, interest, and rent).

Molinari begins by arguing that society is governed by natural, immutable and absolute laws which cannot be ignored either by conservatives or socialists, and that the foundation for a peaceful and prosperous society is the right to private property. He then proceeds to explain the free market position on a host of topics to his skeptical audience. Some of the more controversial topics Molinari discusses include the following: intellectual property, eminent domain laws, public goods such as roads, rivers, and canals, inheritance laws, the ban on forming trade unions, free trade, the state monopoly of money, the post office, state subsidies to theaters and libraries, subsidies to religious groups, public education, free banking, government regulated industries, marriage and population growth, the private provision of police and defense, and the nature of rent. On all these issues, Molinari shows himself to be a radical supporter of laissez-faire economic policies.

For modern Austrian economists, what is most interesting about Molinari’s work from this period are the following:

- he believed that once freed from government regulations entrepreneurs would spring up in every industry to supply goods and services to customers
- he offers private and voluntary solutions to the problem of the provision of all so-called “public goods”, from the water supply to police services
- he seems to have inspired Rothbard to come up with his own theory of “anarcho-capitalism” in the 1950s and 1960s when he was writing MES and P&M

For modern libertarians, his book may well be the first ever one volume overview of the classical liberal position - much like an 1849 version of Rothbard’s own *For a New Liberty* (1973).

ABOUT THE AUTHOR

David Hart was born and raised in Sydney, Australia. He did his undergraduate work in modern European history and wrote an honours thesis on the radical Belgian/French free market economist Gustave de Molinari, whose book *Evenings on Saint Lazarus Street* (1849) he is currently editing for Liberty Fund.¹ This was followed by a year studying at the University of Mainz studying German Imperialism, the origins of the First World War, and German classical liberal thought. Postgraduate degrees were completed in Modern European history at Stanford University (M.A.) where he also worked for the Institute for Humane Studies (when it was located at Menlo Park, California) and was founding editor of the *Humane Studies Review: A Research and Study Guide*; and a Ph.D. in history from King's College, Cambridge on the work of two early 19th century French classical liberals, Charles Comte and Charles Dunoyer, entitled *Class Analysis, Slavery and the Industrialist Theory of History in French Liberal Thought, 1814-1830: The Radical Liberalism of Charles Comte and Charles Dunoyer* (1994).² He then taught for 15 years in the Department of History at the University of Adelaide in South Australia where he was awarded the University teaching prize.

Since 2001 he has been the Director of the Online Library of Liberty Project <oll.libertyfund.org> at Liberty Fund in Indianapolis. The OLL has won several awards including a "Best of the Humanities on the Web" Award from the National Endowment for the Humanities, and was chosen by the Library of Congress for its Minerva website archival project. He is currently the Academic Editor of Liberty

¹ Available online: David M. Hart, *Gustave de Molinari and the Anti-Statist Liberal Tradition* (Dept. of History, Macquarie University, 1979). Published in the *Journal of Libertarian Studies*, 1981-82, Part I in vol. V, no. 3, (Summer 1981), pp. 263-290; Part II in vol. V, no. 4, (Fall 1981), pp. 399-434; and Part III in Vol. 6, no. 1, (Winter 1982), pp. 83-104. Online: <davidmhart.com/liberty/FrenchClassicalLiberals/Molinari/Thesis/>.

² Available online: David M. Hart, *Class Analysis, Slavery and the Industrialist Theory of History in French Liberal Thought, 1814-1830: The Radical Liberalism of Charles Comte and Charles Dunoyer* (unpublished PhD, King's College Cambridge, 1994) <davidmhart.com/liberty/Papers/CCCD-PhD/HTML-version/>.

Fund's translation project of the *Collected Works of Frédéric Bastiat* (in 6 vols.)³ and is also editing a translation of Molinari's *Evenings on Saint Lazarus Street: Discussions on Economic Laws and the Defence of Property* (1849).⁴ A third large project he is working on is an online collection of over 250 *Leveller Tracts* from the 1640s and 1650s.⁵

David is also the co-editor of two collections of 19th century French classical liberal thought (with Robert Leroux of the University of Ottawa), one in English published by Routledge: *French Liberalism in the 19th Century: An Anthology* (Routledge studies in the history of economics, May 2012), and another in French called *L'âge d'or du libéralisme français. Anthologie XIXe siècle* (The Golden Age of French Liberalism: A 19th Century Anthology) (Paris: Editions Ellipses, 2014).

³ See the “Summary of the Bastiat Project” <<http://oll.libertyfund.org/pages/bastiat-project-summary>>. There is also “A Chronological List of Bastiat’s writings” <<http://oll.libertyfund.org/pages/list-of-bastiat-s-works-in-chronological-order>>.

⁴ See the Liberty Matters online discussion of “Gustave de Molinari’s Legacy for Liberty” <<http://oll.libertyfund.org/pages/roderick-long-gustave-de-molinari-s-legacy-for-liberty-may-2013>>. And a working draft of Liberty Fund’s translation of *Les Soirées de la rue Saint-Lazare* (Evenings on Saint Lazarus Street) (1849) <<http://oll.libertyfund.org/pages/gdm-soirees>>.

⁵ *Tracts on Liberty by the Levellers and their Critics (1638-1660)*, 7 vols. See “Summary of the Leveller Tracts Project” for a description and more links. <<http://oll.libertyfund.org/pages/leveller-tracts-summary>>.

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The Struggle against Protectionism, Socialism, and the Bureaucratic State: The Economic Thought of Gustave de Molinari, 1845-1855

Illustration: rue de Richelieu and the Molière Fountain



The rue de Richelieu in Paris where the Guillaumin publishing firm had its headquarters (left fork). It is also where the Political Economy Society met. A statue of Molière and a fountain can be seen in the centre.

Introduction

Opening quote: “the moment was not well chosen”

Il croyait fermement à un avenir de liberté et de paix, mais est-il bien nécessaire de dire que le moment était mal choisi pour plaider la cause de la liberté et de la paix?

He firmly believed in a future of liberty and peace, but is it even necessary to say that the moment was not well chosen to plead the cause of liberty and peace?

[Source: Molinari obit of J. Garnier, JDE 1881, p. 10.]⁶

PREFACE AND OVERVIEW

This paper is part of a larger work which explores the thought and activities of two of the leading lights among the French economists during this period, Frédéric Bastiat (1801-1850) and Gustave de Molinari (1819-1912).⁷ I am working on a large translation and editing project for Liberty Fund which will bring more of their important work to the attention of English readers.⁸ Here, I will focus on the early work of Molinari which he did in Paris during the 1840s and early 1850s before he went into voluntary exile in Belgium after the self-styled “Prince-President” Louis Napoléon seized power in a coup d’état on 2 December 1851.

⁶ Molinari, Obituary of Joseph Garnier, JDE, Sér. 4, T. 16, No. 46, October 1881, pp. 5-13.

Quote p. 10. Although he was referring to the life of his friend Joseph Garnier in the obituary his comments applied equally to himself, which may have been his intention.

⁷ The first biography of Molinari only appeared in 2012: Gérard Minart, *Gustave de Molinari (1819-1912): Pour un gouvernement à bon marché dans un milieu libre* (Paris: Éditions de l'Institut Charles Coquelin, 2012). A shorter biographical sketch is by David M. Hart, "Molinari, Gustave de (1819-1912)," *The Encyclopedia of Libertarianism*, eds. Ronald Hamowy et al. (Los Angeles: Sage, 2008), pp. 336-37. And the older obituary by Yves Guyot, "M. G. de Molinari," JDE, Sér. 6. T. 33. Février 1912, pp. 177-96. On his political thought see, David M. Hart, "Gustave de Molinari and the Anti-statist Liberal Tradition" *Journal of Libertarian Studies*, in three parts, (Summer 1981), V, no. 3: 263-290; (Fall 1981), V, no. 4: 399-434; (Winter 1982), VI, no. 1: 83-104.

⁸ See a summary of the Bastiat Project at the OLL <<http://oll.libertyfund.org/pages/bastiat-project-summary>> and the draft of Liberty Fund's translation of Molinari's *Les Soirées de la rue Saint-Lazare* (Evenings on Saint Lazarus Street) (1849). <<http://oll.libertyfund.org/pages/gdm-soirees>>.

Molinari refused to live under Napoléon's authoritarian régime which had cracked down severely on freedom of speech and association after four years of upheaval caused by the 1848 Revolution and the Second Republic, and which promised to introduce a new form of highly regulated bureaucratic "socialism from above".

In particular, I will focus on three works: the book he wrote in the middle of this period, *Les Soirées* in 1849, where many of his ideas were developed or came together in a coherent form for the first time; the *Dictionnaire de l'Économie politique* (1852) on which he worked as an assistant editor, and his economic treatise *Cours d'économie politique* which was published in 1855 after he moved to Brussels in December 1851.

The very long life of Gustave de Molinari can be divided into the following main segments (see the Appendix for more details):

- 1819-1840: childhood and youth spent in Liège
- 1840-1851: journalist, free trade activist, and economist in Paris
- 1852-1867: academic economist, free market lobbyist, and journalist in Brussels
- 1867-1881: returns to journalism in Paris as editor of the *Journal des débats*
- 1881-1909: editor of the *Journal des Économistes*, very prolific period in his life; writes on economics and historical sociology and his travels
- 1909- 1912: "retirement"

In this paper I will be focusing on the period 1845 to 1855 (when Molinari was between 26 and 36 years old) which spans the second and third periods when he lived and worked in Paris and then the first couple of years of his exile in Brussels. During that decade he wrote a number of important books and articles which show his developing sophistication as an economic and social theorist as well as his radical libertarian ideas. They are:

- *Études économiques. L'Organisation de la liberté industrielle et l'abolition de l'esclavage* (Economic Studies on the Organization of Industrial Liberty and the Abolition of Slavery) (1846)
- *Histoire du tarif* (The History of Tariffs) (1847)
- two volumes of the *Collection des Principaux économistes* on 18th century economic thought (1847-48)

- the article “De la production de la sécurité” (The Production of Security) JDE, Feb. 1849 and *Les Soirées de la rue Saint-Lazare* (Evenings on Saint Lazarus Street (1849)
- 25 principle articles and 4 biographical articles for the *Dictionnaire de l'Économie politique* (1852-53)
- *Les Révolutions et le despotisme envisagés au point de vue des intérêts matériel* (Revolutions and Despotism seen from the perspective of Material Interests) (1852)
- *Cours d'économie politique* (1855, 2nd ed. 1863)
- his second collection of “conversations”, *Conservations familières sur le commerce des grains*. (Familiar Conversations about the Grain Trade) (1855).

Some of the key issues and ideas he concerned himself with during this period of intense activity include the following:

- labour issues involving bans on labour organisations, the nature of coerced labour (especially slavery in the colonies), and the idea of labor exchanges which would do for the labour market what stock exchanges were doing for the capital market.
- the history and economics of tariffs and other forms of trade restrictions, and his involvement in Bastiat's French Free Trade Association
- his involvement in the Guillaumin publishing firm's large history of economic thought program for which he edited two large volumes of late 18th century thought with his introductions and annotations.
- his lectures in economic theory at the private *Athénée royal de Paris* which were interrupted by the February Revolution but which he resumed when he became a professor in Brussels in the early 1850s
- his involvement in the Revolution of February 1848 as a journalist, public speaker, and anti-socialist writer
- the book length series of “conversations” between a Socialist, a Conservative, and an Economists - the “*Soirées de la rue Saint-Lazare*” - in which he provided a concise survey of the classical liberal position (perhaps the first of its type) and explored how all public goods might be privatised, including the “production of security” (i.e police and national defence)
- his large contribution to another important Guillaumin publishing project, the *Dictionary of Political Economy* (1852-53) for which he wrote nearly 30 long articles on things like free trade, tariffs, slavery, colonies, and war

- his class analysis of the causes of the 1848 Revolution and the rise to power of Louis Napoléon, and his general theory of the state

In many respects, this period saw Molinari at his most radical, when he was youthful and full of hope that liberal reforms could be introduced into France, that the ruling elites could be deprived of their power peacefully, and that the ordinary men and women of France would see the virtue of free trade, limited government, and peace. The wreckage of the 1848 Revolution and the rise to power of Louis Napoléon put paid to those hopes so he sought exile in his native Belgium where he became a professor of economics and a free trade and labour exchange advocate for about 16 years. In a two volume collection of his essays and articles from this period of his life which he published in 1861⁹ he was still very much a radical libertarian who was proud of his work on labour issues, free trade, the private provision of security, and peace. A good sense of his radicalism and commitment can be found in the moving “Introduction” which he called his “Credo”:

Nous sommes convaincu que cette industrie (la production la sécurité), qui est la branche essentielle des attributions gouvernementales, est destinée à passer, tôt ou tard, du régime du monopole ou de la communauté forcée au régime de la liberté pure et simple, et que tel sera le « couronnement de l'édifice » du progrès politique et économique. En un mot, nous croyons que tout ce qui est organisation imposée, rapports forcés, doit faire place à l'organisation volontaire, aux rapports libres. (p. xxvii)

Ainsi donc, établir dans toutes les branches de l'activité humaine la liberté, et garantir la propriété qui n'en est que le corollaire; substituer les rapports libres aux rapports forcés, voilà le but que doivent poursuivre les amis du progrès.

We are convinced that this industry (the production of security) which is the essential branch of governmental functions, is destined to pass sooner or later from the régime of monopoly and coerced community to the régime of liberty pure and simple, and that it will be “the crowning achievement” of political and economic progress. In a word, we believe that that everything which is based upon imposed organisation and violent relations must make way to voluntary organisation and free relations. ...

Thus, to establish liberty in all the branches of human activity, and to guarantee property which is only its corollary; to replace violent relations with free relations, this is the goal which the friends of progress must pursue.

⁹ Gustave de Molinari, *Questions d'économie politique et de droit public* (Paris: Guillaumin; Brussels: Lacroix, 1861), 2 vols. “Introduction,” pp. v-xxxi.

Ce but, ils doivent encore s'en tenir pour l'atteindre à *la persuasion* et à *l'exemple*, comme aux moyens les plus efficaces et les plus économiques, dans l'état actuel de la civilisation, de réaliser le *progrès au meilleur marché possible*.

Nous ne nous dissimulons pas, au surplus, tout ce que les travaux que nous réunissons aujourd'hui présentent d'incomplet et d'insuffisant. Plusieurs démonstrations, et en particulier celles qui concernent la liberté des cultes et la liberté de gouvernement sont à peine ébauchées, d'autres manquent tout à fait. Nous espérons toutefois que la grandeur et l'harmonie du système dont nous avons esquissé les principaux traits éclateront aux regards, malgré ces lacunes de nos démonstrations, et nous nous croirons suffisamment récompensé de nos peines si nous sommes parvenu à recruter quelques prosélytes de plus à la cause à laquelle nous avons voué notre vie, et dont le *Credo* peut se résumer en ces mots : *la Liberté et la Paix*. (p. xxxi)

Still, they must resolve to pursue this goal by means of *persuasion* and *example*, as the most efficient and economical means, in the present state of civilisation, of realising *progress at the best price possible*.

Furthermore, we do not hide the fact that the works which we have gathered here today are incomplete and inadequate. Several of them, in particular those concerning the freedom of religion and the free of government are scarcely more than sketches. Others lack substance. Nevertheless we hope that the grandeur and harmony of the system whose principal features we have sketched out will sparkle before your eyes, in spite of the gaps in our presentation, and we will consider ourselves to be sufficiently compensated for our troubles if we manage to recruit some more proselytes to the cause to which we have devoted our life, and whose *Credo* can be summarised in these words: *Liberty and Peace*.

[Source:]¹⁰

When he was about 50 years old (the late 1860s) he decided to give up teaching and agitating for reform in Brussels, return to Paris and take up journalism again. It is not clear why he did this - perhaps it was the death of his wife, perhaps his attempts to set up a labour exchange in Brussels had reached a dead end, perhaps he saw some new opportunities for a liberal journalist like him now that Napoléon III was liberalising his regime after nearly two decades of tight control, or perhaps he had given up his hopes of making an impression within academia. We do not know his reasons. He returned to Paris on the eve of yet another violent revolution, that of the Paris Commune of 1871, with its attendant socialist groups agitating for reforms, which he witnessed first hand and wrote about. But, that is another story.

¹⁰ source

THE “RADICAL LIBERAL MOMENT” IN PARIS IN THE LATE 1840S: FRÉDÉRIC BASTIAT, CHARLES COQUELIN, AND GUSTAVE DE MOLINARI

These were very important, formative years in the development of Molinari's thought in particular, but also for French classical liberalism in general. With the moral and financial support of the Guillaumin publishing firm political economy had thrived in Paris during the 1840s and Molinari had played an increasingly important role in that movement. Gilbert-Urbain Guillaumin (1801-1864) and his supporters (Horace Say, Casimir Cheuvreux, and the Duc d' Harcourt) founded the Political Economy Society in 1842 which held monthly meetings, the *Journal des Économistes* in 1841 which appeared monthly and provided a forum for discussion of economic ideas, and the book publishing wing of Guillaumin which published the monographs written by the economists but also undertook expensive projects such as encyclopedias and dictionaries of commerce and economics, and large scholarly collections of classics of economic thought. The audience “le réseau Guillaumin” (the Guillaumin network)¹¹ reached were the intellectual and political élites (what Bastiat referred to as “la classe électorale”, the small minority of tax payers who were allowed to vote under the July Monarchy of Louis Philippe) who ruled France with the intention of trying to influence their thinking in a more liberal and free market direction in the hope that this would influence government policy. As there were only two or three chairs of political economy in France at that time (the prestigious *Collège de France* (Michel Chevalier held this chair from 1841), the *Conservatoire national des arts et métiers*, and the engineering school the *École des Ponts et Chaussées* (which only began teaching economics in 1846)),¹² the opportunities for academic work within the state universities were very limited. This forced the French political economists to work outside the university system

¹¹ A term used by Minart, p. 56.

¹² Martin S. Staum, “French lecturers in political economy, 1815-1848: Varieties of liberalism,” *History of Political Economy*, Spring 1998, 30, 1, pp. 95-120.

such as lecturing at the private *Athénée royal de Paris*, writing for the quality journals (such as the *Journal des Débats* and the *Revue des Deux mondes*), writing books for a more general market of readers, or getting appointed to the non-teaching *Academy of Moral and Political Sciences*.¹³

The second half of the 1840s was a special period in the history of libertarianism, even a “classical liberal moment” (to adapt Pocock’s idea of the “Machiavellian moment”),¹⁴ with the appearance of a trilogy of works which took liberal theory into radically new directions. These were Charles Coquelin (1802-1852) with his work on free banking,¹⁵ Frédéric Bastiat (1801-1850) with his work on subjective value theory and the theory of human action (“Crusoe economics”),¹⁶ and Molinari’s work on the privatisation of all public goods, in

¹³ The Académie des sciences morales et politiques (the Academy of Moral and Political Sciences) is one of the 5 academies of the Institute of France. It was founded in 1795 to promote the study of the humanities, was shut down by Napoleon in 1803, and revived by François Guizot in 1832. There are 50 members of the Academy who are elected by their peers. There are also additional “corresponding” members. Bastiat was elected a Corresponding Member (section on Political Economy) on 24 Jan. 1846. Molinari was made a Corresponding Member in 1874. In 1832 there were 5 sections: philosophy, moral science, law and jurisprudence, political economy, and history. Many of the Economists and other classical liberals were members of the Academy, such as the following (with the year they were elected): Charles Dunoyer (1832); Joseph Droz (1832); Charles Comte (1832); Pellegrino Rossi (1836); Alexis de Tocqueville (1838); Hippolyte Passy (1838); Adolphe Blanqui (1838); Gustave de Beaumont (1841); Léon Faucher (1849); Louis Reybaud (1850); Michel Chevalier (1851); Louis Wolowski (1855); Horace Say (1857); Augustin-Charles Renouard (1861); Henri Baudrillart (1866); Joseph Garnier (1873); Frédéric Passy (1877); Léon Say (1881). See, the Academy of Moral and Political Sciences website <<http://www.asmp.fr/sommaire.htm>>.

¹⁴ J.G.A. Pocock, *The Machiavellian Moment: Florentine Political Thought and the Atlantic Republican Tradition* (Princeton University Press, 1975), “Introduction,” pp. vii-ix.

¹⁵ Charles Coquelin, *Du Crédit et des Banques* (Paris: Guillaumin, 1848, 1st edition). On Coquelin: Philippe Nataf, “La vie et l’oeuvre de Charles Coquelin (1802-1852),” in *Histoire du libéralisme en Europe*, eds. Philippe Nemo and Jean Petitot (Paris: Presses Universitaires de France, 2006), pp.511-30.

¹⁶ David M. Hart, “Reassessing Frédéric Bastiat as an Economic Theorist”. A paper presented to the Free Market Institute, Texas Tech University, Lubbock, TX, October 2, 2015. <http://davidmhart.com/liberty/Papers/DMH_Bastiat-EconomicTheorist21Sept2015.html>. And David M. Hart, “The Economics of Robinson Crusoe from Defoe to Rothbard by way of Bastiat”. A Paper given at the Association of Private Enterprise Education, International Conference (April 12–14, 2015). <davidmhart.com/liberty/Papers/Bastiat/DMH_CrusoeEconomics.html>.

particular the competitive provision of police and defence services (“the production of security”).¹⁷

These same three innovative theorists were also friends and colleagues¹⁸ and shared a willingness to become involved in “activism”, that is an attempt to put into practice their theoretical ideas by taking them “to the street”. The first example of this came in July 1846 with the formation of the French Free Trade Association all three of whom were involved in its leadership (as “secretaries”), authors of articles for its newspaper *Le Libre-Échange*,¹⁹ and speakers at its large public meetings. The second example comes from the first month or so of the Revolution in February 1848 when they started a popular newspaper, *La République française*, the day after the revolution broke out and the government collapsed.²⁰ They wrote for the paper in an attempt to persuade ordinary people not to be swayed by the promises of the socialists who were part of the Provisional Government and had seized control of the Luxembourg Palace to set up the National Workshops program under Louis Blanc. We know from his correspondence that at least Bastiat (although I suspect the younger Molinari as well, though I am not sure about the older Coquelin) was on the streets handing out their newspaper where they witnessed violence first hand.²¹ The third example comes from March 1848 when they set up a political club, *Le Club de la liberté du travail* (The Club for the Freedom of Working), one of

¹⁷ Gustave de Molinari, “De la production de la sécurité,” JDE, T. 22, no. 95, 15 February 1849, pp. 277-90. Translated as Gustave de Molinari, *The Production of Security*, trans. J. Huston McCulloch, Occasional Papers Series #2 (Richard M. Ebeling, Editor), New York: The Center for Libertarian Studies, May 1977. On Molinari: David M. Hart, “Gustave de Molinari and the Anti-statist Liberal Tradition” *Journal of Libertarian Studies*, in three parts, (Summer 1981), V, no. 3: 263-290; (Fall 1981), V, no. 4: 399-434; (Winter 1982), VI, no. 1: 83-104. S11 was translated as an Appendix to both: Thesis, pp. 120-47; article Part III, pp. 88-102.

¹⁸ Although Frédéric Bastiat (1801-1850) and Charles Coquelin (1802-52) were from an older cohort born just after the turn of the century they were close friends and colleagues with the much younger Gustave de Molinari (1819-1912) who was 18 years their younger.

¹⁹ A facsimile of the magazine can be found online at David Hart’s personal website: <<http://davidmhart.com/liberty/FrenchClassicalLiberals/Bastiat/LibreEchange/index.html>>.

²⁰ A facsimile of the magazine can be found online at David Hart’s personal website: <<http://davidmhart.com/liberty/FrenchClassicalLiberals/Bastiat/RepubliqueFrancaise1848/index.html>>.

²¹ Bastiat’s correspondence can be found in CW1 (2012). See 93. Letter to Marie-Julienne Badbedat (Mme Marsan), 27 February 1848 </titles/2393#lf1573-01_head_119>.

the hundreds of clubs which sprang up in Paris after the enforcement of the strict censorship laws and bans on political associations collapsed. Their idea was to confront the socialists directly in public debate before large audiences. Coquelin in particular was a gifted public speaker, and Bastiat was clever and witty with his ability to combine references to classic French literature to illustrate economic ideas. The Club lasted only a few weeks before they were forced to close because of the intimidation and violence they faced from what Molinari describes as “a band of communist thugs”. Later, Molinari regretted the fact that the economists had been too meek in the face of socialist violence and had not stood up to them.²²

After this phase of free trade and anti-socialist activism came to an end in April 1848 the three temporarily turned to other activities - Coquelin and Molinari returned to more scholarly activities, whilst Bastiat got elected to the Constituent Assembly in April and worked to oppose the socialist policies of the new government from within the Chamber's Finance Committee, of which he was the elected Vice-President. The three men had a second round of revolutionary street activism in June 1848 when they started a another newspaper, *Jacques Bonhomme* (Jack Everyman), which was designed to appeal to ordinary workers on the streets.²³ It lasted for only 4 issues before it was forced to close as a result of the use of troops to put down the riots of the June Days resulting in the deaths of 1,500 and the arrest of thousands. Again, we know from Bastiat's correspondence that he got caught in the crossfire (the army used artillery to destroy the street barricades),

²² Molinari, Obituary of Joseph Garnier, JDE, Sér. 4, T. 16, No. 46, October 1881, pp. 5-13. Molinari tells a similar story in his obituary of Coquelin with the added detail that the economists chose not to fight back and so let the communists win by not throwing a single punch to defend themselves: Molinari, “[Nécr.] Charles Coquelin,” JDE, N(os) 137 et 138. Septembre et Octobre 1852, pp. 167-76. See p. 172.

²³ A facsimile of the magazine can be found online at David Hart's personal website: <<http://davidmhart.com/liberty/FrenchClassicalLiberals/Molinari/JB/index.html>>. The Institute Coppet has republished the journal: *Jacques Bonhomme : L'éphémère journal de F. Bastiat et G. de Molinari*, ed. Benoît Malbranque (Paris: Institut Coppet, 2014). <<http://editions.institutcoppet.org/produit/jacques-bonhomme-lephemere-journal-de-f-bastiat-et-g-de-molinari/>>.

witnessed the deaths of several protesters, and tried to organise a cease fire so the injured could be removed from the street barricade.²⁴

Following this second bout of street activism they finally gave up and returned to more intellectual pursuits. Bastiat continued working within the Chamber giving speeches on abolishing the tax on alcohol and salt, balancing the budget, lifting the ban on the formation of trade unions, cutting the size of the armed forces and their budget, and reforming the post office (which imposed a hefty tax on carrying letters).²⁵ He also wrote a series of over a dozen lengthy pamphlets opposing socialist and interventionist ideas, worked on completing his treatise on economics, the *Economic Harmonies*, and his last work *What is Seen and What is Not Seen* (July 1850) with the famous chapter on “The Broken Window.” He died on Christmas eve 1850 before he had finished his magnum opus.

Coquelin worked as the editor (with the considerable assistance of Molinari who might be regarded as the sub-editor) of a new and very large project undertaken by Guillaumin in 1849 to produce a veritable “encyclopedia of political economy” along the lines of Diderot’s *Encyclopédie* of the 18th century, called the *Dictionnaire de l’Économie politique* (1852-53).²⁶ Guillaumin and Coquelin wanted to codify political economy in a format that would make its ideas more “user-friendly” to the politicians and bureaucrats who ran the French state, as well as to the intellectuals who wrote for the serious periodical press. They planned a collection of hundreds of articles on key aspects of economic theory, biographies of key economic thinkers and economic reformers, and extensive annotated bibliographies to encourage further reading. The result was a two volume, 1,854 page, double-columned encyclopedia of political economy which was published in 1852-53. It is unquestionably one of the most important publishing events in the

²⁴ Bastiat’s correspondence can be found in CW1 (2012). See 104. Letter to Julie Marsan (Mme Affre), Paris, 29 June 1848 </titles/2393#lf1573-01_label_402>.

²⁵ Bastiat’s speeches and voting record in the National Assembly are discussed in an Appendix in CW3 (forthcoming) “Bastiat’s Activities in the National Assembly (1848-1850).”

²⁶ *Dictionnaire de l’économie politique, contenant l’exposition des principes de la science, l’opinion des écrivains qui ont le plus contribué à sa fondation et à ses progrès, la bibliographie générale de l’économie politique par noms d’auteurs et par ordre de matières, avec des notices biographiques et une appréciation raisonnée des principaux ouvrages, publié sur la direction de MM Charles Coquelin et Guillaumin.* Paris: Librairie de Guillaumin et Cie., 1852–53. 2 vols.

history of mid-century French classical liberal thought and is unequalled in its scope and comprehensiveness. Coquelin wrote 70 major articles and Molinari wrote 24 principle articles (most notably the important articles on “Free Trade”, “Tariffs”, and “Slavery”) and 5 biographical articles. Bastiat had been expected to play an important role in this project as well but his early death prevented his full participation. However, the editor Coquelin took Bastiat’s seminal 1848 essay on “The State” and his 1850 essay on “The Law” and adapted them for the key articles on the State and the Law in the DEP, so great was Bastiat’s reputation among the economists. Unfortunately, but perhaps not surprisingly given the frantic pace and heavy workload, Coquelin dropped dead from a heart attack in August 1852 before he had finished work on volume 2.

In addition to his work on the DEP, Molinari continued to write many articles for the JDE as well as working on his own more popular book on political economy which became *Les Soirées* (published Sept. 1849).²⁷ The brutal crushing of the socialist movement in the streets of Paris during the period of martial law (June to October 1848) and over the following months did not mean an end to the threat of socialism as an idea. This idea lived on in the interventionist ideas of the protectionists, the bureaucrats and politicians who were powerful within Louis Napoléon’s government, and the intellectuals and academics in general. Molinari was spurred into writing his own rebuttal of their ideas as a result of two things. In early 1849 when the Guillaumin group were searching for a new strategy after the political defeat of the more radical socialists over the summer and fall of 1848 and the election of Louis Napoleon as President of the Second Republic in November 1848, Molinari reviewed the conservative politician and stalwart of the previous July Monarchy, Adolphe Thiers’ defence of property in the book *De la propriété* (1848) in the JDE (Jan. 1849).²⁸ He was appalled at how badly Thiers defended the idea of the right to property in the face of the serious criticism socialists had been levelling against it throughout the 1840s and during the revolution of 1848. Although he agreed with many of his arguments about the benefits of private

²⁷ Gustave de Molinari, *Les Soirées de la rue Saint-Lazare; entretiens sur les lois économiques et défense de la propriété* (Paris: Guillaumin, 1849).

²⁸ Adolphe Thiers, *De la propriété* (Paris: Paulin, Lheureux et Cie, 1848). And Molinari’s review of it: [CR] Thiers “De la propriété”, JDE, T. 22, N° 94. 15 janvier 1849, pp. 162-77.

property in general he sided with the socialists in their argument that the current distribution of property was an unjust one and thus could not and should not be defended. The distribution of property which was the result of government privileges, monopolies, subsidies, and other favours was unjust, harmed the poor, and hampered further economic development. The only way to challenge the socialists effectively was to provide a better theoretical defence of the right to property (Molinari, like Bastiat, based it upon natural law and a version of the Lockean principle of first use, or its creation by means of physical or mental labour) and to begin removing the distortions in the current distribution of ownership by ending all government privileges and benefits. This approach explains the subtitle of Molinari's book: "Discussions on Economic Laws and the Defence of Property."

The second spur to action was his discovery of the work of Harriet Martineau, whose nine volume work of popularisation, *Illustrations of Political Economy* (1832), had been translated into French in 1834.²⁹ Molinari came across it somehow in 1849 and reviewed it in April for the JDE.³⁰ Her method of using "familiar conversations" between ordinary people, one of whom was very knowledgeable about free market economic ideas, and others who were not, appealed to Molinari. He knew of course of Bastiat's brilliant "economic sophisms" which had also used dialog and conversations between stock characters but these had been quite short and not consistently used over an entire book as Martineau had done. I think his goal in mid-1849 was to write a book-length series of conversations responding to the main criticisms of the free market by both conservatives (like Thiers) and socialists (like Louis Blanc), in the style of Martineau but using the more sophisticated theoretical insights which he and Bastiat had developed. He succeeded in doing that but the major flaw of his work was that he lacked the rhetorical and literary brilliance of Bastiat which made his work in popularisation of economic ideas perhaps the best of its kind. Nevertheless he would return twice more to this format in order to popularise economic ideas (equally unsuccessfully

²⁹ Martineau, Harriet *Illustrations of Political Economy* (3rd ed) in 9 vols. (London: Charles Fox, 1832). <<http://oll.libertyfund.org/title/1873>>. Harriet Martineau, *Contes de Miss Harriet Martineau sur l'économie politique*, trans. Barthélemy Maurice (Paris: G. Vervloet, 1834).

³⁰ Molinari, [CR] "Contes sur l'économie politique, par miss Harriet Martineau," JDE, T. 23, N° 97, 15 avril 1849, pp. 77-82.

one might add), once in 1855 when he was teaching in Brussels³¹ and again in 1886 when he was back in Paris editing the *Journal des Économistes*.³²

A final point to be made about this extraordinary period in the development of French classical liberal and economic thought is that while Bastiat and Molinari were participating in “activism” on the street with the French Free Trade Association (FFTA) and their revolutionary journalism in February and June 1848, as well as their works as journalists and popularisers of economic ideas, they were also working on theoretical treatises at the same time. Both men had been offered the opportunity to give lectures to students in late 1847. Not much is known about how they came to do this aside from scattered remarks in Bastiat’s correspondence and in *Libre-Échange*, the weekly journal of the FFTA. It is quite possible that Guillaumin arranged for financial support for these lectures from his usual donors and benefactors Horace Say and Casimir Cheuvreux. Bastiat began lecturing to students at the Paris School of Law in July (using his book on *Economic Sophisms* as the text book) and Molinari began a bit later in the summer or early fall at the *Athénée royal de Paris*. Their lectures only lasted a few months before the February Revolution forced them to be cancelled. However, Bastiat’s lecture notes were eventually turned into *Economic Harmonies*.³³ Molinari was able to resume his

³¹ Gustave de Molinari, *Conservations familières sur le commerce des grains* (Paris: Guillaumin, 1855).

Here there is a three-way conversation between a Rioter, a Prohibitionist or Protectionist, and an Economist which takes place in the immediate aftermath of food riots and window smashing of suspected food hoarders which had taken place in Belgium in September 1854.

³² Gustave de Molinari, *Conversations sur le commerce des grains et la protection de l'agriculture* (Nouvelle édition) (Paris: Guillaumin, 1886). Thirty years later Molinari reissued his 1855 conversation, which is now entitled “Part One: A Time of Shortage”, with an additional part added to it called “Part Two. Thirty Years Later: A Time of Plenty”. The conversations are no longer described as “familiar” and take place between an Economist, a Protectionist, and a Collectivist.

³³ The first edition consisted of 10 chapters and was completed at the end of 1849 and appeared in print in early 1850. A second, expanded edition was published posthumously in mid-1851 by his friends Paillottet and Fontenay and consisted on an additional 15 chapters in various states of completion. Frédéric Bastiat, *Harmonies économiques. Par M. Fr. Bastiat. Membre correspondant de l'Institut, Représentant du Peuple à l'Assemblée Législative*. (Paris: Guillaumin, 1850). And Frédéric Bastiat, *Harmonies économiques. 2me édition. Augmentée des manuscrits laissés par l'auteur. Publiée par la Société des amis de Bastiat* (Paris: Guillaumin, 1851). An expanded edition of 25 chapters edited by Prosper Paillottet and Roger de Fontenay.

lectures at the *Musée royale de l'industrie belge* where he got a position after he left Paris at the end of 1851. His lecture notes became the *Cours d'économie politique* (1855).³⁴

In the rest of this paper I want to examine some of the highly original and important ideas Molinari developed during this first period of his life as an economist and which he continued to work on later in his very long life.

NOTA BENE: PARTS OF THE STORY NOT TOLD HERE

There are several parts to the story of this “Radical Liberal Moment” which cannot be told here for reasons of space but which I have explored elsewhere. These include:

- the “networks for liberty” - Molinari and Bastiat were members of about 8 separate but interlocking “networks” of activists and theorists in the late 1840s who were agitating for liberal reforms. They included (in rough chronological order):
 - Hippolyte Castille’s network of friends who participated in his soirées at his home on the rue Saint-Lazare (1844-1848), wrote for or read the magazine he and Molinari worked for, *Le Courrier français*, and the magazine about intellectual property rights *Le Travail intellectuel*;
 - the *Academy of Moral and Political Sciences* (Political Economy section) the membership of which included many prominent classical liberals and economists. The key figure in the group was Charles Dunoyer, Bastiat was elected as a “corresponding member” in January 1846 and Molinari much later in 1874
 - Frédéric Bastiat’s free trade network within the French Free Trade Association (1846-1848);
 - the Guillaumin publishing network which included the *Journal des économistes*, the *Société d’Économie politique*, and the *Dictionnaire de*

³⁴ Gustave de Molinari, *Cours d'économie politique, professé au Musée royal de l'industrie belge*, 2 vols. (Bruxelles: Librairie polytechnique d'Aug. Decq, 1855). 2nd revised and enlarged edition (Bruxelles et Leipzig: A Lacroix, Ver Broeckoven; Paris: Guillaumin, 1863). Online version: <<http://oll.libertyfund.org/titles/1829>>.

l'économie politique (1835-1852); Minert calls this key group “le réseau Guillaumin” (the Guillaumin network)

- the group of friends (Coquelin, Bastiat, and Molinari, among others) who started two small revolutionary magazines which were handed out on the streets of Paris in February and June 1848 - *La République française* and *Jacques Bonhomme* respectively.
- Coquelin's and Fonteyraud's network of debaters and public speakers in the *Club de la liberté du travail* (Club Lib) in March 1848; and
- Garnier's Friends of Peace peace network (1848-50) who were active in organizing a Peace Conference in Paris in 1849.
- the private salons run by the wives of two leading figures in the circle of the economists, Madame Hortense Cheuvreux (wife of the manufacturer Casimir Cheuvreux) and Anne Say (née Cheuvreux) (the wife of the businessman and son of Jean-Baptiste Say, Horace Say). Both men raised money to fund activities of the economists
- the “Seven Musketeers” of the Parisian Economists where I expand on Minart's fruitful idea of describing the small group of innovative economists who were active in Paris in the mid- and late-1840s as “The Four Musketeers” (inspired by the fact that Bastiat came from Gascony and Dumas' novel was serialised in the press when Bastiat first arrived in Paris). I think there were in fact 7 key individuals who came to Paris from the provinces and turned the world of the Paris economists upside down with their hard work and innovative ideas. Also, they consisted of two generations with Bastiat being the link between the two. This association makes a very interesting sociological study of how “outsiders” can bring original ideas to a major city where there is scope for much innovative thinking. Examples include Paris in the 1840s, Vienna in the 1870s and 1880s, and New York City in the 1930s and 1940s.
- Bastiat and Molinari as revolutionary “street journalists” in February and June 1848 taking free market ideas to the people on the streets of Paris until violence in the streets forced them to withdraw
- a history of attempts to popularise economic ideas showing the brilliance of Bastiat in his “Economic Sophisms” and the relative failure of Molinari in his “Conversations”

The Intellectual and Political Challenges facing French Classical Liberalism in the 1840s I: Protectionism

AN OVERVIEW OF THE FRENCH STATE AND ITS POLICIES DURING THE 1840S

Opening quote: “the government is a veritable monster”

Or qu'est-ce qu'un gouvernement sinon une vaste entreprise, exerçant des industries et des fonctions multiples et disparates? Au point de vue des lois de l'unité des opérations et de la division du travail, un gouvernement qui entreprend la production de la sécurité et de l'enseignement, le transport des lettres et des dépêches télégraphiques, la construction et l'exploitation des chemins de fer, la fabrication des monnaies, etc., n'est-il pas un véritable monstre?

Now what is the government if not a huge enterprise which carries out multiple and disparate industries and functions? From the perspective of the laws of the unity of operations and the division of labour, isn't a government which undertakes the production of security and of education, the carrying of letters and telegrams, the construction and operation of the railways, the minting of money, etc. a veritable monster?

[Source:]³⁵

When Gustave de Molinari arrived in Paris from his native Liège (then part of the Kingdom of Belgium but it had been part of greater France when he was born) just after 1840 France was firmly under the control of the 67 year old King Louis Philippe of the Orléanist branch of the Bourbon royal family. Louis Philippe had come to power in a revolution in July 1830 which overthrew the dictatorial Bourbon King Charles X (his cousin) with promises that his regime would be a more liberal and constitutional one than that which had gone before. This proved to be a false hope as Louis Philippe refused to allow any democratic reform of the franchise (as was taking place in England with the Reform Act of 1832),

³⁵ *Cours*, vol. 2, p. 760-61.

liberalisation of the strict press laws (journals and newspapers had to be approved by the censors and caution money paid in advance to cover any later infringement, and theatres were strictly limited in what plays they were able to put on),³⁶ liberalisation of the laws banning the creation of unions or political associations, tariff reform (the alliance between the large landowners and the growing manufacturing class established in 1822 under the previous regime remained in place), reform of the tax system which depended heavily on tariffs and indirect taxes which weighed heavily on the poorer groups within French society (such as salt and alcohol), any cuts to the size of and cost of the military (conscription took nearly 80,000 young men every year and one third of the annual budget was spent on the military or servicing the high national debt which was a result of previous wars),³⁷ or any liberalisation of the highly regulated French economy which in typical “dirigiste” fashion controlled everything from the movement of labour (the labour work books, the “livret d’ouvrier”, which had to be shown upon demand by the police), to starting a business, to regulating the legalised prostitution industry with regular medical inspections.

Also lying just under the surface was the ever present concern that a crop failure would lead to rising food prices and the riots which this would inevitably provoke among the poor and working classes (as in fact happened with the poor harvests of 1846-47 in France, not to mention the famine in Ireland which began in 1845). This was partly the result of the very restrictive trade policies for foodstuffs which had been reintroduced with the return of the monarchy in 1815. Food prices were controlled, transport of food within France was highly regulated with the country divided into numerous zones each with their own grain warehouses controlled by local government officials to ward off any hint of

³⁶ Molinari was very interested in the theatre and wrote on them for the JDE. It wanted to see them completely deregulated and cut off from any state subsidisation.

³⁷ According to the French government’s budget papers for 1848-49, 384 million fr. out of a total expenditure of 1,426 million fr. was spent on servicing the public debt (27%); the next biggest item was 322 million (for the Army (23%) and 139 million for the Navy and Colonies (10%), for a total expenditure of 461 million fr. on the armed forces (33%). See, M. de Colmont, “Philosophie de budget,” pp. 76- 109 and “Budget rectifiée de l’exercice 1848,” pp. 110-20 in *Annuaire de l’économie politique et de la statistique pour 1849, par MM. Joseph Garnier et Guillaumin* (Paris: Guillaumin, 1849); “Budget de 1848,” pp. 29-51 in *Annuaire de l’économie politique et de la statistique pour 1848, par MM. Joseph Garnier et Guillaumin* (Paris: Guillaumin, 1848).

“speculation”. There was no free trade within France let alone free trade with grain growing regions outside the country (such as the booming grain trade out of Odessa in Russia). Furthermore, the inheritance laws created by the Revolution meant that small-scale landownership, which had become widespread in France as a result of the Revolution, required that a father divide the inheritance equally among the sons, thus leading to “morcellement” of the land, i.e. the gradual creation of smaller and increasingly economically unviable blocks of farm land which were too small to take advantage of economies of scale or to be used as collateral for loans to invest in new crops and farming techniques. Thus the French government was strangling the most important sector of the economy, farming, from two directions at once: trade restrictions and bureaucratic (one size fits all) inheritance laws.

A DAY IN THE LIFE OF “JACQUES BONHOMME” (1819-1865)

In order to get an idea of what life was like for an ordinary working person in Paris in the late 1840s we need to go beyond the lives of Molinari and Bastiat which were quite unusual. Bastiat was a wealthy landowner who paid enough in direct taxes (especially on land) to qualify not only to vote (200 fr. per annum) but also to stand for election (500 fr. p.a.), which he did a couple of times but not successfully until the Revolution. He was one of the (literally) 1% which ruled France during the July Monarchy. Molinari worked as a journalist for several publications and thus did not have a regular income but he could have made a reasonable living (we don't know because none of his letters or other personal records survive). Therefore we have constructed a typical example of a working class man who worked in the printing industry in Paris as our example. We have named him “Jacques Bonhomme” for obvious reasons (henceforth “JB”).

JB may well have been born in the countryside and sent to work in Paris, perhaps staying with a relative while he was an apprentice. Three quarters of the French population (approx. 35 million in 1848) were engaged in agricultural work

and the average small family farm (consisting of 4 people) and growing a crop like wheat or rye produced an annual family income of about 500 fr.³⁸

Paris was a large city of just over 1 million people (London had 1.9 million) and was the major industrial area in the country. Paris-based industry (mostly located on the right bank of the Seine river) produced an annual output of 4.46 billion fr. with the following industries producing the most: clothing (241 m. with 90,064 workers), food (227 m. with 10,428 workers), construction (145 m. with 41,603 workers), furniture (137 m. with 36,184 workers), precious metals and jewelry (135 m. with 16,819 workers), “Articles de Paris” (luxury goods) (129 m. with 35,679 workers), textiles (106 m. with 36,685 workers), metal working (104 m. with 24,891 workers), chemical industry (75 m. with 9,737 workers), carriages, saddlery and military equipment (52 m. with 13,754 workers), printing, engraving, and publishing (51 m. with 16,705 workers), animal skins and leather (42 m. with 4,573 workers), woodworking and basketry (20 m. with 5,405 workers). About 65,000 businesses employed a total of 343,000 people on an average wage of 3 fr. 80 c. per day. About one third were women (112,891) and about 6% (19,000) were young apprentices.³⁹

After receiving an elementary school education from the local commune at the age of 12 (c. 1831) JB would have entered a three year apprenticeship with a printer. He would have been at school when the Bourbon monarchy fell in July 1830 and was replaced by King Louis Philippe. The printing industry was concentrated in the 10th and 11th arrondissements on left bank of Seine on the western and southwestern side of the old part of the city. JB would probably have lived with the printer receiving little or no pay but room and board for the duration of his apprenticeship which would have ended when he was about 15 (1831-34).

The printing industry was heavily regulated by the government because of the question of censorship. The government did not want criticism of its policies and

³⁸ Moreau de Jonnès, “Conditions & salaires des classes agricoles en France,” *Annuaire de l'économie politique* (1851), pp. 368-84.

³⁹ Chambre de Commerce de Paris [Horace Say], *Statistique de l'Industrie à Paris résultant de l'enquête. Faite par la Chambre de commerce pour les années 1847-1848* (Paris: Guillaumin, 1851). “Chap. XXII. 13e Groupe - Imprimerie, Gravure, Papeterie” pp. 187-94. Summarised by H. Say in *Annuaire de l'écu. pol.* (1852), pp. 217-30.

they did not want subversive ideas, whether liberal or socialist, from being spread by newspapers or books. Under Napoleon the number of printers was limited to 80 and this still remained in effect. The industry was regulated by the police who enforced the censorship laws. A common practice was for the publisher to register the titles with a justice of the peace and to pay “caution money” which they had to put up before something could be printed and which would be confiscated in they infringed the law. The standard fine for infringing the law was 125 fr. Many printers set up their business outside the city limits, e.g. in Batignolles which is a district north of the city, in order to escape police supervision.⁴⁰

Once he had graduated he would have begun earning less than 3 fr. per day (probably being being paid on a daily basis), worked six days a week for 10-12 hours per day, and lived in a small room in a building not far from the printer’s shop. Since he lived in an older and poorer part of the city he would have lived in a single room on an upper floor of a building (the ground floor was most desirable and the upper floors were cheaper to rent). There was no running water but the city provided water at public fountains to which he had to walk to get his daily needs. An open sewer or drain went down the middle of the street, although the city was gradually upgrading to gutters at the sides of the roads. Some streets in more prosperous areas were gas lit.

After a few years he might move onto a yearly agreement with the possibility of eventually earning the industry average in the printing industry of 4 fr. 18 c. which was quite high compared to the lowest rates which were earned in the textile industry of 3 fr. 34 c. per day. If he worked at printing books, say for the Guillaumin publishing firm (which began in 1838 when JB was 19 years old), typographic printers earned on average 4 fr. 43 c. per day. JB could have earned an annual income of 1,275 fr. with probably a 1 month layoff in the slow winter months of January or February (the “dead season” for the printing industry). Since workers in the printing industry had the highest average literacy rates of any sector of 97% (the lowest was in textiles 73%) he probably read and understood the material he was setting up for printing and may well have absorbed some of the liberal economic ideas of the Guillaumin firm. On the other hand, he probably

⁴⁰ “C.S.” “Imprimerie” DEP, vol. 1, pp. 414-15.

had friends in the industry who worked for printers who published books and magazine by socialists such as Victor Considerant and Louis Blanc which would have led to interesting discussions about politics in the bar after work.

Concerning some of his living expenses, the national government imposed indirect taxes on many items of everyday consumption such as salt, sugar, and alcohol. In addition the city of Paris imposed its own taxes on staples like bread produced within the city limits, so that the price of a 2 kg (4.4 lb) loaf of bread fluctuated between 50c. and 87.50 c. Since the bakery industry was strictly regulated by the government as a “corporation” or guild, the number of bakers was limited and the government set the price of loaves of bread in order to prevent rioting if the price rose too much as it did in 1847 when floods and a poor harvest reduced the supply of grain and a loaf cost 97 c. On other everyday items the national government imposed taxes on tobacco (the manufacture of which was a state monopoly) and the sending of letters.⁴¹

The city of Paris also imposed an entry tax (or octroi) on consumer goods entering the city walls to pay for the costs of maintaining roads, drains, lighting, and other public infrastructure. All people and vehicles entering the city were inspected and taxes had to be paid on goods such as wine, beer, food (except for flour, fruit, milk), firewood, animal fodder, and construction materials. The inner ring of octroi tax walls which surrounded the older part of Paris was built in the 1780s at the request of the private tax-collecting agency, the “Fermiers Généraux” (Farmers General) in order to make tax collection easier and to restrict the smuggling of goods into the city. These were not torn down until 1859. In JB’s day there was a thriving industry just outside the city’s octroi walls providing food, drink, and entertainment at lower, tax-free prices than were available within the city.⁴²

JB would not have belonged to a trade union because the formation of unions was banned under the law. Now and again workers would attempt to form a union to negotiate with their employers (who were also technically banned from forming associations but the law was not enforced upon them). Soon after Molinari arrived

⁴¹ “Prix du pain, à Paris,” *Annuaire d’éc.pol.* (1856), p. 301-2.]

⁴² Say, Horace, *Paris, son octroi et ses emprunts* (Paris: Guillaumin, 1847).

in Paris in 1841 one of his first jobs as a journalist for *Le Courrier français* was to cover the trial of a group of carpenters who were arrested and charged with attempting to form a union. They were sentenced to five years in jail.⁴³ As an ordinary worker JB had to carry with him a “livret d’ouvrier” (workers passbook) which listed his place of employment and was signed and stamped by the police. He had to produce this upon demand or he could be arrested for vagrancy.

In 1840 when he turned 21 JB was conscripted into the French Army for seven years bringing his occupation as a printer to a halt. To maintain a force of 429,490 men (at an annual cost of about 400 million fr.) the military had to conscript about 80,000 men each year in order to get the 60,000 new soldiers it needed to replace those being “liberated” from the service each year (there were many recruits who were rejected on physical or health grounds). There were some exemptions and one could pay for a substitute to take your place. JB did not qualify for an exemption and neither he nor his family had the 1,800 to 2,000 fr. needed to pay for a substitute.⁴⁴ In 1839 299,896 young men were liable to be called up, of which 64,672 were conscripted (22%) and 909 (1.4%) young men refused (i.e they were “insoumis” or “draft dodgers”).

JB was stationed in Paris and worked on building the fortified wall around Paris which was the brain-child of the conservative politician Adolphe Thiers. Construction began in 1841 and was completed by 1844 at a cost of 142 million fr. It surrounded the city with a new wall 33 km long, 10 meters high, with a deep ditch and sloping glacis outside the wall which stretched for 250 meters.⁴⁵ It was built

⁴³ Molinari, “Appel aux ouvriers” 20 juillet, 1846, *Le Courrier français*, reprinted in *Questions d’économie politique*, vol. I (1861), pp. 183-94 and *Les bourses du travail* (1893), p. 126-37.

⁴⁴ The liberal journalist and anti-conscription campaigner Émile de Girardin estimated in 1848 that about one quarter of the entire French Army consisted of replacements who had been paid fr. 1,800-2,400 to take the place of some young man who had been called up but did not want to serve. The schedule of payments depended on the type of service: fr. 1,800-2,000 for the infantry; 2,000-2,400 for the artillery, cavalry and other specialized forces. See *Plus de conscription!* (Signé: Allyre Bureau, l’un des rédacteurs de “la Démocratie pacifique”) (Paris: Impr. de Lange Lévy, 1848) and Émile de Girardin, *Les 52: Abolition de l’esclavage militaire*. (Paris: M. Lévy, 1849).

⁴⁵ *La France et l’Angleterre ou statistique morale et physique de la France comparée à celle de l’Angleterre, sur tous les points analogiques*; par Le Cher. F. de Tapiès (Paris: Guillaumin, 1845). The discussion of the “fortifications of Paris” on pp. 333 ff.

largely by using conscript soldiers such as JB.⁴⁶ Outside “Thiers wall” was a system of 12 free-standing forts which completed the “embastillisation of Paris.” JB would have been one of 50,000 soldiers stationed in the city.

While in the army JB would have earned considerably less than his relatively well-paying job as a printer. An ordinary foot soldier was given 47 c. per day of which he had to pay 32 c. for his food and equipment, which left him 15 c. for his own use (about 55 fr per annum). A captain in the infantry, on the other hand, was paid 2,760 fr. per annum. A junior lieutenant earned closer to what JB had earned as a printer - 1,590 fr. p.a.⁴⁷ JB probably bought black market tobacco and alcohol to save money.

When he was discharged from the army in 1847 he had lost 7 years of his life (about 15% of his life expectancy of 46-47 years) and 9,000 fr. in lost wages as a skilled worker in the printing industry. It is possible that he would have returned to the industry he knew and continued to work there until he died at the age of 46 in 1865 (thus for another 18 years). It is possible that JB had come across political ideas in the army as well as at his work at the printers producing books for Guillaumin. Socialists had been active in appealing to soldiers and he may well have met socialist agitators in some of the bars and goguettes just outside the octroi wall. He would also have sung the liberal songs of Béranger and possibly heard of Bastiat’s large meetings being organized across the city in favour of free trade. He could have afforded to buy a copy of Bastiat’s *Economic Sophisms* which sold for 1 fr in a special cheap, popular edition.

JB would also not have belonged to a political party as these too were banned. If individuals gathered in bars to talk about politics their meetings might be broken up by the police. One way around this was to go to special bars called “goguettes” where singing societies gathered. Some poets like Béranger made a living writing political songs mocking the king or the Church and praising Napoléon. Some of

⁴⁶ Michel Chevalier, *Cours d'économie politique fait au Collège de France* (Bruxelles: Meline, Cans, 1851), vol. 2, Douzième leçon “Concours de l’armée française aux travaux des fortifications de Paris,” pp. 183-96.

⁴⁷ F. de Tapiès, *La France et l'Angleterre ou statistique morale et physique de la France comparée à celle de l'Angleterre, sur tous les points analogiques*; par Le Cher. F. de Tapiès (Paris: Guillaumin, 1845), p. 340.

these songs had alternate words (a political version and an innocent, non-political version) which could be sung if the police approached the goguette. JB may well have gathered with his friends in goguettes to sing these songs.

When the Revolution broke out in February 1848 JB could well have taken to the streets, attracted by the promise of freedom of speech and association, cutting direct taxes on food and staples, the right to form unions, and toppling the corrupt and out of touch regime of King Louis Philippe. He may well have recognised some of the soldiers he had served with who were being used to crush the rioters in February and June 1848. However, his job may have been put at risk by the economic downturn which followed the revolution and lasted for some months. He might also have died in the cholera epidemic which swept the poorer districts of Paris in the summer of 1849 killing 19,184 people, 1,600 of which lived in the 10th and 11th arrondissements where JB worked. Contaminated water from the government public water fountains may have helped spread the disease.⁴⁸

But let us hope he lived long enough to work on printing the second and enlarged edition of Bastiat's *Complete Works* which Guillaumin published in 1863-64; or Molinari's second edition of the *Cours d'économie politique* which was also published that year.

THE “EMBASTILLEMENT” (BASTILLE-ISATION) OF PARIS

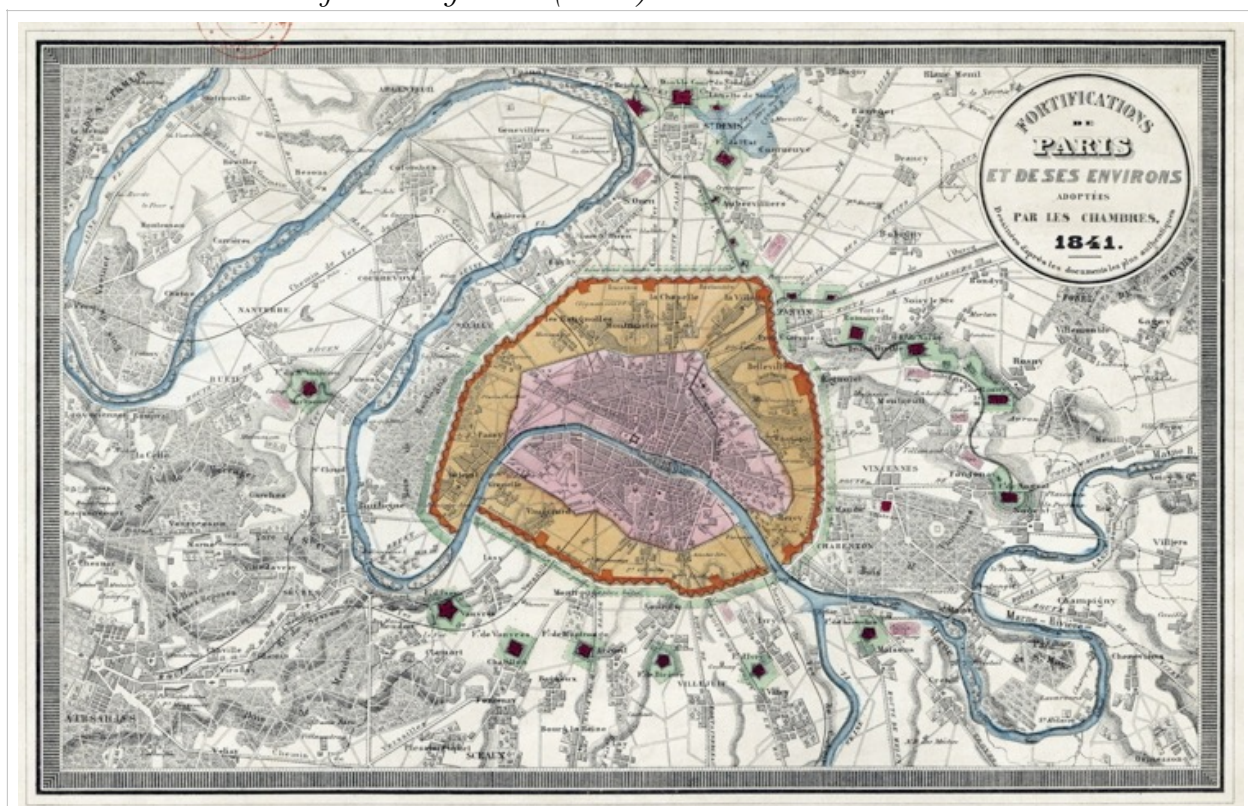
Something further should be mentioned about Louis Philippe's government's large-scale and high cost public works projects which added further burdens on the French economy, especially the taxpayers. Investment in infrastructure was a part of the accepted duties of the state. As industrialisation began to pick up in the 1830s and 1840s the French state spent heavily in canal building initially and then in the construction of the railways.⁴⁹ A government plan was drawn up and approved in 1842 to regulate the building of 5 massive railway lines (and their associated railway stations) which would radiate out from Paris to serve the needs

⁴⁸ “Note sur le choléra asiatique à Paris en 1849,” *Annuaire d'en. pol.* (1851), p. 249.

⁴⁹ The budget for Public Works in 1848 was 111 million fr. or 8% of total expenditure.

of the provinces. The state partnered with companies which were granted concessions to operate the lines with the state building the tunnels, bridges, and the stations, and railway companies laying the track and owning the carriages. The state set the charges the private railway companies could charge. The chance to get potentially lucrative government concessions led to several speculative booms in railways stocks on the Paris stock exchange and eventually the government was “forced” to take control and rationalise the railway companies.

Illustration: The Fortifications of Paris (1841)



“The Fortifications of Paris and its Environs as adopted by the Chambers” (1841)

The pink area is the old part of the city which is surrounded by a customs wall with entry gates which was built in the 1780s to help the Farmers General collect taxes. The orange area is enclosed by a new wall of fortifications which surrounded the city and was built between 1841-44 and had a circumference of ?? miles/km. The outer ring of red and green shapes are a series of 14 stand-alone forts and barracks which also surrounded the city.

Another very large public works program was the brain child of the Prime Minister Adolphe Thiers who persuaded the King and his cabinet to undertake a massive program to surround Paris with fortifications to prevent any foreign occupation of the city as had happened in 1815 when the British, Austrians, Prussians, and Russians took control after the fall of Napoléon I.⁵⁰ The plan, at a cost of 140 million francs, was to build a 33 km (20.6 miles) wall encircling the city with a deep ditch and embankment on the outside with land cleared for two hundred metres (the glacis) provide a good line of fire for the army. Considerable privately owned land had to be resumed by the State in order to clear the land and build the wall and the access roads. The wall was made of masonry 3.5 metres thick and 10 metres high and contained 95 multi-directional firing points (bastions) at regular intervals, 17 gates, 23 barriers, 8 entry points for trains, and 5 entry points for ships on canals and the river. There would also be an outer ring of 16 free standing forts to complete the defensive perimeter around the city. The construction began in 1841 and was completed on schedule in 1844 with much of the labour being done by young army conscripts. When they had finished, Paris was surrounded by three concentric walls which had been built by the state: an inner wall surrounding the old part of the city, the octroi customs wall, built in the 1780s to make tax collection easier for the private tax collecting agency known as the Farmers General; the new “Thiers wall” which stretched for 33 km (20.6 miles) in circumference (only slightly less than the I-465 freeway which rings Indianapolis today);⁵¹ and the third ring of 16 free-standing forts. Critics at the time, including some generals, argued that this project was pointless and would be made redundant by technological innovations. Others, like the astronomer and liberal François

⁵⁰ Patricia O'Brien, “L'Embastillement de Paris: The Fortification of Paris during the July Monarchy,” *French Historical Studies*, Vol. 9, No. 1 (Spring, 1975), pp. 63-82.

⁵¹ To get feeling for its size, one should note that the I-465 freeway which encircles the city of Indianapolis is 85 km or 53 miles long.

Arago,⁵² argued that the 40,000 or so soldiers in and around the city were just as well placed to suppress any uprising which might occur within as they were to prevent any foreign invaders entering from without - thus creating what they believed was the “embastillement de Paris” (Bastille-isation of Paris).⁵³ Economists like Michel Chevalier⁵⁴ was appalled at how much time and labour was expended on its construction by conscript labour.⁵⁵ As it turned out, troops were used to bloodily repress rioters in February and June 1848 and martial law was declared between June and October 1848 thus dramatically proving Arago’s point. The ultimate economic waste of these projects was realised in 1859 when Emperor Napoleon III began his rebuilding of Paris under Baron Hausmann and the inner ring of octroi walls and gates were torn down. The Thiers’ wall lasted until the 1920s when it was largely torn down as well leaving only a few sections as reminders. Most of the state-owned land where the wall used to stand was later used for “le boulevard périphérique de Paris” (the Paris ring round) which is the 35 km freeway which now encircles Paris.

⁵² François Arago (1786-1853) was the eldest of four successful brothers, Jean Arago (1788-1836) a General who saw service in Mexico, Jacques Arago (1790-1855) a writer and explorer, and Étienne Arago (1802-1892) who was a playwright and republican politician (who attended a Benedictine school in Sorèze at the same time Bastiat was there). François was a famous astronomer and physicist and in 1812 became a professor of analytical geometry at the l’École polytechnique. François was also active in republican politics during the July Monarchy where he was an elected Deputy for its entire duration. After the outbreak of the Revolution in February 1848 became Minister of War, the Navy and Colonies and played an important role in the abolition of slavery in the French colonies.

⁵³ François Arago, *Sur les Fortifications de Paris* (Paris: Bachelier, 1841); and *Études sur les fortifications de Paris, considérées politiquement et militairement* (Paris: Pagnerre, 1845).

⁵⁴ Michel Chevalier (1806-87) was a liberal economist and alumnus of the École polytechnique and a Minister under Napoleon III. He was appointed to the chair of political economy at the Collège de France in 1840 and became a senator in 1860. He was an admirer of Bastiat and Cobden and played a decisive role in the free trade treaty signed between France and England in 1860 (Chevalier was the signatory for France, while Cobden was the signatory for England). His dismissal from his teaching post during the 1848 Revolution was strongly resisted by the Political Economy Society which was able to eventually get him reinstated.

⁵⁵ Miche Chevalier, *Les fortifications de Paris, lettre à M. Le Comte Molé* (Paris: Charles Gosselin, 1841). And *Cours d’Économie politique fait au Collège de France par Michel Chevalier*. (Bruxelles: Meline, Cans, 1851). Vol. 2, “Douzième leçon. Concours de l’armée française aux travaux des fortifications de Paris,” pp. 183-96. First ed. 1844.

THE GROWING RESISTANCE TO THE FRENCH STATE

Resistance to these controls, restrictions, and extravagant spending on public works came from within the Chamber of Deputies by a small group of liberal-minded politicians like the poet Alphonse Lamartine and Alexis de Tocqueville, and increasingly from outside the electoral system by the growing democratic and socialist movements which came to a head in late 1847 and led directly to the collapse of the government in February 1848. Also, the French state had to contend with the growing problem of enforcing all its restrictive laws in the face of widespread smuggling (especially of tobacco and salt), rising rates of “draft dodging” and the spread of socialist and republican ideas among the ranks of the army, a growing underground socialist and democratic press, an organised free trade movement trying to replicate in France the success of Cobden’s Anti-Corn Law League in England, a growing and increasingly organised labour movement which now and again would break out into violence (as did textile workers in Lyons in 1834), and the nation-wide “political banquet” movement of 1847 which got around the ban on political meetings by organising vast outdoor “banquets” where “toasts” (which were legal) were given instead of political speeches (which were strictly banned). The police were often forced to make an on-the-spot decision whether what was being given was a long political toast or a short political speech. It was a protest march through the streets of Paris in February against a banned political banquet (interestingly planned to be held on George Washington’s birthday on 22 February!) which was the trigger for the collapse of the government, the abdication of King Louis Philippe, and Lamartine declaring the formation of the Second Republic and a Provisional Government.

Molinari’s book *Les Soirées* was written during the summer of 1849 when a number of important intellectual and political battles were raging in France. The longest standing battle had been against the protectionist régime which had emerged under Napoléon Bonaparte and continued almost untouched during the Restoration and the July Monarchy. The second battle emerged during the 1840s when socialists like Proudhon and Louis Blanc launched a number of attacks

against the very notion of private property and the financial rewards which were so crucial to the functioning of the free market economy, namely profit, interest, and rent. The third emerged during the early months of the Second Republic when a number of socialist politicians launched the National Workshops in order to provide assistance and jobs to the poor and unemployed of Paris. This began a new campaign for “the right to work” which only ended when the National Workshops collapsed in May and June of 1848. A fourth battle was only beginning to emerge during 1849-50 and would not take final shape until 2 years later. This was the rise to power of a strong president of the new republic, soon to be self-appointed as another Emperor, who would attempt to centralize bureaucratic regulation of the French economy in his own hands. Molinari’s book needs to be seen in the context of these four intellectual battles.

MOLINARI AND THE ECONOMISTS’ CAMPAIGN AGAINST PROTECTIONISM, 1845-48

Opening quote: “Free trade and the Stack of Cash”

Quoi qu’il arrive, au rest, l’avenir appartient à la liberté du commerce. Chose admirable, en effet! les hommes ont beau entasser iniquité sur iniquité, inégalité sur inégalité, les classes dont l’influence prédomine ont beau élever l’édifice de leur fortune aux [75] dépens de la foule ignorante et besogneuse, un jour survient où, quoi qu’on fasse, l’édifice croule, où la justice se substitue irrésistiblement à l’iniquité, l’égalité à l’inégalité.

Whatever might happen, the future belongs to free trade. Indeed, what an admirable thing! Mankind has really piled up injustice upon injustice, inequality upon inequality; the classes whose influence predominates in society have really amassed a stack of cash at the expense of the mass of ignorant and needy people; whatever one might do, the day will come when their stack of cash will collapse, when injustice will inevitably be replaced by justice, and when inequality will be replaced by equality.

[Source: *Histoire du tarif*, (1847) vol. 2, pp. 74-5.]⁵⁶

⁵⁶ *Histoire du tarif*, vol. 2, pp. 74-5.

The founding fathers of political economy, Adam Smith in Britain and Jean-Baptiste Say in France, had a great deal to say about the subsidies to favored industries and regulations on trade which lay at the heart of mercantilism and their theoretical arguments for free trade remained the staple of the French economists for several decades. Although the theory of free trade was well established and probably overwhelming, the politics which lay behind protectionism remained the problem. The powerful agricultural and manufacturing interests, what Molinari called “la ligue tenace des intérêts privilégiés” (the tenacious league of privileged interests) made up of the “des grands propriétaires” (the large landowners) and “l’aristocratie marchande” (the merchant aristocracy),⁵⁷ which controlled the French state were determined to retain their privileges, which they were able to do so long as the restrictions on who was allowed to vote and stand for election remained in place. Only those who paid the highest taxes (le cens) were eligible to vote and in Bastiat’s day this limited the franchise to about 200-240,000 taxpayers, or what he called “la class électorale”. A similar situation existed in Britain and the liberal reformers recognized that they could not introduce trade liberalization until they had first opened up voting to the middle class, which they successfully did in the Reform Act of 1832.⁵⁸ The Anti-Corn Law League was established soon after this electoral victory in 1838 by Cobden and Bright and after 8 years of agitation and lobbying they were successful in repealing the protectionist Corn Laws in early 1846. It took a combination of the newly enfranchised and liberal thinking middle class, a new group of rising manufacturers like Cobden, and some free trade-minded officials in the Board of Trade to tip the balance in favour of free trade. Nothing like this existed in France when Molinari began working for the free trade movement in the mid-1840s.

⁵⁷ Molinari, “Liberté des échanges (Associations pour la)” DEP, vol. 2, p. 48.

⁵⁸ Before the 1832 Reform Act up to 400,000 men owned sufficient land or paid enough rent to qualify to vote. The lowering of these limits raised the number of voters to about 650,000 people in a total population of 13 million (about 5%). In France in the 1840s there were about 240,000 people eligible to vote out of a population of about 35 million (about 0.7% or nearly “one percent”).

TARIFF REFORM 1821-22

There were three occasions after 1815 when tariff reform was seriously debated in the Chamber of Deputies. The first was in 1821 during the Restoration, the second was in 1831-33 soon after the installation of the July Monarchy, and the third was in 1847 on the eve of the 1848 Revolution. Only in the latter case was there a serious chance of any liberalization since the free trade movement which had emerged in 1846 was stronger than at any time previously in the 19th century.

When tariff policy was debated in the Chamber in April-May 1821 the dominant intellectual defenders of protectionism were Auguste Louis Philippe vicomte de Saint-Chamans (1777-1860), who was a member of the Chamber of Deputies and the Council of State,⁵⁹ and François-Louis-Auguste Ferrier (1777-1861), who had served as director general of the Customs Administration during the Empire and was a member of the Chamber of Peers during the July monarchy.⁶⁰ Thirty years later Molinari described these men as “ces pères de l’église protectionniste” (these fathers of the protectionist church) whose influence was still haunting the free traders in the 1850s.⁶¹ They both gave fairly standard defenses of tariff protection and subsidies for domestic industry in the name of building a strong national economy but with the added twist provided by Saint-Chamans that by creating more work for domestic laborers and farmers the state was in fact making them better off and that it was their Christian duty to do so. It was arguments like this that provoked Frédéric Bastiat to pen some of his most

⁵⁹ Saint-Chamans was a deputy (1824-27) and a Councillor of State. He advocated protectionism and a mercantilist theory of the balance of trade. He is author of *Du système d'impôt fondé sur les principes de l'économie politique* (Paris: Le Normant, 1820). Other works include *Nouvel essai sur la richesse des nations* (1821) and *Traité d'économie publique, suivi d'un aperçu sur les finances de France* (1852).

⁶⁰ Ferrier, François Louis Auguste (1777-1861) was an advocate for protectionism and served as director general of the Customs Administration during the Empire and was a member of the Chamber of Peers during the July monarchy. His major works include *Du gouvernement considéré dans ses rapports avec le commerce: Ou, De l'administration commerciale opposée à l'économie politique* (Paris: Pélicier, 1821). First edition 1805.

⁶¹ Molinari, CR “Etudes sur les deux systèmes opposés du libre échange et de la protection, par M. ROEDERER, ancien pair de France,” JDE, N° 125. 15 septembre 1851, p. 31.

amusing satires in his collection of *Economic Sophisms*.⁶² Even the fairly sedate Molinari was driven to ridiculing Saint-Chamans's Christian-based defense of creating more work for the poor in order to make them better off in a scathing "Litany of the Blessed Saint-Chamans" which he wrote in July 1853.

Prions.

Seigneur, de toutes les vertus dont vous nous avez accablés dans un jour de colère, délivrez-nous; car les vertus nous ruinent. Daignez jeter sur nous un regard de miséricorde; ornez-nous de tous les vices et faites régner sur la terre tous les fléaux.

Afin que nous sortions de notre misère, que nous bénissions votre bonté et que les cieux redisent vos louanges.

Dans tous les siècles des siècles, ainsi soit-il.

Let us Pray.

Lord, deliver us from all the virtues with which you have overburdened us in a moment of anger; because these virtues are ruining us. Deign to look upon us with mercy; adorn us with all the vices and let all the plagues reign upon the earth.

So that we may be delivered from our misery, that we may bless your bounty, and that the heavens may sing your praises.

For ever and ever, so be it/amen.

[Source:]⁶³

The free traders in the 1820s were represented by Jean-Baptiste Say in the academy⁶⁴ and Benjamin Constant in the Chamber of Deputies. Benjamin Constant had been able to get appointed to the investigating committee which was headed by Lastours, who was described by Molinari as "cet ultra prohibitif" (this ultra-trade prohibitionist). His plan was to divide the country into 4 zones which would each have different regulations regarding what could or could not be imported or exported, to establish government financed grain storage depots to put aside surplus grain for periods of shortage, and to introduce a system of different sliding scales of prices for each zone which would trigger import bans or when the government would set prices for the sale of grain. The aim was to prevent grain or other products from leaving a region which was experiencing shortages and to

⁶² Saint-Chamans is the butt of several Sophisms by Bastiat but most notably the famous "The Broken Window" in WSWNS which was "sparked" by Saint-Chamans' claim the the Great Fire of London of 1666 resulted in a net gain to the economy of England of 1 million pounds as a result of the rebuilding.

⁶³ Review of book by Saint-Chamans in JDE, July 1853, reprinted in Molinari, *Questions d'économie politique*, pp. 130-46. Quote on p. 145.

⁶⁴ J.B. Say had been appointed to the chair of "industrial economics" at the Conservatoire nationale des arts et métiers in 1819, and then to the more prestigious Collège de France in 1830.

prevent prices falling when foreign grain could be imported more cheaply. The system was immensely complicated and strongly favored the largest landowners and grain producers who would have got preferential treatment regarding the price levels which would be set, how much of their grain would be purchased by the state, and of course in keeping out cheaper foreign competition. The best the free traders like Constant could do was to amend the legislation so that the 12-15,000 largest landowners did not get all the spoils and that the interests of the other 6 million small land holders in France would get equal treatment. In a withering speech to the Chamber Constant declared himself to be “en état de défiance” (in a state of defiance) towards the government bill and clearly described the class interests which lay behind the measure:

On m’a reproché d’avoir méconnu l’intérêt de la classe moyenne et du petit [27] propriétaire. C’est à tort; j’ai voulu embrasser les intérêts de la totalité des consommateurs et des producteurs de France. Je n’ai pas voulu sacrifier l’intérêt des uns à celui des autres. Je crois, en général, que toutes les fois qu’on est venu par les mesures prohibitives, au secours d’une classe souffrante, souvent avec de bonnes intentions, quelquefois avec des mauvaises, cette classe n’a été secourue que momentanément, et que ces mesures prohibitives ont fini par tourner contre elle. Quand on a voulu flatter la classes qui vit de ses salaires, on a décrété le *maximum*. Il y aurait là-dessus de belles choses à dire, L’effet d’une loi prohibitive est passager et finit toujours par être fâcheux. Je crois que mes honorables amis et moi, qui nous sommes élevés contre l’extrême extension de la loi, avons défendu la véritable cause non-seulement des consommateurs, mais encore des producteurs, et surtout des producteurs moyens; car il est évident que ceux qui gagnent le plus à la hausse des denrées sont les grands propriétaires, et qu’ils ont le plus d’intérêt à faire hausser le prix des grains.

I have been criticised for having misunderstood the interests of the middle class and the small landowner. This is wrong; I wanted to include the interests of all of the consumers and producers of France. I did not want to sacrifice the interests of one for the sake of the others. In general I believe that every time that protectionist measures come up (for discussion) to assist a suffering class, sometimes with good intentions, sometimes with bad, this class has been helped only momentarily, and that these protectionist measures have ended up turning against them. When we want to pander to the classes who live off their wages, we decree the law of the *maximum*. On this topic there is so much one could say. The effect of a protectionist law is fleeting and always ends up being unpleasant. I believe that my honourable friends and I, who have stood up against the far reaching extension of the law, have defended the real interests not only of the consumers but also the producers, especially the average producers; because it is clear that those who gain the most from the high prices of food are the large landowners, and that they have the most interest in increasing the price of grain.

Je finirai par vous dire que, si dans cette lois, comme dans plusieurs autres, vous prenez la route qu'a suivie l'Angleterre, qui, par le haut prix de ses grains, par ses élections aristocratiques et par ses corporations, est arrivée à la taxe des pauvres, vous serez aussi obligés d'avoir une taxe des pauvres, parce que vous allez en augmenter le nombre. (Explosion générale de murmures dans les rangs de la majorité.)

I will finish by saying to you that, if you support this law, as you have several others, you are going down the road taken by England which, as a result of the high price of grain, elections controlled by aristocrats and by privileges trading groups, has ended up with the Poor Laws, you too will be obliged to introduce a Poor Law because you are going to increase the number of poor people. (Outburst of murmurs among the ranks of the majority).

[Source:]⁶⁵

Constant's protests were in vain. The bill passed 282 to 54 on July 45, 1821 nearly doubling the rate of tariffs in some areas of France. However, following this spirited defense of free trade in the Chamber Constant wrote his one and only "treatise" on economics in the form of a lengthy commentary on the work of the Italian jurist Gaetano Filangieri which appeared in 1822 and contained a section on the benefits of free trade.⁶⁶

TARIFF REFORM 1831-33

A second opportunity for tariff reform presented itself following the poor harvests of 1828-29 and the overthrow of the Bourbon Monarchy in July and August 1830 which brought to power Louis Philippe, duc d'Orléans, to begin the so-called "July Monarchy." Intellectually the classical liberal movement during the 1830s was at a low point since several of them who had come to prominence during the Empire and the Restoration were either quite old or would soon die. These included Benjamin Constant (1767-1830), Jean-Baptiste Say (1767-1832), Destutt de Tracy (1754-1836), and Charles Comte (1782-1837). Their ranks would

⁶⁵ Quoted in Molinari, *Histoire du tarif*, vol. 2 Les Céréales, pp. 26-27.

⁶⁶ Constant, *Commentaire sur l'ouvrage de Filangieri* (Paris: P. Dufart, 1822). Seconde Partie. Chapitre IX. Du commerce des grains. Liberty Fund published a translation of this important work in 2015: Benjamin Constant, *Commentary on Filangieri's Work. Translated, Edited, and with an Introduction by Alan S. Kahan* (Indianapolis: Liberty Fund, 2015).

not be replenished until a new generation of classical liberals became active in the 1840s, which of course would include Gustave de Molinari.

The new government commissioned another inquiry into tariff policy in October 1831 with the naval engineer and statistician Charles Dupin (1784-1873) as the head.⁶⁷ After five months of deliberation a very lengthy report was produced which was even more protectionist than the government's original proposal. This was opposed in the Chamber by a small group of free traders who gathered around Prosper Duvergier de Hauranne (1798-1881)⁶⁸ who gave what Molinari calls “un des rares bons discours que renferment nos annales parlementaires sur les matières économiques” (one of the rare good speeches which our parliamentary annals contain on economic matters) (p. 32),⁶⁹ Alexandre De Laborde (1773-1842),⁷⁰ and François-Eugène, duc d'Harcourt (1786-1865)⁷¹ who later became one of the founders of the Free Trade Association in 1846. The bill was discussed in March 1832 and provisionally adopted until it was made permanent in April 1833. The passage of this bill was a disaster for the depleted and weakened free trade group

⁶⁷ Charles Dupin (1784-1873) was a naval engineer who attended the École Polytechnique and later became Minister of the Navy. He taught mathematics at the Conservatoire national des arts et métiers and also ran courses for ordinary working people. He is one of the founders of mathematical economics and of the statistical office of France. In 1828 he was elected deputy for Tarn, was made a Peer in 1830, and served in the Constituent and then the National Assemblies during the Second Republic. Charles Dupin, *Le petit producteur français*, in 7 vols. Volume 4: “Le petit commerçant français” (Paris: Bachelier, 1827).

⁶⁸ Prosper Duvergier de Hauranne (1798-1881) was a liberal journalist and politician who supported the idea of a constitutional monarchy. When the July Monarchy came to power he was elected to represent Cher in 1831 and spoke in favour of free trade in the Chamber during the tariff review of 1831-33.

⁶⁹ It was later published as Prosper Duvergier de Hauranne, *Discours sur les céréales* (impr. de P. Dupont, 1832).

⁷⁰ Alexandre-Louis Joseph, comte de Laborde (1773-1842) was a liberal minded aristocrat who promoted a variety of liberal reforms during the July Monarchy, such as prison reform, the abolition of slavery, educational reform, and agricultural improvement.

⁷¹ François-Eugène, duc d'Harcourt (1786-1865) was elected to represent Seine-et-Marne in 1827 and supported the liberal opposition to Charles X. Under the July Monarchy he was appointed ambassador to Madrid, was active in the reform of secondary education, and was a supporter of free trade. Because of his speeches on behalf of free trade in the Chamber and because of his social and political contacts he was appointed president of the Free Trade Association when it was founded in 1846. His free trade speeches were published as *Discours en faveur de la liberté du commerce, prononcés à la Chambre des Pairs et à la Chambre des Députés* (1846).

within the Chamber. The protectionist inclination of the new Chamber in the July Monarchy was confirmed in another large government report commissioned by Charles Marie Tanneguy, comte Duchâtel (1803-67) the Minister of Commerce in October 1834 which cemented protectionist control of the French economy.⁷² The French free trade movement at this time was so weak that the most vigorous response came from an English free trader Thomas Perronet Thompson (1783-1869) who wrote an amusing but thorough critique of the inquiry (in French) called *Contre-Enquête: par l'Homme aux Quarante Ecus* (A Counter-Inquiry by a Man on 40 Ecus a Year) (1834).⁷³ This period would have to count as the nadir of the French free trade movement in the first half of the 19th century.

TARIFF REFORM 1847

Again, the intellectual stimulus for reform came from Britain in the form of the Anti-Corn Law League (henceforth ACLL) which was started by two manufacturers Richard Cobden and John Bright in 1838. Its success in mobilizing popular support for free trade came to the attention of Bastiat in 1844 while he was still living in the relative seclusion of Gascony in the southwest of France. He began subscribing to their journals and other literature and published a lengthy account of their philosophy and intentions in 1845, *Cobden et la Ligue* (1845)⁷⁴ which erupted like an intellectual bombshell in France. Bastiat wrote a lengthy introduction describing the League's principles and their critique of British economic policy and translated dozens of speeches and articles by advocates of the free trade position.⁷⁵ This was the first salvo in a battery of intellectual shells which the new generation of economists lobbed onto the French public between 1845 and 1847 which dramatically changed the debate about tariffs. The salvo included

⁷² *Enquête relative à diverses prohibitions établies à l'entrée des produits étrangers commencée le 8 octobre 1834 sous la présidence de M. T. Duchatel ministre du Commerce* (Paris: Imprimerie Royale, 1835).

⁷³ Thomas Perronet Thompson, *Contre-enquête par l'homme aux quarante écus* (Paris: Charpentier, 1834).

⁷⁴ Bastiat, *Cobden et la ligue, ou l'Agitation anglaise pour la liberté du commerce* (Paris: Guillaumin, 1845).

⁷⁵ Bastiat's Introduction will be published in Liberty Fund's *The Collected Works of Bastiat*, vol. 6 (forthcoming).

books by the journalist and member of the Chamber of Deputies Léon Faucher (1803-54) who wrote *Études sur l'Angleterre* (1845) which had two chapters on the ACLL and provided comprehensive background information about the British economy, London, Liverpool and Manchester, and the social and economic reasons behind the rise of ACLL;⁷⁶ a series of eight detailed articles by the fluent English speaker Alcide Fonteyraud who had been sent to England with a letter of introduction to Richard Cobden by Frédéric Bastiat to gather information on the ACLL;⁷⁷ the republication by Guillaumin of speeches and essays by an early supporter of free trade in Bordeaux during the 1830s, Henri Fonfrède, *Du système prohibitif* (1846) possibly in an attempt to show that free trade ideas were not just an English import;⁷⁸ the publication of a series of speeches in support of free trade given in the Chambers of Deputies and Peers by the duc d'Harcourt in 1845 and 1846 who was the leading free trader in the Chamber and who became the President of the French Free Trade Association when it was founded in July 1846;⁷⁹ a second book on Cobden and the League this time by the economist Joseph Garner in 1846 to follow on from Bastiat's pioneering work the previous year;⁸⁰ several articles by Charles Dunoyer in the JDE,⁸¹ and finally Molinari's comprehensive 2 volume history of tariffs in 1847 which established his reputation

⁷⁶ Léon Faucher, *Études sur l'Angleterre* (Paris: Guillaumin, 1845, 2nd ed. 1856), 2 vols.

⁷⁷ Alcide Fonteyraud, article "La ligue anglaise" in *Revue britannique* (Jan. 1846). Reprinted in Fonteyraud, *Mélanges d'économie politique. Mis en ordre et augmentés d'une Notice sur l'auteur*, ed, Joseph Garnier (Paris: Guillaumin, 1853).

⁷⁸ Henri Fonfrède, *Du système prohibitif* (Paris: Guillaumin, 1846). Also, Henri Fonfrède, "Du système prohibitif" in *Oeuvres de Henri Fonfrède, recueillies et mises en ordre par Ch.-Al. Campa, son collaborateur* (Paris: Ledoyen, 1846), Vol. 7.

⁷⁹ François Eugène Gabriel duc d'Harcourt, *Discours en faveur de la liberté du commerce, prononcés à la Chambre des Pairs et à la Chambre des Députés, dans les séances des 10 juin 1835, 21 mai 1845 et 12 janvier 1846* (Paris: Guillaumin, 1846).

⁸⁰ Joseph Garnier, *Richard Cobden, les ligueurs et la ligue, précis de l'histoire de la dernière révolution économique et financière en Angleterre* (Paris: Guillaumin, 1846).

⁸¹ Charles Dunoyer, "Influence du régime prohibitif sur les relations sociales et sur le développement des diverses industries", *Journal des économistes*, volume 6, 1843, p. 113–138; "De l'agitation anglaise pour la liberté commerciale", *Journal des économistes*, volume 12, 1845, p. 1–24.

as a serious and rising economist who would soon be invited into the fold of the Economists' network in Paris.⁸²

Following the success of Bastiat's and Faucher's books and the duc d'Harcourt's speech in the Chamber in 1845, as well as the climax of the British ACLL's efforts to have the Corn Laws repealed which was announced in the Commons by Sir Robert Peel on January 27 1846,⁸³ an "Association de la liberté des échanges" (Free Trade Association) was founded in Bordeaux in February 1846 and then a national Association in Paris in July. The duc d'Harcourt was the President of the Association, Bastiat was Secretary General, and Molinari along with Adolphe Blaise, Charles Coquelin, Alcide Fonteyraud, Joseph Garnier were Associate Secretaries, and other founding members and advisors included Michel Chevalier, Auguste Blanqui, and Horace Say.⁸⁴ The first public meeting of the Paris Association for Free Trade was held in Montesquieu Hall on August 28, 1846 which began a series of public meetings and appeals to the public for support along the lines of the strategy which had been used by the British ACCL. One of their best public speakers was Charles Coquelin who used his deep knowledge of French literature and economic theory to great effect. A highlight of the summer of 1846 for the French free traders was the banquet held to honor Richard Cobden who was visiting France. The banquet took place on 18 August at which Bastiat gave one of the many toasts to Cobden and the ultimate victory of free trade in France: "Aux anciens et aux nouveaux défenseurs du libre-échange, à la Chambre des pairs

⁸² Gustave de Molinari, *Histoire du tarif* (Paris: Guillaumin et cie, 1847). Vol. 1: *Les fers et les houilles*; vol. 2: *Les céréales*.

⁸³ The third reading the Bill of Repeal (Importation Act 1846) on 15 May passed in the Commons by 327 votes to 229. The House of Lords passed the bill on 25 June.

⁸⁴ Horace Émile Say (1794-1860) was the son of Jean-Baptiste Say. Married Anne Cheuvreux, sister of Casimir Cheuvreux, whose family were friends of Bastiat's. Say was a businessman and traveled in 1813 to the United States and Brazil. He became president of the Chamber of Commerce of Paris in 1834, was a counsellor of state (1849-51), and headed an important inquiry into the state of industry in the Paris region (1848-51). Say was also very active in liberal circles: he participated in the foundation of the Société d'économie politique, the Guillaumin publishing firm, *Le Journal des économistes*, and *Le Journal du commerce*; and he was an important collaborator in the creation of the *Dictionnaire de l'économie politique* and the *Dictionnaire du commerce et des marchandises*.

et à la Chambre des députés !” (To the old and new defenders of free trade, both in the Chamber of Peers and the Chamber of Deputies).⁸⁵

The journal of the Association was called *Le Libre-Échange* (Free Trade) and was edited and largely written by Bastiat. The first issue appeared on 29 November 1846. Bastiat wrote the Association’s statement of principles in May 1846⁸⁶ which made the strong argument that trading was one of an individual’s natural rights and that the freedom to trade was a moral issue as much as it was an economic and political one. In the second paragraph Bastiat sounds very much like Molinari - “L’ÉCHANGE est un droit naturel comme la PROPRIÉTÉ. ... Le priver de cette faculté ... c’est blesser la loi de la justice.” (Exchange is a natural right like Property... To deprive someone of this faculty .. is to harm the law of justice). But in the 10th paragraph of the statement Bastiat back-pedals away from immediate abolition by making a distinction between “popularizing the principle of free trade” (the function of the Association) and “the details of carrying it out” (which is the function of the State). In order to reassure his luke-warm supporters Bastiat says that “il ne s’ensuit pas qu’elle demande qu’une telle réforme s’accomplisse en un jour et sorte d’un seul scrutin” (it doesn’t follow from this that (the Association) demands that such as reform as this be accomplished in one day and after a single election).

As part of the initial public campaign in the late summer of 1846 Michel Chevalier had written another statement designed to appeal to a broader audience of potential supporters of the Association who were not already committed to the free trade cause and to moderate protectionists who might be persuaded to go down the freed trade path. Molinari was appalled by the compromises Chevalier had made in diluting the Association’s demands for immediate repeal of tariffs and protection by stating that a “transition period” of possibly 10 years would apply before full repeal would be achieved.⁸⁷ In his article on Free Trade Associations in

⁸⁵ Bastiat, “Toast porté au banquet offert à Cobden par les libre-échangistes de Paris,” [*Courrier français* du 19 août 1846.] [OC7. 26]

⁸⁶ Bastiat, “Déclaration de principes (Association pour la liberté des échanges)” (Declaration of Principles of the Free Trade Association), *Libre-échange*, 10 mai, 1846, [OC2.1, p. 1] [CW6]. See also *Programme de réforme douanière proposé par l’Association pour la liberté des échanges*. [Signé : duc d’Harcourt, F. Bastiat.] (Paris: Guillaumin, 1847).

⁸⁷ Molinari, “Liberté des échanges (Associations pour la)” in *DEP*, vol. 2, p. 48.

the *DEP* Molinari quotes the entire statement which had been drawn up by Chevalier, noting that although he called for the immediate abolition of all prohibitions on trade, export controls, and the complex internal zonal system within France, the document also called for numerous delays and exceptions in its implementation, such as special treatment for colonial goods, a limit of 10% in any single act of cutting tariffs, and any other limitations which might be included in the legislation. These delays and exemptions Molinari thought would only give the anti-free trade forces time to regroup and strengthen their opposition to reform:

Ce programme était assez modéré pour rallier à la cause de la réforme douanière les protectionnistes les moins arriérés; mais les meneurs du parti ne voulurent faire aucune concession, et ils s'empressèrent de constituer, à leur tour, une association pour résister à l'invasion du libre-échange.

This program was moderate enough to rally the least backward of the protectionists to the cause of customs reform, but the leaders of the party would not want to make any concessions and they would hasten to establish in their turn an association to resist the invasion of free trade.

[Source: p. 48.]⁸⁸

In two quite extraordinary and scathing letters written to Bastiat in late September which were published in the *Courrier français* Molinari expressed his disappointment in the compromises being advocated by people like Chevalier and Léon Faucher in order to make the FFTA more acceptable politically.⁸⁹ Molinari was an “immediate-ist” who called for the immediate and complete dismantling of the protectionist system which he described as a complex system of theft and plunder [“exaction ou mieux encore spoliation” (an act of violence, or better still plunder)]⁹⁰ where the criminals who received tariff protection and subsidies should not be allowed to shelter behind any transition period. He called for “la liberté absolue, illimitée du travail et des échanges” (the absolute and unlimited freedom to work and to trade) in order to smash “un des derniers et des plus forts anneaux de la lourde chaîne de privilèges qui a si longtemps courbé et meurtri la masse du

⁸⁸ Molinari quotes the offending statement drawn up by Michel Chevalier in his article on “Liberté des échanges (Associations pour la)” in *DEP*, vol. 2, pp. 47-48.

⁸⁹ Molinari’s two open letters addressed to Bastiat were published in *Le Courrier français* on 21 and 27 September 1846 and later reprinted in *Questions d’économie politique* (1861), vol. 2, pp. 159-72.

⁹⁰ Molinari, *Histoire du tarif*, vol. 2, p. 47.

people” (one of the last and strongest rings in the heavy chain of privileges which have weighed down and bruised the mass of the people). Molinari argued that this radical call for immediate abolition was one of the great strengths of the English ACLL which helped them win over the English people to their side in the struggle to end the privileges of the “landlord class”.⁹¹ If Bastiat really believed what he had said in his May statement of principles, that free trading was a natural right of every individual, then any compromise with the beneficiaries of protection would be like paying protection money to Calabrian bandits who robbed travelers on the back roads of Naples. What Chevalier was putting forward was “une demi-abolition” (half an abolition) of the protectionist system and this Molinari thought was unworthy of someone like Bastiat and unbecoming for the present-day economists when the history of free trade would be written in the future:

Le droit d'échanger librement n'est-il pas aussi sacré que celui de voyager librement? Ne commettrions-nous point par conséquent une faute impardonnable, en accordant *tant pour cent* aux privilégiés du tarif? Ne serait-ce pas reconnaître que nos grands propriétaires et nos grands industriels ont le droit de lever tribut sur les consommateurs? Ne serait-ce pas leur concéder le droit d'exiger une indemnité pour l'abandon de leurs privilèges? Les libre-échangistes futurs ne pourraient-ils pas, eux aussi, nous accuser d'avoir manqué à notre mission, d'avoir compromis dans le présent et sacrifié dans l'avenir la cause du libre-échange?

Isn't the right to trade freely just as sacred as that of travelling freely? Wouldn't we then be committing an unpardonable error in agreeing to *such and such percent* in tariff privileges? Wouldn't that be recognizing the right of our large landowners and industrialists to levy tribute on consumers? Wouldn't that be conceding to them the right of demanding compensation for giving up their privileges? Wouldn't the free traders of the future be able to accuse us of having compromised the cause of free trade in the present and sacrificed it in the future?

[Source: *Questions d'économie politique*, vol. 2, p. 169.]⁹²

His excitement at the prospect of the immanent abolition of tariffs was palpable as the concluding paragraphs of his history of tariffs reveals:

⁹¹ Nevertheless, the ACLL did settle for a three year transition period as the full effect of the Repeal of the Corn Laws would not be felt until the full implementation of the law in 1849.

⁹² *Questions d'économie politique*, vol. 2, II. La suppression des douanes, Letter II (*Courrier français*, 21 et 27 septembre 1846), p. 169.

Malheureusement on ne peut s'attendre à ce que les hommes publics fassent ainsi abandon des préjugés qu'ils sont appelés à défendre; on ne peut s'attendre à ce qu'ils servent les intérêts de leur mandataires malgré leurs mandataires eux-mêmes. Notre loi céréale ne sera vraisemblablement abolie que le jour où il deviendra impossible de la maintenir sans exposer le pays à une catastrophe. Puisse la catastrophe ne pas devancer le bienfait de l'abolition de la loi!

Quoi qu'il arrive, au rest, l'avenir appartient à la liberté du commerce. Chose admirable, en effet! les hommes ont beau entasser iniquité sur iniquité, inégalité sur inégalité, les classes dont l'influence prédomine ont beau élever l'édifice de leur fortune aux [75] dépens de la foule ignorante et besogneuse, un jour survient où, quoi qu'on fasse, l'édifice croule, où la justice se substitue irrésistiblement à l'iniquité, l'égalité à l'inégalité. Le monde économique est soumis comme le monde physique à des lois immuables, éternelles. On peut neutraliser pendant quelque temps leur action bienfaisante, on peut troubler temporairement l'ordre harmonieux qu'elles ont établi, mais toujours elles finissent part surmonter les obstacles que l'on a opposés à leur manifestation régulière. Et pour ceux qui étudient ces lois dont l'essence même est la justice, n'est-ce pas une immense satisfaction de pouvoir prédire, aux époques où elles ont cessé d'être observées, qu'à un moment donné leur règne arrivera de nouveau; comme les astronomes prédisent le retour d'un astre disparu dans les profondeurs infinies du ciel! [vol. 2, pp. 74-75]

Unfortunately one can't expect that public figures would just abandon the prejudices which they have been called upon to defend; one can't expect that they would serve the interests of their constituents by going against those very interests. In all likelihood, our corn laws will only be abolished on the day when it becomes impossible to defend them without exposing the country to a catastrophe. Let's hope the catastrophe doesn't arrive before the benefits of abolishing the law do!

Whatever might happen, the future belongs to free trade. Indeed, what an admirable thing! Mankind has really piled up injustice upon injustice, inequality upon inequality; the classes whose influence predominates in society have really amassed a stack of cash at the expense of the mass of ignorant and needy people; whatever one might do, the day will come when their stack of cash will collapse, when injustice will inevitably be replaced by justice, and when inequality will be replaced by equality. The economic world is ruled like the physical world by unchangeable and eternal laws. One can neutralise their beneficent action for some time, one can temporarily disturb the harmonious order which they have created, but they will always end up overcoming any obstacles which have been put in the way of their regular operation. And what an immense satisfaction it is for those who study these laws whose very essence is justice, to be able to predict in a time when they have ceased to be observed that at a given moment (in the future) their reign will be re-established again, just like the astronomers who predict the return of a comet which had disappeared in the infinite depths of space.

[Source: Histoire du tarif, vol. 2, pp. 74-5.]⁹³

⁹³ Molinari, *Histoire du tarif*, vol. 2, pp. 74-5.

In reaction to the political success of the British free traders and the formation of the French FTA and its summer campaign a group of northern French industrialists formed their own national "Association pour la Défense du Travail National" (Association for the Defense of National Employment). This had begun as a regional lobby group organized by the textile manufacturer Auguste Mimerel in 1842 in the northern manufacturing city of Roubaix. He and the banker and manufacturer Antoine Odier established the national association in Paris in October 1846 which had as its aim to present themselves as defenders of French labor and employment in the factories rather than as lobbyists for the interests of factory owners. Their journal *Le Moniteur industriel* was often the butt of Bastiat's satire and ridicule in the pages of *Libre-Échange* and the articles which later appeared as *Economic Sophisms*. The protectionists were also able to launch a publishing program of their own to defend tariff protection with books by Jules Lebastier, *Défense du travail national* (1846);⁹⁴ Thémistocle Lestisboudois, *Économie pratique des nations* (1847),⁹⁵ and Antoine-Marie Roederer, *Les douanes et l'industrie en 1848: dangers et nécessités* (1847).⁹⁶

The two lobby groups clashed head on when the Chamber agreed to review French tariff policy in early 1847. The free traders had very few deputies or peers in the Chambers and the protectionists had much more experience in working with elected politicians, especially within committees set up to review new legislation. It became clear that as the tariff reform proposal worked its way through committee the free traders had been out-manoeuvred by the protectionists and the measure was defeated. This was a serious blow to the French free trade movement as many of them thought that with the success of the British free traders in the first half of 1846 it would only be a matter of time before the French government followed suit. Their mistake was that they had not prepared the ground sufficiently as their English counterparts had. The ACLL had been founded in 1838 and it took 8 years of popular agitation, public speeches, the collection of thousands of

⁹⁴ Jules Lebastier, *Défense du travail national, ou nécessité de la protection commerciale démontrée à l'aide des principes, des faits et des calculs* (Paris: Capelle, 1846).

⁹⁵ Thémistocle Lestisboudois, *Économie pratique des nations, pour système économique applicable aux différentes contrées, et spécialement à la France* (Paris: Colas, 1847). 4 vols.

⁹⁶ Antoine-Marie Roederer, *Les douanes et l'industrie en 1848: dangers et nécessités, moyens* (Paris: Didot, 1847).

signatures, the publication of popular pamphlets and newspaper articles, wooing members of Parliament, and so on before they had the numbers in the House to repeal the Corn Laws. The French free traders thought they could do the same in 18 months. Molinari also thought the conservative protectionists had been smart to also appeal to ordinary workers and to the growing socialist movement by arguing in nationalistic terms that free trade would mean certain unemployment for French workers in the face of British competition. Hence, Molinari thought, the pressing need for the popularization of economic ideas via works like *Les Soirées* (1849) and *Conversations familières* (1855).

POST-1847

The outbreak of Revolution in February 1848 forced the economists to change their focus from free trade to combatting the rise of socialism during the first few months of the revolution, especially the creation of the National Workshops by the Provisional government and then the agitation for “right to work” legislation (which will be discussed below). Molinari gives us an extended reflection on the dilemma faced by the Economists when the Revolution broke out and the reasons for the failure of the FTA:

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 du protectionnisme en haut, leur propagande se trouva sinon paralysée, du moins rendue singulièrement difficile. A force d'énergie et de persévérance ils auraient réussi, sans doute, à vaincre cette coalition de l'égoïsme et de l'ignorance, mais les événements politiques de février 1848 vinrent leur enlever brusquement la parole. Aux « inanités » du libre-échange succédèrent

It is not surprising that the members of the Free Trade Association have not succeeded in impassioning the masses in favour of custom reforms; they have had the misfortune of being overtaken by the socialists when it comes to the working classes, while they (the free traders) were standing up against the tenacious league of privileged interests who occupied the higher levels of society. Faced with this socialist league from below and this protectionist one from above, their propaganda efforts were, if not paralysed, then at least made particularly difficult. By dint of energy and perseverance they would no doubt have succeeded in defeating this coalition of egotism and ignorance, but the political events of February 1848 abruptly silenced them. The “inanities” of free trade were then replaced by the

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Dans ce désarroi universel, les membres de l'association pour la liberté des échanges ne perdirent cependant pas courage : ils résolurent de poursuivre leur œuvre sous la république comme ils l'avaient poursuivie sous la monarchie; seulement ils modifièrent leur tactique, en ce sens qu'ils dirigèrent leurs principaux efforts contre l'ennemi qui était maintenant le plus à craindre, contre le socialisme. Dans une réunion tenue, le 16 mars, à la salle Montesquieu, M. Clappier, ancien député de Marseille, et M. Charles Coquelin, flétrirent avec énergie les dangereuses « inanités » de l'organisation du travail, et leurs protestations éloquentes soulevèrent des tempêtes d'applaudissements. Deux jours après (17 mars), une députation de l'association allait demander au gouvernement provisoire la suppression des droits d'entrée sur les substances alimentaires. M. Horace Say portait la parole au nom de la députation, que M. Armand Marrast se chargea d'éconduire poliment. Le mois suivant, l'association désespérant enfin de se faire écouter au milieu de la tourmente politique, renonça à la publication de son journal, et, à quelque temps de là, son comité, dont les événements avaient dispersé les principaux [49] membres, cessa de se réunir; les associations des départements cessèrent de fonctionner vers la même époque. [DEP, vol. 1, pp. 48-49]

However, in this moment of universal confusion, the members of the Free Trade Association did not lose their courage, they resolved to continue their work in the Republic as they had under the Monarchy. They only modified their tactics in the sense that they directed their principal efforts against the enemy which was now the most to be feared, namely against socialism. At a meeting held on the 16 March in the Montesquieu Hall M. Clappier (ex-Deputy representing Marseilles) and M. Charles Coquelin deflated with considerable energy the dangerous “inaneities” of the (socialist idea of the) organization of labour, and their eloquent objections raised thunderous applause. Two days later (17 March) a delegation from the Association went to the Provisional Government to ask for the removal of entry duties on basic food stuffs. M. Horace Say spoke on behalf of the delegation (but) M. Armand Marrast (the mayor of Paris) saw to it that he was politely sent away. The following month the Association, finally despairing that it couldn't get a hearing in the midst of the political upheavals, ceased the publication of its journal and, a short time later, its Committee whose principal members had been dispersed by events, ceased to meet. The regional Associations also ceased functioning at much the same time.

[Source:]⁹⁷

Writing *Les Soirées* must be seen as part of this change of tactics to counter the more pressing threat of socialism during 1848-49. Molinari and the other economists did not return to the unresolved problem of protection until 3 years later in 1851, which began another period of intense free trade activity for Molinari for the next 4 years. This included a series of articles and book reviews of protectionists' work beginning with an article criticizing a protectionist speech in

⁹⁷ Molinari, “Liberté des échanges (Associations pour la),” in DEP, vol. 1, pp. 48-49.

the National Assembly by Thiers in June 1851,⁹⁸ and book reviews published in the JDE of protectionists such as Roederer,⁹⁹ the American Henry Carey¹⁰⁰ and Saint-Chamans.¹⁰¹ Molinari was also working at this time on his set of entries on free trade and protection which would appear in the DEP, the first volume of which appeared in 1852 under the editorship of Coquelin. Molinari wrote some of the key articles which should show how important he had become to the economists on this key topic. He wrote the ones on “Céréales” (Grain), “Liberté des échanges (Association pour la)” (Free Trade Associations), “Liberté du commerce, liberté des échanges” (Liberty of Commerce and Free Trade), “Tarifs de douane” (Customs Tariffs), “Union douanière” (Customs Unions), and the biographical article on “Robert Peele” who had seen through the repeal of the Corn Laws in the British Parliament.¹⁰²

After he left Paris at the end of 1851 to take up residency in Brussels Molinari entered a new phase in his life as an academic and publisher of his own free trade journal. He was appointed a professor at the *Musée royal de l'industrie belge*, the lectures at which he later published as *Cours d'économie politique* in 1855, he founded the *Économiste belge* which lasted from 1855-68 and which was his personal platform to advocate free trade and the creation of labour exchanges for workers, while also continuing to write popular defenses of free trade in the form of “familiar conversations” between “un émeutier, un prohibitionniste, un économiste” (a rioter, prohibitionist or protectionist, and an economist) which he published as

⁹⁸ “M. Thiers”, an essay on Thiers’ “Discours sur le régime commercial de France prononcé à l’Assemblée nationale des 27 et 28 juin 1851” in *La Patrie*, 2 juillet 1851 [reprinted in Questions, pp. 81-91]. This speech was also replied to by Michel Chevalier, *Examen du système commercial connu sous le nom de système protecteur* (Paris: Guillaumin, 1852).

⁹⁹ Book review of “Etudes sur les deux systèmes opposés du libre échange et de la protection, par M. ROEDERER, ancien pair de France” in JDE, T. 30, N° 125, 15 septembre 1851, [reprinted Questions, pp. 106-20].

¹⁰⁰ Book review of “Utilité de la protection aux Etats-Unis, selon M. Carey” in JDE, T. 30, N° 127, 15 novembre 1851, [reprinted Questions, pp. 92-105].

¹⁰¹ Book review of “Traité d’économie publique: suivi d’un aperçu sur les finances de la France” by Saint-Chamans in JDE, juillet 1853 [reprinted Questions, pp. 130-46].

¹⁰² Other important articles were written by Joseph Garnier and Horace Say: Horace Say, “Douane” (Customs), DEP, vol. 1, pp. 578-604; Joseph Garnier, “Ligue anglaise” (Anti-Corn Law League), DEP, vol. 2, pp. 67-73; and Joseph Garnier, “Cobden”, DEP, vol. 1, pp. 388-89.

Conservations familières sur le commerce des grains (1855)¹⁰³ - his second collection of “conversations” for ordinary people in 6 years.

¹⁰³ Gustave de Molinari, *Conservations familières sur le commerce des grains*. (Paris: Guillaumin, 1855.)

The Intellectual and Political Challenges facing French Classical Liberalism in the 1840s II: Socialism

Opening quote: “the revolution has changed nothing”

L'avènement de la République n'a rien changé aux convictions économiques de nos collaborateurs. La veille, ils faisaient la guerre à l'Ignorance, aux Monopoles, à la Réglementation, 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 sont résolus à continuer la lutte contre les obstacles anciens ou nouveaux qui gênent la production, la circulation, la distribution et la consommation de la richesse publique ou privée. En république et en monarchie, dans un empire ou dans une oligarchie, produire et consommer sont, comme disait Quesnay, la grande affaire de tous.

The coming of the Revolution has changed nothing in the economic convictions of our colleagues. The day before, they waged war against Ignorance, Monopolies, Regulations, Tariff Protection, overblown Centralisation, Bureaucracy, the Warrior Spirit, artificial Systems, unintelligible Laws, legal Privileges, Abuses; tomorrow, they are resolved to continue the struggle against the old or new obstacles which interfere with the production, circulation, distribution, and consumption of public or private wealth. In a republic or a monarchy, in an empire or in an oligarchy, to produce and consume is, as Quesnay said, the prime concern of everyone.

[Source: “A nos lecteurs,” JDE T. 19, mars 1848, pp. 321-22.]¹⁰⁴

PROUDHON AND THE SOCIALIST CRITIQUE OF PROPERTY DURING THE 1840S

The challenge to liberal ideas of property rights was laid down emphatically at the start of the 1840s by Pierre-Joseph Proudhon (1809-1865) in his book *Qu'est-ce que la propriété? ou Recherches sur le principe du Droit et du Gouvernement* (What is Property?

¹⁰⁴ “A nos lecteurs,” JDE T. 19, mars 1848, pp. 321-22.

Or Research on the Principle of Justice and Government) (1840).¹⁰⁵ In the very first pages of his work Proudhon famously declares that “property is theft” likening it to a form of slavery:

Si j'avais à répondre à la question suivante : Qu'est-ce que l'esclavage? et que d'un seul mot je répondisse, C'est l'assassinat, ma pensée serait d'abord comprise. Je n'aurais pas besoin d'un long discours pour montrer que le pouvoir d'ôter à l'homme la pensée, la volonté, la personnalité, est un pouvoir de vie et de mort, et que faire un homme esclave, c'est l'assassiner. Pourquoi donc à cette autre demande, Qu'est-ce que la propriété ? ne puis-je répondre de même, C'est le vol, sans avoir la certitude de n'être pas entendu, bien que cette seconde proposition ne soit que la première transformée? [p. 1]

If I had to answer the following question, “What is slavery?” and do so in a single word, I would reply “It is murder”, and my thinking would be understood immediately. I would not need a long discussion to show that the power to deprive a man of his thoughts, his will, and his personality is a power of life and death, and that to enslave a man is to murder him. So why then couldn't I answer this other question “What is property?” the same way, that “It is theft”, without having the certainty of being misunderstood, although this second statement is only a transformation of the first?

[Source:]¹⁰⁶

Distinguishing between “possession” and “property” Proudhon concluded his attack on the right to property with the following 9 propositions which provides a useful summary of the socialist position which remained roughly the same throughout the 1840s:

I. La possession individuelle est la condition de la vie sociale; cinq mille ans de propriété le démontrent : la propriété est le suicide de la société. La possession est dans le droit; la propriété est contre le droit. Supprimez la propriété en conservant la possession ; et, par cette seule modification dans le principe, vous changerez tout dans les lois, le gouvernement, l'économie, les institutions : vous chassez le mal de la terre.

I. Individual possession is the condition of social life; five thousand years of property show this: property is the suicide of society. Possession is within the law (legal); property is against the law. Suppress property while keeping possession; and by this single change to principle you will change everything in the legal system, government, the economy, institutions: you will chase harm/evil from the land/world.

¹⁰⁵ *Qu'est-ce que la propriété? ou Recherches sur le principe du Droit et du Gouvernement. Premier mémoire* (Paris: J.-F. Brocard, 1840).

¹⁰⁶ *Qu'est-ce que la propriété?*, p. 1.

II. Le droit d'occuper étant égal pour tous, la possession varie comme le nombre des possesseurs; la propriété ne peut se former.

III. L'effet du travail étant aussi le même pour tous, la propriété se perd par l'exploitation étrangère et par le loyer; mais tout travail humain résultant nécessairement d'une force collective, toute propriété devient, par la même raison, collective et indivise : en termes plus précis, le travail détruit la propriété.

IV. Toute capacité travailleuse étant, de même que tout instrument de travail, un capital accumulé, une propriété collective, l'inégalité de traitement et de fortune, sous prétexte d'inégalité de capacité, est injustice et vol.

V. Le commerce a pour conditions nécessaires la liberté des contractants et l'équivalence des produits échangés : or, la valeur ayant pour expression la somme de temps et de dépense que chaque produit coûte, et la liberté étant inviolable, les travailleurs restent nécessairement égaux en salaires, comme ils le sont en droits et en devoirs.

VI. Les produits ne s'achètent que par des produits : or, la condition de tout échange étant l'équivalence des produits, le bénéfice est impossible et injuste. Observez ce principe de la plus élémentaire économie, et le paupérisme, le luxe, l'oppression, le vice, le crime, avec la faim, disparaîtront du milieu de vous.

II. (Since) the right to occupy (land) is equal for everyone, possession changes according to the number of possessors; property cannot be created.

III. (Since) the effect of labour is also the same for everyone, property is lost by outside exploitation and by rent; but (since) all human labour necessarily is the result/consequence of a collective force, all property becomes for the same reason, collective and shared: in more precise terms, work/labour destroys property.

IV. (Since) all capacity to work, similarly with all tools of trade/work, is accumulated capital, a collective property, inequality of treatment and of fortune, under the pretext of inequality of capacity, is an injustice and theft.

V. Commerce has as its necessary conditions the freedom of the contracting parties and the equivalence of the products exchanged: now, (since) value is the expression of the amount of time and expence which each good costs, and (since) liberty is inviolable, workers necessarily remain equal in (receive equal) wages as they (should) in law and by duty (of others??).

VI. Products are only bought by other products: now, (since) the condition of all exchange is the equivalence of products, profit is impossible and unjust. Observe this principle which is the most elementary (one) of economics and pauperism, luxury, oppressions, vice, crime, along with hunger, will disappear from around you.

VII. Les hommes sont associés par la loi physique et mathématique de la production, avant de l'être par leur plein acquiescement : donc l'égalité des conditions est de justice, c'est-à-dire de droit social, de droit étroit; l'estime, l'amitié, la reconnaissance, l'admiration, tombent seules dans le droit équitable ou proportionnel.

VIII. L'association libre, la liberté, qui se borne à maintenir l'égalité dans les moyens de production, et l'équivalence dans les échanges, est la seule forme de société possible, la seule juste, la seule vraie.

IX. La politique est la science de la liberté : le gouvernement de l'homme par l'homme, sous quelque nom qu'il se déguise, est oppression ; la plus haute perfection de la société se trouve dans l'union de l'ordre et de l'anarchie. [pp. 241 ff.]

VII. Men are associated by the physical and mathematical law(s) of production before being (associated) as a result of their full acquiescence ; thus the equality of conditions is (a matter) of justice, that is to say of social right/law, of strict law/right; the estime, friendship, recognition, and admiration (of others) alone result from (this) equitable and proportional right.

VIII. Free association, liberty, which is limited to maintaining equality in the means of production and equivalence in exchanges, is the only form of society (which is) possible, the only just and only true (one).

IX. Politics is the science of liberty: the government of man by man, under whatever name it might be disguised, is oppression; the highest perfection of society is found in the union of order and anarchy.

[Source:]¹⁰⁷

Since Proudhon was one of the better versed socialists in the theory of political economy he was able to strike at the heart of French political economy with a direct attack on its founder, Jean-Baptiste Say, and his law of markets which states that “products are exchanged for products”:

¹⁰⁷ *Qu'est-ce que la propriété?*, pp. 241 ff.

Donc entre le propriétaire et le fermier il n'y a point échange de valeurs ni de services; donc, ainsi que nous l'avons dit dans l'axiome, le fermage est une véritable aubaine, une extorsion fondée uniquement sur la fraude et la violence d'une part, sur la faiblesse et l'ignorance de l'autre. Les produits, disent les économistes, ne s'achètent que par des produits. Cet aphorisme est la condamnation de la propriété. Le propriétaire ne produisant ni par lui-même ni par son instrument, et recevant des produits en échange de rien, est ou un parasite ou un larron. Donc, si la propriété ne peut exister que comme droit, la propriété est impossible. [p. 136-37.]

Thus between the land owner and the farmer there is absolutely no exchange of (things of) value nor of services; thus, as we have said in (our) axiom, farming is truly a bargain, an (act) of extortion uniquely grounded in fraud and violence on the one hand, and on the weakness and ignorance on the other. The economists say that “products are only bought with other products.” This aphorism is the (very) condemnation of the (principle) of property. (Since) the land owner produces nothing by himself and nothing with his tools, and (since) he receives products in exchange for nothing, he is either a parasite or a robber. Thus, if property can only exist as a right, property is impossible.

[Source:]¹⁰⁸

One can summarize the views of Proudhon and many other socialists who shared his critique of property that the original acquisition of land was unjust because it created a monopoly for the individual owner vis-à-vis the community; that profit is unjust because only things of equal value can be exchanged and this by definition leaves no opportunity for a surplus or profit to one of the parties (similar arguments are made against paying rent for land, or interest on loans); that collective ownership and socially organized economic activity is the only just means for human beings to live and work together; and equality of conditions between people is the only just distribution of property.

Proudhon kept up his criticism of property with a series of books and pamphlets throughout the decade, with many of them being republished during the Second Republic to counter the renewed defense of property made by the political economists at this time. Theses included a direct attack on the economist Blanqui, *Lettre à M. Blanqui sur la propriété* (1841), some skirmishing with other socialists, *Avertissement aux propriétaires, ou lettre à M. Considérant, rédacteur de la Phalange, sur une défense de la propriété* (1842), a long section on political economy in *De la création de l'ordre dans l'humanité, ou Principes d'organisation politique* (1843) in which he directly takes on Smith, Say, Blanqui, and Rossi, and a curiously impassioned 2 volume

¹⁰⁸ *Qu'est-ce que la propriété?*, pp. 136-37.

book published for unknown reasons by the Guillaumin firm, *Système des contradictions économiques ou Philosophie de la misère* (1846) which was very critically reviewed by Molinari in the JDE in November 1847.¹⁰⁹

While recognizing Proudhon's obvious talents as a writer, "son talent incontestable, sa verve abrupte et audacieuse, sa dialectique ferme et tenace" (his unquestionable talent, his sharp and daring verve, his firm and tenacious dialectic skill), Molinari thought that he, like others before him such as Rousseau, had mistaken the historical evolution of certain kinds of property for the just and moral acquisition and distribution of property which would exist in a system under the rule of property rights. Because two different forms of property emerged at the same historical moment, a legitimate form of property which had been non-coercively acquired, or what Molinari simply called "property", as well as a form of property which had been unjustly acquired by means of violence, or what Molinari called "slavery", the two forms became confused in many peoples' minds and the evils of the latter were blamed on the former:

Quelle est donc la source de cette funeste aberration ? Comment se fait-il que l'on attaque précisément, de toutes les institutions humaines, celle qui a été la plus bienfaitrice pour l'humanité? Ce la vient, croyons-nous, de ce que l'on confond deux faits qui sont entièrement dissemblables et qu'aucun lien nécessaire ne rattache, mais qui se sont produits à peu près simultanément dans le monde; nous voulons parler de l'établissement de la propriété et de l'établissement de l'esclavage. On met sur le compte de la propriété la plupart des maux qui ont leur origine dans l'esclavage, et comme, jusqu'à nos jours; ces deux faits ont subsisté parallèlement, il est fort difficile de démêler la vérité dans cette confusion, d'attribuer à la propriété ce qui revient à la propriété, et à la servitude ce qui revient à la servitude. [p. 395]

So what is the source of this terrible aberration? How does it happen that, of all human institutions, the one which has been the most beneficial for humanity is precisely the one which is attacked? We believe it comes from the confusion of two facts/events which are completely dissimilar and which have no necessary connection with each other, but which arose nearly simultaneously in the (history of the) world; we are referring to the establishment of property and the establishment of slavery. People lay the blame on property for the majority of the harms which have their origin in slavery, even (??) up to the present day. These two institutions/facts have survived in parallel and it is very difficult to untangle the truth in all this confusion, to attribute to property what is due to property and to slavery what is due to slavery.

¹⁰⁹ Molinari, review of "Système des contradictions économiques, ou Philosophie de la misère, par J.-P. Proudhon" in JDE, T. 18, N° 72, Novembre 1847.

[Source:]¹¹⁰

The original owners of property may have taken previously unowned property and made it their own, which according to Molinari is perfectly just, but they transgressed the rights of others if they then forced them to work on their land without voluntarily agreeing to do so. The act of working the land and claiming it as one's property was not an act of "monopoly", but "l'obligation imposée au travailleur de demeurer perpétuellement attaché au sol, et par conséquent de payer au propriétaire la redevance qu'il plaisait à celui-ci de réclamer, voilà quel était le monopole!" (the obligation imposed on a worker to remain perpetually attached to the soil and as a result to pay to the landowner whatever fee it pleased him to demand, there was the real monopoly!)¹¹¹

The same set of conditions applied to business owners ("propriétaires") and their proletarian workers in the present day concerning the matter of working for wages. If the business owners were "les propriétaires privilégiés" (legally privileged owners) who could use the power of the state to lay down the law to their workers, then this was an unjust relationship between the two parties. But if the business owners were "les propriétaires soumis au droit commun" (owners who were subject to the same laws as everyone) then their relationship with their proletarian workers would be a just one. The mere fact of ownership was not the problem at hand but who had the legal privileges made possible by the state:

(Nous penson) que les abus dont souffrent les classes inférieures de la société ont leur source dans les privilèges illégitimes établis au profit des propriétaires, et non point dans l'exercice pur et simple du droit de propriété. [p. 396]

One would think that the abuses which the lower classes of society suffer have their origin in the illegitimate privileges established for the benefit of the owners and not at all in the pure and simple exercise of the right to property.

[Source:]¹¹²

THE "RIGHT TO WORK" AND THE "ORGANIZATION OF LABOUR": VICTOR CONSIDERANT AND LOUIS BLANC

¹¹⁰ Molinari, review of "Système des contradictions économiques," p. 395.

¹¹¹ Molinari, review of "Système des contradictions économiques," p. 396.

¹¹² Molinari, review of "Système des contradictions économiques," p. 396.

Another attack on the right to property in a free market came from socialists like Louis Blanc¹¹³ and Victor Considerant.¹¹⁴ Their arguments were less well argued and expressed than Proudhon, whom the economists at least recognized as a formidable although ultimately confused intellectual opponent. Through small magazines like Considerant's "Fourierist" *Le Phalanstère* (founded 1832) and *La Démocratie pacifiste* (1843-1851) and Blanc's *Revue du progrès* (founded 1839) and *La Réforme* (1843-51) a socialist alternative to the hierarchical relationship between capitalists and workers and wage labour was developed and spread among reform-minded workers. Louis Blanc's most influential work was *L'Organisation du travail* (The Organisation of Work) (1839) which was first published as an article in the *Revue du progrès* and which was reprinted many times throughout the 1840s and became a focus for attack by the economists during the Second Republic.¹¹⁵ Similarly with Considerant's "Théorie du droit de propriété" (1839).¹¹⁶ The ideas of both men became very influential after the Revolution broke out in February 1848 as they were part of the provisional government and were elected to the Constituent Assembly where they attempted to put their ideas into practice in the National Workshops and the legislation on the Right to Work. Louis Blanc in particular was influential as the president of "Commission du gouvernement pour les travailleurs" (Government Commission for the Workers) (also known as the

¹¹³ Louis Blanc (1811-82) was a journalist and historian who was active in the socialist movement. Blanc founded the journal *Revue du progrès* and published therein articles that later became the influential pamphlet *L'Organisation du travail* (1839). During the 1848 revolution he became a member of the provisional government, promoted the National Workshops, and debated Adolphe Thiers on the merits of the right to work in *Le socialisme; droit au travail, réponse à M. Thiers* (1848).

¹¹⁴ Victor Prosper Considerant (1808-93) was a follower of the socialist Fourier and edited the most successful Fourierist magazine *La Démocratie pacifiste* (1843-1851). He was an advocate of the socialist idea of the "right to work." Considerant wrote *Principes du socialisme. Manifeste de la démocratie au XIXe siècle* (1847) and *Théorie du droit de propriété et du droit au travail* (1845).

¹¹⁵ Louis Blanc, *Organisation du travail. Association universelle. Ouvriers. - Chefs d'ateliers. - Hommes de lettres*. (Paris: Administration de librairie, 1841. First edition 1839).

¹¹⁶ An extract of "Théorie du droit de propriété" can be found in Victor Considerant, *Contre M. Arago: réclamation adressée à la Chambre des députés par les rédacteurs du feuilleton de la Phalange : suivi de la théorie du droit de propriété* (Paris: Au bureau de la Phalange, 1840), pp. 49-64.

Luxembourg Commission) which oversaw the National Workshops program and his debates with the liberal Léon Faucher in the Chamber of Deputies.

Their writings provoked a considerable outpouring of criticism on the part of the economists between 1845 and 1850 who realized the power of their threat to key aspects of the operation of the free market.

The classic expression of the socialist idea of “le droit au travail” (the right to a job) was given by the Fourierist writer Victor Considerant in an essay “La Théorie de la propriété” (The Theory of Property) which was published in *La Phalange* in May 1839 and republished several times during the 1848 revolution. Considerant believed that in the state of nature (l’état sauvage) men had a natural right to fishing, hunting, gathering, and pasturing their flocks (la Pêche, de la Chasse, de la Cueillette, de la Pâture). With the advent of industrial society (une Société industrielle) where land had been converted into private property, thus making these early forms of making a living no longer possible, society then had an obligation to compensate men for the loss of these rights in the form of a guarantee of “the right to work” (le Droit au travail):

Dans l'État sauvage, pour user de son Droit, l'homme est *obligé d'agir*. Les *Travaux* de la Pêche, de la Chasse, de la Cueillette, de la Pâture sont les conditions de l'exercice de son Droit. Le Droit primitif n'est donc que le *Droit à ces travaux*.

In the state of nature, in order to exercise his Right, man was *obliged to act*. The *Labours* of Fishing, Hunting, Gathering, and Pasturing are the conditions for the exercise of his Right. The primitive Right is this only the *Right to (engage in) these Labours*.

Eh bien! qu'une Société industrielle, qui a pris possession de la Terre et qui enlève à l'homme la faculté d'exercer à l'aventure et en liberté, sur la surface du sol, ses quatre Droits naturels; que cette Société reconnaisse à l'individu, en compensation de ces Droits dont elle le dépouille, Le Droit Au Travail: alors, en principe et sauf application convenable, l'individu n'aura plus à se plaindre. En effet, son Droit primitif était le *Droit au travail* exercé au sein d'un Atelier pauvre, au sein de la Nature brute; son Droit actuel serait *le même Droit* exercé dans un Atelier mieux pourvu, plus riche, où l'activité individuelle doit être plus productive.

La condition *sine quâ non* pour la Légimité [25] de la Propriété est donc que la Société reconnaisse au Prolétaire le Droit Au Travail et qu'elle lui *assure* au moins autant de moyens de subsistance, pour un exercice d'activité donné, que cet exercice *eût pu* lui en procurer dans l'État primitif.

[Source:]¹¹⁷

The mechanism to guarantee the “right to work” to the proletarians deprived of the rights they had enjoyed in the state of nature was provided by Louis Blanc in another work which first appeared in 1839, *L'Organisation du travail*. Blanc's shorthand for the free market system based upon free trade and wage labour was “la Concurrence” (Competition) which he thought was both anarchic in the way it operated and deadly in its effects on the working class. He thought that free competition was nothing more than “un système d'extermination” (a system of

Well then! (We have) an industrious Society which has taken possession of the World and which deprives men of the ability to exercise, at their own risk and liberty, his four Rights over the surface of the globe; (we have) this Society (then) recognise the individual's Right to A Job in compensation for these Rights which it has taken away from him; then, in principle and without the correct application (??) the individual would no longer have anything to complain about. In effect, his primitive Right was the *Right to a Job* exercised in the heart of a primitive Workshop, in the heart of the Wilds of Nature; his present Right would be *the same Right* exercised in a Workshop which was better fitted out, richer, and where individual activity ought to be more productive.

The condition *sine quâ non* for the Legitimacy of Property is therefore when Society recognises the Proletariat's Right to a Job and when it *assures* them at least as much of the means of subsistance, for the exercise of any given activity, as they *would have been able* to get in the state of nature.

¹¹⁷ An extract of “Théorie du droit de propriété” can be found in Victor Considerant, *Contre M. Arago: réclamation adressée à la Chambre des députés par les rédacteurs du feuilleton de la Phalange : suivi de la théorie du droit de propriété* (Paris: Au bureau de la Phalange, 1840), pp. 49-64. It was republished in July 1848 at the height of the debate about right to work legislation which was taking place in the National Assembly: Victor Considerant, *Droit de propriété et du droit au travail* (Paris: Librairie phalanstérienne, 1848).

extermination) for the working class, a cause of ruin for the bourgeoisie, and would lead inevitably to war with the beast practitioner of competition, England. These dire consequences could only be averted if the government became “le régulateur suprême de la production” (the supreme regulator of production) armed with “une grande force” (great coercive powers) “faire disparaître, la concurrence” (to make free competition disappear). His strategy was to use two things to achieve this: “l’organisation” and “l’association”, the organisation of industry and the association of workers, which became code words for socialism throughout the 1840s. His aim was to create state funded “ateliers sociaux” (social workshops) in all the most important branches of industry throughout the economy. Using capital which had been set aside for this purpose (exactly how this would be done was not specified), the state would be the sole director of the social workshops and would regulate their activity. Workers who met the required “garanties de moralité” (moral standards) would be “called” to work there (conscripted perhaps) (tous les ouvriers qui offriraient des garanties de moralité ... seraient appelés à travailler dans les ateliers sociaux). As several economists noted in their criticisms of this proposal the model for the state’s control of industry seemed to be based upon the French army or the large central government bureaucracies in Paris. These sentiments struck a chord in the early months of 1848 when Blanc and his followers were able to get control of the Government Commission which had been set up to implement the National Workshops which were based closely on Blanc’s theories. The following is the opening statement of the conclusion to Blanc’s book:

Le gouvernement serait considéré comme le régulateur suprême de la production, et investi, pour accomplir sa tâche, d'une grande force.

Cette tâche consisterait à se servir de l'arme même de la concurrence, pour faire disparaître, la concurrence.

Le gouvernement lèverait un emprunt, dont le produit serait affecté à la création d'*ateliers sociaux* dans les branches les plus importantes de l'industrie nationale.

The government ought to be considered as the supreme regulator of production, and ought to be invested with great coercive powers in order to carry out its task.

This task would entail using the weapon of competition itself in order to make competition disappear.

The government would raise a loan the proceeds of which would be used to create *social workshops* in the most important sectors of national industry.

Cette création exigeant une mise de fonds considérable, le nombre des ateliers originaires serait rigoureusement circonscrit; mais, en vertu de [103] leur organisation même, comme on le verra plus bas, ils seraient doués d'une force d'expansion immense.

Le gouvernement étant considéré comme le fondateur unique des *ateliers sociaux*, ce serait lui qui rédigerait les statuts. Cette rédaction, délibérée et votée par la représentation nationale, aurait forme et puissance de loi.

Seraient appelés à travailler dans les *ateliers sociaux*, jusqu'à concurrence du capital primitivement rassemblé pour l'achat des instruments de travail, tous les ouvriers qui offriraient des garanties de moralité.

This creation (of workshops) would require the investment of considerable funds and the number of of workshops would at first be strictly limited; but in virtue of the fact of their very organisation, as one will see below, they would be endowed with a huge power of expansion.

Since the government would be considered to be the sole founder of these *social workshops*, it would be it (the government) which would draw up the statutes. This document, deliberated and voted upon by the national representative body would have the form and power of the law.

All workers who could offer guarantees of their moral (uprightness) would be called upon to work in the *social workshops*, until (enough) primitive capital had been gathered to purchase the tools of work.

[Source:]¹¹⁸

The first serious efforts by the economists to criticize Blanc's ideas were by Michel Chevalier in 1844 and Charles Dunoyer in 1845. Chevalier was a young economist at the beginning of an illustrious career having been appointed in 1841 to the prestigious chair of political economy at the Collège de France. In a long critique of Blanc in the *Journal des Débats* in August 1844 Chevalier identified two fundamental flaws in Blanc's theory which would make his schemes unworkable:¹¹⁹

¹¹⁸ "Conclusion. De quelle manière on pourrait, selon nous, organiser le travail" in Louis Blanc, *Organisation du travail. Association universelle. Ouvriers. - Chefs d'ateliers. - Hommes de lettres.* (Paris: Administration de librairie, 1841. First edition 1839), pp. 76-93. See also the following reprints: Louis Blanc, *Organisation du travail.. IV^e édition. Considérablement augmentée, précédée d'une Introduction, et suivie d'un compte-rendu de la maison Leclaire. La première édition a paru en 1839.* (Paris: Cauville frères, 1845). Louis Blanc, *Organisation du travail (5^{ème} édition), revue, corrigée et augmentée d'une polémique entre M. Michel Chevalier et l'auteur, ainsi que d'un appendice indiquant ce qui pourrait être tenté dès à présent* (Paris: au bureau de la Société de l'industrie fraternelle, 1847).

¹¹⁹ Reprinted in Louis Blanc, *Organisation du travail (5^{ème} édition), revue, corrigée et augmentée d'une polémique entre M. Michel Chevalier et l'auteur, ainsi que d'un appendice indiquant ce qui pourrait être tenté dès à présent* (Paris: au bureau de la Société de l'industrie fraternelle, 1847). "Réponses à diverses objections." Chevalier's article, pp. 121-35; and Blanc's response from 17 Feb. 1845, pp. 135-48. Chevalier quote from pp. 125-26.

the assumption that human societies are principally governed by a sense of duty, not the personal self-interest of the individuals which make up that society; and that the guiding principle of “absolute equality” of wages in the social workshops will encourage an increase in productivity on the part of the workers. Chevalier rejected both as “radicalement erronées” (profoundly wrong) and proceeded to elaborate at some length the incentive problems which would lead the social workshops to ruin. Chevalier returned to Blanc’s ideas in a series of articles he published in the *Journal des Débats* and the *Revue des Deux Mondes* during 1848 in which he explored in much more detail the economic objections he had first raised in summary form in 1844.

Another early response to the socialists before the Revolution was written by the doyen of the older generation of liberals, Charles Dunoyer, in a long “post-scriptum” at the end of the first volume of his *De la liberté du travail* (1845).¹²⁰ The three volumes of his magnum opus *De la Liberté du travail* was devoted to exploring how the principle of the complete liberty to work and produce had evolved historically and what it would mean for human prosperity when a society based upon absolute freedom of working had been brought into existence. Naturally, he found the objections of socialists like Considerant and Blanc to be wrong and misplaced. Dunoyer summed up his objections in 5 points: that fully free markets did not exist anywhere so it was false to blame economic problems on what did not yet exist (this argument is similar to the one adopted by Molinari when choosing the quotation by Quesnay on the front page of *Les Soirées*); the socialists did not recognize the great advances which had already made in bringing people out of poverty, especially since the Revolution had destroyed so many of the restrictive practices of the Old Regime; that the real causes for poverty had not been properly identified by the socialist critics, which were caused by the persistence of restrictions on trade and production, the burden of taxes, and the never-ending problem of war; that the remedies proposed by the socialists, namely “the organisation of industry” and “the association of workers” into government controlled “social workshops” would not work; and finally that the real remedy for poverty was more of what the socialists rejected, namely the creation of “un régime

¹²⁰ Dunoyer, *LdT*, vol. 1, Chap. X. Post-scriptum sur les objections qu’on a soulevées, dans ces derniers temps, contre le régime de la libre concurrence, pp. 408-71.

de plus en plus réel de liberté et de concurrence” (a regime of more and more real liberty of competition).¹²¹

Whereas Chevalier focused on mainly economic matters, Dunoyer put considerable emphasis on the social and political problems Blanc’s scheme would create. As Bastiat and Molinari were to repeatedly point out in their writings, the free market did not preclude a multitude of “organisations” and “associations” from springing up to help individual satisfy their economic needs. These market-based organisations differed from those proposed by Blanc in two ways: they would be purely voluntary and not be state funded or controlled; and they would exist in profusion because competition would allow all kinds of experimentation and innovation which would be lacking in a single, economy-wide, bureaucratic organisation. This was a better way to unite people by all sorts of economic ties through mutually beneficial exchanges.¹²² Dunoyer also noted as Chevalier did that the kinds of organisation of industry preferred by the socialists were based upon models drawn from the military and government bureaucracies, or the hated “corporations” which controlled many professions in the Old Regime. The old regime corporations may have eliminated competition in the market between people who practiced the same profession but they also created many opportunities for conflict and rivalry within the bureaucracy itself as individuals sought influential positions within it. Similarly with the large bureaucracies planned by the socialists to control the social workshops. Whoever controlled these bureaucracies would have considerable power concentrated in their hands to exercise “intolerable usurpation and tyranny” over others, and to stifle new and innovative ways of conducting business:

le rétablissement des anciennes corporations : système qui limiterait la concurrence, sans aucun doute, mais qui n'améliorerait assurément pas la condition des masses d'individus qu'il laisserait en dehors des métiers constitués, et qui, loin de faire cesser les rivalités et les luttes, exciterait des plaintes bien autrement motivées que le régime de la concurrence. et provoquerait des conflits bien	the re-establishment of the ancient corporations : a system which without any doubt limited competition but which assuredly did not improved the condition of the mass of individuals who were left out of the occupations so regulated, and which, far from stopping rivalry and struggles, stimulated grievances which were quite different from those produced under the regime of
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¹²¹ Dunoyer, *LdT*, vol. 1, p. 413.

¹²² Dunoyer, *LdT*, vol. 1, p. 427.

[Source:]¹²³

It did not take Bastiat long to turn his sharp wit and insights onto the socialists after his arrival in Paris in 1845. In June 1846 he wrote an article "De la répartition des richesses. Par M. Vidal" (On the Redistribution of Wealth by M. Vidal) for the *Journal des économistes*, another on "Organisation et liberté" (Organisation and Liberty) in January 1847,¹²⁴ and then two essays in *Libre-Échange* "Du Communisme" (On Communism) and "Lettre de M. Considérant et réponse" (A Letter from Mr. Considérant and a Reply) in June and December 1847.¹²⁵ Since his prime focus at the time was opposing the protectionists, he did not have time to go into much detail in rebutting the socialists' critique of competition and the property. He would do this in 1848 after the Revolution when the threat of socialism forced the economists to temporarily abandon the free trade cause. In his comments on Vidal's book *De la répartition des richesses* (1846)¹²⁶ he limits his criticism to the observation that socialists do not consider individuals as having separate wills with different hopes and aspirations but as cogs in a machine which need a mechanic to keep operating smoothly, or as soldiers in an army regiment which needs the close supervision of a commander with a baton. Like Cousin and Leclerc, Bastiat wants to know what has happened to "le moi" (the self, or me). Too often utopian dreamers of social and economic reform like Vidal, Blanc, or Considérant, see themselves as the incorruptible far-seeing "premier organisateur" (first organizer) but Bastiat asks the obvious questions, who chooses who "the first organiser" will be, and what do we do if this first organizer is or becomes corrupt or despotic as time passes?

¹²³ Dunoyer, *LdT*, vol. 1, p. 442.

¹²⁴ Bastiat, "De la répartition des richesses. Par M. Vidal" (On the Redistribution of Wealth by M. Vidal), *Journal des économistes*, June 1846, T. 14, No. 55, pp. 243-49. [OC1.12, pp. 440-51] and to appear in CW4 (forthcoming). And "Organisation et liberté" (Organisation and Liberty), *Journal des Économistes*, Janvier 1847. [OC2.27, p. 147] and to appear in CW6 (forthcoming).

¹²⁵ Bastiat, "Du Communisme" (On Communism), *Libre-échange*, 27 Juin 1847. [OC2.22, p. 116]. And "Lettre de M. Considérant et réponse" (A Letter from Mr. Considérant and a Reply), *Le Libre-échange*, 25 Décembre 1847. [OC2.25, p. 134]

¹²⁶ François Vidal, *De la répartition des richesses, ou De la justice distributive en économie sociale: ouvrage contenant: l'examen critique des théories exposées soit par les économistes, soit par les socialistes* (Paris: Capelle, 1846).

C'est fort bien. Mais qui est-ce qui organisera le pouvoir ? La société sans doute. — Point du tout, puisque c'est le pouvoir qui doit organiser la société. — J'entends ; M. Vidal, ou tout autre socialiste qui préfère, désire, conçoit ou rêve, organisera le pouvoir, lequel organisera la société. Reste toujours à savoir comment est organisé le premier organisateur. [p. 738 CW Fr.]

Et certes, si vous me permettez de supposer seulement l'existence d'un vice dans la colonie dont vous tracez le plan ; si vous raisonnez dans l'hypothèse qu'elle est affectée de paresse, ou de débauche, ou de faste, ou d'ambition, ou d'humeur conquérante, vous arriverez à voir qu'elle suivra bientôt la destinée commune et qu'il n'est pas au pouvoir de l'organisation la plus ingénieuse d'empêcher l'effet de sortir de la cause. [p. 740 CW Fr.]

That is all very good. But who will organize the government? Society, doubtless. But this will not do, since it is the government that ought to be organizing society. I see it now; Mr. Vidal, or any other Socialist who *prefers, wants, conceives of, or dreams about it*, will organize the government that will organize society. So it still remains to be seen how the first organizer will be organized.

And certainly, if you allow me to assume the existence of just one vice in the community whose outline you sketch, if we suppose that it is afflicted with laziness, or profligacy, or ostentation, or ambition, or an overweening temperament, according to your reasoning you will understand that this community will soon suffer the fate common to all, it not lying in the power of the most ingenious organization to prevent the effect from following the cause.

[Source:]¹²⁷

Bastiat asks the same question in his next essay “Organisation et liberté” (Organisation and Liberty) (Jan. 1847) but adds a new and interesting twist when he argues that the best kind of social or economic organisation only emerges gradually after being tested first in the market place. It cannot be imagined out of thin air by some founding legislator or organizer. The socialists, he argues, do not understand what the economists like J.B. Say and Dunoyer have always known, that humans are naturally sociable creatures who can only survive by cooperating and trading with other in a voluntary manner. Because of this fundamental fact about human nature, humans are actually quite good at finding the best form of organizing their affairs through a process of trial and error. They do not need an economic Solon to do this for them:

... il faut que des formes infinies d'associations partielles soient soumises à l'épreuve de l'expérience, et aient développé l'esprit d'association lui-même. [p. 1075 CW Fr.]

... an infinite variety of partial associations have to be subjected to the test of experience and have developed the spirit of association itself

¹²⁷ Bastiat, "De la répartition des richesses. Par M. Vidal" (On the Redistribution of Wealth by M. Vidal), *Journal des économistes*, June 1846, T. 14, No. 55, pp. 243-49. Quotes pp. 738, 740, CW Fr.

... il faut que des formes infinies d'associations partielles soient soumises à l'épreuve de l'expérience, et aient développé l'esprit d'association lui-même. [p. 1075, CW Fr.]

Ils ne comprennent pas que l'homme, créature intelligente et sympathique, c'est-à-dire essentiellement sociable, naît, vit et se développe en société, et ne peut naître, vivre, se développer sans cela ; que dès lors le véritable état de nature, c'est précisément l'état de société. [p. 1078, CW Fr.]

... an infinite variety of partial associations have to be subjected to the test of experience and have developed the spirit of association itself.

They do not understand that man, an intelligent creature with feelings for others, that is to say, one that is essentially sociable, is born, lives and develops in society and cannot be born, live and develop outside it. This being the case, the true state of nature is precisely the state of living in society.

[Source:]¹²⁸

The irony of the fundamental misunderstanding is that “socialists” who claim to be sensitive to the needs of humans in a social situation actually do not understand how social structures form and evolve. Those they denounce as blind and selfish “individualists,” like the economists, actually have a better appreciation of the real social nature of human beings and how free markets help them achieve their social as well as individual goals.

THE ECONOMISTS' REACTION TO THE RISE OF SOCIALISM IN FEBRUARY 1848

On the eve of the February Revolution the intellectual and political debates we have outlined above concerning free trade vs. protection, and the socialist critique of property and labour relations were the deeper underlying intellectual contexts in which Molinari was operating. After the Revolution broke out matters changed dramatically, as the economists laid aside their concern about free trade in order to focus on the more pressing problems of Louis Blanc's National Workshops which were set up with the approval of the Provisional Government in late February,

¹²⁸ Bastiat, “Organisation et liberté” (Organisation and Liberty) (Jan. 1847), CW Fr., pp. 1075, 1078.

opposing the socialist political clubs which sprang up after the breakdown of government censorship, attempting to persuade the crowds in the streets of Paris of the folly of socialist ideas in March and June, getting some of their colleagues elected to the Constituent Assembly in April (such as Bastiat from Les Landes), and then participating in debates in the Chamber and in the journals about proposed clauses in the new constitution about “the right to work” between June and October. Only after the elections of May 13-14 1849 which saw the number of socialist and radical (red) republican deputies reduced to about 200 with the majority held by “the Party of Order” of monarchists and Bonapartists (500), and the final crackdown on street violence by socialist supporters in June did the economists feel able to return to other intellectual and political matters. Molinari’s book *Les Soirées* was written during this last phase of socialist upheaval in the spring and summer of 1849 and appeared in print in the fall (possibly during September).

Like everybody else the economists were surprised and shocked by the events of 23-26 February. The sudden collapse of the régime revealed how hollowed out it had become both ideologically and politically. Widespread corruption and crony capitalism meant that it had some very self-interested supporters within the government and the bureaucracies but also many enemies among those who had been excluded from the spoils of office. A series of recent economic crises, such as floods in 1846 and a poor harvest in 1847, showed that the régime was unable to cope with economic problems either by operating effectively itself or deregulating the economy so market forces could function efficiently. The rise of socialist ideas among sectors of the working class and the intellectuals meant that a new source of opposition had arisen who were willing and able to move very quickly when the opportunity arose. The resignation of Guizot and the abdication of Louis-Philippe provided the socialists with such an opportunity which they seized in the chaos which immediately followed the collapse of the régime. Of the eleven men who thrust themselves into the void to form a “Provisional Government” two were socialists - Louis Blanc and Albert - who moved quickly to put their ideas of economic reform into practice in a virtual socialist coup d’état. Blanc issued decrees of dubious legitimacy but which had the support of both activists among the workers on the streets of Paris and the other members of the Provisional Government who also signed them. From his position as head of the Luxembourg

Commission¹²⁹ Blanc attempted to put into practice the ideas about the organisation of labour and “ateliers sociaux” which he had been promoting for 10 years. The real extent of his influence is hard to gauge exactly but it was considerable in the first weeks of the revolution but gradually diminished as less radical politicians jockeyed for positions of influence. Blanc and his group of socialists did not receive much support in the April elections for the Constituent Assembly¹³⁰ (of the 800 deputies elected 300 were monarchists and 500 were republicans of various descriptions, of which only 100 were radical or socialist republicans) and once it began meeting in May there was a growing movement to close the National Workshops down which it did in June, provoking rioting in the streets of Paris which were brutally put down by General Cavaignac under instructions from the Constituent Assembly. The next stage in the socialist attempt to reform France came with the extended discussion of drafts of the new Constitution into which they wanted to insert clauses guaranteeing the right the work to be provided at tax-payer expense. The major debate on this issue came to a head in September when it was debated and voted upon in the Constituent Assembly in which the economists played an important role. The more radical measures were defeated but the economists were not able to prevent some diluted general statements about the state’s duty to provide for the economic welfare of its citizens from becoming part of the new Constitution which was approved in November 4.

Molinari’s activities in this tumultuous period are hard to know exactly because he left no letters or any autobiographical writings other than scattered remarks in book reviews and obituaries of his friends from the period (since he lived to be 92 and outlived all his colleagues from this period he got to write most of their obituaries). He was deliberately a very private man and unfortunately we know very little about him or his family. At the beginning of the year we know that Molinari was teaching a course on economics at the *Athénée royal de Paris* which he had begun the previous year in the fall of 1847, and which he would not be able to

¹²⁹ So named because it seized control and worked out of the Luxembourg Palace which had previously been the meeting place of the Chamber of Peers.

¹³⁰ The largest block of Deputies were monarchists (290), followed by moderate republicans such as Bastiat (230), and extreme republicans and socialists (55).

resume until he left Paris to live and work in Brussels in 1852 where he got a teaching position at the *Musée royale de l'industrie belge* (Royal Museum of Belgian Industry).¹³¹ After the revolution broke out in February he continued to work editing the last volume of the *Collection des principaux économistes* on Necker, Galiani, Montyon, and J. Bentham which appeared probably after some months of delay in September 1848.¹³²

The events of February “*brusquement interrompu*” (brusquely/rudely interrupted) his teaching and scholarly work so he turned firstly to street politics with his activities in publishing and distributing the journal *La République française*¹³³ and participating in the Club Lib debating society, and then to doing considerably more editorial work for the JDE over the following months writing articles, book reviews, and contributing to the the bi-monthly “Chronique” of news. Some of these articles and reviews are clearly by Molinari (signed as “G. de Molinari” or “G.M.”). Others are likely to have been written by him (signed “M.” or ** but not *** which was probably the editor Garnier) because of internal evidence such as style or references to the natural laws of political economy and the state regulation of theaters which were topics of special interest to Molinari.

THE ECONOMISTS' INITIAL REACTION (FEB. - JUNE 1848)

Molinari's initial response to the downfall of the July Monarchy was immediate. He, Hippolyte Castille and Bastiat decided to launch a magazine to hand out on the streets of Paris. The day after the Revolution broke out they went to the Hôtel de Ville to get permission from the censors to launch a new magazine but, finding the government offices to be in chaos, preceded to take advantage of the

¹³¹ Molinari, Dedication to “À Monsieur Charles de Brouckere,” in *Cours d'économie politique* (1st ed. 1855, 2nd ed. 1863), vol. 1, p. ix-x.

¹³² *Collection des principaux économistes* [Necker, Galiani, Montyon, and J. Bentham] the appearance of which was announced in JDE 15 sept. 1848, pp. 218-19. CR by “S.S.”

¹³³ *La République française* appeared daily and was edited by Frédéric Bastiat, Hippolyte Castille, and Gustave de Molinari. It appeared in 30 issues between 26 February and 28 March 1848. The format of the magazine was only one or two pages which could be handed out on street corners or pasted to walls so that passers by could read them.

breakdown in censorship to publish *La Révolution française* without permission. They then joined the ranks of scores of similar ephemeral publications which sprang up in the first few weeks of the revolution. The magazine appeared daily for 30 days between February 26 and 28 March, an effort which would have taken a considerable amount of their time to accomplish. The views expressed in the magazine were a mixture of fervent republicanism and free market ideas which would have made it unique among the leaflets, broadsides, and small magazines being distributed on the streets of Paris at this (or any other) time. The magazine folded when Bastiat pulled out to campaign for a seat in the Constituent Assembly representing his home department of Les Landes in the election of 23 April.

The first acts of the Provisional Government confirmed the worst fears of the economists as it quickly passed a number of decrees concerning the right to work and the maximum number of hours per day allowed. In a decree of 25 February the government undertook to “guarantee work for all citizens” and set aside money which previously had been earmarked for the civil list (the living expenses for members of the royal family):

Le Gouvernement provisoire de la République française s'engage à garantir l'existence de l'ouvrier par le travail;

Il s'engagea garantir du travail à tous les citoyens;

Il reconnaît que les ouvriers doivent s'associer entre eux pour jouir du bénéfice légitime de leur travail.

Le Gouvernement provisoire rend aux ouvriers, auquel il appartient, le million qui va échoir de la liste civile.

The Provisional Government of the French Republic undertakes to guarantee the existence of the worker by means of work.

It undertakes to guarantee work to all citizens.

It recognises that workers ought to form associations in order to enjoy the legitimate benefits of their work.

The Provisional Government hands over to the workers the million francs which was (to be) given to the Civil List, which now belongs to them.

[Source:]¹³⁴

¹³⁴ *Actes officiels du gouvernement provisoire dans leur ordre chronologique, arrêtés, décrets, proclamations, etc., etc: Revue des faits les plus remarquables précédés du récit des événements qui se sont accomplis les 22, 23 et 24 février 1848* (Paris: Barba, Garnot, 1848), p. 9. See also the collection of documents in Louis Blanc, *La Révolution de Février au Luxembourg* (Paris: Lévy, 1849).

This was followed the next day formerly establishing Blanc's dream of state funded national workshops which would organize labour under the supervision of the Minister of Public Works, Pierre Marie de Saint-Georges. It was signed by all members of the Provisional Government:

Le Gouvernement provisoire décrète l'établissement immédiat d'ateliers nationaux.

Le ministre des travaux publics est chargé de l'exécution du présent décret.

Les membres du gouvernement provisoire de la République.

The Provisional Government decrees the immediate establishment of National Workshops.

The Minister of Public Works is charged with the execution of this decree.

(Signed:) The Members of the Provisional Government of the Republic.

[Source:]¹³⁵

The first response of the editors of the JDE came in the next issue (March) which appeared, as it always did, on the 15th of the month.¹³⁶ The editors (presumably Joseph Garnier and Guillaumin) issued the following declaration to the readers affirming their support for the political liberalization which the revolution introduced and their desire to continue their campaign against government intervention in the economy in whatever new forms it might take under the new regime:

La rédaction du *Journal des Économistes* croit devoir déclarer, à la suite des événements extraordinaires qui viennent de s'accomplir, en présence des étonnantes conversions que nous voyons, à la veille des discussions épineuses qui surgissent de toutes parts, qu'elle est aujourd'hui ni plus ni moins que ce qu'elle était hier, et qu'elle se propose de poursuivre dans l'avenir, comme par le passé, la défense et le triomphe de la science fondée par Quesnay, Adam Smith, Turgot, Malthus, J.-B. Say, et de ceux de leurs successeurs qui ont étudié l'économie naturelle des sociétés.

The editors of the *Journal des Économistes* believe they should state that, as a result of the extraordinary events which have just taken place, in the presence of the surprising changes we see around us, on the eve of having thorny discussions which are coming at us from all quarters, what is (happening) today is neither more nor less than what it was yesterday, and that they propose to pursue in the future, as they have in the past, the defence and the victory of the science founded by Quesnay, Adam Smith, Turgot, Malthus, J.-B. Say, and those of the successors who have studied the natural economy of societies.

¹³⁵ *Actes officiels du gouvernement provisoire*, p. 11

¹³⁶ "A nos lecteurs," JDE T. 19, mars 1848, pp. 321-22.

L'avènement de la République n'a rien changé aux convictions économiques de nos collaborateurs. La veille, ils faisaient la guerre à l'Ignorance, aux Monopoles, à la Réglementation, 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 sont résolus à continuer la lutte contre les obstacles anciens ou nouveaux qui gênent la production, la circulation, la distribution et la consommation de la richesse publique ou privée. En république et en monarchie, dans un empire ou dans une oligarchie, produire et consommer sont, comme disait Quesnay, la grande affaire de tous. [p. 321]

The coming of the Revolution has changed nothing in the economic convictions of our colleagues. The day before, they waged war against Ignorance, Monopolies, Regulations, Tariff Protection, overblown Centralisation, Bureaucracy, the Warrior Spirit, artificial Systems, unintelligible Laws, legal Privileges, Abuses; tomorrow, they are resolved to continue the struggle against the old or new obstacles which interfere with the production, circulation, distribution, and consumption of public or private wealth. In a republic or a monarchy, in an empire or in an oligarchy, to produce and consume is, as Quesnay said, the prime concern of everyone.

[Source:]¹³⁷

This declaration was followed by the lead article penned by Bastiat “Funestes illusions” (Disastrous Illusions) which clearly laid out the issues which concerned the economists. It was an expanded version of one of the short articles he had written a few days earlier for *La République française* on March 12 and which foreshadowed his famous essay on “The State” which was first published in *Jacques Bonhomme* in June and then in an expanded form in September 1848 in the JDD and became one of his best known essays.¹³⁸ Bastiat argued that the revolution had overthrown a political régime which had served the private interests of a narrow “classe électorale” (electoral class) of 250,000 wealthy tax payers dominated by “les grands propriétaires (et) les grands manufacturiers” (large landowners and manufactures) who sought to enrich themselves by means of legal privileges, economic monopolies, subsidies and tariffs, and access to government jobs (what he

¹³⁷ “A nos lecteurs,” JDE T. 19, mars 1848, p. 321.

¹³⁸ Bastiat, “Funestes illusions. Les citoyens font vivre l'État. L'État ne peut faire vivre les citoyens.” (Disastrous Illusions. Citizens make the State thrive. The State cannot make the citizens thrive), *Journal des Économistes*, 15 March 1848, T. 19, pp. 323-33. See also “Funeste remède” (A Disastrous Remedy), *La République française*, 12 March 1848 [OC2.68b, pp. 460-61] [CW3] [ES3.22]; “L'État” (The State), *Jacques Bonhomme*, 11–15 June 1848 [OC7.59, p. 238] [CW2]; “L'État” (The State), *Journal des débats*, 25 September 1848 [OC4.5, p. 327] [CW2].

called “la curée des places” (the scramble for government jobs)).¹³⁹ In the wreckage left behind in the wake of the revolution three groups were now contending for control of the French state - the remnants of the old regime who wanted to rescue what they could of their old privileges; the school of the economists who wanted:

<p>la destruction immédiate de tous les privilèges, de tous les monopoles, la suppression immédiate de toutes les fonctions inutiles, la réduction immédiate de tous les traitements exagérés, une diminution profonde des dépenses publiques, le remaniement de l'impôt, de manière à faire disparaître tous ceux qui pèsent sur les consommations du peuple, qui enchaînent ses mouvements et paralysent le travail.</p>	<p>the immediate destruction of all privileges, and of all monopolies, the immediate suppression of all non-useful (government) functions, the immediate reduction of harsh prison sentences, deep cuts in public expenditure, the reorganization of the tax system to remove all taxes which weigh heavily on personal consumption, which impede people's movements and which paralyse work</p>
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[Source: “À nos lecteurs”, p. 325]¹⁴⁰

and a new group of Blanc-inspired socialist “organisateurs” (industrial and labour organizers) who wanted to create a new order based upon state controlled and regulated economic activity. The old regime made sense to Bastiat because it was possible for a privileged elite to live at the expense of the majority of consumers and taxpayers. What did not make sense to him, what he called the “disastrous illusion”, was the new idea of the socialists that the majority could live at the expense of the minority. Since the state could not give to the majority of workers and consumers what it did not have, it would have to take from them in the form of broadly based taxes like indirect taxes on consumption goods and other necessities of life, and then disperse what it had left over, after taking its customary percentage cut to fund the ever growing bureaucracy. The result he thought would be “shame and deception”:

<p>“À l’Hôtel-de-Ville la <i>curée des places</i>, au Luxembourg la <i>curée des salaires</i>. Là, ignominie ; ici, cruelle déception.”</p>	<p>At City Hall there will be a <i>scramble for government jobs</i>; at the Luxembourg Palace (the headquarters of Blanc’s National Workshops)</p>
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¹³⁹ Bastiat, “The Scramble for Office” in CW1, pp. 431-32.

¹⁴⁰ “À nos lecteurs”, p. 325

[Source:]¹⁴¹

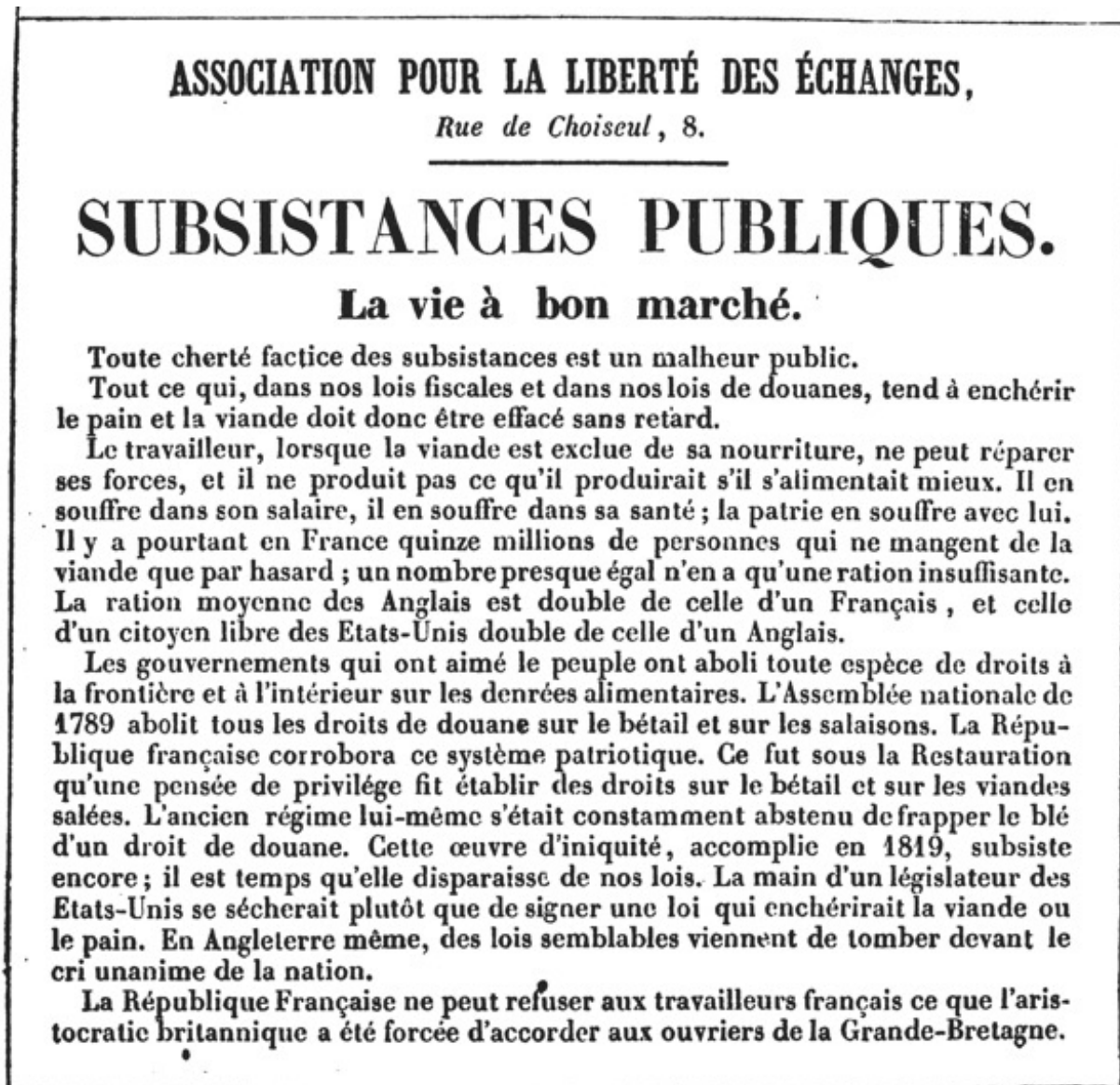
In his September 1848 essay on the state he famously summarized this “illusionary” view of the state as “L’ÉTAT, *c’est la grande fiction à travers laquelle TOUT LE MONDE s’efforce de vivre aux dépens de TOUT LE MONDE*. “ (the great fiction where everybody tries to live at the expense of everybody else.)¹⁴²

Having staked out their position with their Declaration and Bastiat’s lead article, the editors decided to issue the JDE twice a month so they could offer their readers up to date information and commentary on events as they unfolded, which began with the April issue and continued throughout November, after which they resumed their normal monthly publishing schedule. At the end of each issue appeared a “Chronique” (Chronicle) of events which summarized the debates which were taking place in the Assembly, the activities of the economists, and announcements of new books and pamphlets which appeared a great rate in the battle against socialism. Fewer academic and technical articles and more “essays of the moment” appeared in the JDE during the next 8 months as the economists engaged more fully with their intellectual opponents.

¹⁴¹ Bastiat, “Funestes illusions,” p. 327.

¹⁴² Bastiat, “L’État” (The State), *Jacques Bonhomme*, 11–15 June 1848 [OC7.59, p. 238] [CW2]; “L’État” (The State), *Journal des débats*, 25 September 1848 [OC4.5, p. 327] [CW2].

Illustration: Wall Poster for the Free Trade Association (March 1848)



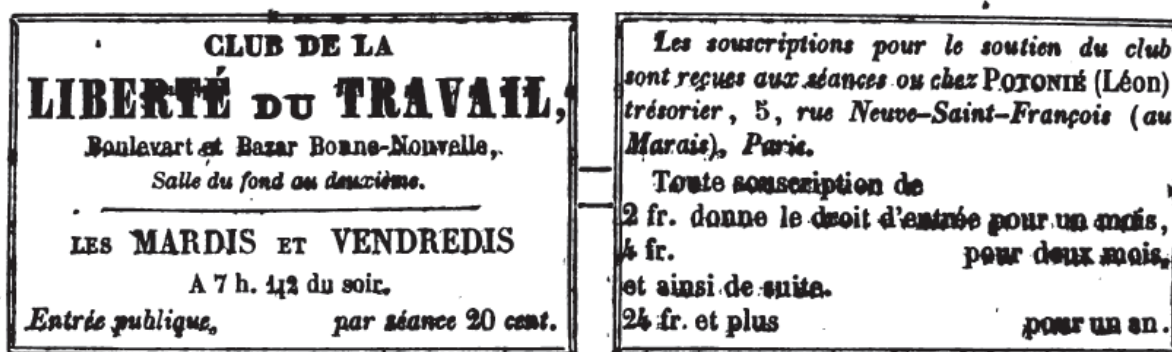
A wall poster advertising a meeting of the Association for Free Trade criticising the high cost of food because of taxes and restrictions. Date early March 1848. From *Les murailles révolutionnaires*, p. 352.

Source: *Les murailles révolutionnaires*, p. 352.¹⁴³

¹⁴³ *Les murailles révolutionnaires: Collection complète des Professions de foi, Affiches, Décrets, Bulletins de la République, Fac-simile de signatures. (Paris et les Départements). Illustrées des portraits des membres du Gouvernement provisoire, des principaux chefs des Clubs, des Rédacteurs et Gérants des premiers journaux de la Révolution* (Paris: Chez J. Bry (ainé), Édité, 1852), p. 352.

At the first public meeting of the FTA after the revolution, held in the Montesquieu Hall on 15 March, a motion was discussed to form a political club to promote free market ideas on the streets. This was probably the inspiration for Coquelin and Fonteyraud to form the “le Club liberté du travail” (or “Club Lib”) later that month.¹⁴⁴ A second decision was made to send a delegation from the Association led by Horace Say to meet with Marrast, the mayor Paris to push for an immediate cut in taxes and tariffs on basic food stuffs in order to lower the cost of living for average workers straight away and thus satisfy some of the demands of the protesters who were taking to the streets. Say and his delegation of free traders met with the mayor the next day but were fobbed off with evasive replies. It seemed that the Provisional Government could act unilaterally to create Blanc’s National Workshops at considerable future cost to the taxpayer but could not act without due consultation when it came to cutting tariffs and taxes.¹⁴⁵

Illustration: Entry Ticket for “Club Lib” Meeting to Debate Socialists (March 1848)



Entry ticket to the “Club de la Liberté du Travail”. From

¹⁴⁴ Charles Coquelin set up “le Club de la liberté du travail” (the Club for the Freedom of Working, or “Club Lib” for short). Its first meeting was held on March 31 to discuss the question of “The Organization of Labour” with 3 socialists defending Louis Blanc’s proposals and attacking free trade, and Coquelin, Fonteyraud, and Garnier defending the free market position of the “Liberty of Working”. See, *Chronique*, JDE, T. 20, no. 77, 1 avril 1848, pp. 55-56.

¹⁴⁵ *Chronique*, JDE, T. 19, no. pp. 410-11.

Source: *Les murailles révolutionnaires*, p. 955.¹⁴⁶

The first meeting of the “Club Lib” was held on March 31 to discuss the question of “The Organization of Labour” with 3 socialists defending Blanc’s proposals and attacking free trade, and Coquelin, Fonteyraud, and Garnier defending the free market position of the “Liberty of Working”.¹⁴⁷ Molinari was very well informed about the club’s activities so he was no doubt an observer if not an active participant. In his obituary of Joseph Garnier Molinari talks about how the club was forced to close because of violence and intimidation by socialist street thugs (Molinari called them “a gang of communists”) and his regret that the economists had been too easily intimidated and had given up this attempt at spreading free market ideas too easily.¹⁴⁸

The economists were also under attack from the new minister of education Carnot who set up a committee in early April to look into reforming the teaching of economics with the aim of removing free market economists such as Michel Chevalier at the Collège de France and replacing them with professors who would teach “administrative economics” more suited to the needs of budding state bureaucrats. Academic economists like Chevalier had been a thorn in the side of the protectionists for some time, driving the protectionist Mimerel Committee to lobby the government of the July Monarchy to force the economists “to teach the debate”, i.e. not to teach free market ideas unless they also gave equal time to defending the case for tariff protection. Under the inspiration perhaps of Saint-Simon the Provisional Government wanted to remove the free market economists entirely and replace them with technocrats who would teach future bureaucrats the

¹⁴⁶ *Les murailles révolutionnaires: Collection complète des Professions de foi, Affiches, Décrets, Bulletins de la République, Fac-simile de signatures. (Paris et les Départements). Illustrées des portraits des membres du Gouvernement provisoire, des principaux chefs des Clubs, des Rédacteurs et Gérants des premiers journaux de la Révolution* (Paris: Chez J. Bry (ainé), Édit., 1852), p. 955.

¹⁴⁷ Chronique, JDE, T. 20, no. 77, 1 avril 1848, pp. 55-56.

¹⁴⁸ Obituary of Joseph Garnier, JDE, Sér. 4, T. 16, No. 46, October 1881, pp. 5-13. Molinari tells a similar story in his obituary of Coquelin with the added detail that the economists chose not to fight back and so let the communists win by not throwing a single punch to defend themselves: Molinari, “[Nécr.] Charles Coquelin,” JDE, N(os) 137 et 138. Septembre et Octobre 1852, pp. 167-76. See p. 172.

economics of public works, government finance, and statistics.¹⁴⁹ The economists responded vigorously by lobbying the government for a repeal of Chevalier's suspension and his reinstatement which was eventually achieved after many months of lobbying led by Léon Faucher. Faucher visited Lamartine, who was the Minister of Foreign Affairs in the Provisional Government, on 23 April to present him with a statement signed by 30 members of the SEP protesting the decision (also signed by Molinari). Again, the economists got an evasive answer from the minister who later admitted in an interview in *Le Moniteur* that in the current circumstances political economy should be taught as a "science of fraternity" rather than as a "science of wealth" which of course played directly into the hands of Blanc and his socialist critics.¹⁵⁰

After the elections of 23 April 1848 a number of economists (Bastiat (Les Landes), Léon Faucher (Marne), Louis Wolowski (La Seine)) and some supporters of economic deregulation (Béranger, Gustave de Beaumont (La Somme), Prosper de Hauranne, Louis Reybaud, Alexis de Tocqueville) who had managed to win election were able to use their positions in the Chamber to argue against Blanc and the National Workshops and the broader socialist agenda of the organisation of labour. Bastiat in particular had a crucial position as Vice President of the Finance Committee where he argued relentlessly for tax cuts, spending cuts, and a balanced budget. He reported regularly to the Chamber on financial matters and drew upon the economic information provided to it in the stream of articles and pamphlet he wrote. On the other side of the ideological divide, the key works of Blanc and *Considerant* were reprinted several times during 1848¹⁵¹ and Blanc and others gave many speeches in the Chamber in defense of their ideas as well. While Bastiat was

¹⁴⁹ "Suppression de la chaire d'économie politique au Collège de France," JDE T. 20, no. 78, 15 avril 1848, p. 57.

¹⁵⁰ "Protestation de la Société d'économie politique contre la suppression de l'enseignement de l'économie politique," JDE, T. 20, no. 79, 1 mai 1848, pp. 113-16.

¹⁵¹ For example, Victor Considerant, *Droit de propriété et du droit au travail* (Paris: Librairie phalanstérienne, 1848). and Louis Blanc, *Le Socialisme. Droit au travail, réponse à M. Thiers* (Paris: Lelong et Cie, 1848).

working within the Finance Committee Léon Faucher¹⁵² and Michel Chevalier¹⁵³ responded to Blanc by writing a stream of critical articles for journals such as the *Journal des Deux mondes* and the *Journal des Débats* which were later collected and published as books for the Guillaumin publishing firm which had cranked up its operations to produce scores of anti-socialist material throughout 1848 and 1849. Most notable of these were the *Lettres sur l'Organisation du travail* written by Chevalier who was no doubt using the free time he had after his dismissal from his teaching post at the Collège de France to good effect.

While Faucher and Chevalier were attacking the idea of the right to work and the socialist organization of labour in the centrist/establishment high-brow journals Bastiat began writing his series of 12 anti socialist pamphlets which were to appear for the next 2 years, which included several for which Bastiat has become justly famous such as “The State” (Sept. 1848) and “The Law” (June 1850).¹⁵⁴ He was very clear about whose ideas he was attacking in each essay and listed them twice.¹⁵⁵ (See below for details).

THE ECONOMISTS’ ACTIVITIES (JUNE-NOV. 1848)

¹⁵² Léon Faucher, *Du droit au travail* (Paris: Guillaumin, 1848) and *Du système de M. Louis Blanc ou le travail, l'association et l'impôt* (Paris: Gerdès, 1848).

¹⁵³ Michel Chevalier, *Lettres sur l'Organisation du travail, ou études sur les principales causes de la misère et sur les moyens proposées pour y remédier* (Paris: Capelle, 1848) and *Question des travailleurs : l'amélioration du sort des ouvriers, les salaires, l'organisation du travail* (Paris: Hachette, 1848).

¹⁵⁴ Between May 1848 and July 1850 Bastiat wrote a series of 12 anti-socialist pamphlets, or what the Guillaumin publishing firm marketed as his “Petits pamphlets,” which included several for which Bastiat has become justly famous such as “The State” (Sept. 1848), “Damn Money!” (April 1849), “Plunder and the Law” (May 1850), “The Law” (June 1850), and “What is Seen and What is Not Seen” (July 1850).

¹⁵⁵ “Profession de foi électorale d’avril 1849” (Statement of Electoral Principles in April 1849) [OC7.65, p. 255]; and “Profession de foi électorale de 1849. À MM. Tonnelier, Oegos, Bergeron, Camors, Oubroca, Pomeoe, Fauret, etc.” (Statement of Electoral Principles in 1849. To MM. Tonnelier, Oegos, Bergeron, Camors, Oubroca, Pomeoe, Fauret, etc.) [OC1.17, p. 507].

Illustration: Wall Poster advertising the Appearance of Issue No. 2 of Jacques Bonhomme

N° 307 *Création de la place*
17 Juin

Aujourd'hui Jeudi 13 Juin, Publication du deuxième Numéro de

JACQUES BONHOMME

Journal Populaire

PARAISANT LE JEUDI ET LE DIMANCHE.

Avec cette Épigraphie de Garnier-Pagès (l'ancien) :

*Il ne s'agit pas de raccourcir les habits pour en faire des vestes,
mais d'allonger les vestes pour en faire des habits.*

HISTOIRE DE JACQUES BONHOMME.

Commence le roman à Jacques Bonhomme l'idée d'être un journal.

Et d'abord Jacques Bonhomme vous dira que il est et qu'il est en la capitale de tous de Jacques Bonhomme.

Il y a une langue de ce... bien des années d'années... Jacques Bonhomme vous dira que il est et qu'il est en la capitale de tous de Jacques Bonhomme.

Il y a une langue de ce... bien des années d'années... Jacques Bonhomme vous dira que il est et qu'il est en la capitale de tous de Jacques Bonhomme.

Et d'abord Jacques Bonhomme vous dira que il est et qu'il est en la capitale de tous de Jacques Bonhomme.

Il y a une langue de ce... bien des années d'années... Jacques Bonhomme vous dira que il est et qu'il est en la capitale de tous de Jacques Bonhomme.

Il y a une langue de ce... bien des années d'années... Jacques Bonhomme vous dira que il est et qu'il est en la capitale de tous de Jacques Bonhomme.

Et d'abord Jacques Bonhomme vous dira que il est et qu'il est en la capitale de tous de Jacques Bonhomme.

Il y a une langue de ce... bien des années d'années... Jacques Bonhomme vous dira que il est et qu'il est en la capitale de tous de Jacques Bonhomme.

Il y a une langue de ce... bien des années d'années... Jacques Bonhomme vous dira que il est et qu'il est en la capitale de tous de Jacques Bonhomme.

On s'abonne à Paris, à la Librairie de NAPOLEON CHAIX et C^e, rue Bergère, 8.

PRIX DE L'ABONNEMENT	PARIS.	trois mois, 5 fr.
	Id.	six mois, 5 —
	Départements.	trois mois, 4 —

Les CRIEURS peuvent s'adresser chez M. RIMBAUX, rue Bergère, 14.

Imprimerie centrale des Chemins de fer, de NAPOLEON CHAIX et C^e, rue Bergère, 8, près le boulevard Montmartre.

The next major turning point in the Revolution was the decision made by the Chamber to close the bankrupt National Workshops and force the unemployed receiving state benefits to either join the army or return to their home regions in order to continue to receive financial assistance there rather than in the capital. This decision provoked a violent reaction in the streets known as the June Days 23-26 which was put down by the army with considerable loss of life.

As late as mid-June Molinari still believed that an alliance might be forged between the economists and the radical socialists in their efforts to appeal to ordinary French workers and in their struggle to reform French society. On 11 June he, Bastiat, Coquelin, Fonteyraud and Garnier started another magazine designed

specifically to appeal to the average “man in the street” (Jacques Bonhomme).¹⁵⁶ The eponymous magazine was a weekly which lasted barely a month and was interrupted by the June Days fighting in the streets. In an unsigned “Letter to the Socialists” by “un Rêveur” (a dreamer)¹⁵⁷ published in the JDE a week before the rioting began Molinari outlined his strategy of an alliance between the radical economists and the socialists in their joint struggle for justice and material abundance for ordinary working people against the privileged elites which controlled French politics. But this was to come to naught once the June Days rioting broke out and the economists emphatically rejected violence as a just or economically efficient way to bring about change.

The closure of *Jacques Bonhomme* on 13 July was to mark the end of Molinari’s revolutionary activities on the streets of Paris (for the time being at least, as he was to return during the Paris Commune in 1871) and his efforts to forge an alliance with the socialists. He now focused his attention on writing more serious articles and book reviews for the JDE and planning his next effort to popularize economic ideas which he was to write over the summer of 1849. In August he wrote a long article criticizing Proudhon’s views on interest and rent which he had expressed in a speech in the Chamber of Deputies on 31 July and the inadequate reply made by Thiers.¹⁵⁸ Although he respected Proudhon for his gifts as a writer, his deep reading in economics, and his belief in the morality of voluntary economic relationships between individuals, Molinari was convinced Proudhon had made some serious errors in his understanding of rent and interest. Bastiat wrote the most extensive critique of Proudhon’s view on interest in the 14 part exchange of letters in

¹⁵⁶ *Jacques Bonhomme* was a short-lived biweekly paper 4 issues of which appeared between 11 June to 13 July; with a break between 24 June and 9 July. The first issue was a single page only on “papier rose” designed to be posted on the walls of buildings. which appeared in June. The title “Jacques Bonhomme” (literally Jack Goodfellow) is the name used by the French to refer to “everyman,” sometimes with the connotation that he is the archetype of the wise French peasant. Bastiat joined Gustave de Molinari, Charles Coquelin, Alcide Fonteyraud, and Joseph Garnier in editing the journal the first issue of which appeared just before the June Days uprising (23-26 June) took place.

¹⁵⁷ Unsigned but Molinari admitted to writing it some 50 years later in the *Society of the Future* (1899): “L’utopie de la liberté (lettre aux socialistes, par un Rêveur”, JDE, T. 20 N° 82. 15 juin 1848, pp. 328-32.

¹⁵⁸ Molinari, “M. Proudhon et M. Thiers,” JDE, T. 21, N° 86, 15 août 1848, pp. 57-73.

Proudhon's magazine between October 1849 and February 1850.¹⁵⁹ Here, Molinari was content to point out some technical flaws in Proudhon's scheme to establish a "Free Bank" or "Exchange Bank" and to make a deeper point about the apparent contradiction between Proudhon's support for voluntary solutions to economic problems, which set him apart from most other socialists of the period, and the connection Molinari saw between the workers' demand for "the right to work" and their demand for "le droit à l'insurrection" (the right to insurrection). The contradiction arose because, even though it may not be Proudhon's intention to call for violent insurrection, in the current climate in France if the workers were not able to satisfy their demand for "the right to work" at tax-payers' expense they would take to the streets in order to force the government to provide them with these benefits.

La révolution de Février a posé le droit au travail. Si le droit au travail n'est pas effectivement garanti, le peuple fera des insurrections jusqu'à ce qu'il le soit; et, en faisant des insurrections, le peuple usera d'un autre droit non moins légitime, le droit à l'insurrection. [p. 59]

The Revolution of February has raised the question of the right to a job. If the right to a job is not granted in an effective manner the people will continue to make insurrections until it is; and in making insurrections the people will make use of another right which no less illegitimate, namely the right to insurrection.

[Source:]¹⁶⁰

It would seem that the events of June had heightened the threat of violence in Molinari's mind to the point that he thought that an alliance with the socialists was unlikely, except for Proudhon whom Molinari thought had much in common with the economists except for the matter of interest.

The Constituent Assembly which gathered in May to draw up a constitution for the new Republic established a Committee to draw up a draft which would be debated in the Chamber. The sticking point for both the socialists and the economists was how the Committee would phrase the preamble and clauses dealing with the right to work [see above]. The socialists wanted to enshrine both

¹⁵⁹ Debate between Bastiat and Proudhon, "Gratuité du crédit. Discussion entre M. Fr. Bastiat et M. Proudhon" (Free Credit. A Discussion between M. Fr. Bastiat and M. Proudhon) [OC5.5, p. 94-335] [CW4]

¹⁶⁰ Molinari, "M. Proudhon et M. Thiers," p. 59.

the wording and the intent of the Provisional Government's decrees of 25 and 26 February in the new constitution. The economists wanted to remove this entirely or at least to dilute it to the point where it became a meaningless piety which would have no legal teeth.

In his speech in the Chamber on 13 September¹⁶¹ Thiers had identified 4 groups of socialists who supported various versions of “the right to work” and opposed the economists like Faucher and Wolowski. These were the outright communists who wanted to eliminate private property entirely; the supporters of Louis Blanc and the Luxembourg Commission who wanted to establish state funded workshops and “associations of labour” across the country; Proudhon and his followers who wanted to establish a no interest “Exchange Bank” for workers; and the more moderate socialists in the Constitution Commission who defended the phrasing used in the Preamble in the June draft of the constitution.

Molinari saw the intellectual battles lines in the Chamber somewhat differently to Thiers. On the one hand there were the “socialistes avancés” (the hard core socialists) like Blanc and Albert who wanted a real revolution in labour relations in France along the lines of the National Workshops. In the middle were the “socialistes en retard”¹⁶² (the socialist fellow travellers) like Garnier-Pagès, Ledru-Rollin, Flocon, Lamartine, and even Thiers himself who wanted extensive government involvement in regulating wages and working conditions and providing public works jobs and other forms of assistance for the poor and unemployed.¹⁶³ At the other extreme were the laissez-faire economists like Bastiat, Faucher, and Wolowski who wanted to rid the economy entirely of any government regulation or subsidies and to usher in “a pure system of liberty” (“la liberté illimitée et complète”. Thiers in his own speech provided support for such a view as he explicitly distanced himself from “l'ancienne économie politique” (the old school of political economy) of Adam Smith and J.B. Say and “la nouvelle économie politique” (the new school of political economy) which had emerged in the past

¹⁶¹ Adolphe Thiers, *Discours prononcé à l'Assemblée Nationale sur le droit au travail* (Paris: Lévy, 1848), p. 19.

¹⁶² [“M.”], “Introduction à la huitième année,” JDE, T. 22, No. 93, 15 dec. 1849, p. 2. See the discussion below on “socialisme d'en haut” vs. “socialisme d'en bas”.

¹⁶³ [“M.”], “Introduction à la huitième année,” p. 2.

decade or so and to which he said he supported. What differentiated it from the old school was its concern for “la question sociale” (the social question):

S'il s'agissait d'une question d'économie politique, je ne montera pas à cette tribune. Tous les jours, j'entends une nouvelle économie politique, bien fière d'elle-même, accuser l'ancienne économie politique, la traiter avec amertume, avec mépris. S'il ne s'agissait que de cette question, je ne prendrais pas aujourd'hui la parole. Je ne suis ni professeur ni disciple de l'ancienne économie politique. Je la respecte comme une science consciencieuse, honnête, qui n'a jamais cherché à tromper le peuple, qui n'est pas responsable du sang qui a coulé; mais, je le répète, je ne suis pas un de ses adeptes.

Il s'agit, non pas d'une question de tarif, d'une question économique, il s'agit d'une question sociale, politique, philosophique. métaphysique, d'une question qui a tous ces caractères : il ne faut lui en refuser aucun. car elle les a tous.

Il s'agit, Messieurs, d'une question sociale, et vous savez quelle immense gravité, au milieu des [5] événements qui ont agité la France, et qui agitent le monde, la question sociale a acquise. [pp. 4-5]

If it were a question of political economy I would not be at this lectern. Every day I hear a new (kind of) political economy, which is quite proud of itself, accuse the old political economy of treating it with resentment and contempt. If it were only on this question I would not be here speaking to you today. I am neither a professor nor a follower of the old political economy. I respect it as a science which is conscientious and honest, which has never sought to deceive the people, and which is not responsible for the blood which has flowed (in the streets??). But I repeat, I am not one of its supporters.

It is not a question of the tariff, or an economic question; it is a social, political, philosophical, metaphysical question, a question which involves all these aspects. One cannot reject any one of these because it contains all of them.

Gentlemen, it is a social question and you know how immensely important the social question has become in the midst of the events which have agitated France and which are agitating the(entire) world.

[Source:]¹⁶⁴

The compromises conservatives like Thiers were willing to make in allowing an expanded role for government regulation of the economy and for a less than absolute defense of private property was taken up by Molinari in his long review (JDE Jan. 1849) of Thiers' book “De la Propriété” which was published as these speeches were taking place in the Chamber in September.¹⁶⁵

¹⁶⁴ Thiers, “Discours”, pp. 4-5.

¹⁶⁵ Adolphe Thiers, *De la propriétés* (Paris: Paulin, Lheureux et Cie, 1848). Molinari, Review of Thiers “De la propriété”, JDE, T. 22, N° 94. 15 janvier 1849, pp. 162-77.

The JDE tracked the course of the debates in the Chamber very carefully between June when the first draft was presented to the Chamber and September when an important vote was taken on the final wording of these key clauses. The ins and outs of these complex, frustrating, but sometimes amusing debates were reported in some detail in the Chronique section of the journal which was probably written jointly by the editor Joseph Garnier and Molinari. [A good example of this was Thiers' very amusing remarks about how the socialists who supported Considerant's view that the only natural rights were those which individuals enjoyed in a state of nature such as hunting, fishing, gathering, and pasturing now felt about this when so many of them had been arrested, convicted, and sentenced to imprisonment in one of France's penal colonies following the riots of the June Days where they would learn first hand what the state of nature was really like.¹⁶⁶ Whenever an important speech was given by one of the economists it was usually reprinted in the JDE (such as by Faucher or Wolowski). When a speech by an important opposition politician was delivered in was usually reviewed caustically by Molinari (such as Proudhon and Thiers). Lesser figures were ridiculed in the sharply worded comments section of the Chronique. Garnier collected all these speeches and documents in a book which Guillaumin published in November, making sure the economists got equal billing with their anti-socialist speeches and comments.¹⁶⁷

The wording of the 30 June draft¹⁶⁸ was as follows with the economists paying particular attention to the state guarantees of education, labour/work, and assistance:

¹⁶⁶ Quoted in "Opinion de M. Léon Faucher sur le droit au travail," JDE, T. 22, no. 91, 1 Nov. 1848, p. 354.

¹⁶⁷ *Le droit au travail à l'Assemblée nationale. Recueil complet de tous les discours prononcés dans cette mémorable discussion par MM. Fresneau, Hubert Delisle, Cazalès, Gauthier de Rumilly, Pelletier, A. de Tocqueville, Ledru-Rolin, Duvergier de Hauranne, Crémieux, M. Barthe, Gaslonde, de Luppé, Arnaud (de l'Ariège), Thiers, Considerant, Bouhier de l'Ecluse, Martin-Bernard, Billault, Dufaure, Goudchaux, et Lagrange (texts revue par les orateurs), suivis de l'opinion de MM. Marrast, Proudhon, Louis Blanc, Ed. Laboulaye et Cormenin; avec des observations inédites par MM. Léon Faucher, Wolowski, Fréd. Bastiat, de Parieu, et une introduction et des notes par M. Joseph Garnier* (Paris : Guillaumin, 1848). Garnier provided a long introduction and included in the collection an unpublished essay by Bastiat and the key speeches by Faucher and Wolowski.

¹⁶⁸ In JDE and Garnier's collection of texts.

[Source:]¹⁶⁹

The Assembly voted on another version of the wording at the end of September which included Article 13 on “right to work”:

Art. 13. La Constitution garantit aux citoyens la liberté du travail et de l'industrie.

La société favorise et encourage le développement du travail par l'enseignement primaire gratuit, l'éducation professionnelle, l'égalité de rapports entre le patron et l'ouvrier, les institutions de prévoyance et de crédit, les institutions agricoles, les associations volontaires, et l'établissement par l'État, les départements et les communes, de travaux publics propres à employer les bras inoccupés; elle fournit l'assistance aux enfants abandonnés, aux infirmes et aux vieillards sans ressources et que leurs familles ne peuvent secourir.

Art. 13. The Constitution guarantees to the Citizens the freedom of working and of industry.

Society supports and encourages the development of work/labor by free primary education, professional education, equality in the relationship between business owners (patron) and workers, institutions of retirement (prévoyance) and credit, agricultural institutions, voluntary associations, and the establishment by the State, the Departments, and the local Communes of public works suitable for the employment of those unemployed (les bras inoccupés); it will provide assistance to abandoned children, the sick, and the aged without assets, and those whom their families cannot support.

[Source:]¹⁷⁰

As the year came to an end the threat of socialism which had seemed so great in late February and March has receded considerably. Garnier and Molinari seemed to accept this constitutional compromise reluctantly as a kind of victory over the more extreme socialists but not as an outright victory for laissez-faire political economy.¹⁷¹ The key phrase “la liberté du travail et de l'industrie” was used instead of the radical socialist “droit au travail” or the moderate socialist phrase preferred by Lamartine “le droit à l'existence par le travail”. The radical socialist plan for national workshops had been reduced to a vague public works program to soak up unemployed laborers and the right to assistance would be limited to abandoned children, the sick, and the destitute elderly.

¹⁶⁹ Garnier, *Le droit au travail à l'Assemblée nationale*, p. 2.

¹⁷⁰ Garnier, p. 10.

¹⁷¹ Chronique, JDE 1 Oct 1848 p. 276.

Molinari [possibly Garnier but signed “M.”] was given the task of writing a survey of the events of 1848 in an unsigned article in Dec. 1848 issue of JDE.¹⁷² The collapse of the July Monarchy and the events of March surprised the economists as much as everyone else but their 10 year long intellectual battle against socialist ideas gave them “la connaissance spéciale” (inside knowledge) of what might lie in store if the socialists ever came to power and attempted to put their ideas into practice. Their dire warnings were rejected by most people who mocked the economists as so many Cassandras:

La révolution de Février nous a surpris comme tout le monde; mais, dès le premier jour, la connaissance spéciale que nous avions de la situation intellectuelle et morale du pays nous a donné le pressentiment amer des catastrophes qui devaient suivre. Nous suivions depuis longtemps d'un œil attentif et inquiet les progrès des doctrines socialistes, et plus d'une fois nous avons averti le pouvoir du danger dont elles menaçaient la société; plus d'une fois nous l'avions engagé à les combattre par une propagation active des saines doctrines économiques. Mais on ne nous écoutait point; ou bien on se moquait de nos craintes, Cassandres que nous étions! Comme le remarquait le bonhomme La Fontaine, le pouvoir est un grand endormeur:

“Lorsque sur cette mer on vogue à pleines voiles,
Et que l'on a pour soi les vents et les étoiles,
On s'endort aisément sur la foi des zéphyrs.”

The February Revolution surprised us like it did everybody; but from the very first day the special understanding we had of the intellectual and moral state of the country gave us the grim premonition of the catastrophes which were to come. We have followed with an attentive but worried eye for a considerable time the progress of socialist ideas, and more than once we have warned the government of the danger which they pose for society; more than once we have engaged them in a battle of ideas by actively promoting healthy/sound economic ideas. But people do not listen to us, or rather they mocked our fears, as if we were so many Cassandras! As that chap (bonhomme) La Fontaine remarked, power is a great sleep inducer (endormeur):

“When one sails on this sea under full sail,
And has only the wind and the stars for company,
One easily falls asleep assuming only zephyrs/gentle breezes will blow.”

¹⁷² Unsigned but internal evidence points to Molinari.

[Source:]¹⁷³

Molinari blamed the spread of socialist ideas on the lack of education about political economy among the ruling elite as well as the general public. He dismissed the activities of radicals Louis Blanc, whose work was impossible to put into practice on a wide scale, as much less of a concern than the beliefs of powerful establishment politicians like Garnier-Pagès, Lamartine, and “conservateurs-bornes” (blinkered conservatives) like Thiers, who could use the large government bureaucracies and the Bank of France to implement “socialist” (or rather interventionist) policies throughout the country. Molinari described it as a form of “socialisme infiniment plus dangereux que celui de M. Louis Blanc, car il était plus applicable” (socialism which was infinitely more dangerous than that of Louis Blanc’s because it was more applicable/ easier to put into practice)). The economists had reacted to the rise of socialism during the revolution with a concerted educational effort which took several forms: they resisted the attempts by the government to expel economists like Chevalier from their teaching positions, they wrote scores of articles for the high-brow press like the JDD and RDM exposing the fallacies of the socialists, Bastiat began an 18th month campaign to write one anti-socialist pamphlet after another which were published and promoted heavily by the Guillaumin firm, economists who had been elected to the Assembly like Faucher and Wolowski gave speech after speech attacking the socialist idea of the right to work, Coquelin and others formed a political club, le

¹⁷³ Molinari (probably, although Bastiat liked to quote a lot from La Fontaine in his *Economic Sophisms*), “Introduction à la huitième année,” JDE, p. 1. The quote from La Fontaine comes from an Elegy he wrote about the fall of Count Fouquet in 1661. Nicolas Fouquet, Marquis of Belle-Île and Count de Melun et Vaux (1615-1680) was a wealthy Superintendent of Finances who was suspected by Louis XIV of plotting to kill him. He was arrested in 1661 after hosting a lavish dinner for the court at his chateau in Vaux, had all his property confiscated, and was sentenced to life in prison. See, *Élégies. I. Pour M. Bouquet aux nymphes de Vaux (1661)*, Jean de La Fontaine, *Oeuvres complètes de La Fontaine. Nouvelle édition*. Ed. Louis Moland (Paris: Garnier frères, 1877), vol. 1, 473. The full quote reads: “Voilà le précipice où l'ont enfin jeté / Les attrails enchanteurs de la prospérité! / Dans les palais des rois celle plainte est commune; / On n'y connaît que trop les jeux de la Fortune, / Ses trompeuses faveurs, ses appas inconstants; / Mais on ne les connaît que quand il n'est plus temps. / Lorsque sur cette mer on vogue à pleines voiles. / Qu'on croit avoir pour soi les vents et les étoiles, / Il est bien malaisé de régler ses désirs; / Le plus sage s'endort sur la foi des zéphyrus. / Jamais un favori ne borne sa carrière; / Il ne regarde pas ce qu'il laisse en arrière; / Et tout ce vain amour des grandeurs et du bruit / Ne le saurait quitter qu'après l'avoir détruit.”

Club de la Liberté du travail, to debate the socialists on the streets, and twice Bastiat and his colleagues started a small newspaper to hand out on the streets of Paris to the ordinary citizens.

Although the threat of violence in the streets had died down socialist ideas were still pervasive in the minds of the people and the economists were determined to continue their educational efforts in the coming year. The educational strategy the economists needed to adopt was graphically and brilliantly described by Fonteyraud who argued that nothing less than “la régénération intellectuelle des classes laborieuses” (the intellectual regeneration of the working classes) was needed, that ideas were such powerful things, that if the minds of the people could be swayed toward economic and political liberty as envisaged by the economists, then the economic and political problems which beset France could be ameliorated and events like 1848 could be avoided in the future:

Ils ne reparaîtraient plus si l'on se préoccupait quelque peu de la régénération intellectuelle des classes laborieuses, et si l'on faisait descendre de couche en couche, jusqu'aux dernières profondeurs de notre société, les lumières qui sont au sommet.

They (events like February 1848) would no longer occur if one busied oneself a little more with the intellectual regeneration of the working classes, and if one were to bring the light which one finds at the pinnacle of our society step by step down to its darkest depths.

En effet, si la société a fait son devoir dans la rue, il lui reste une tâche plus haute et plus délicate à remplir, celle de la pacification et du désarmement des esprits. On a consolidé les assises matérielles de notre édifice politique, il faut en raffermir les assises morales bien autrement ébranlées encore. Car on a beau faire, c'est par la tête en réalité que s'attellent les peuples et les individus. Là se trouvent à la fois le point d'appui et le levier, et dans les emportements populaires les plus déréglés, les plus sauvages, c'est encore la pensée qui conduit le bras, l'âme qui soulève et lance la brute. Les mécaniciens politiques les plus ingénieux ne peuvent rien contre ces nécessités de l'organisme social; et les oscillations, les vicissitudes de l'idée républicaine en France, peut-être même en Europe, viennent précisément de ce que les fondations n'étaient pas d'accord avec le monument, de ce que l'on a voulu accoupler l'économie politique de la cité du Soleil, de l'Océana, du Caire à la politique des Etats-Unis, la démocratie au servage égalitaire et bureaucratique, enfin nous faire libres comme citoyens et nous déclarer mineurs comme industriels, agriculteurs, commerçants. Nous ne pouvons cependant pas traîner éternellement le boulet du système réglementaire ni rentrer dans les jurandes et les maîtrises, dans les droits régaliens et les droits du seigneur par la porte dérobée des ateliers nationaux ou des industries organisées à la prussienne. Il nous reste donc à condamner définitivement cette porte par laquelle se précipitent les masses égarées. Pour cela il nous faut placer au seuil non plus seulement des gendarmes et des épées, mais des penseurs et des livres. [p. 337]

[Source:]¹⁷⁴

Indeed, (even) if society has done its duty on the street there still remains a higher and more delicate task which needs to be accomplished, that of the pacification and disarmament of the minds (esprits) of the people. We have consolidated the material foundations of our political edifice but we must strengthen the moral foundations which were shaken even more. No matter what one does, it is in fact via the mind (la tête) that the people and individuals set/go about their business. That is where one finds both the fulcrum and the lever. Even in the most unruly and savage popular outbursts it is still ideas which move one's limbs, and the spirit which stirs up and drives the brute/lout forward. The most ingenious political technicians can do nothing to stop these necessities of the social organism. The oscillations and vicissitudes of the republican idea in France, and perhaps even in the rest of Europe, come about precisely because these (moral) foundations are not in harmony with the political structure (monument); because people wish to harness the political economy of "The Sun", of Oceana, of Caire (Icarus?) to the politics of the United States, to harness/join democracy to egalitarian and bureaucratic slavery; and finally to make ourselves free as (adult) citizens but to declare ourselves to be (legal) minors when it comes to being productive workers (industriels), farmers, or shopkeepers. However, we cannot drag around the ball and chain of the regulatory system forever, nor return to the system of guilds and masters (of the old regime), or to the system of regal and seigniorial rights by the backdoor (hidden/concealed) of the National Workshops or industries organised in the Prussian (military) manner. Thus it is necessary for us to condemn definitively (close for good) this (concealed) door through which the misled masses are pouring through. In order to do this we must place at the doorstep not only the police with their swords but some thinkers with their books.

¹⁷⁴ Alcide Fonteyraud, [CR], Le droit au travail à l'Assemblée nationale, collection de tous les discours et de divers autres écrits, avec une introduction par M. Jos. Garnier, JDE, T. 22, n° 95, 15 février 1849, pp. 333-38.

Molinari would spend considerable time and effort over the coming three or four years in pursuing the educational strategy outlined by Fonteyraud. He would write his own popularization of economic ideas (the first of three) designed to appeal to conservative and socialist intellectuals which would come out in the fall of 1849, and dozens of articles he would write for the DEP which appeared in 1852 and which was to provide a compendium of sound economic thinking on all topics which would be the intellectual foundation for free market ideas for the foreseeable future.

BASTIAT'S SERIES OF ANTI-SOCIALIST PAMPHLETS, 1848-1850

The hardest working and perhaps the best of the economists at challenging the socialists in print was Bastiat. Between May 1848 and July 1850 he wrote a series of 12 anti-socialist pamphlets, or what the Guillaumin publishing firm marketed as his “Petits pamphlets,” which included several for which Bastiat has become justly famous such as *The State* (Sept. 1848), *The Law* (July 1850), and *What is Seen and What is Not Seen* (July 1850). The pamphlets sold well for Guillaumin and they were reprinted several times and even marketed as a set which could be purchased for 7 fr. for the complete set of 12. Some originally appeared in journals such as the JDE, while others were written as stand alone pamphlets. In two of his Electoral Manifestos in 1849¹⁷⁵ he identifies the particular socialists he was attacking in each one of them. Bastiat also wrote other anti-socialist essays and articles which are also listed below. This is not the place to go into any detail about Bastiat’s avalanche of anti-socialist writings except to note their sheer number, the wit and clever way in which they were written, his deep knowledge of socialist literature going back to the late 18th century, and the way he was able to combine moral arguments (that

¹⁷⁵ “Profession de foi électorale d’avril 1849” (Statement of Electoral Principles in April 1849) [OC7.65, p. 255] [CW1] and “Profession de foi électorale de 1849. À MM. Tonnelier, Oegos, Bergeron, Camors, Oubroca, Pomeoe, Fauret, etc.” (Statement of Electoral Principles in 1849. To MM. Tonnelier, Oegos, Bergeron, Camors, Oubroca, Pomeoe, Fauret, etc.) [OC1.17, p. 507] [CW1]

socialism was wrong because it violated an individual's rights to liberty and property) and economic arguments (that socialism created insuperable problems concerning incentives to work, did not serve the needs of consumers, and created waste, shortages, and other inefficiencies).

The following is a list of his anti-socialist pamphlets in the order in which they were published¹⁷⁶ and the socialist or group they were directed against:

1. "Propriété et loi" (Property and Law), JDE, 15 May 1848 - directed at Louis Blanc and critiques of property in general
2. "Justice et fraternité" (Justice and Fraternity) JDE, 15 June 1848 - directed against Pierre Leroux.
3. "Individualisme et fraternité" (Individualism and Fraternity) [June 1848] - directed against Louis Blanc and the idea that state-imposed "fraternity" was no kind of fraternity at all
4. "Propriété et spoliation" (Property and Plunder), (24 July 1848) - directed against Considérant and against critics of ownership of land and rent.
5. "L'État" (The State) (Sept. 1848) - against the radical socialist Montagnard (The Mountain) faction.
6. *Protectionnisme et communisme* (Protectionism and Communism) Jan. 1849 - directed at the protectionist and conservative Mimerel committee pointing out they were demanding the same things as the communists
7. *Capital et Rente* (Capital and Rent) (Feb. 1849) - directed at Proudhon who believed that profit, interest, and rent were immoral and should be abolished
8. "Maudit argent!" (Damn Money!) (15 Avril 1849) - directed at general misperceptions about nature of money, especially that paper money could solve social problems
9. *Gratuité du Crédit. Correspondence entrer MM. F. Bastiat et Proudhon* (Free Credit.) (Oct. 1849 - Feb. 1850) - was directed again at Proudhon

¹⁷⁶ The order of publication is provided by his editor Prosper Paillottet in the *Oeuvres complètes*, vol. 4, p. 274.

10. *Baccalauréat et Socialisme* (The Baccalaureat and Socialism)) - written to oppose a bill before the Chamber in early 1850 on education reform which was supported by Thiers, argued that socialist ideas were being spread through the schools, especially the study of the Classics
11. *Spoliation et Loi* (Plunder and Law) JDE, 15 May 1850 - written against Louis Blanc and the Luxembourg Commission
12. *La Loi* (The Law) (July 1850) - against Louis Blanc and his 18th century predecessors such as Rousseau and Robespierre
13. *Ce qu'on voit et ce qu'on ne voit pas, ou l'Économie politique en une leçon* (What is Seen and What is Not Seen) (July 1850) - this pamphlet was directed against all those who misunderstood the operation of the free market

A fuller discussion of Bastiat's anti-socialist writings and activities must await another time and place. We are just listing here his main works from this period for the time being.

MOLINARI'S FIRST ATTEMPT TO POPULARISE ECONOMIC IDEAS: LES SOIRÉES (SEPT. 1849)

Perhaps provoked by Fonteyraud's lament that the economists, by ignoring the working class, had left the field open to the socialists, and inspired by the work of popularisation of economic ideas undertaken by Harriett Martineau in England and Frédéric Bastiat in France, Molinari in early 1849 decided to turn his own hand to writing a popular work, his ambitious 12 part collections of "soirées" (conversations). he most likely worked on this over the summer of 1849 and it was published in early fall (perhaps September) later that year. He took aim at both the conservatives, the so-called "socialists from above", and the socialist agitators, or "socialists from below", who had been active in the streets of Paris since the revolution had broken out in February 1848.

The range of topics covered in the conversations is very broad, perhaps broader than might be implied by the subtitle of the book: “discussions on economic laws and the defense of private property.” The subtitle might lead one to think that the book would be theoretical in nature focusing on economic theory and moral philosophy. Yet, after a brief introduction where some theoretical matters are discussed, Molinari focuses the conversations on a number of very specific issues for which he provides considerable historical and economic information. In many ways, it could be considered to be a one volume overview of the classical liberal position at that time; a list of the things they thought were wrong with French economic and political policies in the late 1840s, and what they would do to change French society if their “party” got into power. One might also view it as an extended justification for what Bastiat’s “The Utopian” politician planned to do if he were made Prime Minister.¹⁷⁷

Les Soirées consist of 11 “soirées” or conversations which take place between an Economist, a Conservative, and a Socialist. The Economist’s share of the conversation is substantially larger than the other two speakers with 78.1% of the total. The Socialist enjoys the second largest share of the conversation with 12.2%; and the Conservative gets the smallest share with 9.7%. Together the two opponents of the Economist get 21.9% of the conversation.¹⁷⁸ The book is obviously a device for Molinari to express his views on a range of topics through the mouth of “the Economist”. The Socialist is marginally the more important intellectual opponent over the Conservative which seems logical given the fact that the book was written after the socialists revealed how strong they were during the revolutionary days of 1848 before they were suppressed by the army and the police after June 1848 and again in June 1849.

One could summarize the book’s contents as a discussion of the handful of natural laws which governed the operation of political economy; a defence of the right to property in both its “internal” and “external” forms; a defense of key

¹⁷⁷ See ES2 XI “The Utopian” (17 January, 1847 in *Libre-Échange*).

¹⁷⁸ Calculations are based upon the French language version of the book. The total number of words (minus Preface and footnotes) is 76,450. The Economist’s share is 59,702 (78.1%); the Socialist’s share is 9,330 (12.2%), and the Conservative’s share is 7,418 (9.7%). The combined share of the Socialist and the Conservative is 16,748 (21.9%).

aspects of a free market namely capital, interest, and rent which had come under attack by socialists; a defense of free trade; a defense of the right to free association by all groups in society; critiques of government regulation and state monopolies;; the private provision of so-called “public goods” such as municipal water; and the introduction of two original ideas Molinari had concerning the private provision of the ultimate public good, security, and his theory of rent. A fuller listing of the topics covered is provided here:

- an explication of his ideas about the natural laws which govern the economy and his theory of property rights - S1
- internal property: literary, artistic, intellectual property, inventions - S2
- external property: compulsory purchase by state, mines, public/state property, forests, canals and waterways, spring water - S3
- the right to transfer property: wills and inheritance laws - S4
- agriculture and land ownership - S4
- defense of capital and lending at interest: lending, credit, risk - S5
- right of association and unions: wage rates - S6
- right to trade: critique of protectionism - S7
- critique of state monopolies: issuing of money, banks, post office, subsidized and public theatres, libraries, subsidies to religion, state education - S8
- critique of the regulation of commercial activity: banking, bakeries, butchers, printing, lawyers, brokers, prostitution, funeral parlors, cemeteries, medicine, teaching - S9
- critique of state funded charity and welfare: defence of Malthusian ideas on population, marriage laws and families - S10
- production of security: private insurance companies, liberty of government, the jury system, nationalism - S11
- the nature of rent - S12

Molinari's interest in some of these topics was a result of recent or current work he had been doing, such as the right of workers to associate and form unions to negotiate with their employers (he had written articles on this for the *Courrier français* in 1845-46), the right to “internal property” or intellectual property which he had pursued with Hippolyte Castille in his journal *Le Travail intellectuel*.

(1847-48); the issue of free trade and protection on which he wrote his first book in 1847 and worked with Bastiat in the French Free Trade Association; the right of individuals to charge others interest on money loaned, rent on land, and profits on business activities with which he and Bastiat had debated with Proudhon at some length; and the idea that private, competing companies could provide police and defense services on which he had published an article in the JDE earlier that year. The other topics related to contemporary political issues which were being debated in the Chamber or in the press.

One should also mention the things that Molinari does not discuss which one might have expected in such a work of the moment. He does not discuss the French constitution which was so hotly debated throughout 1848 by the Constituent Assembly, the role that political parties should play in a free society, the role that Revolution played in French history and politics, or other related political topics. We have to wait until the end of the *Cours* for a critical discussion of what he thought were the weakness of constitutions where he sates that:

Au lieu de procurer aux peuples un bon gouvernement, 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.” p. 758-9 Pages],

Instead of giving the people a good government, constitutions all too often only become instruments of exploitation in the hands of the upper classes, who had the skill to have placed in their hands control of the government which in fact they happen to have monopolized.

[Source:]¹⁷⁹

This was followed some years later by his only work of political theory written during the discussion about the Constitution for the Third Republic *La République tempérée* (1873);¹⁸⁰ and then *L'Évolution politique et la Révolution* (1884) where he analyses how political parties controlled “le marché politique” (the political market place) and cemented their control with legislation which was a form of

¹⁷⁹ *Cours*, vol. 2, pp. 758-59 Pages

¹⁸⁰ Gustave de Molinari, *La République tempérée*. (Paris: Garnier, 1873).

“protectionnisme politique” (political protectionism);¹⁸¹ and his class analysis of revolution in French history published in 1852 to explain the 1848 revolution and the rise to power of Napoleon III, *Les Révolutions et le despotisme envisagés au point de vue des intérêts matériel* (1852)¹⁸² and the long section on the French Revolution in *L'Évolution politique et la Révolution*.¹⁸³

Mention should be made of the two final Soirées in the book which are somewhat unusual, the Eleventh on the private production of security and the Twelfth with its long discourse on rent. In the Eleventh Soirée Molinari again argued for one of his most controversial ideas which he had first put forward in February 1849 in an article in the JDE (which was preceded by an almost apologetic introductory footnote by the editor Garnier warning the reading of its radical content).¹⁸⁴ At the October meeting of the SEP (the first since the appearance of the book) these arguments were rejected by the economists who were present. This was followed up by a critical review of the book by Coquelin in the November issue of the JDE.¹⁸⁵ One of the criticisms made by Coquelin was that Molinari put into the mouth of “the Economist” views about the private provision of security which no other economist held. This is certainly true. On other matters covered by “The Economist” there would be not much to quibble about as they were fairly standard positions held by most of the economists, such as abolishing tariffs, deregulating certain regulated or monopolized industries, and cutting taxes on the poor. Molinari would have known that his views on the production of security were controversial as his article on that topic had been published in the JDE in February. But there were reasons why he might have been

¹⁸¹ Gustave de Molinari, *L'évolution politique et la Révolution* (Paris: C. Reinwald, 1884). See also a similar expression in *Questions d'économie politique* (1861), p. xxi where he talks about “douane intellectuelle, restrictive ou prohibitive” (intellectual custom duties, whether restrictive or prohibitive)

¹⁸² Molinari, *Les Révolutions et le despotisme envisagés au point de vue des intérêts matériel*. (Brussels: Meline, 1852).

¹⁸³ *L'évolution politique*, Chapter IX. La Révolution française, pp. 270-350

¹⁸⁴ Gustave de Molinari, “De la production de la sécurité,” JDE, T. 22, no. 95, 15 February 1849, pp. 277-90.

¹⁸⁵ [Unsigned], Compte-rendu par M. CH. C. [Coquelin], “Les Soirées de la rue Saint-Lazare, Entretiens sur les lois économiques et défense de la propriété, JDE, T. 24, N° 104, 15 novembre 1849, pp. 364-72.

feeling a bit cocky and felt he was able to speak on their behalf on this matter. He had had a meteoric rise through the ranks of the economists over the previous two or three years. His economic journalism at the *Courrier français* had been discovered by Bastiat in 1846, his book on labour issues and slavery had been reviewed very favorably by Garnier in the JDE in May 1846, he had been made a member of the Political Economy Society in 1847 and represented them at a conference in Brussels in September, his first book on tariffs had also been published by Guillaumin in 1847, and he had been accepted by Guillaumin to work on their most prestigious project at that time which was the last 2 volumes of their monumental history of economic thought the *Collection des Principaux Économistes* during 1847-48, and he had published 10 articles and book reviews in the JDE between 1847-49. So he may have felt that he had made the transition from economic journalist to economist proper and was entitled to speak as “The” Economist in his conversations. His friend and contemporary Alcide Fonteyraud had had a similarly meteoric rise up the economists’s ranks and both he and Molinari might have felt that as 30 year olds they were the new generation of economists who were going to take the profession to the next level. Perhaps he thought that he could now speak for all of them since he had reached conclusions about the new directions in which the school should move once they realised its logical necessity. Unfortunately Fonteyraud died suddenly in the cholera epidemic that swept Paris in July and August of 1849 and Molinari found himself isolated ideologically because of the radicalism of his ideas.

The final Soirée of the book is also rather unusual because Molinari seems to suddenly shift gears in order to have an extended discussion of his idea of rent. Molinari has the Socialist interrupt the Economist just as he is about to provide us with a résumé of the book's arguments in favor of the free market and the political and economic reforms he believed were needed to be introduced in France after the chaos of the Revolution of 1848. It seems that Molinari felt obliged to insert a ten page digression on the nature of rent as he was getting the book ready for publication. There are two possible reasons for this; firstly, throughout 1848 and 1849 the Economist's views on the nature and legitimacy of profit, interest, and rent had been under attack by socialists such as Proudhon and Louis Blanc both in print and in the National Assembly. Bastiat had written a pamphlet on “Capital

and Rent” in February 1849 as a reply to Proudhon’s critique. Molinari might have felt obliged to continue defending these ideas in *Les Soirées*. Perhaps as he came close to finishing his book the topic of rent came up again in the Assembly which he thought needed addressing.

Secondly, the Société de l’Économie Politique was in turmoil because of challenges to three orthodox positions held by most of their members, namely the Smithian view of the role of the state (challenged by Molinari in February 1849 with his article “De la production de la sécurité” and here again in the 11th Soirée), Malthus’s theory of population (challenged by Bastiat in his *Harmonies Économiques*), and Ricardo’s theory of rent (also challenged by Bastiat).¹⁸⁶ All three topics were discussed by the SEP at their regular monthly meetings over a period of 3 years 1849-1851. On the topic of rent, Molinari began as an orthodox Ricardian but began to challenge important parts of the theory as he worked on *Les Soirées* in 1849 and his economic treatise which was published in 1855. In addition, he may have felt it necessary to challenge Bastiat’s even more radical critique of rent which he had been developing throughout 1849. In February he had written the anti-socialist pamphlet *Capital and Rent*¹⁸⁷ and at the time Molinari would have been finalizing his manuscript for the printer Bastiat may have been circulating a draft chapter of what would appear as Chap. IX. “Propriété foncière” (Land Rent) in the 1st edition of *Economic Harmonies* which appeared in manuscript form probably towards the end of 1849 before it appeared in print in early 1850. It seems that Molinari felt the matter was of sufficient importance to insert the discussion here,

¹⁸⁶ See, Bastiat T.81 (1846.10.15) "On Population" (De la population), *Journal des Économistes*, 15 Oct., 1846, T. XV, no. 59, pp. 217-234. A revised version of this article appeared as chap. 16 in the 2nd, posthumous edition of *Economic Harmonies* (1851), with explanatory notes by Fontenay. And T.234 (1849.02) Capital and Rent (Capitale et rente) Published as pamphlet, *Capitale et rente* (Paris: Guillaumin, 1849). [OC5.3, pp. 23-63.] [CW4]

¹⁸⁷ *Capitale et rente* (Paris: Guillaumin, 1849).

perhaps at the last minute, before Bastiat got his theory of rent published.¹⁸⁸ Normally in economic treatises one begins with the basic principles such as prices, exchange, production, labour, interest, profit, and rent before moving onto other matters. Molinari discusses land and agriculture in S4 and interest in *Soirée* 5 which is where a discussion of rent might have been more appropriate.

A NEW ANTI-SOCIALIST STRATEGY: THE DEP 1852-53

The next project Molinari worked on after *Les Soirées* was the enormous and very ambitious *Dictionnaire de l'Économie politique*. Like Garnier's textbooks, Bastiat's *Economic Sophisms* (1846-48), Fonteyraud's essays on "The Truth about Political Economy", Bastiat's and Molinari's revolutionary magazine *Jacques Bonhomme*, and the conversations in *Les Soirées*, the DEP was designed to make political economy more accessible to a range of people who, in the view of the Economists, were confused about the operations of the free market. In this case the people the Guillaumin group had in mind were other economists, business people, and the other "socialistes en retard" such as elected government officials and the senior bureaucrats in the Ministries.

After the upheavals of 1848-49 Guillaumin decided to use his considerable editorial and organizational skills to publish what he thought would be an unanswerable riposte to the challenge posed by socialism, namely the massive compendium of mid-19th century French political economy, the *Dictionnaire de*

¹⁸⁸ Bastiat continued the discussion on rent with a lengthy exchange with Proudhon on capital, interest, and rent which took place between late October 1849 and March 1850 and so were too late to have influenced Molinari when he was putting the finishing touches to *Les Soirées*. In his obituary of Bastiat Molinari was quite stern and critical of Bastiat's straying from the orthodox position on the question of rent. See *Gratuité du crédit. Discussion entre M. Fr. Bastiat et M. Proudhon* [Free Credit. A Discussion between M. Fr. Bastiat and M. Proudhon] (Paris: Guillaumin, 1850); Molinari, "Nécrologie. Frédéric Bastiat, notice sur sa vie et ses écrits," *JDE*, T. 28, N° 118. 15 février 1851, pp. 180-96.

l'Économie Politique (Dictionary of Political Economy) (1852-53).¹⁸⁹ It should be noted that in keeping with the Economists' practice of referring to themselves as "The Economists" the *DEP* was called the "Dictionary of *the* Political Economy" as if to reinforce the idea that there was only one correct form of political economy which was liberal and free market and not socialist or protectionist.¹⁹⁰ With funding organized by Guillaumin and with Coquelin (who was blessed with a near photographic memory) as the main editor and with Molinari assisting him as an assistant editor, the aim was to assemble a summary of the state of knowledge of liberal political economy with articles written by leading economists on thematic topics, biographies of key historical figures, bibliographies of the most important books, and economic and political statistics. The result was a two volume, nearly 2,000 page, double-columned encyclopedia of political economy which appeared in 1852-53. Planning for this massive project was underway as Molinari was writing *Les Soirées* in early and mid-1849 [it was announced as "in preparation" in the May 1849 Catalog] and we can see a certain overlap between some of the articles he wrote for the *DEP* and some of the material in *Les Soirées*. Molinari was a major contributor, writing 24 principle articles and 5 biographical articles. In the acknowledgements he was mentioned as one of the five key collaborators on the project. Among the articles he wrote which have a bearing on *Les Soirées* are the following: Beaux-arts (Fine Arts), Céréales (Grain), Liberté du commerce, liberté des échanges (Free Trade), Paix, Guerre (Peace and War), Propriété littéraire (Literary Property), Tarifs de douane (Tariffs), Théâtres (Theatres), Travail (Labour), Union douanière (Customs Union), Usure (Usury). Other significant contributors to the project were Coquelin, who died suddenly in August 1852

¹⁸⁹ *Dictionnaire de l'Économie Politique, contenant l'exposition des principes de la science, l'opinion des écrivains qui ont le plus contribué à sa fondation et à ses progrès, la Bibliographie générale de l'économie politique par noms d'auteurs et par ordre de matières, avec des notices biographiques et une appréciation raisonnée des principaux ouvrages*, publié sous la direction de MM. Charles Coquelin et Guillaumin (Paris: Librairie de Guillaumin et Cie, 1852-1853), 2 vols.

¹⁹⁰ The *DEP* was first announced in the May 1849 Catalog of the Guillaumin firm as a new title "in preparation" with the title *Dictionnaire d'économie politique*. It was announced along with a title called *Bibliographie générale de l'économie politique* which was slated to appear in installments beginning in January 1850. The latter never appeared as a separate volume but was merged into the *DEP* project which would eventually take its name from the *Bibliographie* and appear in 1852 as the *Dictionnaire de l'économie politique*.

before he could start work on volume 2, wrote 70 principle articles, Garnier wrote 28, and Bastiat 3 (which were published posthumously). In a far ranging essay on the DEP Project which Molinari wrote for the JDE he discussed Guillaumin's reasons for undertaking it at this time:

M. Guillaumin avait donc à sa disposition les ouvriers qu'il lui fallait pour élever à l'économie politique un monument digne d'elle. Les circonstances étaient aussi des plus favorables à l'édification de ce monument scientifique. La révolution de Février avait montré quels abîmes l'ignorance des gouvernements et des peuples avait creusés sous les pas de la société. N'était-ce pas le moment de présenter, dans un vaste et harmonieux ensemble, les acquisitions de la science qui avait sondé ces abîmes et signalé les moyens de les combler ? M. Guillaumin le comprit, et il commença, dans les derniers mois de 1850, la publication du *Dictionnaire de l'Économie politique*.

Thus M. Guillaumin had at his disposal the workers he required to erect a monument which would be worthy of political economy. Circumstances were also most favorable for the construction of this monument. The February Revolution had revealed what chasms had opened up under society (because of) the ignorance (of economics) of governments and the people. Wasn't this the moment to present in a vast and harmonious whole the achievements of the science which had plumbed these chasms and shown how to fill them in? M. Guillaumin understood this and he began the publication of the *Dictionary of Political Economy* in the last months of 1850.

[Source:]¹⁹¹

After contributing in a substantial way to the building of this “monument” to political economy Molinari decided to move to Brussels to take up a teaching position at the *Musée belge* and to avoid having to live under the rule of President Louis Napoléon whom Molinari correctly predicted was an aspiring dictator. He would not return to live in Paris until the late 1860s when Emperor Napoléon III (as he was called then) began to liberalize his régime.

MOLINARI'S ASSESSMENT OF THE CHANGING NATURE OF SOCIALISM

¹⁹¹ JDE, T. 37. N° 152. 15 Décembre 1853. Molinari, “Dictionnaire de l'économie politique,” pp. 420-32. Quote from p. 426.

The socialism which emerged in the period 1848 to 1852 was not the only time Molinari was confronted with observing attempts to put socialist ideas into practice. He was again living in Paris when the Paris Commune (March to May 1871) came to power and took over the city. He was a senior editor writing for the *Journal des Débats* and observed the socialists become active in the political clubs again which sprang up when censorship collapsed with the fall of Napoléon III's regime. His essays for the journal were later collected and published in two books which chronicle the failure of French socialism once more: *Les Clubs rouges pendant le siège de Paris* (1871) and *Le Mouvement socialiste et les réunions publiques* (1872).¹⁹² But this is another story.

During the Revolution, the Second Republic, and the coming to power of Louis Napoléon, Molinari developed three different ways of categorizing socialists. The first category was according to the degree of their radicalism and their readiness to use violence to achieve their goals; the second category was according to what groups benefited from socialist policies; and the third was the new hybrid form of authoritarian, bureaucratic socialism or “interventionism” which was emerging under the Prince-President Louis Napoléon.

The first category of socialism was based upon the degree of radicalism of the socialists and their readiness to use violence to achieve their goals. At one end of the spectrum were the “socialistes avancés” (the hard core socialists) like Louis Blanc and Albert who wanted a real revolution in labour relations in France along the lines of the National Workshops. They could mobilise large crowds of supporters in the streets to put pressure on the government and were prepared to seize power or rather institutions within the state, like the National Workshops program, to begin putting their ideas into practice. In the middle were the “socialistes en retard” (the socialist fellow travellers) like Garnier-Pagès, Ledru-Rollin, Flocon, Lamartine, and even Thiers himself who wanted extensive government involvement in regulating wages and working conditions and providing public works jobs and other forms of assistance for the poor and unemployed, but

¹⁹² Gustave de Molinari, *Les Clubs rouges pendant le siège de Paris* (Paris: Garnier Frères, 1871); Gustave de Molinari, *Le Mouvement socialiste et les réunions publiques avant la révolution du 4 septembre 1870* (Paris: Garnier Frères, 1872).

who were not revolutionaries.¹⁹³ In many ways Molinari thought the latter were more dangerous than the advanced socialists because of their political influence within the government and their apparently moderate stance. Their form of socialism was not the revolutionary version but an institutional version, whereby they planned to use the existing government bureaucracies like the department of public works and the central Bank to use the power of the state to regulate the French economy and thereby reform society. As he noted in a review of the events of 1848 for the JDE:

Il y avait au sein du gouvernement provisoire deux sortes d'hommes, des socialistes avancés comme MM. Louis Blanc et Albert, des socialistes en retard comme MM. Garnier-Pagès, Ledru-Rollin, Flocon, Lamartine. Les premiers croyaient naïvement que la société pouvait sans grande difficulté être refaite du jour au lendemain, et ils tenaient tout prêt leur plan de reconstruction : “Nous avons, disait M. Louis Blanc au Luxembourg, assumé sur nous la responsabilité du bonheur de toutes les familles de France... Si la société est mal faite, ajoutait-il encore en s'adressant aux délégués des corporations ouvrières, eh bien! refaites-la.» Voilà le socialiste pur sang! Les autres comprenaient bien, nous leur rendons cette justice, que la société ne se peut refaire en un jour, mais ils croyaient qu'elle se peut refaire; à leurs yeux, M. Louis Blanc n'était pas un esprit faux, c'était seulement un esprit exagéré ou trop avancé. Ils ne voulaient pas se précipiter en casse-cou sur la voie du socialisme, mais ils consentaient, sans difficulté, à y marcher. M. Garnier-Pagès signa des deux mains, le 25 février, la promesse de la garantie du travail; ses collègues n'hésitèrent pas à la signer après lui. Les ateliers nationaux furent ensuite décrétés à l'unanimité des membres du conseil.

At the very heart of the Provisional Government are two kinds of men, the “advanced socialists” like MM. Louis Blanc and Albert, “the fellow travellers” like MM. Garnier-Pagès, Ledru-Rollin, Flocon, Lamartine. The former naively believe can without great difficulty be remade in a day/overnight and they have their plan of reconstruction already at hand: “We have, says M. Louis Blanc at the Luxembourg Palace assumed the responsibility for the wellbeing of all the families in France ... If society is not well made, he added when addressing the delegates of workers groups, so be it! Let's remake that (as well).” There you have socialism in its purest form! The latter well understand, let us at least grant them that, that society cannot be remade in a day, but they do believe that it can be remade; in their eyes M. Louis Blanc is not deceitful but he is a bit extreme or too advanced. They don't want to throw themselves pell-mell down the path towards socialism but they agree, without much difficulty that they want to walk down that path. M. Garnier-Pagès enthusiastically signed the decree of 25 February promising the guaranteed right to a job; and his colleagues did not hesitate to join him. The National Workshops were thus decreed unanimously by the members of the council.

¹⁹³ [“M.”], “Introduction à la huitième année,” JDE, T. 22, No. 93, 15 dec. 1849, p. 2.

[Source:]¹⁹⁴

At the other end of the spectrum were the voluntary socialists like Proudhon whose views were more acceptable to Molinari. Proudhon as an anarchist socialist did not believe in imposing socialist practices on the economy either through violent revolution or by state compulsion, although he did toy with the idea of asking for state support to funding his “Peoples Bank” when he failed to raise the required funds through voluntary subscriptions. Molinari did not think that this form of socialism would work but he didn’t want to stop anybody from experimenting with it on a voluntary basis. Socialists like Victor Considerant had worked hard to get the new government from the beginning of the Revolution to fund various socialist experiments in labour organisation (such as guaranteed equal pay for all workers, low or zero interest loans, not making a profit on the goods produced, etc.). Louis Blanc had taken matters into his own hands by seizing the Luxembourg Palace and running his National Workshops from there. Considerant wanted to set up experimental communities just outside of Paris to show how well socialist organized economic activity would function. Bastiat responded very quickly to these challenges by sarcastically arguing that if the socialists were given land and money to start their own experimental communities, then the economists should be given the same opportunity. He put forward this challenge for “competing communities” to show up once and for all the incoherence and absurdity of the socialists’ claims in an article in his street magazine, "Petition from an Economist" (Pétition d'un Economiste), *La République française*, 2 March 1848.¹⁹⁵ In this experimental laissez-faire community there would be a flat tax of 10% and no other taxes or tariffs, all regulations and trade restrictions would be removed, the state would limit its activities to providing only police protection, and the inhabitants could keep what they produced and sell it to whomever they wished. He was convinced this free market utopia would quickly expose socialism for what it was. Needless to say, the Provisional Government did not take up his challenge.

¹⁹⁴ “Introduction to the 8th Year” JDE, p. 2.??

¹⁹⁵ T.197 (1848.03.02) "Petition from an Economist" (Pétition d'un Economiste), *La République française*, 2 March 1848, no. 6, p. 2. [OC7.52, pp. 227-30.] [CW1.2.4.5, pp. 426-29.]

Molinari's second way of categorising socialism was based upon what groups benefited from socialist policies. At one extreme there was "socialisme d'en haut" (socialism from above) which benefited existing powerful landed or manufacturing elites who were able to control the French state by means of the highly restricted electoral system. Both Bastiat and Molinari liked to use this term to taunt the conservative groups who had become so incensed by the challenge posed by the rise of socialist groups during the revolution. In a clever rhetorical device Bastiat especially (in pamphlets like "Protectionism and Communism" (Jan. 1849))¹⁹⁶ argued that the socialists in their demands for a guaranteed job at state (or rather tax-payer funded) expence were doing no more than the conservative landowners got through tariff protection, or manufactures got through subsidies and monopoly privileges, or even the Royal family got through the Civil List, namely a "right to a job" at government expence. Thus, in his view, the conservative protectionists and royalists were really "communists" in another guise. At the other extreme there was "socialisme d'en bas" (socialism from below) represented by Louis Blanc and the agitators in the socialist Clubs who wanted to use the power of the state to benefit those previously excluded classes such as themselves, the employed, and their allies among the working class.¹⁹⁷ Molinari used this terminology in his 1881 obituary of Joseph Garnier, his friend and colleague in 1849 and the editor of the JDE before Molinari took over:

La Révolution de 1848 était venue interrompre brusquement la propagande de l'Association pour la liberté des échanges. Après avoir combattu le socialisme d'en haut qui s'appliquait à protéger les intérêts des propriétaires fonciers, des chefs d'industrie et des capitalistes, leurs commanditaires, aux dépens de la masse des consommateurs, il fallait lutter contre l'invasion du socialisme d'en bas, qui prétendait, par une réaction inévitable, protéger les pauvres aux dépens des

The Revolution of 1848 abruptly interrupted the activities of the Free Trade Association. After having fought against "socialism from above" which sought to protect the interests of the large land-owners, the heads of industry and the capitalists, and their (financial) supporters, at the expence of the mass of consumers, it was now necessary to fight against the invasion of "socialism from below", which in an inevitable reaction (against the former) claimed to protect the

¹⁹⁶ Bastiat, T.231 (1849.01) Protectionism and Communism (Protectionisme et communisme). Published as a pamphlet, *Protectionisme et Communisme* (Paris: Guillaumin, 1849). [OC4, pp. 504-45.] [CW2.12, pp. 235-65.]

¹⁹⁷ Molinari, obit. Garner, JDE 1881, p. 9.

[Source:]¹⁹⁸

The third way Molinari categorised socialism was inspired by the new phenomenon of the Bonapartist state which was being erected by Louis Napoléon after 1851 which was a hybrid form of socialism. It was made up of part “socialisme en retard” (the moderate socialism of fellow travellers) and part “socialisme d’en haut” (socialism from above) where socialist-inspired controls were imposed on the economy via the bureaucracies Louis Napoléon controlled. Molinari coined a new word to describe this kind of socialist government - a “monstrous” “interventionist government”¹⁹⁹ which has an interesting Misesian flavour to it. In an article in *L'Économiste belge* from 1855 he stated:

Or un gouvernement interventionniste; un gouvernement qui se charge à la fois de garantir la sécurité des citoyens, de transporter les lettres et les dépêches télégraphiques, les voyageurs et les marchandises par terre et par eau, de distribuer de l'enseignement à tous les degrés, de construire des tuyaux de drainage, de fournir de l'eau pour les irrigations, d'améliorer les espèces chevaline, bovine, ovine, et porcine, etc., etc., un gouvernement qui se charge de toutes ces besognes disparates peut-il les remplir d'une manière convenable? Ne ressemble-t-il pas, de tous points, à la compagnie dont nous parlions tout à l'heure? Ne ferait-il pas comme elle promptement banqueroute, si des contribuables complaisants ne se chargeaient de combler incessamment ses déficits? Au point de vue économique, n'est-ce pas, pour tout dire, un véritable *monstre*?

Now, an interventionist government, a government which is in charge at the same time of guaranteeing the security of citizens, of carrying letters and transmitting telegraphic messages, transporting passengers and goods over land and water, of providing education at all levels, of building drainage pipes and supplying water for irrigation, of improving the breeds of horses, cattle, sheep, and pigs, etc., etc.; a government which is in charge of providing for all kinds of the disparate needs, can (this government) carry them out in an acceptable manner? Won't it soon resemble in every aspect the company of about which we talked earlier? Won't it quickly go bankrupt like it did, if the willing shareholders don't agree to pay for its constant deficits? From the economic point of view isn't this (interventionist government), when all is said and done, a *monster*?

¹⁹⁸ Molinari, obit. Garner, JDE, T. 16, no. 46, Oct. 1881, p. 9.

¹⁹⁹ Molinari, *Questions d'économie politique et de droit public* (1861), “Préface,” vol. 1, p. ix.

[Source:]²⁰⁰

²⁰⁰ “III. La bonne association et la mauvaise. — Réponse au reproche d'individualisme adressé aux adversaires de l'intervention de l'État dans l'industrie,” in *Économiste belge*, juillet 1855. Republished in Gustave de Molinari, *Questions d'économie politique et de droit public* (Paris: Guillaumin; Brussels: Lacroix, 1861), 2 vols. Vol. 1, p. 235.

Key Aspects of Molinari's Economic Thought

1849-1855

In previous sections I have examined Molinari's early interest in free trade and protections and his opposition to socialism. As he lived a long time (some 92 years) he returned to both these topics several times. I have referred to these later works on occasion but have not dealt with them at length. That would require another essay. One topic which interested him greatly in the 1840s which I have not discussed is his interest in slavery. Again, this would require another paper. I have however written a paper, "'The French Connection' and the Popularization of Economics from Say to Jasay" on how Molinari's efforts to popularise economic ideas among a broader audience in *Les Soirées* fits in to a larger history of similar attempts going back to Jean-Batiste Say's very poor efforts in the early part of the nineteenth century.²⁰¹ Molinari himself made two further attempts in 1855 and 1886 to do this, without much success in either case.²⁰²

In this and the following section I will discuss some of Molinari's economic ideas from the early period in his life in order to show the scope and originality of his economic thinking. These include the following topics:

- The Natural Laws of Political Economy
- Property, the Self, and the Different Kinds of Liberty
- Markets in Everything and Entrepreneurs in Every Market
- The Production of Security

²⁰¹ David M. Hart, "Negative Railways, Turtle Soup, talking Pencils, and House owning Dogs": "The French Connection" and the Popularization of Economics from Say to Jasay." (Sept. 2014) <<http://davidmhart.com/liberty/Papers/Bastiat/BastiatAndJasay.html>>. A shorter version appears in the Summer Symposium on the Work of Anthony de Jasay: David M. Hart, "Broken Windows and House-Ownning Dogs: The French Connection and the Popularization of Economics from Bastiat to Jasay," *The Independent Review: A Journal of Political Economy*, Summer 2015, vol. 20, no. 1, pp. 61-84.

²⁰² Gustave de Molinari, *Conservations familières sur le commerce des grains*. (Paris: Guillaumin, 1855); and *Conversations sur le commerce des grains et la protection de l'agriculture (Nouvelle édition)* (Paris: Guillaumin, 1886).

- Molinari's Theory of Class and the Bureaucratic State
- Labour Unions, Labour Exchanges, and Labour Merchants
- Malthusianism and the Political Economy of the Family
- Religious Protectionism and Religious Contraband
- Rethinking the Theory of Rent
- Molinari and Bastiat on the Theory of Value

THE NATURAL LAWS OF POLITICAL ECONOMY

Opening Quote: "nobody listens to the Economists?"

l'économie politique ... cette science-mère
du vrai libéralisme [p. 79]

Political economy is the mother science of
real liberalism.

les économistes ... sont les teneurs de livres
de la politique [p. 116]

The economists are the bookkeepers of
politics.

Malheureusement, on n'écoute guère les
économistes. [p. 151]

Unfortunately, hardly anyone listens to the
economists.

[Source:]²⁰³

The book *Les Soirées* is based upon the idea that the world is governed by natural economic laws which have been identified by the classical political economists. These laws operate independently of human will and if they are ignored or violated by government policies the laws will still continue to operate and will produce bad consequences for those who attempt to do this. The first task of *Les Soirées* was to state what these unavoidable economic laws were and what would happen if they were flouted or ignored.

Molinari begins his book with a quotation about natural law on the title page.

Il faut bien se garder d'attribuer aux lois
physiques les maux qui sont la juste et

It is necessary to refrain from attributing to
the physical laws which have been instituted in

²⁰³ Molinari, *Les Révolutions et le despotisme envisagés au point de vue des intérêts matériel* (October 1852), pp. 79, 116, 151.

[Source:]²⁰⁴

It comes from the Physiocrat economist François Quesnay's (1694-1774) essay “Le droit naturel” (Natural Law) (1765) which had been republished by the Guillaumin firm in their series *Collection des principaux économistes* in 1846. The Economists of the 1840s were very conscious of their intellectual roots in the Physiocratic movement of the 18th century. When the Guillaumin publishing firm published their monumental history of economic thought in 15 volumes under the editorship of Eugène Daire four of the volumes were devoted to the writings of the Physiocrats - two volumes by Turgot in 1844 and a collection of miscellaneous writings by Quesnay and others in 1846. These volumes were appearing just as Molinari was entering the Guillaumin network of free market economists and he was soon enlisted to assist Daire with the final two volumes of the series which appeared in 1847 and 1848, also on 18th century authors. Thus the work of the Physiocrats was very much in the air as Molinari was forming his economic views. Molinari's friend Joseph Garnier also used a quotation from Quesnay on the title page of his economics textbook, *Éléments de l'économie politique. Exposé des notions fondamentales de cette science* (1846)²⁰⁵ which comes from Quesnay's “General Maxims of Economical Government” (1758) [The Second Maxim: Instruction]: “Que la nation soit instruite des lois générales de l'ordre naturel qui constituent évidemment les sociétés.” (That the nation should be taught about the general laws of the natural order which so evidently make up societies.)²⁰⁶

The idea that the economic world was governed by “laws,” the operation of which could not be ignored with impunity by human beings, was the lynchpin of

²⁰⁴ See, *Physiocrates: Quesnay, Dupont de Nemours, Mercier de la Rivière, l'abbé Baudeau, Le Trosne, avec une introduction sur la doctrine des Physiocrates, des commentaires et des notices historiques*, par Eugène Daire, 2 vols. (Paris: Guillaumin, 1846). Volume 2 of *Collection des principaux économistes*. Quesnay, “Le droit naturel”, chap. III. “De l'inégalité du droit naturel des hommes,” Vol. 1, p.46. Originally published in the *Journal d'agriculture*, September 1765.

²⁰⁵ Joseph Garnier, *Éléments de l'économie politique, exposé des notions fondamentales de cette science* (Paris: Guillaumin, 1846).

²⁰⁶ Quesnay, “Maximes générales du gouvernement économique d'un royaume agricole” Vol. 1, pp. 79- 104; quote from. p. 81. In *Collection des principaux économistes*, T. II. *Physiocrates. Quesnay, Dupont de Nemours, Mercier de la Rivière, l'Abbé Baudeau, Le Trosne, avec une introduction sur la doctrine des Physiocrates, des commentaires et des notices historiques*, par Eugène Daire (Paris: Guillaumin, 1846). 2 vols.

the Economists' way of thinking about economics. Their criticism of government measures to "protect" local industry with tariffs, or to subsidize them with government privileges and monopolies, had been a staple of their arguments since the late 18th century. They believed that they were a fruitless attempt to bypass or subvert the operation of the "natural laws of the market" in the name of promoting "national wealth", but which were in practice attempts by well-connected minorities to gain benefits from the state at the expense of ordinary taxpayers and consumers. The new generation of Economists who emerged after the Restoration of the monarchy in 1815 continued to make the same arguments each time the French state discussed reforming its tariff policy in 1821, 1831-32, and 1847, and each time they were defeated by powerful vested interests.

With the emergence of organized socialist groups in the 1840s and their early political successes in the first half of 1848 during the Revolution the Economists realized that a new generation of interventionists²⁰⁷ had appeared who shared with the protectionists of the July Monarchy an ignorance of and disdain for the natural laws which governed the operation of the market. Thus Molinari aimed his book, *Les Soirées*, squarely at those, whether conservative protectionists or socialist "organizers" of labour, who needed to be better informed about economic laws and private property. What frustrated Molinari in particular was the habit of blaming the free market itself for the bad consequences brought about by the government's interference in those very markets. He believed, along with the other Economists, that the critics had got things back to front. That if they objected to food shortages and high prices caused by government restrictions on the trade in grain then they should be attacking those artificial government restrictions instead of the natural response of the market to a restricted supply in the face of continued high demand, namely higher prices.

In 1849 when he was writing the *Soirées* Molinari was only beginning to think through the details of his theory of natural economic laws and how they governed the operation of the market. We can reconstruct the outlines of his theory from scattered remarks he or "The Economist" made in the course of *Les Soirées*.

²⁰⁷ Molinari uses the expression "un gouvernement interventionniste" in an article "La bonne association et la mauvaise." (Good and Bad Association) in *l'Économiste belge*, juillet 1855 which was reprinted in *Questions d'économie politique*, vol. 1, p. 233.

However, such was his interest in the topic that he returned to it 40 years later soon after he had been appointed editor of the *Journal des Économistes*, in a book entitled *Les Lois naturelles de l'économie politique* (The Natural Laws of Political Economy) (1887)²⁰⁸ and which was the first of a series of books in which he elaborated his ideas on this subject. Very early on in the Preface to *Les Soirées* (Molinari) and in the S1 (the Economist) it is stated that “il y a des lois économiques qui gouvernent la société, comme il y a des lois physiques qui gouvernent le monde matériel” (there are economic laws which govern society as there are physical laws which govern the material world)²⁰⁹; that these laws are “universelles et permanentes” (universal and permanent)²¹⁰; that “La loi fondamentale sur laquelle repose toute l’organisation sociale, et de laquelle découlent toutes les autres lois économiques, c’est la propriété” (the fundamental law upon which all social organization lies and from which flow all other economic laws, is property)²¹¹; and that “l’économie politique n’est autre chose que la démonstration des lois naturelles qui ont la propriété pour base” (political economy is nothing more than the demonstration of the natural laws which have property as their basis).²¹² These brief statements show clearly how the right to property and the idea of natural laws which governed the operation of the economy were interconnected in Molinari’s thinking.

Further analysis of *Les Soirées* and his later writings on the subject shows that Molinari believed that there were three different sets of natural laws which could be observed in operation. The first were the laws of the physical world such as the laws of gravity or Newton’s laws of motion. These governed the operation of inanimate, unthinking matter and could be observed and described with great precision. The second set governed the economic world which consisted of large

²⁰⁸ Gustave de Molinari, *Les Lois naturelles de l'économie politique* (Paris: Guillaumin, 1887), Première partie: Les lois naturelles, pp. 1-31; See also, *La Morale économique* (Paris: Guillaumin, 1888), Livre I chap. IV “Les lois naturelles qui régissent les phénomènes économiques de la production, de la distribution et de la consommation,” pp. 10-19; *Notions fondamentales économie politique et programme économique*. (Paris: Guillaumin, 1891), Introduction Section I, pp. 2-11; Section I, chap. 1 “Les lois naturelles,” pp. 55-70; *Esquisse de l'organisation politique et économique de la Société future* (Paris: Guillaumin, 1899), Introduction-Les lois naturelles, pp. i-xxvii.

²⁰⁹ *Les Soirées*, p. 12.

²¹⁰ *Les Soirées*, p. 14.

²¹¹ *Les Soirées*, p. 28.

²¹² *Les Soirées*, p. 9.

numbers of producers and consumers whose economic activity gave rise to patterns of behavior which could be observed in an empirical fashion by economists who could gather economic statistics and study economic history. From this study they concluded that the regularities of behavior they observed were akin to physical laws. For some of the economists, such as the orthodox Malthusians, they were regarded as being as absolute as any physical law such as gravitation. The third set of natural laws were those which could be “discovered” by the human mind either through observation of how human societies operated or by introspection into the nature of the human being itself. These are laws or principles which enabled individuals to cooperate together peacefully, to pursue their goals, and to flourish in society. These included things like property rights, the respect for laws (such as contracts), and the absence of coercion or violence in the relationships between individuals. Molinari came to believe that the latter had not been as well developed by the Economists as they should have been, and had not been incorporated into the very foundations of economic theory. This he attempted to do much later in his life in a pair of books *Les Lois naturelles de l'économie politique* (1887) and *La Morale économique* (Economic Moral Philosophy) (1888).

In summary, Molinari thought that there were six basic “natural laws of economics” which governed the operation of the economy and which could not be ignored with impunity by individuals or by governments. They were:

1. “*la loi naturelle de l'économie des forces ou du moindre effort*” (the natural law of the economising of forces, or of the least effort) - by this he meant that individuals attempted to gain the most that they could with the least amount of effort.
2. “*la loi naturelle de la concurrence*” (the natural law of competition) or “*la loi de libre concurrence*” (the law of free competition) - Molinari thought that there was a Darwinian struggle for survival by all living creatures. In the case of human beings, this competition could be either “productive competition” in the case of industrial or economic activity, or “destructive competition” in the case of war or politics.²¹³
3. “*la loi naturelle de la valeur*” (sometimes also expressed as “*la loi de progression des valeurs*”) (the natural law of value, or the progression of value) - by this Molinari

²¹³ Molinari also called this “la loi du laissez-faire” (the law of laissez-faire) in “L’Utopie de la liberté”, *JDE*, T. 20, No. 82, June 1848, p. 331.

meant that in a free market the price of goods and services will be lowered as a result of competition to their “natural value” or cost of production.

4. “*la loi de l’offre et de la demande*” (the law of supply and demand) which he also sometimes called “*la loi des quantités et des prix*” (the law of supply and prices) - this was short hand for saying that prices vary according to their supply and demand in the market place and that both consumers and producers alter their behavior as a result. In S12 Molinari phrased this law in very Malthusian terms as arithmetic and geometric changes in price: “When supply exceeds demand in arithmetic progression, the price falls in geometric progression, and, likewise, when demand exceeds supply in arithmetic progression, the price rises in geometric progression.”²¹⁴.
5. “*la loi de l’équilibre*” (the law of economic equilibrium) - which is Molinari’s version of Bastiat’s theory of Harmony, that if markets are left free to function they will tend to produce order not chaos, and there will arise a balance between the demand for products by consumers and the supply of those products by producers. For this to occur, producers need to have “*la connaissance du marché*” (knowledge about the market) which they get either by personal experience or by means of “*la publicité industrielle et commerciale*” (the dissemination of industrial and commercial information) by means of price information.²¹⁵
6. “Malthus’ *law of population growth*” - Molinari accepted in *Les Soirées* the orthodox Malthusian view as expressed by its greatest advocate in France, Joseph Garnier, “that populations everywhere and always have a tendency to grow beyond the means of subsistence; and that if men are not able to counter-balance this law through their prudence, the inevitable result will be death, preceded by vice and misery.”²¹⁶ He would later revise this view after he had accepted Bastiat’s and Dunoyer’s criticism that Malthus had seriously underestimated the productive capacity of the market and the ability of free people to plan the size of their families.

²¹⁴ *Les Soirées*, p. 353.

²¹⁵ This very Hayekian notion of prices acting as a means of communicating information to consumers and producers can be found in “Septième leçon. L’équilibre de la production et de la consommation,” *Cours d’économie politique* (1855 ed.), vol. 1, pp. 144-65.

²¹⁶ Joseph Garnier, *Éléments de l’économie politique. Exposé des notions fondamentales de cette science* (Paris: Guillaumin, 1846), pp. 63-64.

Molinari refers to these natural laws repeatedly throughout *Les Soirées* in his arguments with the Conservative and the Socialist in an effort to show them that their desires to regulate and redirect the free market towards outcomes they and their supporters would prefer will be frustrated and counter-productive. In his concluding remarks at the end of S12 the Economist argues that governments today, as they were during the Old Regime and the Revolution, are faced with a stark policy choice depending upon whether they do or do not accept the existence of natural laws which govern the operation of the economy.

PROPERTY, THE SELF, AND THE DIFFERENT KINDS OF LIBERTY

Opening quote: “The Fundamental Law is Property”

La loi fondamentale sur laquelle repose toute l’organisation sociale, et de laquelle découlent toutes les autres lois économiques, c’est la propriété. ... que les misères et les iniquités dont l’humanité n’a cessé de souffrir ne viennent point de la propriété; j’affirme qu’elles viennent d’infractions particulières ou générales, temporaires ou permanentes, légales ou illégales, commises au principe de la propriété.

The fundamental law upon which all social organization lies and from which flow all other economic laws, is property. ... the poverty and the injustices from which men have never ceased to suffer, do not come from property. I maintain that they come from transgressions, by individuals or society itself, temporary or permanent ones, legal or illegal, committed against the principle of property.

[Source: S1 p. 26 French original]²¹⁷

Molinari’s own views on property rights were evolving at the time he was writing *Les Soirées*, thus one should see his thoughts here as the first step towards what would become a much more detailed theory of property which began to appear in his *Cours d’économie politique* (1855, 1864) and then in a series of later works.²¹⁸

Molinari probably started out as a fairly orthodox Smithian or Sayist regarding property rights but he was gradually moving towards a more natural rights position as he worked on the *Collection des Principaux Économistes* project edited by Eugène Daire. This brought the work of Quesnay and the other Physiocrats to the attention of the younger economists, perhaps for the first time. Another factor was

²¹⁷ S1 p. 26 French original.

²¹⁸ Molinari, *Cours d’économie politique, professé au Musée royal de l’industrie belge*, 2 vols. (Bruxelles: Librairie polytechnique d’Aug. Decq, 1855). 2nd revised and enlarged edition (Bruxelles et Leipzig: A Lacroix, Ver Broeckoven; Paris: Guillaumin, 1863). Part I, Quatrième leçon. “La valeur et la propriété,” pp. 107-31. Gustave de Molinari, *La Morale économique* (Paris: Guillaumin, 1888). Livre II. La matière de la morale. Le droit. Chap. I. “Définition du droit. Liberté et la propriété,” p. 33 (and following chaps). Gustave de Molinari, *Notions fondamentales économie politique et programme économique*. (Paris: Guillaumin, 1891). I. Lois et phénomène économiques. Chap XI. La propriété et la liberté. Accord de l’économie politique avec la morale,” pp. 232-46.

his discovery of the writings of the philosopher Victor Cousin²¹⁹ via an essay by a previous editor of the *JDE* Louis Leclerc²²⁰ in October 1848 entitled “Simple observation sur le droit de propriété” (A Simple Observation on the Right to Property).²²¹ Here Leclerc took up some ideas expressed by Cousin in his book *Justice et Charité* (Justice and Charity) (1848). Leclerc was struck by one idea in particular by Cousin, “Le moi, voilà la propriété primordiale et originelle” (Me (the self), there is the primordial and original property). Molinari too was very taken with the idea with its implication that lead to him thinking about “self-ownership” as literally and theoretically being the first kind of property, followed by other forms of “internal property” such as ideas and mental creations (the topic of S2), and then finally a tertiary form of property which is an extension of the body and the mind and is made up of the physical things outside the body which the individual creates through his or her labour, which Molinari calls “external property” (the subject of S3).

In his essay on property published in October 1848 Leclerc gave a most poetic and moving defence of self-ownership and other property rights based upon Cousin’s insight which obviously struck a chord with Molinari:

²¹⁹ Victor Cousin (1792-1867) was a philosopher who taught very popular courses at the École normale and then later at the Sorbonne. He was influenced by the Scottish Common Sense school of realism and by John Locke. Politically, he supported the Doctrinaires during the 1820s and temporarily lost his teaching post for his opposition to the monarchy. During the July Monarchy he was restored to full honours by being appointed to the Sorbonne, the Council of State, and was made a peer. He was also instrumental in advising the government in its reform of primary education in the early 1830s. Cousin wrote many books including *Du vrai, du beau et du bien* (1836), *Cours d'histoire de la philosophie morale au XVIII^e siècle*, 5 vols. (1840-41). He also developed a theory of the self which had some influence among the political economists, on which see *Justice et Charité* (1848).

²²⁰ Louis Leclerc (1799-?) was a founding member of the Free Trade Association, a member of the Société d’Économie Politique, an editor of the *Journal des Économistes* and the *Journal d’agriculture*, the director of an independent private school called “l’école néopédique” between 1836 and 1848, secretary of the Chamber of Commerce of Paris, and a member of the jury at the London Trade Exhibition in 1851. Leclerc had a special interest in agricultural economics (wine and silk production) on which he wrote many articles for the *Journal des Économistes*.

²²¹ Louis Leclerc, “Simple observation sur le droit de propriété,” *Journal des Économistes*, T. 21, no. 90, 15 October 1848, pp. 304-305.

Cette quotité de ma vie et de ma puissance, est perdue sans retour; je ne la recouvrerai jamais; la voici comme déposée dans le résultat de mes efforts; lui seul représente donc ce que je possédais légitimement, et ce que je n'ai plus. Je n'usais pas seulement de mon droit naturel en pratiquant cette substitution, j'obéissais à l'instinct conservateur, je me soumettais à la plus impérieuse des nécessités : mon droit de propriété est là! Le travail est donc le fondement certain, la source pure, l'origine sainte du droit de propriété; ou bien le moi n'est point propriété primordiale et originelle, ou bien les facultés (d'??) expansion du moi, et les organes mis à son service ne lui appartiennent pas, ce qui serait insoutenable. ... Le *moi* a donc conscience parfaite de la consommation folle ou sage, utile ou improductive de sa propre puissance, et, comme il sait aussi que cette puissance lui appartient, il en conclut sans peine un droit exclusif et virtuel sur les résultats utiles de cette inévitable extinction, quand elle s'est laborieusement et fructueusement accomplie. [p. 304]

This “thing” which is my life and my power is lost without recovery (as I work and age). I will never be able to recover it. There it lies, the result of all my efforts. It alone therefore represents what I had legitimately possessed and what I (will) no longer have. I did not only use up my natural right(s) in maintaining what has been lost, I was obeying the instinct of self-preservation, I submitted to the most imperious of necessities: my right to property is right here! Labour is therefore the certain foundation, the pure source, the holy origin of the right to property. Otherwise I (le moi) am not the primordial and original property, otherwise my ability to extend myself, and the organs which I have at my disposal, do not belong to me, which would be indefensible. ... Therefore I am perfectly within my rights to use my own powers foolishly or wisely, productively or unproductively, and, because I also know that this power belongs to me, because I retain without any penalty the exclusive and virtual/potential right to the useful results of this inevitable loss, when it has been laboriously and fruitfully been accomplished.

[Source:]²²²

Three months later in January 1849 when Molinari was no doubt planning or beginning to write *Les Soirées* he wrote a book review of Thiers' *On Property* and recalled how much he was indebted to Leclerc's theory of property. He commended Leclerc for having recognized Cousin's insight that “la propriété n'est autre chose que l'expansion, le prolongement du *moi*” (property nothing more than the expansion or the extension of “le moi” (the I)) and then for having gone far beyond Cousin and the other economists in seeing that property had to be defended on the grounds of both utility *and* justice. He summed up his view of property in the following paragraph:

²²² Leclerc, p. 304.

Dans l'opuscule cité plus haut, M. Cousin établit clairement la différence des deux systèmes qui se sont jusqu'à présent occupés de la propriété, je veux parler du système des économistes et du système des vieux jurisconsultes, copiés par Rousseau et son école. Selon les économistes, la propriété est un véhicule primordial de la production et de la distribution des richesses, un des organes essentiels de la vie sociale : on ne peut, disent-ils, toucher à cet organe sans nuire à l'organisme, et les gouvernements, institués en vue de l'utilité générale, manquent complètement à leur mission lorsqu'ils portent [167] atteinte à la propriété. A cette règle, aucune exception ! Aux yeux des véritables économistes, comme à ceux des véritables philosophes, LE DROIT DE PROPRIÉTÉ N'EST PAS OU IL EST ABSOLU [DMH - from p. 30 of Cousin]. Selon les jurisconsultes de la vieille école, au contraire, la propriété a un caractère essentiellement mobile, variable, humain; elle ne vient pas de la nature, elle résulte d'un convention conclue à l'origine des sociétés, elle est née du *contrat social*, et selon que les contractants le jugent nécessaire, ils peuvent, modifiant la convention primitive, imposer des règles, donner des limites à la propriété. Ce qui nécessairement suppose qu'ils ne la considèrent ni comme essentiellement équitable, ni comme absolument utile.

Entre ces deux systèmes, je n'ai pas besoin de dire que la distance est immense, incommensurable : le premier contient toute l'économie politique, le second contient tout le socialisme. [pp. 166-67]

[Source:]²²³

However, the majority of the economists rejected this absolutist view of individual property rights and did not think that it was the economist's job to delve

In the small book cited above M. Cousin clearly establishes the difference between the two schools of thought which are at present busy with the question of property. I am speaking of the Economists and the old Legal Philosophers (Jurisconsultes) who have been copied by Rousseau and his school. According to the Economists property is a primordial vehicle for the production and distribution of wealth, one of the essential organs of social life. They say that one cannot touch this organ without harming the organism, and that governments, which have been instituted with the view of guarding general welfare, fail completely in their mission when they cause harm to property. To this rule there is no exception! In the eyes of true economists, as with true philosophers, THE RIGHT OF PROPERTY IS NOTHING OR IT IS ABSOLUTE. According to the legal philosophers of the old school, on the other hand, property is essentially movable, variable, and human (man made??). It does not come from nature; it is the result of a agreement (convention) made at the birth of society; it is born from a *social contract*, and according to what the contractors judge necessary, they can, by modifying the original agreement, impose rules and establish limits to property. This necessarily implies that they do not consider it (property) as essentially just or as essentially useful.

Between the two schools of thought, I don't need to say that the distance between them is immense and unmeasurable. The first school comprises all of political economy; the second all of socialism.

²²³ Molinari, CR Thiers, JDE, January 1849, pp. 166-67.

too deeply into the foundations of property rights and its relationship to political economy. The majority viewpoint was the one summarised by Léon Faucher in the article on “Property” he wrote for the DEP.²²⁴ It seems that the economists were divided on this question as one can identify a small group who were influenced by Victor Cousin such as Leclerc, Molinari, and Bastiat, but also Louis Wolowski and Émile Levasseur who co-wrote the article on property in Block’s *Dictionnaire générale de la politique* which appeared in 1863.²²⁵ The article began with a very Cousinian defense of private property as an extension of “le moi” (the self). Although this was a minority position, there were some economists who believed that “political” economy should also be a kind of “moral” economy.

In *Les Soirées* Molinari uses a simple division of property into two different types, internal and external property. Depending upon how individuals wished to exercise their rights to these different forms of property there were different kinds of “liberty” which described how this happened. In *Les Soirées* Molinari listed 9 different kinds of liberty which he wished to defend. These were:

- “la liberté de l’héritage” (the liberty of inheritance - the freedom to make a will) (occurs in S4)
- “la liberté des communications” (the liberty of communications - freedom of speech, (of both information and goods)) (S6)
- “la liberté de mouvement” (the liberty of movement - the freedom of movement (of both people and goods)) (S6)
- “la liberté du travail” (the liberty of working) (S11)
- “la liberté des échanges” (the liberty of exchanging - free trade) (S7)
- “la liberté de l’enseignement” (the liberty of education - freedom of education)

²²⁴ Faucher, “Propriété,” DEP, vol. 2, pp. 460-73.

²²⁵ Wolowski and Levasseur, “Propriété,” *Dictionnaire générale de la politique par Maurice Block avec la collaboration d’hommes d’état, de publicistes et d’écrivains de tous les pays. Nouvelle édition refondue et mises à jour* (Paris: O. Lorenz. 1st ed. 1863-64, 2nd revised ed. 1873), 1st. ed., vol. 2, pp. 682-93. For an English translation see “Louis Wolowski and Émile Levasseur on “Property” (1863)” in *French Liberalism in the 19th Century: An Anthology*, ed. Robert Leroux and David M. Hart (London: Routledge, 2012), pp. 243-54.

- “la liberté des banques” (the liberty of banking - free banking) (S8)
- “la liberté de gouvernement” (the liberty of government, i.e. the competitive provision of security in the free market) (S11)
- “la liberté du commerce” (the liberty of commerce - another way of saying free trade) (S12)

When he returned to the problem after his departure from Paris at the end of 1851 when he began work on his treatise on economics while teaching at the *Musée royale de l'industrie belge* he developed a simpler and more general taxonomy of 6 types of property each with its own distinctive form of liberty which corresponded to it.²²⁶

L'homme qui possède des valeurs est investi du droit naturel d'en user et d'en disposer selon sa volonté. Les valeurs possédées peuvent être détruites ou conservées, transmises à titre d'échange, de don ou de legs. A chacun de ces modes d'usage, d'emploi ou de disposition de la propriété correspond une liberté.

Énumérons ces libertés dans lesquelles se ramifie le droit de propriété.

Liberté d'appliquer directement les valeurs créées ou acquises à la satisfaction des besoins de celui qui les possède, ou liberté de consommation.

Liberté de les employer à produire d'autres valeurs, ou liberté de l'industrie et des professions.

Liberté de les joindre à des valeurs appartenant à autrui pour en faire un instrument de production plus efficace, ou liberté d'association.

A man who possesses things of value is endowed with the natural right to use and dispose of them as he sees fit. The things of value so possessed can be destroyed or preserved, transferred by means of exchange, gift, or bequest. To each of these modes of use, employment, or disposition of property, corresponds a (particular kind of) liberty.

Let us list these liberties which the right of property is divided:

The liberty of directly using created or acquired things of value for the satisfaction of the needs of whomever possesses them, that is "the liberty of consumption."

The liberty of employing them (things of value) to produce other things of value, that is "the liberty of industry and the professions."

The liberty of combining them to the things of value belonging to another person in order to create a more efficient instrument of production, that is "the liberty of association."

²²⁶ *Cours d'ec. pol*, 1863 ed. vol. 1, 4e Leçon "La valeur et la propriété"

Liberté de les échanger dans l'espace et dans le temps, c'est à dire dans le lieu et dans le moment où l'on estime que cet échange sera le plus utile, ou liberté des échanges.

Liberté de les prêter, c'est à dire de transmettre à des conditions librement débattues la jouissance d'un capital ou liberté du crédit.

Liberté de les donner ou de les léguer, c'est à dire de transmettre à titre gratuit les valeurs que l'on possède, ou liberté des dons et legs.

Telles sont les libertés spéciales ou, ce qui revient au même, tels sont les droits particuliers dans lesquels se ramifie le droit général de propriété.

The liberty of exchanging them across space and time, that is to say in a place and at a time when one believes that this exchange will be the most useful, that is "the liberty of trade" (free trade).

The liberty of lending them, that is to say to transmit (pass on, hand over?) to another person the enjoyment of some capital under conditions which have been freely negotiated, that is "the liberty of credit."

The liberty of giving or bequeathing them, that is to say to transmit freely to another person the things of value which one possesses, that is "the liberty of gifting or bequeathing."

These are the main types of (special) liberties, or what amounts to the same thing, these are the particular rights into which the general right of property is divided.

[Source:]²²⁷

Molinari's theory of liberty was different from that of Charles Dunoyer's as articulated in his influential book *De la liberté du travail* (1845). Perhaps as a result of his frustrations resulting from the failure of the liberals to develop a coherent and effective theory of limited government in the Restoration period, Dunoyer had given up the attempt to derive liberty from first principles. He dismisses this as the work of "ces philosophes dogmatiques qui ne parlent que de *droits* et de *devoirs*" (dogmatic philosophers who only speak about *rights* and *duties*).²²⁸ He on the other hand, wanted to focus instead on "comment arrive-t-il qu'ils le soient? à quelles conditions peuvent-ils l'être? par quelle réunion de connaissances et de bonnes habitudes morales parviennent-ils à exercer librement telle industrie privée? comment s'élèvent-ils à l'activité politique?" (how it happens that men are free, under what conditions can they be free, what combination of knowledge and sound moral habits make it possible for men to carry out private industry, how do they raise themselves up to the point where they can engage in political activity).²²⁹

²²⁷ *Cours*, vol. 1, pp. 121-22.

²²⁸ Dunoyer, *LdT*, vol. 1, p. 17.

²²⁹ Dunoyer, *LdT*, p. 17.

Liberty for Dunoyer was not a matter of rights but of the capacity to do things. As he defined it:

“Ce que j'appelle *liberté*, dans ce livre, c'est ce *pouvoir* que l'homme acquiert d'user de ses forces plus facilement à mesure qu'il s'affranchit des obstacles qui en gênaient originairement l'exercice. Je dis qu'il est d'autant plus *libre* qu'il est plus *délivré* des causes qui l'empêchaient de s'en servir, qu'il a plus éloigné de lui ces causes, qu'il a plus agrandi et désobstrué la sphère de son action.” [LdT, vol. 1, p. 24]

What I call *liberty* in this book is this *power* acquired by man to use his forces more easily to the degree that it (*pouvoir*??) is freed from the obstacles which originally got in the way of its exercise. I say that he is all the more *free* as he is increasingly *released* from the things which prevented him from making use of it/them, as he moves further away from these things, as he increases the size and unblocks the sphere of his activity.

[Source:]²³⁰

Molinari on the other hand saw liberty as the absence of coercion within social relationships, where each person's natural right to self-ownership and the products of their labour are respected, with the sole proviso that they respect the same rights of others. As the Economist expressed it in S6, p. 129:

Quand on dit liberté illimitée, on entend liberté égale pour tout le monde, respect égal aux droits de tous et de chacun. Or, lorsqu'un ouvrier empêche par intimidation ou violence un autre ouvrier de travailler, il porte atteinte à un droit, il viole une propriété, il est un tyran, un spoliateur, et il doit être rigoureusement puni comme tel.

When people say unlimited freedom, they mean equal freedom for everybody, equal respect for the rights of one and all. Now when a worker prevents another worker from working, by intimidation or violence, he is making an assault on a right, he is violating property, he is a tyrant and a plunderer and ought to be sternly punished as such.

[Source: S6, p. 129]²³¹

Another example comes from the “Introduction” to his collection of essays he published in 1861 which brought together his major essays and reviews from the previous fifteen years and was as summation of his thinking about liberty and property during this time, he states:

La liberté embrasse, en effet, toute la vaste

Liberty encompasses, in effect, the entire

²³⁰ Dunoyer, *LdT*, vol. 1, p. 224.

²³¹ S1, p. 129.

La liberté embrasse, en effet, toute la vaste sphère où se déploie l'activité humaine. C'est le droit de croire, de penser et d'agir, sans aucune entrave préventive, sous la simple condition de ne point porter atteinte au [vii] droit d'autrui. Reconnaître les limites naturelles du droit de chacun, et réprimer les atteintes qui y sont portées, en proportionnant la pénalité au dommage causé par cet empiétement sur le droit d'autrui, telle est la tâche qui appartient à la législation et à la justice, et la seule qui leur appartienne.

La propriété qui n'est, en quelque sorte, que la condensation de l'activité humaine, se manifeste comme la liberté dans l'ordre moral, intellectuel et matériel. Il suffit de même de la reconnaître dans ses limites, en la grevant simplement des frais nécessaires pour la garantir.

Liberty encompasses in effect the entire sphere within which human activity is deployed. It is the right to believe, to think, and to act without any preventative hindrance, on the simple condition that the rights of others are not harmed. To recognize the natural limits of the rights of each person, and to prevent harms which are caused others, by making the penalty proportional to the damage caused by this infringement of the rights of another, this is the task which belongs to legislation and justice, and its only task.

Property is only, as it were, the condensation of human activity which reveals itself as liberty in the moral, intellectual, and material order. Likewise, one has to acknowledge its (govt and justice??) limits by burdening it (property) only with the costs necessary to guarantee it.

[Source:]²³²

This view placed Molinari in an entirely different tradition to that of Dunoyer; the absence of coercion was a moral perspective based upon natural rights, whereas the physical capacity to do certain things was a physical or historical perspective based upon a more utilitarian view of political economy. The latter was particularly appealing to the orthodox classical economists and it was the view endorsed by the editors of the DEP who published Joseph Garnier's article on "Liberté du travail" which drew heavily on Dunoyer's work.²³³ This only confirmed Molinari's fear that political economy had taken a wrong turn by embracing utilitarianism and turning its back on natural rights defenses of liberty and property. It was something Molinari hoped to rectify in *Les Soirées*. It was not just directed against socialists who rejected the right of property itself but also against the political economists who rejected the notion of a natural right to liberty and property in everything unconditionally. The other economists sensed this was the case in their discussion of *Les Soirées* in October 1849 at one of their monthly

²³² "Introduction" to *Questions d'économie politique*, vol. 1 (1861), pp. vi-vii.

²³³ Joseph Garnier, "Liberté du travail", DEP, vol. 2, pp. 63-66.

meetings of the SEP. There were two arguments by Molinari to which they objected. The first obviously was his argument in favour of the private provision of security. The second was their opposition to his natural rights based rejection of the right of the state to seize or expropriate property in the name of the public interest for things like public works.²³⁴ They believed the state had such a right and could not imagine how important public works could be undertaken without such powers of confiscation.

The kind of future society Molinari had in mind would be based upon a full recognition of each individual's right to liberty and property. In fact he called for the compete "l'affranchissement de la propriété" (the emancipation of property) repeatedly throughout *Les Soirées*. He used a number of terms to describe this type of society, such as "un régime de pleine liberté" (a society of complete liberty),²³⁵ "une système d'absolue propriété et de pleine liberté économique" (a system of absolute property rights and complete economic liberty),²³⁶ "la société à la *propriété pure*" (the society of pure property rights).²³⁷ He summarized this ideal society as "un milieu libre" (a liberal milieu) where

le droit de propriété de chacun sur ses facultés et les résultats de son travail est pleinement respecté, que la production se développe au maximum, et que la distribution de la richesse se proportionne irrésistiblement aux efforts et aux sacrifices accomplis par chacun.	the right to property of each person to their own faculties and the products of their own labour is fully respected, where production is developed to its maximum extent, and where the distribution of wealth is inevitably made in proportion according to the efforts and sacrifices made by each person [p. 295]
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[Source:]²³⁸

The Economist's last words with which he concludes *Les Soirées* make this very clear, that the reader must choose between two different social systems, one based upon state control of property ("communism") or one based upon private property.

²³⁴ Although he does not mention this specifically, Molinari no doubt had in the mind the massive property resumption program that was part of the building of the fortifications of Paris between 1841-44.

²³⁵ *Les Soirées*, p. 252.

²³⁶ *Les Soirées*, p. 254.

²³⁷ *Les Soirées*, p. 299.

²³⁸ *Les Soirées*, p. 295.

The current “régime bâtard” (bastard or hybrid regime) of part-property and part-communism he believed was unsustainable in the long run both practically and morally.

MARKETS IN EVERYTHING AND ENTREPRENEURS IN EVERY MARKET

Opening quote: “giving their patronage to a new entrepreneur”

Maintenant si l'on considère la nature particulière de l'industrie de la sécurité, on s'apercevra que les producteurs seront obligés de restreindre leur clientèle à certaines circonscriptions territoriales. Ils ne feraient évidemment pas leurs frais s'ils s'avisait d'entretenir une police dans des localités où ils ne compteraient que quelques clients. Leur clientèle se groupera naturellement autour du siège de leur industrie. Ils ne pourront néanmoins abuser de cette situation pour faire la loi aux consommateurs. En cas d'une augmentation abusive du prix de la sécurité, ceux-ci auront, en effet, toujours la faculté de donner leur clientèle à un nouvel entrepreneur, ou à l'entrepreneur voisin.

De cette faculté laissée au consommateur d'acheter où bon lui semble la sécurité, naît une constante émulation entre tous les producteurs, chacun s'efforçant, par l'attrait du bon marché ou d'une justice plus prompte, plus complète, meilleure, d'augmenter sa clientèle ou de la maintenir.

Now if we consider the particular nature of the security industry, it is apparent that the producers will necessarily restrict their clientele to certain territorial boundaries. They would be unable to cover their costs if they tried to provide police services in localities comprising only a few clients. Their clientele will naturally be clustered around the center of their activities. They would nevertheless be unable to abuse this situation by dictating to the consumers. In the event of an abusive rise in the price of security, the consumers would always have the option of giving their patronage to a new entrepreneur, or to a neighboring entrepreneur.

This option the consumer retains of being able to buy security wherever he pleases brings about a constant emulation among all the producers, each producer striving to maintain or augment his clientele with the attraction of cheapness or of faster, more complete and better justice.

[Source: Section X. “The Production of Security” (1849)]²³⁹

One of Molinari's great innovations in *Les Soirées* and the *Cours d'économie politique* was to apply economic analysis to everything, even things which had never been treated in this way before such as the provision of security, the family, and the Catholic Church. This was a direct consequence of his view that the natural laws of political economy were all pervasive and universally applicable. A further consequence of this way of thinking was to view every branch of human activity as

²³⁹ Section X. “The Production of Security” (1849), p. ??

a potential “industry” in which “entrepreneurs” would emerge to organize the “production” of whatever good or service was relevant to that industry in order to satisfy the demands of “consumers” of that good or service. These entrepreneurs would compete in an open market for business by providing the highest quality good or service at the lowest price in order to attract consumers and make profits. In other words, Molinari believed in the idea of “markets in everything” and “entrepreneurs in every market.”

Of course, some of these producers and entrepreneurs would seek to avoid open competition by approaching the government to provide them individually or their industry as a whole with various forms of “protectionism” such as legal privileges, subsidies, monopolies, and other benefits paid for at taxpayer or consumer expense. However, the natural laws of political economy would continue to operate and eventually the harmful effects of these subsidies and monopolies would be felt and there would emerge political pressure to have them removed in the form of “associations” which would demand “liberty of trading” in that industry. His model for this hope was of course Richard Cobden’s “association” the Anti-Corn Law League which arose in 1838 to lead the advocates of free trade among the newly enfranchised middle classes. This very successful political campaign led to the repeal of the protectionist Corn Laws in 1846.

In his understanding of the important role the entrepreneur has in the economy²⁴⁰ Molinari is building upon the earlier work of Richard Cantillon, Adam Smith, Jean-Baptiste Say, and Charles Dunoyer. The origin of the term “entrepreneur”, meaning the individual who organizes all aspects of an enterprise and is responsible for its overall running and management, has its origins in the writings of the Irish-French banker and economic theorist Richard Cantillon (1680-1734), *Essai sur la nature du commerce en général* (circa 1730).²⁴¹ The idea was taken up in Adam Smith’s *Wealth of Nations* (1776) where he uses the English word “undertaker,” and further developed and given a much more central role in the

²⁴⁰ For the state of opinion when Molinari was working on this see Joseph Garnier, “Entrepreneurs d’industrie,” *DEP*, vol. 1, pp. 707-8.

²⁴¹ Richard Cantillon, *Essai sur la Nature du Commerce en General*, edited with an English translation and other material by Henry Higgs, C.B. (London: Reissued for The Royal Economic Society by Frank Cass and Co., LTD., 1959). <<http://oll.libertyfund.org/titles/285>>.

economy by Jean-Baptiste Say in his *Traité d'économie politique* (1803). The American translator of Say in 1820 uses the unfortunate English word "adventurer" in order to translate "entrepreneur". It has now of course entered into the English language and requires no translation. Charles Dunoyer had his own take on the important role played by the entrepreneur in industrial activity. In his *Liberté du travail* (1845) he refers to the "génie des affaires" (the guiding spirit (or the mastermind) of the business):

Dans le nombre de celles qui existent dans les hommes, la première qui me frappe, celle qui se place naturellement à la tête de toutes les autres, celle qui est la plus indispensable au succès de toute espèce d'entreprises et à la libre action de tous les arts, c'est le génie des affaires, génie dans lequel je démêle plusieurs facultés très distinctes, telles que — la capacité de juger de l'état de la demande ou de connaître les besoins de la société, — celle de juger de l'état de l'offre ou d'apprécier les moyens qu'on a de satisfaire ces besoins, — celle d'administrer avec habileté des entreprises conçues avec sagesse, — celle enfin de vérifier par des comptes réguliers et tenus avec intelligence les prévisions de la spéculation.

Among the different kinds of abilities (forces) which human beings have, what strikes me first, the one which is the most essential for the success of all kinds of enterprises and for the smooth operation of all the technical skills (arts), is the mastermind of the business, a mastermind in which I see mixed several faculties which are quite distinct, such as the following: the capacity to judge the state of (market) demand or to recognize the needs of society; that of judging the state of supply or to appreciate the means by which these needs can be satisfied; that of administering with skill the enterprises which have been conceived in wisdom; finally, that of checking the forecasts of their speculation by keeping regular and intelligently kept accounts. (vol. 2, p. 47)

[Source:]²⁴²

What is unique in *Les Soirées* is the much more expanded role Molinari envisaged for the entrepreneur in the many regulated or monopolised industries which he wanted to open up to free competition. He uses this word 37 times in *Les Soirées* most (17) in a generic sense such as "entrepreneurs d'industrie" (industrial or manufacturing entrepreneurs), "entrepreneurs de production" (manufacturing entrepreneurs), or "entrepreneurs ou directeurs d'industrie" (entrepreneurs or

²⁴² Dunoyer, *LdT*, vol. 2, p. 47.

directors of industrial enterprises). However, what is more interesting is that he also uses the word “entrepreneur” in some very specific cases where a previously highly regulated or monopolised industry is deregulated and opened up to free competition thus attracting completely new kinds of entrepreneurs into that industry for the first time. In S1 he provides a list of the occupations he would like to see opened up to competition [pp. 46-47 eng]:

L'Économiste: J'en suis sûr. Laissez faire les propriétaires, laissez passer les propriétés et tout s'arrangera pour le mieux.

Mais on n'a jamais laissé faire les propriétaires; on n'a jamais laissé passer les propriétés.

Jugez-en.

S'agit-il du droit de propriété de l'homme sur lui-même; du droit qu'il possède d'utiliser librement ses facultés, en tant qu'il ne cause aucun dommage à la propriété d'autrui? Dans la société actuelle les fonctions les plus élevées et les professions les plus lucratives ne sont pas libres; on ne peut exercer librement les fonctions de notaire, de prêtre, de juge, d'huissier, d'agent de change, de courtier, de médecin, d'avocat, de professeur; on ne peut être librement imprimeur, boucher, boulanger, entrepreneur de pompes funèbres; on ne peut fonder librement aucune association commerciale, aucune banque, aucune compagnie d'assurances, aucune grande entreprise de transport, construire librement aucun chemin, établir librement aucune institution de charité, vendre librement du tabac, de la poudre, du salpêtre, transporter des lettres, battre monnaie; on ne peut librement se concerter avec d'autres travailleurs pour fixer le prix du travail. La propriété de l'homme sur lui-même, *la propriété intérieure*, est de toutes parts entravée.

The Economist: I am certain. Let property owners freely go about their business. Let property circulate and everything will work out for the best.

In fact, property owners have never been left to go freely about their business and property has never been allowed to circulate freely.

Judge for yourself.

Is it a matter of the property rights of the individual man; of the right he has to use his abilities freely, insofar as he causes no damage to the property of others? In the present society, the highest posts and the most lucrative professions are not open; one cannot practice freely as a solicitor, a priest, a judge, bailiff, money-changer, broker, doctor, lawyer or professor. Nor can one straightforwardly be a printer, a butcher, baker or entrepreneur in the funeral business. We are not free to set up a commercial organization, a bank, an insurance company, or a large transport company, nor free to build a road or establish a charity, nor to sell tobacco or gunpowder, or saltpeter, nor to carry [p. 40] mail, or print money, nor to meet freely with other workers to establish the price of labor. The property a man holds in himself, *his internal property*, is in every detail shackled.

[Source:]²⁴³

As he works through the examples of these regulated industries in the various chapters of *Les Soirées* he adds to his list the new kind of entrepreneur who would emerge in this specialised area of economic activity, such as in the transport industry - “entrepreneurs de roulage” (entrepreneurs in the haulage business) [p. 393] and “entrepreneurs de diligences” (entrepreneurs in the coach or cab business) [p. 250 eng]; the funeral business - “entrepreneur de pompes funèbres” (entrepreneurs in the funeral business) [p. 47 eng]; and private schools - “entrepreneurs d’éducation” (entrepreneurs in the education business) [p. 295 eng]. What is a bit more unusual is his idea that the small family farm would eventually have to give way to larger farms run on a more commercial basis. This of course would require entrepreneurs who could run a farm like a business - “entrepreneurs d’industrie agricole” (entrepreneurs in the agriculture industry) [p. 128 eng], which in some circles in France was an heretical idea. Even more unusual was his call for the complete deregulation of prostitution, which he also regarded as a business, and the right of women to set up their own brothels whenever and however they wished without government regulation or supervision.²⁴⁴ In order to do this of course there would have to be women who were prepared to act as “entrepreneurs de prostitution” (entrepreneurs in the prostitution business) [p. 292-93 eng]. The new entrepreneurs would not all come from the wealthier and better educated

²⁴³ Sl pp. 46-47 eng

²⁴⁴ Prostitution was legal in France until 1946 though heavily regulated. A “maison de tolérance” (brothel) could be established with the permission of the police and health authorities on condition that the “femmes publiques” (prostitutes) undergo regular health inspections (at least once every two weeks) and carry at all times an identity card which they had to present to police upon demand. Males could not own brothels so they were run by a manageress (“directrice” or madam) who had silent partners (usually men) who would put up the capital for the business. As setting up a “maison” fully furnished was expensive many women preferred to freelance (“prostitution interlope”) by renting cheap rooms (“hôtel garni” or “maison garnie”) and working from there, thus avoiding surveillance by the health inspectors as well as the madam. See, Alexandre-Jean-Baptiste Parent-Duchâtelet, *De la prostitution dans la ville de Paris considérée sous le rapport de l'hygiène publique, de la morale et de l'administration. 3e édition complétée par des documents nouveaux et des notes par MM. A. Trébuchet et Poirat-Duval* (Paris: J.-B. Baillière et fils, 1857). 2 vols.

classes but also from the ranks of the working class. Molinari also envisaged the rise of the “self-made” entrepreneur, “le laborieux entrepreneur, naguère ouvrier” (entrepreneur who has emerged from the working class) [p. 225 eng], who rises out of the working class to run and own their own business enterprise.

Illustration: Prostitute Inspection Book (c. 1857)

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*** DIVISION.**
* BUREAU.

**OBLIGATIONS ET DÉFENSES
IMPOSÉES AUX FEMMES PUBLIQUES.**

Les filles publiques en carte-sont tenues de se présenter, une fois au moins tous les quinze jours, au dispensaire de salubrité, pour être visitées.
Il leur est enjoint d'exhiber leur carte à toute réquisition des officiers et agents de police.

Il leur est défendu de provoquer à la débauche pendant le jour : elles ne pourront entrer en circulation sur la voie publique, qu'une demi-heure après l'heure fixée pour le commencement de l'allumage des réverbères, et, en aucune saison, avant sept heures du soir, et y rester après onze heures.

Elles doivent avoir une mise simple et décente qui ne puisse attirer les regards, soit par la richesse ou les couleurs éclatantes des étoffes, soit par des modes exagérées.
La coiffure en cheveux leur est interdite.

Défense expresse leur est faite de parler à des hommes accompagnés de femmes ou d'enfants, et d'adresser à qui que ce soit des provocations à haute voix ou avec insistance.

Elles ne peuvent, à quelque heure et sous quelque prétexte que ce soit, se montrer à leurs fenêtres qui doivent être tenues constamment fermées et garnies de rideaux.

Il leur est défendu de stationner sur la voie publique, d'y former des groupes, d'y circuler en réunion, d'aller et venir dans un espace trop resserré, et de se faire suivre ou accompagner par des hommes.

Les pourtours et abords des églises et temples, à distance de vingt mètres au moins, les passages couverts, les jardins et abords du Palais-Royal, des Tuileries, du Luxembourg, et le Jardin des plantes, leur sont interdits.

Les Champs-Élysées, l'avenue des Invalides, les boulevards extérieurs, les quais, les ponts, et généralement les rues et lieux déserts et obscurs leur sont également interdits.

Il leur est expressément défendu de fréquenter les établissements publics ou maisons particulières où l'on favoriserait clandestinement la prostitution, et les tables d'hôte, de prendre domicile dans les maisons où existent des pensionnats ou externats, et d'exercer en dehors de la section qu'elles habitent.

Il leur est également défendu de partager leur logement avec un concubinaire ou avec une autre fille, ou de loger en garni sans autorisation.

Les filles publiques s'abstiendront; lorsqu'elles seront dans leur domicile, de tout ce qui pourrait donner lieu à des plaintes de la part des voisins ou des passants.

Celles qui contreviendront aux dispositions qui précèdent, celles qui résisteront aux agents de l'autorité, celles qui donneront de fausses indications de domicile ou de noms, encourront des peines proportionnées à la gravité des cas.

The bureaucratisation of the French prostitution industry. A health and identity card for a prostitute c. 1857. From Parent-Duchâtelet, *De la prostitution dans la ville de Paris* (1857), vol. 1, p. 686.

We will now turn briefly to two areas mentioned at the beginning of this section where Molinari made original contributions with the application of economic ideas and especially the role of the entrepreneur to the study of the provision of security and the operation of the family.

Surprisingly Molinari does not use the word entrepreneur in S11 to describe the individuals who would organise the “security industry”. He used the word entrepreneur in his article “The Production of Security” in the JDE in February

1849, but not in *Les Soirées* for some reason. In “The Production of Security” Molinari refers to the “producteur de sécurité” (producer of security) who might be “un simple entrepreneur” (a simple entrepreneur) in a small town but who would face competition from “un nouvel entrepreneur, ou à l'entrepreneur voisin” (a new entrepreneur or an entrepreneur from a neighbouring town) if he failed to provide a a satisfactory service at a reasonable price.²⁴⁵ In S11 he prefers to talk about insurance companies rather than individual entrepreneurs who would provide consumers with security services. He did however return to using the word entrepreneur in the *Cours d'économie politique* a few years later.²⁴⁶ The reason for this change of terminology is not clear but it seems to be related to the fact that he now has a much more generalized theory of the role of the entrepreneur who is involved in all aspects of economic activity. He now refers to “l'entrepreneur d'industrie” and to the “entrepreneurs de production” instead of any specific industry related entrepreneurs, and security, along with all other public goods, has just become one more industry like any other.

Also in the *Cours d'économie politique* (1855) he treats the family as an economic unit, “l'association conjugale” (the conjugale business or partnership) [p. 413], where the parents needed to act like entrepreneurs and make economic calculations about the costs and benefits of having a family and plan for the future of their family like any other commercial entity, by making sure they had sufficient funds to house, feed, clothe, and educate any children they might bring into the world.²⁴⁷ The entrepreneur parents had to amass sufficient capital in order to look after their children and their capital “investment” would pay off in the form of the “human capital” of their children who would eventually become productive workers in their own right. Molinari's theory of the rights of children was that parents had a moral, legal, and economic duty to raise their children and if they did not then they incurred a debt to their children which society was obliged to enforce on their children's behalf.

²⁴⁵ PdS, pp. 289-90.

²⁴⁶ *Cours*, Douzième leçon. Les consommations publiques.

²⁴⁷ *Cours*, vol. 1, pp. 409-10.

Molinari thought one of the starkest examples of “les entrepreneurs de population” (entrepreneurs in the population industry) who are engaged in “la production des hommes” (the production of human beings) were the slave owners in the American South who ruthlessly planned the size and composition of their slave workforce. This only went to show that even organizations based upon coercion like slave plantations and governments could sometimes benefit by operating like entrepreneurs in order to keep their costs down and maximise economic returns, but this of course was not something Molinari advocated. Quite the contrary. He wanted parents to be aware of the real costs of having children and caring for them so they could become free, responsible, and useful human beings in the future.

In the meantime, until the final stage of economic development had been reached with the regime of competition in all things, when “la concurrence politique servira de complément à la concurrence agricole, industrielle et commerciale” (political competition will serve as a complement to agricultural, industrial, and commercial competition),²⁴⁸ so long as the government still offered some services to taxpayers, the government itself should try to operate more entrepreneurially in order to keep costs down and to provide better services to their “consumers”:

Comme tout entrepreneur, le gouvernement ne doit faire qu’une seule chose sous peine de faire fort mal ce qu’il fait. Tous les gouvernements ont pour industrie principale, la production de la sécurité. Qu’ils s’en tiennent là.

Like any entrepreneur the government must do one thing and one only, or risk doing what it does very badly. All governments have as their main function the production of security. Let them confine themselves to that.

[Source:]²⁴⁹

However, Molinari was not convinced that governments could in fact behave entrepreneurially and provide their services to consumers “à bon marché” (at a good/low price) because of the very way they were constructed. He drew up a list of four reasons why governments were institutionally incapable of being run in an economic or “entrepreneurial” fashion like any other business in a free market. In

²⁴⁸ *Cours*, vol. 2, p. 532.

²⁴⁹ S3, p. 99 Pages.

fact he argued that government operations were essentially “anti-economic” in their behaviour because they violated the following economic laws which all successfully entrepreneurs had to adhere to in order to survive: “les lois de l’unité des opérations et de la division du travail” (the law of the unity of operations and the division of labour), “la loi des limites naturelles” (the law of natural limits to their size), “la loi de la concurrence” (the law of competition), “les principes de la spécialité et de la liberté des échanges” (the principles of specialization and free trade).²⁵⁰ By these he meant the following: that firms had a natural size limit beyond which they could not operate profitably and effectively (and government operations were always too big), that government tried to do too many things at once instead of specialising in one thing they could do well, because they were not subject to competition from rival firms governments had no interest in keeping their prices low and in providing a good service to the customers, and because they did not have to satisfy the needs of customers who might go elsewhere if the service provided was not satisfactory, governments tended to provide either “a one size fits all” product or produced too little or too much.

In addition to these economic failings of government there was always the political problem of the state being captured by powerful vested interest groups and being turned to satisfying their needs rather than the needs of ordinary people. Molinari discussed the history of this problem in great detail in his two books on political sociology which he wrote in the 1880s, *L'évolution économique du XIXe siècle: théorie du progrès* (1880) and *L'évolution politique et la Révolution* (1884).²⁵¹

²⁵⁰ *Cours*, vol. 2, p. 759 [Pages].

²⁵¹ Gustave de Molinari, *L'évolution économique du XIXe siècle: théorie du progrès* (Paris: C. Reinwald 1880); and *L'évolution politique et la Révolution* (Paris: C. Reinwald, 1884).

THE PRODUCTION OF SECURITY

Opening quote: “there is no exception to the rule”

Cela ne regarde pas les économistes. 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.

That does not concern the Economists. Political economy can say: *if such a need exists*, it will be satisfied and done better in a regime of full freedom than under any other. There is no exception to this rule. As to how this industry will be organized, what its technical procedures will be, that is something which political economy cannot tell us.

[Source:]²⁵²

THE PRIVATE PRODUCTION OF SECURITY (FEB. 1849)

Today, if he is thought of at all, Molinari is best known for the essay on “The Production of Security” which was published in the *JDE* in February 1849.²⁵³ It was rediscovered in the modern era by Murray Rothbard who circulated it among his circle in New York (called fittingly enough the Bastiat Circle) during the 1950s and Molinari's ideas, especially the argument that insurance companies would have an economic interest in reducing crime against property and the costs of settling disputes, which became central to Rothbard's own theory of anarcho-capitalism which he was developing during the 1950s (when writing *Man, Economy, and State* (1962)) and the 1960s (when he was writing *Power and Market* (1970)).²⁵⁴ A translation into English was done by J. Huston McCulloch for the Center for Libertarian Studies in 1977 which made Molinari's work available to a broader

²⁵² S11, p. 274.

²⁵³ Gustave de Molinari, "De la production de la sécurité," in *JDE*, T. 22, no. 95, 15 February, 1849), pp. 277-90.

²⁵⁴ Murray N. Rothbard, *Man, Economy, and State: A Treatise on Economic Principles, with Power and Market: Government and the Economy. Second edition. Scholar's Edition* (Auburn, Alabama: Ludwig von Mises Institute, 2009).

English speaking audience for the first time.²⁵⁵ What Molinari achieved in this short essay and the follow up chapter 11 in *Les Soirées* was a Kuhnian “paradigm shift” in thinking about the state and the provision of public goods. No one before him had argued using standard classical economic thinking and property rights theory that private firms operating in a free market could satisfy the strong need of consumers for protection and security services at an affordable price, while at the same time avoiding the problems inherent in any monopolized industry. In the past, the few political theorists who advocated a society without a state had little idea about how such a society would go about solving its problems, other than to piously assert that some kind of moral change would take place in the hearts of men which would cause violence against others to gradually disappear. Molinari’s intellectual breakthrough was to argue that the structures and practices which had already evolved in the free market could be extended to solve these other problems and that no change in the moral behavior of men was required for this to work effectively.

We can see glimmers of Molinari’s new way of thinking about this problem in an article in the *Courrier français* in 1846 and in his January 1849 review of Thiers’ book on property in the JDE which suggests that he was already rethinking many of his basic ideas about property and natural law which was to play such an important role in *Les Soirées*.

The crux of the matter was his view that “la loi de la libre concurrence” (the law of free competition) was a natural law of political economy and thus had universal applicability and hence all areas of economic activity would benefit from being exposed to it. All forms of monopoly had deleterious consequences such as high prices, poor service, lack of innovation, and that it produced higher profits than normal to a small group of people who enjoyed the monopoly privilege at the expense of other consumers. Bastiat and Molinari also called these higher than normal profits “spoliation” (plunder) or in Molinari’s case a form of political rent. In “The Production of Security” Molinari provides an historical example of how the English Crown and the aristocracy created a monopoly in the use of violence (or in the “provision of security”) which Molinari thought had many features in

²⁵⁵ Gustave de Molinari, *The Production of Security*, trans. J. Huston McCulloch, Occasional Papers Series #2 (Richard M. Ebeling, Editor), New York: The Center for Libertarian Studies, May 1977.

common with a privileged feudal corporation. It is important to note that he uses modern commercial terms to describe the operation of the English state:

La race qui gouvernait le pays et qui se trouvait organisée en compagnie (la féodalité), ayant à sa tête un directeur héréditaire (le roi), et un Conseil d'administration également héréditaire (la Chambre des lords), fixait, à l'origine, au taux qu'il lui convenait de fixer, le prix de la sécurité dont elle avait le monopole.

The race of people who governed the country and who were organized as a company (feudalism), having at its head an hereditary director (the King), and an equally hereditary Administrative Council (the House of Lords), from the very beginning set the level of taxes which was convenient for them to pay, namely the price of the security of which they had a monopoly.

[Source:]²⁵⁶

The English Revolution forced the crown and the aristocracy to share this monopoly with the Commons who were able to exercise some power to limit taxes, or what he called the “price of security,” at least for a short period. The ability to control the exercise of coercion had enormous importance because from it flowed the power to create all the other kinds of monopolies which were common under the old regime, such as trading and manufacturing rights, access to certain professions, and so on.

A similar situation existed in the July Monarchy in France. In his essay on electoral reform published in July 1846²⁵⁷ Molinari argued that the 250,000 richest taxpayers (“la classe électorale”) who were allowed to vote exercised similar monopoly powers over the state as the English Crown and aristocracy did in the 17th century. They controlled the army and the police as well as the votes required to introduce tariff protection and subsidies for the industries from which they made their livelihoods. Molinari thought this was unfair because the vast bulk of the French taxpayers were excluded from any say in how much taxation could be imposed upon them or how this money would be spent. One of the arguments he used in arguing for an expansion of the franchise in France was the idea that the main reason for having a government in the first place was to provide all citizens with a guarantee of security of their persons and property. He likened the state to

²⁵⁶ “De la Production de la sécurité,” Section VI, p. 283.

²⁵⁷ “Le droit électorale” *Courrier français*, 23 juillet 1846. Reprinted in *Questions d'économie politique et de droit public* (1861), vol. 2, pp. 271-73.

“une grande compagnie d'assurances mutuelles” (a large mutual assurance company) [p. 271], taxes to “charges de l'association” (membership dues) [p. 272], and the taxpayers to “un actionnaire de la société” (a shareholder in the company) [p. 272]. There were two ways in which a state acting like a large insurance company might be run: the largest shareholders have a monopoly in running the state, as in France, or the right to vote by shareholders is “universalised and made uniform” as in the United States, which runs the risk of seeing the democratic masses imposing a higher tax burden on the wealthiest groups in society:

Sous l'empire d'un tel système (France), 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. [p. 273]

Under the influence of such as system (in France) one knows what happens: the big shareholders, the “censitaires” who have the right to vote, govern society exclusively for their own profit; the laws which should protect all citizens equally serve to expand the property of the strong shareholders at the expense of the weak ones; political equality is destroyed.

[Source:]²⁵⁸

The problem was to find a system which would avoid the weakness of both systems. Molinari thought this could be achieved by having a universal right to vote as in America (where all shareholders could participate in choosing the management of the company) but making the payment of member's dues (taxes) limited to a fixed proportion of the value of the property which they wanted to protect (such as a flat rate of taxation on income or the value of property). This was to prevent a democratic majority of voters voting for confiscatory taxes on the property and income of the rich, which Molinari thought was a major weakness in the American system of government.²⁵⁹ A “proportional” or flat rate of tax was

²⁵⁸ “Le droit électoral,” p. 273.

²⁵⁹ These ideas have some similarity to the constitutional proposals Molinari put forward in 1873 when the new constitution for the Third Republic was being discussed. Here Molinari proposed 2 chambers, an upper house elected by the largest tax payers, and a lower chamber elected by universal suffrage, with an executive with very limited powers elected by both chambers. See *La République tempérée*. (Paris: Garnier, 1873).

also supported by Thiers who discussed this in his *De la propriété* in a chapter on the distribution of taxes which Molinari reviewed and commented upon in January 1849.²⁶⁰ Thiers also likened society to “une Compagnie d'assurance mutuelle” [p. 171] where citizens should pay according to the risk they bore and the amount of property which they wished to insure. He thought the current level of expenditure by the French government could be maintained if there was a flat rate of 10% imposed on all income and the value of all property owned.

So when he came to write the pathbreaking article on “De la Production de sécurité” in February 1849 Molinari had been reflecting for some time on the similarities between societies, governments, and insurance companies providing services to their citizens. The leap he made was to stop thinking of this similarity as purely a metaphor and to see it as an actual possibility that real insurance companies could sell premiums to willing customers for specific services which could be agreed upon contractually in advance and provided competitively on the free market. This article was his first attempt to explore the possibilities which this new way of thinking about government opened up; the second would be *Soirée* 11 in this book, and the third would be a lengthy section on “La Consommation publique” (Public Consumption) in the *Cours d'économie politique* which was published six years after *Les Soirées*.²⁶¹

Molinari realised he was exposing himself to criticism of his views about how far the “law of free competition” could be pushed by his colleagues. At one point he even calls himself “un économiste radical, un rêveur” (a radical economist, a dreamer)²⁶² who dares to point out the logical inconsistency in advocating the liberalization from state control of every branch of production which uses property except for the one which guarantees the maintenance of property itself [p. 273]. He proceeds anyway, “au risque d'être qualifiés d'utopistes” (at the risk of being branded a utopian), because he believed that “le problème du gouvernement” (the problem of government) will eventually be solved like all the other economic problems by the introduction of a consistent and radical policy of liberty. The

²⁶⁰ Molinari, review of Thiers' "De la propriété", JDE, T. 22, N° 94, 15 janvier 1849, p. 162-77.

²⁶¹ *Cours*, Douzième leçon, “Les consommations publiques,” pp. 480-534.

²⁶² S11, p. 372.

success of the English Anti-Corn Law League in overturning the protectionist corn laws in 1846 had shown what could be achieved if well organized Associations were set up to demand “la liberté du commerce” (the liberty of commerce, free trade). Molinari predicted that similar well-organized Associations would one day be set to demand “la liberté de gouvernement” (the liberty of government).²⁶³

As if he were mentally laying the groundwork for his book on propriety and the natural laws of political economy, *Les Soirées*, Molinari goes back to first principles in the first three sections of the article: the world is governed by natural laws which are universal and which cannot be violated or ignored with impunity; conservatives, socialists, and even some economists must accept the fact of these natural laws and adapt their thinking accordingly; exceptions to these natural laws cannot be accepted by economists without overwhelming evidence and reasons, which he believes do not in fact exist; that human beings are naturally sociable and co-operate with others by means of the division of labour and trade to satisfy their needs; that society is “*naturellement* organisée” (naturally organized) in that it has evolved gradually under the influence of these laws through the activities of millions of individuals who produce and trade their goods and services on the free market with freely negotiated prices; that individuals in society have a need to protect their persons and property from attack and hence evolve institutions to do this in the form of governments; that people want goods and services to be provided as cheaply and as efficiently as possible which is only possible through the law of free competition and the elimination of government protected monopolies; and that these natural laws of political economy do not allow any exceptions.

Having laid out this mini-treatise on political economy, Molinari then proceeds to make his case that the provision of security was just another government monopoly which should be liberalized. He turns the counter-argument on its head by challenging the economists who want to de-monopolize nearly everything the government does to justify why they have made this important exception to the general principle. Why should there be a government monopoly in this case when

²⁶³ No doubt he had in mind something like the “Association pour la liberté des échanges” (the French Free Trade Association) which might have been called “Association pour la liberté de gouvernement” (the Association for Freedom of Government). See the second last paragraph on p. 290 where this idea is expressed.

the theory of political economy shows conclusively that monopolies lead to higher prices, lack of innovation, and high profits for a privileged minority? Molinari distinguished between two different ways in which the production of security (or government broadly speaking) have been organized in throughout history - the “monopolistic” production of security and the “communistic” production of security. By “monopolistic” Molinari means an organisation dominated by a single person, such as a king, or a narrow class, such as the King in alliance with the aristocracy; by “communistic” he means an organisation dominated by society as a whole, or by its elected representatives, such as parliamentary democracy. Here he is using the word communistic in a very limited way to mean “in common” or “communal” rather than with any reference to the political group known as “Communists”, thus a better choice of word might be “socialist” or “statist” rather than “communist.” The historical example he uses to illustrate what he means by these two different methods of producing security, or any other government good or service, is taken from 17th century English history. Before the Revolution the King and allied aristocrats ran the country like a company for their personal and exclusive benefit, or “le monopole de la sécurité”. During the Revolution when the Commons seized control of the state the company was run for the benefit of a broader group of individuals, nominally in the name of the people, which Molinari describes as “le communisme de la sécurité.” An even clearer example of the communistic provision of security was the recent 1848 Revolution in France where:

on a substitué à ce monopole exercé d'abord au profit d'une caste, ensuite au nom d'une certaine classe de la société, la production commune. L'universalité des consommateurs, considérés comme actionnaires, ont désigné un directeur chargé, pendant une certaine période, de l'exploitation, et une assemblée chargée de contrôler les actes du directeur et de son administration.

this monopoly exercised at first for the benefit of a caste and then in the name of a certain class in society, was replaced by communal production (of security), where a director was appointed and charged with its operation for a certain period of time, and an assembly was charged with supervising the actions of the director and his administration.

[Source:]²⁶⁴

In order to avoid the problems of either the monopolistic or the communist (or socialist) provision of security the only alternative solution in his view was

²⁶⁴ “De la production de la sécurité”, Section 6, p. 284.

“Communisme complet ou liberté complète” (complete communism or complete liberty). How the latter might work he sketched out briefly in Section 10 of the article and added some interesting twists to this in Soirée 11. Some inspiration no doubt came from a passage in Adam Smith’s *Wealth of Nations* where he talks about competing courts in England where litigants could shop around for a court which best suited their needs and which would charge fees according to the type of case involved.²⁶⁵ This was a clear example of how legal services could be provided on the free market between competing institutions for profit. Given the powerful need for protection of person and property felt by consumers (“les consommateurs de sécurité”), and the fact that there were individuals who had the knowledge and skill to provide protection services for a fee (“les producteurs de sécurité”), it was inevitable that an individual or association of individuals would emerge as a producer of security to do just that. This was in fact exactly how the market operated for everything else. In smaller localities like a canton “un simple entrepreneur” (a simple entrepreneur) would emerge to satisfy the needs of the local community. In larger localities with several towns it would be a “une compagnie” or more formally organized corporation which would emerge to provide these services. Prices would be kept low and services would improve under the stimulus of competition since consumers would have the option of giving their business to “un nouvel entrepreneur, ou à l'entrepreneur voisin” (a new entrepreneur or a neighboring entrepreneur). Molinari even spelled out some of the terms and conditions which a budding security entrepreneur in “l'industrie de la sécurité” (the security industry) would have to offer consumers in order to get their business and to provide an effective service:²⁶⁶

1. penalties would be set for any infringement of the liberty or property of the customers, which would be imposed on both individuals outside the company

²⁶⁵ “De la production de la sécurité”, Section 6, p. 287. Adam Smith, *Wealth of Nations*, Book V, Chap. 1. Adam Smith, *An Inquiry Into the Nature and Causes of the Wealth of Nations*, Vol. I and II, ed. R. H. Campbell and A. S. Skinner, vol. II of the *Glasgow Edition of the Works and Correspondence of Adam Smith* (Indianapolis: Liberty Fund, 1981). Chapter: [Vi.b] part ii: Of the Expence of Justice. Or online: Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations by Adam Smith, edited with an Introduction, Notes, Marginal Summary and an Enlarged Index by Edwin Cannan* (London: Methuen, 1904). Vol. 2, Bk. V, Chap. I "Of the Expences of the Sovereign or Commonwealth", Part II "Of the Expence of Justice".

²⁶⁶ PdS, p. 288.

(i.e. who were not customers) and customers within the company if they infringed upon the rights of others

2. customers would agree to certain obligations to assist the company in their investigations of the crime

3. customers would pay a regular premium (Molinari uses this insurance term) to cover the costs of being protected by the company, which would be based upon the risks involved and the value of their property being protected.

THE PRODUCTION OF SECURITY IN S11

Molinari would take up many of the same issues in S11 but it should be remembered that the discussion of the private provision of security takes place in a much broader context developed throughout the book concerning the private and competitive provision of many other public goods as well, such as mineral resources, state owned forests, canals, rivers, city water supplies, the post office, public theatres, libraries; and the ending of private monopolies protected by government licences and heavily regulated professions such as bakeries, butchers, printing, lawyers, brokers, funeral parlors, cemeteries, medicine, teaching, and even brothels. A twist which he adds in S11 is that he introduces the radically new idea that an actual insurance company might be the type of private company best suited to providing security services for person and property. In the journal article “The Production of Security” he does not specify exactly what kind of company he had in mind other than general references to small local single entrepreneurs, or larger companies based in towns. In S11 he talks about much larger companies (“vastes compagnies”) and even “ces compagnies d’assurances sur la propriété” (these property insurance companies) and how they would have an economic incentive to cooperate with each other in settling disputes between their consumers and compensating them for lost property or violated liberty. He gives as an example how they might set up “facilités mutuelles” (joint or shared offices) in order to keep their costs down. It is at this moment that society as a great mutual insurance company stops being metaphorical and, and least in Molinari’s mind, becomes a literal possibility to solve the problem of government.

However, Molinari did not believe it was the economist's job here or in any other area of economic activity to specify in advance exactly how goods and services would be provided at some time in the future, how many companies might be set up to supply these services, at what prices these goods and services would be traded, and so on. The only things an economist needed to know is whether or not there is a demand for a good or service, whether or not there are people willing to supply this good or service at a given price, and if there are no legal impediments to these two parties coming together to trade with each other; then the economist can say with some certainty that markets will evolve to satisfy this demand:

Cela ne regarde pas les économistes. 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.

That does not concern the Economists. Political economy [p. 329] can say: *if such a need exists*, it will be satisfied and done better in a regime of full freedom than under any other. There is no exception to this rule. As to how this industry will be organized, what its technical procedures will be, that is something which political economy cannot tell us.

[Source:]²⁶⁷

This is of course a true statement about many if not most economic activities. As he was writing these very lines Molinari was witnessing the dramatic transformation of shopping in Paris with the emergence of the department store. No economist could have imagined how this new invention of the competitive market for the sale of consumer goods would transform cities like Paris. An entrepreneur named Aristide Boucicaut founded the first department store named appropriately enough, “Le Bon Marché” (the cheap or low cost market),²⁶⁸ in Paris in 1838 which was rapidly evolving into its modern form in the late 1840s and early 1850s with its individual “departments” (or shops within a shop) selling a vast range of goods under one roof, at fixed prices, and offering the customer exchanges or

²⁶⁷ S11, p. 274.

²⁶⁸ The phrase “un gouvernement à bon marché” (a cheap or bargain priced government) was later adopted by Molinari to describe the kind of government he wanted to see. The phrase is used in S11, p. 258 and dozens of times in *Cours d'économie politique* (1855, 1863) in relation to government services.

refunds for unwanted purchases.²⁶⁹ Just as this new phenomenon had emerged unplanned and unanticipated out of the competitive market place for consumer goods, so Molinari imagined a similar new market would emerge for the buying and selling of security services in ways unimagined by economists. Whether such a market could arise was, of course untested, but Molinari was confident it would and, if fact was so confident, that he made a very bold prediction in S11 about how long a transition period was needed for this to occur, which only confirmed in his critics minds that he was a bold and daring utopian thinker:

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.

Therefore, I maintain that if a community were to announce that after a given delay, say perhaps a year, it would give up financing the pay of judges, soldiers and policemen, at the end of the year that community would not possess any fewer courts and governments ready to function; and I would add that if, under this new regime, each person kept the right to engage freely in these two industries and to buy their services freely from them, security would be generated as economically and as well as possible.

[Source:]²⁷⁰

THE DEBATE ABOUT THE PRODUCTION OF SECURITY IN THE SEP (OCT. 1849)

Molinari caused a furore in the Political Economy Society when he published “The Production of Security” and *Les Soirées*. In the article the editor of the JDE Joseph Garnier took the very unusual step of publishing a warning to readers about Molinari’s radicalism in a footnote. This was a harbinger of what was to come when the Political Economy Society discussed *Les Soirées* at its October meeting.

Rien que cet article puisse paraître empreint | Although this article may bear the imprint of

²⁶⁹ Bastiat was so taken by the phrase “le bon marché” he used it as one of the slogans on the banner of the Association for Free Trade’s magazine *Le Libre-Échange* which began in November 1846. He and Molinari also used it at the head of their street magazine *Jacques Bonhomme* in June 1848.

²⁷⁰ S11, p. 274-75.

[Source:]²⁷¹

At their regular monthly meeting on October 10 the members of the Société d'économie politique debated Molinari's ideas about competitive governments which he had set forth in these publications. Present at the discussion were Horace Say (chairman), Charles Coquelin, Frédéric Bastiat, M. de Parieu, Louis Wolowski, Charles Dunoyer, M. Sainte-Beuve (MP for L'Oise), M. Lopès-Dubec (MP for La Gironde), M. Rodet, and M. Raudot (MP for Saône-et-Loire). Molinari was notable for his absence, which is probably understandable.²⁷² The reaction to Molinari's ideas was universally hostile with Dunoyer arguing that Molinari "s'est laissé égarer par des illusions de logique" (has allowed himself to be carried away by delusions of logic).

Coquelin, who was to write a very critical review in the *JDE* the following month, led off the discussion with the observation that in the absence of a "supreme authority" such as the state justice would have no sanction and thus the beneficial effects of competition could not be felt throughout the economy. In other words "Au-dessous de l'Etat, la concurrence est possible et féconde; au-dessus, elle est impossible à appliquer et même à concevoir" (beneath/below the state competition is possible and productive; above the state it is impossible to be put into practice and even to conceive). Bastiat followed Coquelin with a statement about his own views for a state which was strictly limited to guaranteeing justice and security. Since this required force to accomplish and since force could only be the attribute of a supreme power, he could not understand how a society could function if supreme power was split among numerous groups which were all equal to each other. Furthermore, given the current dangerous political climate where socialist ideas were rampant Bastiat was concerned that to argue that the state should only have one function, namely to guarantee security, might provide the socialists with "a useful and effective" piece of propaganda in the current circumstances. Dunoyer wrapped up the discussion on the function of the state by

²⁷¹ Joseph Garnier, introductory footnote to Molinari's essay "De la production de la sécurité," *JDE*, T. 22, no. 95, 15 February 1849, p. 277.

²⁷² *Les Soirées* was discussed by the Political Economy Society at its "Séance du 10 octobre 1849." A report was published in *JDE*, T. 24, No. 103, 15 October 1849, "Chronique," pp. 315-16. This was followed in November by a critical review by Coquelin in the *JDE*.

observing that to allow competition between private companies providing government services would lead to “des luttes violentes” (violent battles). He concluded that therefore it would be better to leave the exercise of force where history had placed it, namely in the hands of the state. There was, he argued, already “véritable concurrence” (genuine competition) in politics in the form of the jostling for power by representative bodies who sought control of the government by offering their services to voters who exercised “real choice” (qui choisit bien réellement) every time they voted.

The consensus view was summed up by Coquelin in his review of *Les Soirées* the following month in the JDE where Coquelin objected to the fact that Molinari put into the mouth of “the Economist” views about the private provision of security which no other economist held.²⁷³ This is certainly true and it probably embarrassed the other political economists. The result was that none of his friends or colleagues took up any of his ideas, leaving Molinari as the sole advocate of these ideas for the rest of the century.

THE PRODUCTION OF SECURITY IN THE COURS D'ÉCONOMIE POLITIQUE (1855, 1863)

In spite of his colleagues' criticism and his intellectual isolation on this topic, Molinari continued to work on these ideas for at least the next 30 years. He developed them much more fully in two later works which should be briefly mentioned at this point, the treatise based upon his lectures at the *Athénée royal* in Paris, the *Cours d'économie politique*, which he began in late 1847 and completed after he had moved to Brussels in 1852 and was teaching again, this time at the *Musée royale de l'industrie belge*; and the second volume of his work on the historical sociology and economics of the State which appeared in 1884, *L'Évolution politique et la Révolution*. In a 100 page final section of the *Cours d'économie politique* dealing with “Consumption” Molinari develops his ideas on the nature of plunder, coerced

²⁷³ Charles Coquelin reviewed *Les Soirées* in November 1849. See, [Unsigned], *Compte-rendu par M. CH. C. [Coquelin], “Les Soirées de la rue Saint-Lazare, Entretiens sur les lois économiques et défense de la propriété, JDE, T. 24, N° 104, 15 novembre 1849, pp. 364-72.*

labour such as slavery, the wastefulness of government spending and monopolies, the private provision of public goods, the proper functions of government in the era of competition, and a restatement of the benefits of what he now calls “concurrence politique” (political competition, or competing governments).²⁷⁴ The idea of insurance companies providing security services to clients in S11 has been expanded into a more generalized economic theory of the state, how it provides all kinds of services, not just security services, and how this evolves over time towards the future era of competition in which the private and competitive provision of all so-called “public goods” has become the norm. The important insight Molinari had, with interesting similarities to the Public Choice approach to understanding politics, was to treat the state in the same way he would treat a firm or a company, that the people who owned or ran the firm had goals which they wanted to achieve with limited resources, that they responded to changing relative costs and benefits, and that they had to adjust to technological and other systemic changes. The terminology Molinari used to describe the state is quite instructive. The following is a sample: “les entreprises gouvernementales” (government enterprises),²⁷⁵ “l’industrie du gouvernement” (the industry of government),²⁷⁶ and “une vaste entreprise, exerçant des industries et des fonctions multiples et disparates” (a vast enterprise which carried out multiple and various enterprises)²⁷⁷. he would use very similar language in a later work *L’Évolution politique* (1884) such as “les entreprises politiques” (political enterprises)²⁷⁸ and “ateliers de production de la sécurité” (workshops which produced security).²⁷⁹ In this later work he was even working on a public choice-like notion of “le marché politique” (the political marketplace) in which politicians bought and sold favours in order to get or to stay in power.²⁸⁰

²⁷⁴ *Cours*, vol. 2, Quatrième partie: De la consommation. Onzième leçon, “Le revenu. La consommation utile et la consommation nuisible,” pp. 427-79; Douzième leçon, “Les consommations publiques,” pp. 480-534.

²⁷⁵ *Cours*, vol. 2, p. 761.

²⁷⁶ *Cours*, vol. 2, p. 63.

²⁷⁷ *Cours*, vol. 2, pp. 760-61.

²⁷⁸ *Évolution politique*, 13 usages in the book.

²⁷⁹ *Évolution politique*, p. 453.

²⁸⁰ *Évolution politique*, pp. 123, 297, 346

The difference between the state treated in this economic fashion and a firm was that the state had access to coercive powers which were denied most firms, except for those “rent-seeking” firms which could get government privileges or monopolies of some kind. Nevertheless, Molinari thought it was very important to use economics to analyse the operation of the state, especially the “anti-économique” (acted contrary to economic laws) aspects of state activity which led to waste, corruption, and the poor provision of services like security. It was a mistake he thought to exempt the state from the economists’ scrutiny:

L'échec désastreux de toutes les tentatives qui ont été faites pour améliorer les services publics, tant sous le rapport de leur production que sous celui de leur distribution, sans avoir égard aux lois économiques qui président à la production et à la distribution des autres services, démontre suffisamment, croyons-nous, que l'on se trompait en plaçant ainsi les gouvernements dans une région inaccessible à l'économie politique. Science de l'utile, l'économie politique est seule compétente, au contraire, pour déterminer les conditions dans lesquelles doivent être établies toutes les entreprises, aussi bien celles que les gouvernements accaparent que celles qui sont abandonnées à l'activité privée.

The disastrous failure of all the attempts which have been made to improve public services, just as much with regard to their production as with their distribution, without having any consideration for the economic laws which govern the production and distribution of other services, clearly demonstrates in our view that one deceives oneself by putting governments beyond the reach of political economy. Political economy, as the science of what is useful, is alone competent to determine the conditions in which all enterprises ought to be established, just as much for those enterprises monopolized by the government, as those which are left to private activity.

Du moment où l'on restitue à l'économie politique cette partie essentielle de son domaine, sans se laisser arrêter davantage par un préjugé trop respectueux pour des puissances que la crainte des uns, l'orgueil des autres, avaient divinisées, la solution du problème d'un gouvernement utile devient non seulement possible mais encore facile. Il suffit de rechercher, en premier lieu, si les entreprises gouvernementales sont constituées conformément aux lois économiques qui président à la constitution de toutes les autres entreprises, quelle que soit la nature particulière de chacune, en second lieu, comment, dans la négative, on peut les y conformer.

From the moment when this essential part of its domain has been restored to political economy, without allowing it (this process) to be halted by any prejudice which is too respectful towards the powers (of the state) which the fear of some and the pride of others have deified, the solution to the problem of a useful government become not only possible but even easy. In the first place, it is sufficient to discover if the government enterprises are constituted in conformity with the economic laws which govern all other enterprises, whatever the particular nature of each one may be, and in the second place, if this is not the case, how one could make them conform to them (economic laws).

[Source:]²⁸¹

What Molinari is doing here is similar to what Douglas C. North did in the 1970s with his history of the emergence of political institutions from an economic perspective.²⁸² Political and religious leaders as well as other producers and consumers make decisions based upon the economic and political options which are available to them, and these options are limited by things such as the extent of the division of labour, the depth and breath of the market, the productivity of economic activity at that time, and the amount of surplus they can extract from the workers and taxpayers. As these things change over time, especially as technological change introduces new possibilities for economic activity, institutions change in order to take advantage of them.

He continued to develop his theory of the production of security in the *Cours* along the following lines: that as economies and trade became more complex there would be greater division of labour in the security industry; he further developed the idea of “nuisance” (harm) which was caused by accidents (like fire or floods) or by theft or fraud, or what might also be called torts, which he thought insurance companies would be especially good at “policing”; that governments could be seen

²⁸¹ *Cours*, vol. 2, pp. 759-60 Pages

²⁸² Douglass C. North and Robert Paul Thomas, *The Rise of the Western World: A New Economic History* (Cambridge University Press, 1973).

as another way in which risk to individuals and businesses arising from theft or fraud could be managed and reduced with benefits for society as a whole; and that the growing complexity of the market would result in innovative security firms creating new types of law (“une justice ad hoc”) in order to offer new forms of protection for persons and property. (See below for further discussion of this idea.) Most importantly, he developed a list of reasons why the monopoly provision of security by the state was more costly and less efficient than private companies, all of which were based upon his theory of the natural laws of political economy and how the state violated them.

The first reason he gave was that government monopolies tended to overproduce goods or services beyond the needs of the consumers because, in the absence of prices and freely negotiated contracts, the government monopoly did not know how much production is optimal. Molinari thought that defence was an excellent example of this tendency to overproduce a good or service:

La production de la sécurité est l'une de celles où l'on peut observer, le plus fréquemment, ce développement parasite, où il présente, en même temps, le caractère le plus anti-économique.

The production of security is the example of this parasitical development which is most frequently observed, and where at the same time it demonstrates the most anti-economic character. [p. 153]

[Source:]²⁸³

A second reason was that government had become too big and complex, and was active in too many fields to be expert in all of them. This also suggests he had an inkling of Hayek's problem of knowledge which was faced by monopolists and central planners in the absence of adequate information provided to planners by the wishes of consumers and suppliers by means of price signals. Molinari thought that running a very large government supplier of any good or service was like chasing too many hares at once (“chasser plusieurs lièvres à la fois”):

²⁸³ *Cours*, vol. 2, p. 153.

Or qu'est-ce qu'un gouvernement sinon une vaste entreprise, exerçant des industries et des fonctions multiples et disparates? Au point de vue des lois de l'unité des opérations et de la division du travail, un gouvernement qui entreprend la production de la sécurité et de l'enseignement, le transport des lettres et des dépêches télégraphiques, la construction et l'exploitation des chemins de fer, la fabrication des monnaies, etc., n'est-il pas un véritable monstre?

Now what is the government if not a huge enterprise which carries out multiple and disparate industries and functions? From the perspective of the laws of the unity of operations and the division of labour, isn't a government which undertakes the production of security and of education, the carrying of letters and telegrams, the construction and operation of the railways, the minting of money, etc. a veritable monster?

[Source:]²⁸⁴

A final reason he gave was that firms had a natural size limit (la loi des limites naturelles) beyond which they could not operate effectively. In an insight that suggests thinking along the lines of Ronald Coase's theory of the firm, Molinari gave as an example the dream of some rulers to build "la monarchie universelle" which would govern huge territories, with millions of people, and supplying them with myriads of services. Molinari thought that the market should determine the optimal size of firms which would best be able to satisfy the needs of its consumers as well as make a profit for its owners:

Comment d'ailleurs des gouvernements qui exercent plusieurs industries ou plusieurs fonctions se conformeraient-ils à la loi des limites naturelles? Chaque industrie a les siennes, et telle limite qui est utile pour la production de la sécurité cesse de l'être pour celle de l'enseignement. Cela étant, un gouvernement ne peut évidemment observer une loi qui lui imposerait autant de limites différentes qu'il exerce d'industries ou de fonctions.

By the way, how could governments which carry out many industries or many functions conform to the law of natural limits (to the size of enterprises)? Each industry has its limits, and such a limit which is useful for the production of security ceases to be (the limit) for that of education. That being so, a government evidently cannot observe a law which imposes upon it as many different limits as the number of industries or functions which it carries out.

[Source:]²⁸⁵

²⁸⁴ *Cours*, vol. 2, p. 760-61..

²⁸⁵ *Cours*, vol. 2, p. 761.

Molinari summed up his objections to the “anti-economic” nature of government activity with a list of four acts of government “sinning” against or violating the natural laws of political economy:

I. Les gouvernements pèchent visiblement contre les lois de l'unité des opérations et de la division du travail.	I. Governments visibly sin against (violate) the laws of the unity of operations and the division of labour.
II. Les gouvernements ne pèchent pas moins contre la loi des limites naturelles.	II. Governments sin no less against the law of natural limits (to their size).
III. Les gouvernements pèchent contre la loi de la concurrence.	III. Governments sin against the law of competition.
IV. Les gouvernements pèchent, enfin, dans la distribution de leurs services, contre les principes de la spécialité et de la liberté des échanges. [p. 759]	IV. Finally, governments sin against the principles of specialization and free trade.

[Source:]²⁸⁶

In an article he wrote a few years later in Brussels Molinari explained the considerable failings of the Belgian police in apprehending criminals and providing cheap justice to its citizens was a result of the inherent contradictions which existed in any monopoly, its indifference to its “customers”, and its general non-market approach to the provision of security services.²⁸⁷ He was still railing against the economic inefficiency of government monopoly police services in the 1890s which he described as “le plus arrière de tous” (the most backward of them all) and modern governments in general as “monsters”:

²⁸⁶ *Cours*, vol. 2, p. 759 Pages

²⁸⁷ Gustave de Molinari, “De l’administration de la Justice,” *L’Économiste belge*, 5 juin 1855, n°. 11, pp.1-3.

En revanche, le service non moins nécessaire de la sécurité intérieure, qui se trouve entièrement à l'abri de la concurrence, est le plus arriéré de tous. La justice n'a pas cessé d'être coûteuse, lente et incertaine, la police insuffisante et vexatoire, la pénalité tantôt excessive et tantôt trop faible, le système pénitentiaire plus propre à développer la criminalité qu'à la restreindre. Comment en serait-il autrement? Comment les fonctions naturelles des gouvernements ne souffriraient-elles pas de l'accroissement incessant de leurs fonctions parasites ? Quelle entreprise particulière pourrait subsister si elle était constituée et gérée comme un gouvernement, et accaparerait, à son exemple, des industries multiples et disparates ? Au point de vue économique, les gouvernements modernes sont-ils autre chose que des « monstres » ?

On the other hand, the no less necessary service of internal security, which is completely protected from any competition, is the most backward of them all (government services). Justice is still costly, slow, and uncertain; the police are inadequate and persecutory; penalties are sometimes excessive and at other times too weak; and the prison system is more suited to developing criminality than controlling it. How could it be otherwise? Why wouldn't the natural functions of government suffer from the incessant expansion of their parasitic functions? What individual enterprise could survive if it were structured and run like a government and, following its example, monopolized multiple and disparate industries? From the economic point of view, aren't modern governments nothing more than "monsters"?

[Source:]²⁸⁸

THE PRODUCTION OF SECURITY IN L'ÉVOLUTION POLITIQUE (1884)

Some 35 years after the appearance of the original article “La Production de la sécurité” in February 1849 Molinari was still defending this idea in 1884, although occasionally putting the title in quotation marks as if to distance himself a little bit from it. He still talks about producers and consumers of security, about the greater economic efficiency and lower costs of free market alternatives to government, and the need for governments to obey the economic principles which govern all enterprises, especially living within its means and paying its debts. Only then, Molinari thought, could governments avoid becoming what J.B. Say described as “les ulcères des nations” (the ulcers of nations).²⁸⁹ The changes he introduced in this later work were the following: he changed the name of the final end which he

²⁸⁸ Gustave de Molinari, *Comment se résoudra la question sociale* (Paris: Guillaumin, 1896), “La Révolution silencieuse,” p. 338.

²⁸⁹ *Évolution politique*, p. 333 Pages

was seeking to achieve “la liberté de government” (the liberty of government)²⁹⁰ which made a clear reference to the early movement for “la liberté des échanges” (free trade); a new discussion on how law might evolve and change to meet the needs of a growing economy; and a very interesting discussion prompted by the American Civil War (the War of Secession) on the right to secession by states or the right of an individual to opt out of government provided security services if he thought that they were unsatisfactory or “abusive” in some way.²⁹¹ Surprisingly, he was a little coy in his answer to this problem as he seemed to admit an exception to the right to opt out if there was a pressing “l'intérêt général” (general interest, or social need) such as the aftermath of an unsuccessful war “la suite d'une guerre malheureuse” (perhaps like France's loss to Prussia in 1870 which would still have been fresh in his memory). However, he thought that the reasons for maintaining the integrity of “le marché politique” (the political market) were diminishing as people became wealthier and more diverse as international trade expanded. The integrity of states had already been challenged and some secessionist movements had succeeded (like Latin America in the 1820s) and he thought this process was most likely to continue in the future.

CONCLUSION: IS MOLINARI A REAL ANARCHO-CAPITALIST?

It appears that Molinari's anarcho-capitalism was only half formed in S11, if we compare it to the theories which were emerging in the U.S. in the 1970s and later. Here he deals exclusively with the “production of security,” that is the supply of resources needed to provide the police and gendarmerie necessary to protect property and deter crime, the police and detectives needed to investigate crimes against property and person, and the institutional arrangements among insurance companies to compensate victims of crimes for their losses. He says nothing about the other side of the equation, “la production de la loi” (the production of law) or “la liberté du tribunal” (the liberty of courts), which would be the development of

²⁹⁰ This is described in some detail in Chap. X “Les gouvernements de l'avenir” (governments in the future), *Évolution politique*, pp. 347-51.

²⁹¹ *Évolution politique*, pp. 345-56 Pages

the legal structure used to determine what is a crime, how it should be prosecuted, and what suitable punishment or recompense is required for the sake of justice. We know he was aware of Adam Smith's story about the fees of court but he does not pursue the matter in any detail, such as how a voluntary, market-driven system of private courts might create law through precedent and commonly agreed upon legal norms and practices. Although Bastiat did come up with the phrase "la grande fabrique de lois" (the great law factory)²⁹² which might have been suitable to describe this private production of law, it was in fact coined to denounce the French Chamber of Deputies as a factory which produced legal and economic privileges for well connected members of the ruling elite and their allies, very much along the lines depicted in the wonderful Daumier cartoon of Louis Philippe as Gargantua sitting on his throne-like commode which he drew in 1831.²⁹³ This is definitely not the kind of "production of laws" Molinari would have had in mind.

²⁹² Bastiat uses the phrase "la grande fabrique de lois" in WSWNS, VII "Restrictions" [p. 3187 French]. If Molinari thought of the production of law as he did other monopolised industries which he wished to see deregulated he might have described the industry as "la production de la loi" (the production of laws) with "entrepreneurs du tribunal" (entrepreneurs in the court business) who enjoyed "la liberté du tribunal" (the liberty of courts, or free courts).

²⁹³ Roger Passeron, *Daumier* (Secaucus, N.J.: Popular Books, 1981). p. 66.

Illustration: Honoré Daumier's cartoon "Gargantua" (1831)



Honoré Daumier, "Gargantua" (1831)

Molinari did not broach the subject of how law evolves until the *Cours d'économie politique*. He recognized that in "l'ère de la concurrence" (the era of competition) as he called the future fully deregulated laissez-faire society where security was provided by the market, the law would adapt in order to meet the needs of a rapidly growing economy which was undergoing technological change and globalization of markets. As new kinds of property emerged new means would be required to protect it from force, fraud, or loss. He talks about the multiplication and diversification of new legal "appareils" (devices, apparatus) which would spring up to solve disputes ("contestations continues") involving property rights. He describes this legal process of dispute resolution "une justice ad hoc" (ad hoc

justice) which he does not describe in any detail but which suggests a kind of common or customary law developed by the parties involved in disputes.

Dans la phase de la concurrence, où nous commençons à nous engager, elles subissent de nouvelles modifications en plus et en moins. Dans cette phase, les sociétés, croissant rapidement en nombre et en richesse, ont besoin par là même d'une sécurité plus parfaite, mieux assise et plus étendue. Pour faire naître et maintenir l'ordre au sein d'une multitude d'intérêts incessamment en contact, il faut à la fois une justice plus exacte et une puissance plus grande pour la faire observer. En outre, les propriétés se multipliant et se diversifiant à l'infini, il faut multiplier et diversifier les appareils qui servent à les défendre. La production des inventions et la production littéraire, par exemple, donnent naissance, en se développant, à un nombre considérable de propriétés d'une espèce particulière, dont les limites soit dans l'espace soit dans le temps, engendrent des contestations continues. Il faut pour résoudre ces questions litigieuses une justice ad hoc. En d'autres termes, la justice devra s'étendre et se diversifier en raison de l'extension et de la diversification du débouché que l'accroissement et la multiplication de toutes les branches de la richesse ouvrent à la fraude et à l'injustice. Enfin, la sécurité doit s'allonger, pour ainsi dire, dans l'espace et dans le temps.

In the era of competition which we are now beginning to enter, (societies) undergo new modifications to a greater or lesser extent. In this era, societies which are growing rapidly in number and in wealth, therefore need security which is more perfect, better founded, and more extensive. In order to give rise to and maintain order at the heart of a multitude of interests which are constantly in contact with each other, it is necessary to have both justice which is more precise and a power which is greater in order to enforce it. Furthermore, as property is multiplying and diversifying endlessly it is necessary to multiply and diversify the structures/organisations (appareils) which are used to protect them. The production of inventions and literature for example give rise in the process of their development to a considerable number of properties of particular kinds whose extent, whether in space or time, give rise to continual disputes. It is necessary in order to resolve these legal questions to have a kind of ad hoc justice. In other words, justice ought to be extended and diversified because of the extension and diversification of the market which the growth and the multiplication of all kinds of wealth open up to fraud and injustice. Finally, security ought to be, so to speak, extended in both space and time.

[Source:]²⁹⁴

In *Évolution politique* (1884) in a chapter on “Évolution et révolution “ Molinari generalizes this insight further to argue that no matter what state of economic and political development a society might be in, whether the communitarian, monopoly, or competitive phase or régime, legal and political institutions evolve in

²⁹⁴ *Cours*, p. 746 Pages

order to achieve “concordance” or equilibrium between them and the level of complexity of the economy in that stage of development (such as the extent of the division of labour and the size and scope of trading relationships). In a very Spencerian way of arguing²⁹⁵ he observed:

Les institutions qui régissent les sociétés sont le produit d'une série d'inventions et de découvertes, c'est-à-dire d'une industrie particulière, laquelle apparaît et se développe, comme toute autre industrie, lorsque le besoin et, par conséquent, la demande de ses produits ou de ses services viennent à naître et à grandir. On trouve profit alors, — soit que l'on ait en vue une rétribution matérielle ou simplement morale, — à découvrir ou à inventer les institutions et les lois qui répondent à ce besoin. Ce travail se poursuit jusqu'à ce que la société, — troupeau, tribu ou nation, — soit pourvue de l'ensemble d'institutions et de lois qui sont ou qui lui paraissent le mieux adaptées à sa nature et à ses conditions d'existence. Lorsque ce résultat est atteint, lorsque la machinery du gouvernement approprié à la société est achevée, la production des inventions et découvertes politiques et économiques, après s'être ralentie, finit par s'arrêter. Cependant ce ralentissement et cet arrêt ne sont que temporaires, car chaque fois que les éléments et les conditions d'existence de la société viennent à se modifier, il devient nécessaire de modifier aussi ses institutions et ses lois, de manière à les mettre en concordance avec le nouvel état des hommes et des choses.

The institutions which govern societies are the product of a series of inventions and discoveries, that is to say, of a particular industry which appears and develops like any other industry, when the need for, and thus the demand for its products or services arise and grow. Profits can be then found, whether one has in mind material or simply moral rewards, in discovering or in inventing institutions and laws which respond to this need. This work is pursued until society - whether a band, a tribe, or a people - is provided with the ensemble of institutions and laws which are or appear to be the best adapted to its nature and to its conditions of existence. When this result has been achieved, when the machinery of government appropriate to (that) society has been achieved, the production of political and economic inventions and discoveries comes to an end. However, this slowing and stopping are only temporary, because each time that the elements and conditions of existence of society are modified it becomes necessary to also modify its institutions and laws in such a way as to bring them into concordance with the new state of mankind and of (material) things.

[Source:]²⁹⁶

So it seems that he had both components of the anarcho-capitalist position developed to some degree by 1855, the idea that private companies operating in a

²⁹⁵ Several books by Spencer's were reviewed in JDE, but there is no evidence either man was aware of what the other was doing and they did not refer to each other at all.

²⁹⁶ *Évolution politique*, CHAPITRE VIII. Évolution et révolution pp. 220 Pages

free market could supply protection services more cheaply and efficiently than a state monopoly, and that law too could evolve in order to solve disputes about property and violence. After the negative reaction he got to his ideas from his colleagues in the Political Economy Society in October 1849 it is not surprising that he might have become a bit more circumspect in the outright advocacy of his position by hiding behind the idea that this was an “hypothesis” being put forward by “un économiste radical, un rêveur” (a radical economist, a dreamer).²⁹⁷ This seems to be the case in a story he tells towards the end of the *Cours* about a grocer who enjoyed a monopoly in his village at a time when the economy as a whole was moving towards open and free competition in all areas of business activity, including the grocery business.²⁹⁸ Most of the villagers, and the grocer too of course, believed in “quelque antique superstition” (some ancient superstition) that groceries could only be supplied by a monopoly and that their supply of groceries would break down if the business were to be opened up to competition. Molinari then proceeds to show how the villagers are mistaken, how free and open competition by grocers would lead to greater variety in the choice of food, lower prices, and even more work for people in the grocery business. He is clearly playing a game with the reader here as he knows full well that this is exactly the argument his critiques in the Political Economy Society made when they criticised his ideas in October 1848 when they wanted to know what a “market in security services” would look like in detail. His reply then and here was that no economist could say anything specific about what a future market might look like other than extrapolate from present practices and what they know about human economic behaviour. In this passage Molinari asks the reader to “poursuivons jusqu’au bout notre hypothèse” (follow us to the end of our hypothesis) and reaches the following conclusions about the benefits of competition in all things:

l’on découvrira, non sans surprise, qu’il n’est pas vrai, ainsi que les monopoleurs s’étaient appliqués à le faire croire, le croyant du reste aux mêmes, que le monopole soit la forme	One will discover, not without some surprise, that it is not true, as the monopolists have attempted to make us believe and as they themselves moreover believe, that monopoly is
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²⁹⁷ Molinari used a similar rhetorical device to disarm criticism in “De la production de la sécurité” at the beginning of Section X before he began arguing his main point. He asked his readers “Qu'on nous permette maintenant de formuler une simple hypothèse” (Please permit me now to put forward a simple hypothesis), PdS, Section X, p. 287.

²⁹⁸ *Cours*, vol. 2, pp. 510-14. original

l'on découvrira, non sans surprise, qu'il n'est pas vrai, ainsi que les monopoleurs s'étaient appliqués à le faire croire, le croyant du reste eux-mêmes, que le monopole soit la forme nécessaire et providentielle du commerce de l'épicerie. En conséquence, au lieu de poursuivre l'œuvre impossible d'une meilleure "organisation" de ce monopole, on travaillera à le démolir, en faisant passer successivement les différentes branches de commerce qui s'y trouvent agglomérées, dans le domaine de la concurrence. Cette agglomération contre nature étant dissoute, chaque branche devenue libre pourra se développer dans ses conditions normales, en proportion des besoins du marché, et la société débarrassée d'un monopole qui la retardait et l'épuisait croîtra plus rapidement en nombre et en richesse.

C'est là l'histoire des gouvernements depuis que la société a commencé à passer de la phase du monopole dans celle de la concurrence.

[Source:]²⁹⁹

Including of course "la production des services publics" (the production of public services) like security and other public goods.

Twenty years later he was still putting forward much the same "hypothesis" in an essay he published in the JDE in 1904 asking "Où est l'utopie?" (Where is Utopia?) which suggests his radicalism had barely weakened over the years and that his vision of a completely free market in everything operating everywhere was still with him. When compared to the future which he thought lay in store if the current regime of protectionism, statism, and militarism continued to expand, or to the future proposed by the socialist parties of government planning and regulation of the economy and society in general, then his liberal utopia did not seem any more utopian than theirs did:

One will discover, not without some surprise, that it is not true, as the monopolists have attempted to make us believe and as they themselves moreover believe, that monopoly is the necessary and god-given form for the grocery business. Consequently, instead of pursuing the impossible task of finding a better "organisation" of this monopoly we will work to destroy it, by progressively making the different branches of the (grocery) business which have been amalgamated together pass into the domain of free competition. Once this unnatural amalgamation/agglomeration has been dissolved, once each branch has become free, it will be able to develop under its normal conditions, in proportion to the needs of the market, and once society has got rid of a monopoly which was holding it back and exhausting it, it will grow more rapidly in number and in size.

There (in a nutshell) is the history of governments since society began to pass from the era of monopoly to that of competition.

²⁹⁹ *Évolution pol.*, pp. 514-5 original

Faisons maintenant une hypothèse. Supposons que cette action de la concurrence puisse, un jour, s'opérer sans obstacles sur toute la surface du globe et dans toutes les branches de l'activité humaine ; que tous les marchés, maintenant encore séparés par des barrières naturelles ou artificielles, ne forment plus qu'un seul et vaste marché ...

Nous convenons volontiers que cette hypothèse peut sembler chimérique, mais lorsque nous considérons l'avenir que nous prépare le régime protectionniste, étatiste et militariste actuellement en vigueur dans toute l'étendue du monde civilisé, et celui par lequel le socialisme se propose de le remplacer, nous nous demandons si cet avenir ne serait point par hasard encore plus utopique que le nôtre.

Let me now put forward a hypothesis. Let us suppose that one day this process of competition is operating across the entire surface of the globe and in all areas of human activity without any obstacles in its way; that all the markets which are currently separated by natural or artificial barriers now make up one single vast market ...

We readily agree that this hypothesis might seem fanciful, but when we consider the future being prepared for us by the protectionist, statist, and militarist regime which is at present in power throughout the entire civilised world, and that which the socialists plan to put in its place, we have to ask ourselves if this future wouldn't end up being even more utopian than ours.

[Source:]³⁰⁰

It was at moments like this that Molinari liked to remind his readers of Adam Smith's pessimism in 1776 about the chances of free trade being introduced in Britain against the prejudices of the general public and the powerful self-interest of politically well connected lobby groups who benefited from protection. In spite of these obstacles the Corn Laws were repealed some 70 years later:

To expect, indeed, that the freedom of trade should ever be entirely restored in Great Britain, is as absurd as to expect that an *Oceana* or *Utopia* should ever be established in it. Not only the prejudices of the public, but what is much more unconquerable, the private interests of many individuals, irresistibly oppose it. Were the officers of the army to oppose with the same zeal and unanimity any reduction in the number of forces, with which master manufacturers set themselves against every law that is likely to increase the number of their rivals in the home market; were the former to animate their soldiers, in the same manner as the latter enflame their workmen, to attack with violence and outrage the proposers of any such regulation; to attempt to reduce the army would be as dangerous as it has now become to attempt to diminish in any respect the monopoly which our manufacturers have obtained against us. This monopoly has so much increased the number of some

³⁰⁰ "Où est l'Utopie?" *Questions économiques* (1906), pp.377-80

particular tribes of them, that, like an overgrown standing army, they have become formidable to the government, and upon many [436] occasions intimidate the legislature. The member of parliament who supports every proposal for strengthening this monopoly, is sure to acquire not only the reputation of understanding trade, but great popularity and influence with an order of men whose numbers and wealth render them of great importance. If he opposes them, on the contrary, and still more if he has authority enough to be able to thwart them, neither the most acknowledged probity, nor the highest rank, nor the greatest public services, can protect him from the most infamous abuse and detraction, from personal insults, nor sometimes from real danger, arising from the insolent outrage of furious and disappointed monopolists.³⁰¹

If the powerful and entrenched interests which had benefited from mercantilism and tariff protection could be overcome only 70 years after Smith wrote these despairing lines, in 1846 when Cobden and the Anti-Corn Law League were successful in having the lynch pin of the protectionist regime repealed, then perhaps Molinari likewise might have thought that his dream of a society based upon competitive markets in everything could be achieved in an other 70 years after he wrote his essay “Where is Utopia?” in 1904. That would mean he might have expected to have seen a new Cobden or a new Bastiat emerge at the head of an “Association pour la liberté de gouvernement” (the Association for Freedom of Government) sometime in 1974. His calculations are obviously incorrect, but he was partly right in that it was in the late 1960s and early 1970s that a new generation of libertarians in the United States rediscovered his ideas and began to discuss them in earnest.

³⁰¹ Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* by Adam Smith, edited with an Introduction, Notes, Marginal Summary and an Enlarged Index by Edwin Cannan (London: Methuen, 1904). Vol. 1, Book IV, Chap. II: Of Restraints upon the Importation from foreign Countries of such goods as can be produced at home <http://oll.libertyfund.org/titles/237#Smith_0206-01_1149>.

Molinari on Some Other Economic Matters

LABOUR UNIONS, LABOUR EXCHANGES, AND LABOUR MERCHANTS

Opening quote: “the worker is a merchant of labour”

Le travail est un produit de la force physique et de l'intelligence, c'est la denrée de l'ouvrier. L'ouvrier est un marchand de travail, et, comme tel, nous le répétons, il est intéressé à connaître les débouchés qui existent pour sa denrée et à savoir quelle est la situation des différents marchés de travail. [p. 129]

Work is a product of physical force and the mind. It is the good/commodity of the worker. The worker is a merchant of labour and, as such, we repeat/say again, he is interested in being conversant with the markets which exist for his good and in knowing about the situation in the various markets for labour.

[Source:]³⁰²

Molinari took a great interest in labour matters when he was a young journalist in the early 1840s. He thought the legal persecution of workers who tried to set up their own labour unions was unjust and he was inspired by the example of Stock Exchanges which he thought could be applied to the creation of Labour Exchanges to help workers find the best paying jobs.

Molinari supported the right of workers to form unions partly because he saw them as just another example of a voluntary association between free individuals to achieve shared goals, and partly because he objected to the unequal punishment meted out to labour unions vis-à-vis employers associations. Both were banned under the Civil Code but punishments were heavier and more often enforced against labour unions than employer associations.

French workers were regulated in two main areas. The first was the requirement to carry “livrets d’ouvriers” or workbooks which were inspected by the police, and the second was the ban on forming labour unions. The “livrets d’ouvriers” or workbooks were documents used by the police to regulate or

³⁰² “Aux Ouvriers” p. 129.

“domesticate the nomadism” of workers.³⁰³ Workers had to have them signed by the police or the mayor of the towns in which they worked and their employment details filled out by their employer. If they were found without the workbooks in their possession, workers could be imprisoned for vagrancy. The workbooks were introduced in 1781, were abolished during the Revolution, and then reinstated under Napoleon in 1803. Although they were often ignored in practice they were a significant regulation of labor and were not abolished until 1890.

Illustration: A Workers Passbook (1846)

Premier feuillet.
PRÉFECTURE DE POLICE.
 1^{re} DIVISION. — 4^e BUREAU. — 2^e SECTION.
Ouvriériste
 N^o *3824*
 Paris, ce *21* juillet 1846

Le sieur *Sauvart*
Edouard
 natif d
 tement *e la Belgique* départ-
 âgé de *26* ans; taille 1 mètre *72* cent.;
 cheveux et sourcils *châtres* front *ord*;
 yeux *bleus*; nez *ord*; bouche *mod*;
 menton *rond* visage *ovale*, teint *brun*;
 Signes particuliers
 demeurant à *Paris*
 rue *Charenton* N^o *91*
 après avoir justifié de son individualité par
 l'exhibition d *e son passeport* *français*

allant à Paris
Parq. 11 juillet 1846
Le Comm. ap. l'au
Ch. H. H. H.



Entre chez moi le
20. juillet 1846.

Le Vortu Libre De tout
engagement envers moi
Paris le 1 mai 1847
J. J. J. J.
39

A Worker's Passbook from 1846-47 showing stamps and comments by the police.

³⁰³ See “Livrets d’ouvriers” by “C.S.” in *DEP*, vol. 2, pp. 83-84.

The ban on forming labour unions dates back to the Chapelier Law of 1791 which became the basis for articles 414 and 415 of the Penal Code. The revolutionary lawyer and politician Jean Le Chapelier (1754-1794) introduced the “Le Chapelier Law” which was enacted on 14 June, 1791. The Assembly had abolished the privileged corporations of masters and occupations of the old regime in March and the Le Chapelier Law was designed to do the same thing to organizations of both entrepreneurs and their workers. The law effectively banned guilds and trade unions (as well as the right to strike) until the law was altered in 1864. Article 2 of the Le Chapelier Law stated that: “Citizens of the same occupation or profession, entrepreneurs, those who maintain open shop, workers, and journeymen of any craft whatsoever may not, when they are together, name either president, secretaries, or trustees, keep accounts, pass decrees or resolutions, or draft regulations concerning their alleged common interests.”³⁰⁴ Similar restrictions became part of the Civil Code, most notably articles 414 and 415 which stated:³⁰⁵

Art.414. Any coalition between those who give the workers employment, which is aimed at forcing down wages, unjustly and improperly, followed by an attempt at carrying this out or actually beginning to do so, will be punished by an imprisonment of from six days to a month, and a fine ranging from two hundred to three thousand francs.

Art.415. Any coalition, either attempted or initiated, on the part of the workers, which is aimed at bringing all work to a halt simultaneously, forbidding activity in a workshop, preventing people going there or staying there before or after certain hours, and in general, stopping, preventing or making production more expensive, will be punished by an imprisonment of at least one month and no more than three months. The ringleaders or instigators will be punished with an imprisonment of two to five years.

³⁰⁴ See, “The “Chapelier” Law. 14 June, 1791” in Stewart, *A Documentary Survey of the French Revolution*, pp. 165-66. In French: *Collection complète des lois, décrets ordonnances, réglemens et avis du Conseil d'État: de 1788 à 1824 inclusivement, par ordre chronologique: suivie d'une table analytique et raisonné des matières*, Volume 3, ed. J.B. Duvergier (Paris: A. Guyot et scribe, 1824), pp. 25-26.

³⁰⁵ A.J. Rogron, *Code pénal expliqué par ses motifs, par des exemples, par la jurisprudence* (Bruxelles: Société typographique belge, 1838), pp. 108-9.

Some of Molinari's earliest journalism concerned the problem of workers. In 1843 he wrote an article for *La Nation* on "Des Moyens d'améliorer le sort des classes laborieuses" (Means of improving the condition of the working classes) which stirred enough interest to be published in February 1844 as a separate pamphlet.³⁰⁶ This was followed in October and November with a series of articles on workers in the *Courrier français*. Molinari was attracted to "the condition of the working classes" because he thought that the Civil Code played favourites on the issue of legal associations of individuals. The law, based upon the Le Chapelier Law of June 1791 and Articles 414 and 415 of the French Penal Code, turned a blind eye to business owners associating in order to improve their economic situation but cracked down severely on workers who did the same thing. Molinari, on the other hand, saw unions as just another example of a voluntary association between free individuals to achieve common goals (see S6). This view was also shared by Bastiat who gave a speech in the Chamber of Deputies on 17 November, 1849 defending unions on these very grounds and that they should be protected under the law.³⁰⁷ In 1849 the law was slightly amended regarding articles 414, 415, and 416 in order to make them somewhat less unequal, but the civil penalties still remained in force.³⁰⁸

Molinari covered a test case in the courts for the *Courrier français* and followed it quite closely. He tells us some 52 years later that he had assisted the Parisian Carpenters Union in their trial in 1845. He does not say how he assisted them but he states that "in spite of the eloquent plea made on their behalf by M. Berryer the leaders of the union were condemned to 5 years in prison" for asking for a wage increase. He sadly notes that the crack down by the government on the workers and their unions provoked a reaction against the government and the principle of individual liberty:

³⁰⁶ "Des Moyens d'améliorer le sort des classes laborieuses" (Means of improving the condition of the working classes) in the journal *La Nation*, 23rd July, 1843. Then later as the pamphlet *Des Moyens d'améliorer le sort des classes laborieuses* (février 1844, éditions Amyot).

³⁰⁷ See, Bastiat, "Coalitions industrielles" (The Repression of Industrial Unions) in *Oeuvres complètes*, vol. 5, p. 494. Also in Bastiat, *Collected Works*, vol. 2, pp. 348-61.

³⁰⁸ A. E. Cherbuliez, "Coalitions" in *DEP*, vol. 1, p. 382.

Nous avons eu l'occasion d'assister en 1845 au procès des charpentiers parisiens qui s'étaient coalisés pour obtenir une augmentation de salaire. Malgré l'éloquente plaidoirie de leur défenseur, M. Berryer, les meneurs de la coalition furent condamnés à cinq ans de prison. En fait donc, sinon en droit, l'employeur, protégé par les obstacles naturels et artificiels qui limitaient le marché de l'ouvrier, de l'autre, par les lois prohibitives des grèves, continuait à fixer d'autorité le taux du salaire, comme il le faisait auparavant. De là une réaction contre le nouveau régime que l'on accusa même d'avoir aggravé la situation de la classe ouvrière, en lui enlevant les garanties qu'elle trouvait sous l'ancien. Les socialistes attribuèrent à la liberté les maux qui provenaient précisément des obstacles que rencontrait l'exercice de la liberté et ils s'évertuèrent à inventer des systèmes de réorganisation sociale qui n'étaient autre chose, à les examiner de près, que des rétrogressions au vieux régime de la servitude. [Questions, 1906, pp. 63-4]

We had the opportunity to assist in 1845 in a court case against some Parisian carpenters who formed a union to obtain an increase in their wages. In spite of the eloquent plea made on their behalf by M. Berryer the leaders of the union were condemned to 5 years in prison. This being achieved, the employer, even though not entitled to by law, was protected by the natural and artificial barriers which limited the market of the workers, and furthermore, by the laws prohibiting strikes, and continued to determine with authority the level of workers' wages, just as he had done previously. Because of this there was a reaction against the new regime which was even accused of worsening the condition of the working class by removing the guarantees which they had under the old regime. The socialists blamed liberty for the evils which arose precisely from the obstacles which their exercise of liberty encountered and they bent over backwards to invent new theories of social reorganization which, upon closer examination, were nothing more than a retrogression to the ancient regime of servitude

[Source:]³⁰⁹

As a result of the unsuccessful court case of the Parisian carpenters Molinari published in the *Courrier français* in 1846 "An Address to Parisian workers"³¹⁰ in which he suggested that they establish a "Bulletin du travail" (Labour Market Report) which would provide information to workers on prices and availability of jobs much like the "Bulletin de la Bourse" (Stock Market Report) provided prices and availability of stocks and bonds to investors. Molinari pointed out that business owners and investors exchanged information and prices on the stock market ('bourse') which was subsequently reported in the business press or transmitted across the country via the telegraph, but no similar exchange existed for workers

³⁰⁹ *Questions économiques à l'ordre du jour* (1906), pp. 63-4.

³¹⁰ The address "Aux Ouvriers" was published in the *Courrier français* on 20 July 1846 and reprinted in *Questions d'économie politique*, vol. I (1861), pp. 183-94.

who also had a need to know what jobs were available, where they were located, and at what prices. The electric telegraph had been introduced in France in 1845 for government and military use only and in 1851 it was opened up for public use but the possibilities it might open up for business were obvious. Molinari's scheme for a "labour exchange" was to apply the same principles of a stock exchange to labour markets where prospective workers and their employers could consult the boards to see the latest prices and offers and thus provide a better way to clear the market. He called this "la publicité du travail" (dissemination of information about labour) and he thought this would even up the balance of power between employees and employers.

In his arguments to the workers he wanted them to see that there were many parallels between them and their employers. One of course was the need for quick and accurate information about prices which would be satisfied by their respective Bourses. Another was the "goods/commodities" (*denrée*) which they were interested in buying and selling in their respective markets. He argued that workers were also "capitalists" in the sense that they owned and put to use their "capitaux personnels" (the capital which they had or owned in themselves as individuals) - in other words they were "self-owners" which was a concept dear to Molinari's theory of the right to property.³¹¹ They were also "merchants" (*marchand*) but instead of trading in wheat or iron they traded in labour. They were in Molinari's words "un marchand de travail" (a labour merchant or trader) who operated in various "labour markets" (*marchés de travail*).

³¹¹ See below for a discussion of Victor Cousin's theory of property and "le moi" (the Me, or the self) which Molinari later found very appealing.

Sa force physique et son intelligence sont ses capitaux; c'est en exploitant ces capitaux personnels, c'est en les faisant travailler et en échangeant leur travail contre des produits dus au travail d'autres ouvriers comme lui, qu'il parvient à subsister.

Le travail est un produit de la force physique et de l'intelligence, c'est la denrée de l'ouvrier. L'ouvrier est un marchand de travail, et, comme tel, nous le répétons, il est intéressé à connaître les débouchés qui existent pour sa denrée et à savoir quelle est la situation des différents marchés de travail. [p. 129]

His physical strength and intelligence are his capital. It is by using this personal capital, in putting them/it to work, and in exchanging their work for the products which come from of other workers like him, that he is able to survive/live.

Work is a product of physical force and intelligence. It is the good/commodity of the worker. The worker is a merchant of labour and, as such, we repeat/say again, he is interested in being conversant with the markets which exist for his good and in knowing about the situation in the various markets for labour.

[Source:]³¹²

Part of the “Appeal to the Workers” appears in a long footnote in S6 but for some reason he left out the opening two paragraphs which is quite revealing of his thinking at this time and which we reproduce below:

AUX OUVRIERS

Parmi les reproches que l'on a adressés à l'école économique dont nous avons l'honneur de soutenir et de propager les doctrines, le plus grave, c'est le reproche d'insensibilité à l'égard des classes laborieuses. On a prétendu même que l'application des doctrines de cette école serait funeste à la masse des travailleurs; on a prétendu qu'il y a dans la liberté nous ne savons quel germe fatal d'inégalité et de privilège; on a prétendu que si le règne de la liberté illimitée arrivait un jour, ce jour serait marqué par l'asservissement de la classe qui vit du travail de son intelligence et de ses bras, à celle qui vit du produit de ses terres ou de ses capitaux accumulés; on a prétendu, pour tout dire, que ce noble règne de la liberté ne pourrait manquer d'engendrer une odieuse oppression ou une épouvantable anarchie.

Address to the Workers

Among the criticisms which are made of the school of the Economists, to which we have the honour of belonging and whose doctrines we promote, the gravest is the criticism of being uncaring towards the working classes. It is even claimed that the application of the doctrines of this school would harm the mass of the workers; it is claimed that there is in liberty who knows what kind of fatal seed of inequality and privilege; it is claimed that if the reign of unlimited liberty should ever come one day it will be marked by the enslavement of the class who lives by the labour of its mind and its hands, by the class who lives from the product of its land holdings or its accumulated capital; to be honest, it is claimed that this noble reign of liberty would inevitably create an unbearable oppression and terrifying anarchy.

³¹² “Aux Ouvriers” p. 129.

Déjà plus d'une fois nous nous sommes attaché à combattre ces tristes sophismes des adversaires de l'école libérale; plus d'une fois nous avons prouvé à nos antagonistes que les souffrances des classes laborieuses proviennent non point, comme ils le pensent, de la liberté du travail, de la libre concurrence, mais des entraves de toute nature apportées à cette liberté féconde; nous leur avons prouvé que la liberté n'engendre ni l'inégalité ni l'anarchie, mais qu'elle amène à sa suite, comme des conséquences inévitables, l'égalité et l'ordre. [p.126]

More than once already we have endeavoured to combat these sad sophisms of the opponent of the liberal school; more than once we have proven to our opponents that the sufferings of the working classes do not at all come from the liberty of working, as they seem to think, but from the shackles of all kinds which are applied to this fertile/productive liberty. We have proven to them that liberty brings about neither inequality nor anarchy, but brings in its wake equality and order as inevitable consequences.

[Source:]³¹³

During the 1848 Revolution there were some attempts to set up a version of the Labour Exchanges. The Provisional Government issued a decree (9-10 March 1848) calling for the establishment of a "bureau de placement" (bureau for labour) in each town in France. There was strong opposition by labour groups who saw the bureaux as an opportunity for lower priced competitors from outside to undercut their place in the labour market was brought to bear and the police arrested many who were involved in the formation of the bureaux. The plan thus never went any further. A second attempt was made by the National Assembly in February 1851 when it proposed a law to create a "Bourse des Travailleurs", but this too went no further than the planning stages. It is not known if Molinari had any personal involvement in these schemes or not.

After the the coup d'état of Louis Napoleon in December 1851 Molinari returned to his native Belgium to teach economics and to work further on his Labour Exchange ideas. He started a magazine with his brother Eugène to promote the idea, *La Bourse du Travail*, which only lasted for a short period between 17 Jan to 20 June 1857. It was aimed primarily at ordinary workers but the employers and workers they approached were indifferent or hostile to the scheme and so the magazine soon folded. The brothers also organized a petition with a thousand signatures in support to lobby the Belgian Chamber of Representatives to

³¹³ Appel aux ouvriers" 20 juillet, 1846, *Le Courrier français*, reprinted in *Les bourses du travail* (1893), p. 126-37. Quote, p. 126.

change the labour laws in which they denounced the “deplorable inequality” which these regulations created between workers and their employers. They also reminded the legislators that

Mais si nous acceptons comme un bienfait le régime de la liberté du travail, c'est à la condition que cette liberté soit réelle; c'est à la condition que les mêmes droits qui sont accordés aux entrepreneurs d'industrie vis à vis des ouvriers soient aussi reconnus aux ouvriers vis à vis des entrepreneurs.

But if you accept the idea that the regime of the liberty of labour is beneficial, it is on the condition that this liberty is a real one; that it is on the condition that the same rights which are granted to industrial entrepreneurs vis-à-vis the workers are also granted to the workers vis-à-vis the entrepreneurs. (p. 201).

[Source:]³¹⁴

Neither the magazine, the fledgling *Bourse*, nor their political lobbying efforts had any long lasting impact and they eventually disappeared from sight.

However, twenty years later the French government again showed some interest in setting up Labour Exchanges. In the Third Republic steps were taken to create a government Office of Labour with associated exchanges throughout France. Discussions began in 1875 but it was not until February 1887 that one was formally launched, in spite of organized opposition by unions. Union opposition had been successful in 1848 but in the more conservative Third Republic their opposition was ignored. A central *Bourse* was created in Paris in May 1887 and many others throughout France appeared shortly afterwards. Molinari received some attention in the late 1880s for his early work in promoting the idea of labour exchanges and he wrote a book summarizing his ideas and efforts in 1893, *Les Bourses du Travail* (Labour Exchanges).³¹⁵

As with his efforts at popularizing economic ideas with his books of conversations and soirées, his efforts at encouraging the setting up of labour exchanges to assist workers in finding the best paying jobs continued over many decades with the same minimal result. The German historian of economic thought

³¹⁴ Molinari, “Les Coalitions des ouvriers” originally published in the *Bourse du travail*, 14 March, 1857 and reprinted in *Questions d'économie politique*, vol. I (1861), pp. 199-205.

³¹⁵ See the extracts from two early essays from 1843 and 1846 which Molinari includes as an Appendix to S6 in this volume. He summarizes his work in another appendix called “Historique de l'idée des Bourses du Travail” in *Les Bourses du Travail* (Paris: Guillaumin, 1893), pp. 256-77.

Raymund de Waha correctly described Molinari as “unentwegt” (tireless, indefatigable, relentless) but he did not mean this as a complement when he wrote this in 1910.³¹⁶

³¹⁶ Raymund de Waha, *Die Nationalökonomie in Frankreich* (Stuttgart: Ferdinand Enke, 1910). “Die Gruppe der Unentwegten”, pp. 72-96.

MALTHUSIANISM AND THE POLITICAL ECONOMY OF THE FAMILY

Opening quotation: “entrepreneurs in the family producing business”

Si la production des hommes était une industrie ordinaire, la solution de ces questions ne présenterait aucune difficulté: il est évident, en effet, qu'en admettant que l'état du marché fût bien connu, et qu'il y eût entre les entrepreneurs de population concurrence libre, ils proportionneraient toujours aussi exactement que possible, sauf l'action des causes perturbatrices, l'offre à la demande. [Pages, p. 314]

If the production of human beings was an ordinary business the solution to these problems would present us with no difficulty: in fact, it is obvious that by admitting that the state of the market is well known (to the participants), and that competition between the entrepreneurs in the “population business” was free, they would always adjust themselves as exactly as possible, to supply and demand without any disturbing factors (emerging).

[Source: *Cours*, p. 314.]³¹⁷

Molinari believed that Malthus' “law of population growth”, in a slightly modified form, was one of the natural laws of political economy.

The original version of Malthus's Law states:

I said that population, when unchecked, increased in a geometrical ratio; and subsistence for man in an arithmetical ratio... This ratio of increase, though short of the utmost power of population, yet as the result of actual experience, we will take as our rule; and say, That population, when unchecked, goes on doubling itself every twenty-five years or increases in a geometrical ratio... It may be fairly said, therefore, that the means of subsistence increase in an arithmetical ratio. Let us now bring the effects of these two ratios together... No limits whatever are placed to the productions of the earth; they may increase for ever and be greater than any assignable quantity; yet still the power of population being a power of a superior order, the increase of the human species can only be kept commensurate to the increase of the means of subsistence, by the constant operation of the strong law of necessity acting as a check upon the greater power.³¹⁸

³¹⁷ *Cours*, p. 314.

³¹⁸ Thomas Robert Malthus, *An Essay on the Principle of Population, as it affects the future Improvement of Society, with Remarks on the Speculations of Mr. Godwin, M. Condorcet, and Other Writers* (London: J. Johnson 1798). 1st edition. <http://oll.libertyfund.org/titles/malthus-an-essay-on-the-principle-of-population-1798-1st-ed#Malthus_0195_24>.

In an elaboration of what this law meant in practice which Malthus included in the 2nd revised edition of 1803 (but removed in later editions) was the following harsh statement about who could or could not be admitted to a seat at “nature's mighty feast”:

A man who is born into a world already possessed, if he cannot get subsistence from his parents on whom he has a just demand, and if the society do not want his labour, has no claim of right to the smallest portion of food, and, in fact, has no business to be where he is. At nature's mighty feast there is no vacant cover for him. She tells him to be gone, and will quickly execute her own orders, if he does not work upon the compassion of some of her guests.³¹⁹

The economists who were orthodox Malthusians were harshly criticised by socialists like Proudhon for being “sans entrailles” (heartless) in the willingness to condemn the poor for the hardship they suffered as a result of having large families. This infamous passage from Malthus is mentioned by the Socialist in S10 [p. 308 Pages]. One of the leading French Malthusians, Joseph Garnier, explained this away as a piece of unfortunately chosen rhetoric on Malthus' part and tried to mollify it by arguing that, although the poor had no just claim to the property of others, they could appeal to the good nature and sense of charity, voluntarily given, of others who were better off. A few years after he wrote *Les Soirées* Molinari rethought his position on Malthus and became very critical as will be discussed below, although he still maintained that Malthus had pointed out an important general truth about human existence.

The most outspoken defender of orthodox Malthusianism in France was Joseph Garnier (1813-1881) who was the editor of the *JDE* from 1845 to 1855. He edited and annotated the Guillaumin edition of Malthus's book which appeared in 1845 as well as a second edition in 1852 with a long Foreword defending Malthus against his critics. Garnier wrote the biographical article on “Malthus” and a long entry on “Population” (which was an extended defense of Malthusianism) for the *DEP* (1852-53). He also published a condensed version of Malthus' *On the Principle of*

³¹⁹ The passage comes from Book IV, Chapter VI “Effects of the Knowledge of the Principal Cause of Poverty On Civil Liberty” in Thomas Robert Malthus, *An essay on the principle of population: or, a view of its past and present effects on human happiness* (London: J. Johnson, 1803), p. 531.

Population in 1857 with copious commentaries and many appendices.³²⁰ A second edition of Garnier's epitome was published and edited by Molinari in 1885 following shortly after Garnier's death in 1881.³²¹

Molinari began as an ardent Malthusian under the influence of Joseph Garnier but he later softened his views as he came to believe that individuals could learn “self-government” and exercise “moral restraint”, foresight, and responsibly live within their means without being a burden on taxpayers for support and thus rationally plan the size of their families. Perhaps under the influence of Bastiat who rejected orthodox Malthusianism, Molinari realised that Malthus had underestimated the ability of the free market, free trade, and industrialization to increase output at a faster pace than population growth. One of Bastiat’s criticisms of Malthusianism was that it did not distinguish between unthinking plants and animals, which were subject to Malthusian population traps, and thinking and reasoning human beings who could adapt their behaviour to changing circumstances. The question whether mankind's reproductive behavior was like that of a plant or a creature capable of reason was crucial in Bastiat's rethinking of Malthus's theory in the period between 1846, when he wrote an article on “On Population” for the *JDE*³²² and 1850 when the *Economic Harmonies* appeared:

Ainsi, pour les végétaux comme pour les animaux, la force limitative ne paraît se montrer que sous une forme, la *destruction*. — Mais l’homme est doué de raison, de prévoyance ; et ce nouvel élément modifie, change même à son égard le mode d’action de cette force.

Thus, for both plants and animals, the limiting force seems to take only one form, that of *destruction*. But man is endowed with reason, with foresight; and this new factor alters the manner in which this force affects him [FEE translation, p. 426].

³²⁰ Malthus, *Du Principe de population* (Paris : Garnier frères, 1857).

³²¹ Molinari edited two books on and by Malthus in the 1880s: the second edition of Garnier's epitome of Malthus' *Principle of Population* (1885), *Du principe de population (2e éd. augm. de nouvelles notes contenant les faits statistiques les plus récents et les débats relatifs à la question de la population), précédé d'une introduction et d'une notice, par M. G. de Molinari* (Paris: Guillaumin, 1885), and his own condensed edition for Guillaumin's “Petite Bibliothèque Économique” (Small Library of Economics) with a long introduction defending as well as criticizing Malthus' views: *Malthus: Essai sur le principe de population*, ed. G. de Molinari (Paris: Guillaumin, 1889).

³²² Bastiat, “De la population” *JDE*, T. 15, no. 59, October 1846, pp. 217-34.

[Source: *Economic Harmonies*, FEE translation, p. 426]³²³

He also came to the conclusion that there was a significant difference between the “means of subsistence” and the “means of existence” - the former being fixed physiologically speaking (either one had sufficient food to live or one did not) and the latter being an infinitely flexible and expanding notion which depended upon the level of technology and the extent of the free market.³²⁴ Malthus focused on the former, whilst Bastiat (and Say) and later Molinari were focused on the latter. Under the influence of Bastiat and Dunoyer³²⁵ Molinari gradually came around to this way of thinking.

In his treatise on political economy published shortly after *Les Soirées* he was still a fairly strong Malthusian but by the time the second revised and enlarged edition appeared in 1863 he had moderated his views considerably as a result of a critical review by Charles Dunoyer.³²⁶ He now supported what he called “self-government” by individuals who would exercise moral restraint “sainement appliquée” (soundly applied). By this he meant that individuals should enjoy “la liberté de la reproduction” (the freedom to reproduce) and that any restraint to be exercised would be “la contrainte libre” (restraint exercised voluntarily by individuals) and not “la contrainte imposée” (constraint imposed by the government). He was still enough of a Malthusian in the 1880s to edit the second edition of Garnier's epitome of Malthus' *Principle of Population* (1885) and published his own condensed edition for Guillaumin's “Petite Bibliothèque Économique” (Small Library of Economics) with a long introduction defending as well as criticizing Malthus' views:³²⁷

³²³ *Economic Harmonies*, FEE translation, p. 426.

³²⁴ See, Bastiat's Chapter 16 on Population in the 1851 edition of *Economic Harmonies* and the editor Roger de Fontenay's Addendum, pp. 454-64. FEE trans., pp. 431 ff.

³²⁵ See Dunoyer's Report on the 1st edition of Molinari's *Cours d'ec. pol.* (1855) to the Academy reprinted in the 2nd ed. of 1863, Appendix, pp. 461-74.

³²⁶ Molinari, *Cours d'économie politique, professé au Musée royal de l'industrie belge*, 2 vols. (Bruxelles: Librairie polytechnique d'Aug. Decq, 1855). Vol. 1. La Production et la distribution des richesses. 15th and 16th Leçon. Théorie de la population. 15th Leçon, pp. 391-418; 16th Leçon, pp. 419-60.

³²⁷ *Malthus: Essai sur le principe de population*, ed. G. de Molinari (Paris: Guillaumin, 1889).

In the same spirit with which he approached the economic analysis of the production of security in 1849 Molinari rethought the problem of population growth in the *Cours* in 1863 in a way which seems to anticipate some of the work on the economics of families done by the Nobel Prize winning Chicago economist Gary Becker. He thought there was “un marché de la population” (a population market), in which “la reproduction de la population” (the reproduction of the population) or even “la production des hommes” (the production of human beings) was influenced by the same things which influenced other markets, namely “les frais de production et de l’offre et la demande, régis par la loi des quantités et des prix” (the costs of production and the law of supply and demand, as regulated by the quantity of goods and their price).³²⁸ This reproduction of the population required the coming together of three main factors: “1° un agent naturel, la force reproductive de l’homme; 2° du travail; 3° du capital” (an appropriate natural agent/resource such as the reproductive powers of humankind, labour, and capital). As in any other industry “entrepreneurs” (les entrepreneurs de population) would emerge who would engage in “concurrence libre” (free competition).³²⁹ Molinari thought that human beings were in fact a human form of capital which required investment in order to become fruitful and productive participants in the economy. This investment included such things such as looking after the foetus in the womb, the activity of doctors and nurses at the birth, the costs of rearing and educating the child, the costs of training the child for productive work, and so on. The economic aspects of investing in human capital was most obvious Molinari thought in an earlier stage of society when coercion was more prevalent, such as in the activities of the slave owner who rationally planned the size and composition of his slave work force, but the same principles also applied to the way men and women went about planning the size of their own families in a fully free society. These choices about the size and composition of the family were becoming easier as societies became freer and the market for labour became more “général et ouvert” (widespread and open).³³⁰ Gradually individuals would increase their “la

³²⁸ *Cours*, vol. 1, p. 302.

³²⁹ *Cours*, vol. 1, p. 314.

³³⁰ *Cours*, vol. 1, p. 312.

connaissance du marché” (knowledge of the (population) market)³³¹ as they went about forming the “capital de l’association conjugale” (the capital of the conjugal association or business) which is what the family would need to reproduce itself.³³² Just like any other business, the producers or entrepreneurs of the family would have to be responsible for their actions and ensure that they had the capital and the expertise required to bring into the world and raise “un homme utile” (a useful (and productive) person)³³³ and to be able to compensate any third party who might be harmed by their actions.

Il faudrait que l’homme qui appelle à la vie un supplément de créatures humaines envisageât, avec maturité, les conséquences de cet acte: c’est à dire qu’il se rendît compte d’abord de la situation du marché de la population; qu’il calculât ensuite la quantité de travail et de capital que sa situation et ses ressources lui permettront d’appliquer à l’élève et à l’éducation de ses enfants; et qu’il ne contractât point comme père de famille plus d’obligations naturelles qu’il n’est capable d’en remplir, absolument comme s’il s’agissait d’obligations commerciales. En d’autres termes, il faudrait que l’homme qui se dispose à fonder une famille se mît à la place de ses enfants à naître et qu’il agît dans leur intérêt comme il le ferait dans le sien propre: en conséquence qu’il ne les appelât à la vie qu’autant qu’il serait en mesure de les pourvoir de toutes les forces et de toutes les aptitudes physiques, intellectuelles et morales nécessaires pour en faire des hommes utiles, comme aussi de les placer dans un milieu où ces forces et ces aptitudes pourraient trouver un débouché.

It is necessary that a man who brings an additional human being into the world should consider with some maturity the consequences of this act: that is to say that he should first assess the situation of the population market, that he then calculate the amount of labour and capital which his current situation and resources allow him to devote to the rearing and education of his children, and that he as the father of his family does not undertake / contract more natural obligations / responsibilities than he is capable of fulfilling, exactly as if he were undertaking commercial obligations. In other words, it is necessary that a man who is inclined to start a family put himself in the position/shoes of his future children and act in their interests as he would do in his own: finally, that he bring into the world only as many children as he is able to provide with the strength and physical, intellectual, and moral aptitudes necessary to make them useful human beings, and also to position them in a milieu/situation where these strengths and aptitudes could find a market.

³³¹ *Cours*, vol. 1, p. 313.

³³² *Cours*, vol. 1, p. 316.

³³³ *Cours*, vol. 1, pp. 315-16.

[Source:]³³⁴

The members of the “conjugal association” would exercise their “la liberté de la reproduction” (freedom to reproduce)³³⁵ just like any other industry and attempts by the government to regulate it would have the same harmful effects as, say, the regulation of the grain trade had on food production. The temptation to “overproduce” would be restricted by a combination of personal and familial self-interest (such as moral restraint) and the institutions and customs of the society in which they lived. Any restraint which would be exercised would be “la contrainte libre” (restraint exercised voluntarily by individuals) and not “la contrainte imposée” (constraint imposed by the government). One of the most important restrictions which Molinari had in mind was a legal system which would enforce the obligation of parents to look after any children they brought into the world.³³⁶ He thought that if a parent did not feed, clothe, or educate their child to some minimal level then they should be legally liable for causing that child “harm” (nuisances). Similarly, if a husband abandoned his wife with a child to look after, he should be forced by the courts to pay for support to this “third party” for whom he was equally responsible because of his actions. In many ways, Molinari regarded these parental or paternal responsibilities (“des obligations de la paternité”) as a kind of debt which needed to be repaid, and just as one could not just walk away from a debt one had incurred in a business activity, so too one could not just walk away from one’s wife or child who were also members of the conjugal association. An interesting and somewhat unexpected consequence of this view was that Molinari believed the state should force parents to educate their children but play no role whatsoever in providing that education.³³⁷

After having laid out his economic theory of the family and its reproduction, Molinari then turned to a thorough critique of Malthus. Although he still paid homage to his essential humanity and his economic insights, the effect of his

³³⁴ *Cours*, vol. 1, pp. 315-16. Pages

³³⁵ *Cours*, vol. 1, p. 329.

³³⁶ *Cours*, vol. 1, pp. 330-31.

³³⁷ He was challenged on this by Frédéric Passy and their debate was collected here: Gustave de Molinari and Frédéric Passy, *De l'enseignement obligatoire. Discussion entre G. de Molinari et Frédéric Passy*. (Paris: Guillaumin, 1859).

critique was to largely demolish the whole body of Malthusian doctrine. His first major criticism was that Malthus had focused on only one of the three factors which influenced the size of population, the reproductive capacity of human beings, while ignoring the factors of labour and capital. As discussed above, Molinari believed that individuals adjusted their rate of marriage and the creation of families as “le marché de la population” (population market) changed and as the level of wages and the cost of capital went up or down. As the market became more extensive, as the division of labour made economic activity more productive, as free trade in food made famines and food shortage less common, fluctuations or “perturbations” in the population market would become fewer and less disruptive. The historical example he thought was definitive in this respect was the previous 60 years of population growth in the United States.³³⁸ Thus, he concluded that:

La population n’a donc point, comme l’affirme Malthus, une tendance organique et virtuelle à se multiplier plus rapidement que ses moyens de subsistance, ou ce qui revient au même, à déborder le débouché qui lui est ouvert, au niveau de la rémunération nécessaire pour l’entretenir et la renouveler.

Therefore, populations have no natural or potential tendency, as Malthus argues, to grow more rapidly than their means of subsistence, or, which amounts to the same thing, to flood the market which is available to them, level with (when it comes to) the remuneration which is necessary to maintain and renew it.

[Source:]³³⁹

His second criticism of Malthus was that there was no need at all for “misery and vice” to control the size of a nation’s population. Moral restraint combined with a proper understanding of the productive power of free economies was all that was necessary to ensure, not a fixed population size, but a steadily growing and wealthier population. All the other things which Malthus claimed were necessary to a check on population such as the misery of disease, starvation, and war, destroyed the capital which was “investi dans le matériel ou dans le personnel de la production” (invested in the stock or the personnel of production) which an economy needed to grow and prosper.³⁴⁰

³³⁸ *Cours*, vol. 1, p. 336.

³³⁹ *Cours*, vol. 1, p. 336. Pages

³⁴⁰ *Cours*, vol. 1, p. 340.

Molinari also had a witty and clever reply to Malthus' harsh comments about the poor person who tried to get a seat at "nature's mighty feast". Firstly he pointed out that "la table est immense, le nombre des couverts n'est point limité" (the table is immense and the number of place settings is not at all limited)³⁴¹ Economic growth and gradual improvements in productivity will mean that there will always be enough food which can be brought to the table at a given price and that another few guests can always be squeezed in around the table. Secondly, that "le grand ordonnateur du banquet" (the great organizer of the banquet) insists that the guests must pay for their own meals, and if they invite others to join them at the table, then they have to pay for their friends' travel costs in advance, which will encourage them not to issue invitations frivolously. Whereas Malthus thought there was only a fixed or perhaps diminishing number of place settings around the table, Molinari believes that his proposed "l'exercice judicieux de la contrainte morale" (the judicious/wise exercise of moral restraint) would result in a steady increase in the number of guests who could be seated at the table of the "great feast of life".

The charge of "immorality" against Malthusian thought was a common one, on the grounds that "moral restraint" exercised in order not to have children in marriage was counter to the teachings of the Church. Some of the more extreme Malthusians went so far as to suggest that population could only be limited by measures such as abortion, infanticide (asphyxiation, exposure of new borns), sterilization (castration, hysterectomies), prostitution, or polygamy.³⁴² There is little mention at this time in France of contraception which some liberals and radicals in England had promoted. One should note that a young John Stuart Mill very much influenced by the Benthamite school was arrested and spent three nights in jail in 1823 for handing out leaflets on the street with information about contraceptive methods.³⁴³ Some utopian socialists like Fourier believed in less extreme but still rather strange schemes to limit population growth by means of vegetarian diet or strenuous exercise for women. Some more liberal minded Malthusians like John Stuart Mill some 36 years after his arrest even contemplated state regulation of

³⁴¹ *Cours*, vol. 1, p. 342.

³⁴² See, J. Garnier, "Population," *DEP*, vol. 2, pp. 382-402.

³⁴³ Patricia James, *Population Malthus: His Life and Times* (London: Routledge and Kegan Paul, 1979), pp. 386-87.

marriage to ensure that couples could not marry unless they had the means to support their children:

And in a country either overpeopled, or threatened with being so, to produce children, beyond a very small number, with the effect of reducing the reward of labour by their competition, is a serious offence against all who live by the remuneration of their labour. The laws which, in many countries on the Continent, forbid marriage unless the parties can show that they have the means of supporting a family, do not exceed the legitimate powers of the State...³⁴⁴

However, these more radical ideas were rejected by the mainstream Malthusians like J. Garnier who thought Malthus' ideas were in keeping with Church doctrine so long as they were confined to such practices as delaying getting married and using “foresight” and “restraint” within marriage to limit the number of births. Yet this did not stop the Catholic Church from regarding the Economists and their *DEP* (1852-53) as grossly immoral and having it listed on the *Index of Banned Books* on 12 June 1856 for “religious reasons.” Molinari comments wryly on this in his fortnightly newsletter³⁴⁵ *l'Économiste belge* where he notes that a local Brussels newspaper, the *Journal de Bruxelles*, called the *DEP* a “tissue d'immoralités” (a tissue of immorality) and even used the criticisms of the Economists in the writings of the socialist anarchist Proudhon as part of their attack on the *DEP*. Molinari amusingly points out that this was an odd thing for Catholics to do as Proudhon was famous for coining the slogans “la propriété c'est le vol” (property is theft) and “Dieu c'est le mal” (God is evil). They probably didn't know that the Church had already put the collected works of Proudhon on the Index in 1852.³⁴⁶ Molinari also wanted to know why the Church which had for so long supported State imposed moral restraint now objected to the voluntary exercise of moral restraint which was more suitable to the new economic stage of free markets which the modern world was now entering:

³⁴⁴ Mill, *On Liberty* (1859), chap. 5 <<http://oll.libertyfund.org/title/233/16560/799862>>.

³⁴⁵ *L'Économiste belge*, *Supplément* to the edition of 20 November, 1856, p. 5.

³⁴⁶ See, the “Beacon for Freedom of Expression” database of banned books and the entry for the *DEP* <<http://search.beaconforfreedom.org/search/censored_publications/publication.html?id=9709582>>.

De tous temps, remarquons-le bien, l'Église a sanctionné et fortifié par ses institutions et ses préceptes la contrainte morale, codifiée dans le régime préventif en matière de population. Aujourd'hui que le régime préventif s'écroule; que la reproduction de l'espèce humaine n'est plus gouvernée par un État, un maître ou un seigneur; qu'elle est abandonnée au self-government de chacun, l'Église doit-elle se comporter comme si le régime préventif était encore debout? Ne doit-elle pas fortifier de sa sanction et de ses préceptes les règles volontaires que chacun est tenu de suivre pour la bonne solution du problème de la population, comme elle fortifiait autrefois de sa sanction et de ses préceptes les règles qui étaient, dans le même but, imposées à chacun? Pourquoi, après avoir prêté son appui à la contrainte morale imposée, le refuserait-elle à la contrainte morale volontaire? Ne se montrerait-elle pas, en agissant ainsi, singulièrement illogique et, chose plus grave, ne ferait-elle pas positivement obstacle à l'accomplissement du précepte: *Crescite et multiplicabimini*? [p. 353]

[Source:]³⁴⁷

Let us make this clear, in all periods the Church has sanctioned and strengthened moral constraint by means of its institutions and teachings, which was codified in the matter of population by the "preventative regime". Today, as the preventative regime collapses, as the reproduction of the human race is no longer governed by a State, a master, or a seigneur, as it is left to the self-government of each individual, must the Church conduct itself as if the preventative regime were still standing / in place? Shouldn't it strengthen with its sanction and teachings the voluntary rules which each person is required / bound to follow in order to solve properly the population problem, just as it previously strengthened with its sanction and teachings the rules which were imposed on each person for the same end? Why, after having lent its support to compulsory moral restraint, does it refuse its support for voluntary moral restraint? By doing this, isn't it showing itself to be particularly illogical and, what is even worse, actually creating obstacles to fulfilling the command "go forth and multiple"?

³⁴⁷ *Cours*, vol. 1, p. 353. Pages

RELIGIOUS PROTECTIONISM AND RELIGIOUS CONTRABAND

Opening quote: "the Church burned the smugglers along with the contraband"

La contrebande religieuse des hérésies était rigoureusement proscrite, et on employait pour la réprimer exactement les mêmes procédés dont on faisait usage pour combattre l'introduction des marchandises prohibées ; on y mettait même encore plus de rigueur : ainsi, on se contentait d'envoyer aux galères les contrebandiers ordinaires, en brûlant les marchandises importées en fraude, tandis que s'il s'agissait d'articles religieux, on brûlait les contrebandiers avec la contrebande.

The religious contraband of heresies was vigorously proscribed, and to repress it exactly the same methods were used as those used in combatting the importation of prohibited merchandise; but in this case even more rigor was used; thus they weren't content to send the ordinary smugglers to the galley ships and to burn their contraband, when it came to religious goods they burned the smugglers along with the contraband.

[Source:]³⁴⁸

Unlike the Conservative, Molinari was probably not a strict practicing Catholic. He uses the word "Dieu" (God) 28 times in the book but most of these are exclamations like "God forbid!" or similar; the word "Providence" 10 times, and the word "Créateur" (Creator) 8 times. Since he does not mention the sacraments or any doctrinal matter it is most likely that he was a deist of some kind who believed that an "ordonnateur des choses" (the organizer of things) created the world and the laws which governed its operation.³⁴⁹ However, Molinari did believe in the afterlife and thought it was an essential incentive to forgo immediate pleasures in this life in order to achieve "superior" pleasures in the next. Perhaps this was a religious version of the economic notion of "time preference." This was especially important when it came to the issue of controlling the size of one's family. Molinari thought the solution to the Malthusian population growth problem was the voluntary exercise of "moral restraint" (he uses the English phrase) in a society where complete "liberty of reproduction" existed. What made moral restraint possible was a moral code where religious values played a role. In the

³⁴⁸ Molinari, "Les Églises libres dans l'État libre," *Économiste belge*, 14 décembre 1867, no. 25, pp. 289-90.

³⁴⁹ See note 305, p. ??? in S10).

Introduction to the *Cours d'économie politique* (2nd ed. 1863), vol. 1 Molinari states that

Ainsi donc, l'économie politique est une science essentiellement religieuse, en ce qu'elle manifeste plus qu'aucune autre l'intelligence et la bonté de la Providence dans le gouvernement supérieur des affaires humaines; l'économie politique est une [32] science essentiellement morale, en ce qu'elle démontre que ce qui est utile s'accorde toujours, en définitive, avec ce qui est juste; l'économie politique est une science essentiellement conservatrice, en ce qu'elle dévoile l'inanité et la folie des théories qui tendent à bouleverser l'organisation sociale, en vue de réaliser un type imaginaire. Mais l'influence bienfaisante de l'économie politique ne s'arrête pas là. L'économie politique ne vient pas seulement en aide à la religion, à la morale et à la politique conservatrice des sociétés, elle agit encore directement pour améliorer la situation de l'espèce humaine.

Therefore, political economy is an essentially religious science in that it shows more than any other the intelligence and the goodness of Providence at work in the superior government of human affairs. Political economy is an essentially moral science in that it shows that what is useful is always in accord in fact with what is just. Political economy is an essentially conservative science in that it exposes the inanity and folly of those theories which tend to overturn social organization in order to create an imaginary one. But the beneficial influence of political economy doesn't stop there. Political economy does not only come to the aid of the religion, the morality, or the political conservation of societies, but it acts even more directly to improve the situation of the human race.

[Source:]³⁵⁰

Nevertheless, Molinari was very critical of organized religion, especially the monopoly of religion which had emerged in Europe, the political privileges of religious corporations, and any form of state subsidies to any particular religion. He shared the views of his friend and colleague Frédéric Bastiat who argued that “theocratic plunder” had been one of the main forms of political and economic injustice before the Revolution.³⁵¹ Molinari distinguished between what he called “the French system” of religion, where the state intervenes by recognizing and

³⁵⁰ Gustave de Molinari, *Cours d'Economie Politique* (Paris: Guillaumin, 1863). 2 vols. 2nd revised edition. Vol. 1. "Introduction". <http://oll.libertyfund.org/titles/818#Molinari_0253-01_54>.

³⁵¹ See, Frédéric Bastiat, *Economic Sophisms*, trans. Arthur Goddard, introduction by Henry Hazlitt (Irvington-on-Hudson: Foundation for Economic Education, 1996). Second Series, Chapter 1: The Physiology of Plunder. <http://oll.libertyfund.org/titles/276#lf0182_head_056>. Or, Bastiat's *Collected Works*, vol. 3 (Liberty Fund, forthcoming 2016).

funding certain religious denominations,³⁵² and “the American system,” where no denomination is favoured or subsidized and where “la liberté des cultes” (the liberty of religion) prevails.³⁵³

Another interesting example of his application of economic analysis to human institutions is the Catholic Church. His Swiss colleague Antoine-Elisée Cherbuliez (1797-1869) beat him in getting to this matter with his article on “Cultes religieuse” (Religions) in the *DEP* in which he borrowed Molinari’s method of analysis by regarding the Church as being in the business of “la production religieuse” (the production of religion) and that it was “un seul entrepreneur” (a single entrepreneur) or a monopolist supplier which had the protection of the state. He wanted to see this monopoly supplier of religious services exposed to “le régime de la libre concurrence” (the regime of free competition) which would do for the supply and consumption of religion what it would also do the the supply and consumption of grain and manufactured goods.³⁵⁴ Molinari took the same approach in an article on “Les Églises libres dans l’État libre” (Free Churches in a Free State) which he published in his magazine *l’Économiste belge* in December 1867. He saw the signing of Concordats between the Catholic Church and a state like France as a form of a protectionist trade treaty which gave a monopoly to one favoured producer (the Church) which meant that the state had to clamp down on the import of “la contrebande religieuse” (religious contraband or heresies), and confiscate and burn the contraband goods, or as Molinari bitterly noted, often in the past this meant that

³⁵² In the 1848 Budget a total of fr. 39.6 million was set aside for expenditure by the state on religion. Of this 38 million went to the Catholic Church, 1.3 million went to Protestant churches, and 122,883 went to Jewish groups.

³⁵³ See, “La liberté de l’intervention gouvernementale en matière des cultes. - Système français et système américain” which was first published in *Économiste belge*, 1 June 1857 and reprinted in *Questions d’économie politique et de droit public* (1861), vol. 1 pp. 351-61.

³⁵⁴ A.-E. Cherbuliez, “Cultes religieuse,” *DEP*, vol. 1, pp. 534-39. Quote on p. 536 and 538.

La contrebande religieuse des hérésies était rigoureusement proscrite, et on employait pour la réprimer exactement les mêmes procédés dont on faisait usage pour combattre l'introduction des marchandises prohibées ; on y mettait même encore plus de rigueur : ainsi, on se contentait d'envoyer aux galères les contrebandiers ordinaires, en brûlant les marchandises importées en fraude, tandis que s'il s'agissait d'articles religieux, on brûlait les contrebandiers avec la contrebande.

The religious contraband of heresies was vigorously proscribed, and to repress it exactly the same methods were used as those used in combatting the importation of prohibited merchandise; but in this case even more rigor was used; thus they weren't content to send the ordinary smugglers to the galley ships and to burn their contraband, when it came to religious goods they burned the smugglers along with the contraband.

[Source:]³⁵⁵

He was confident that just as free trade was sweeping the world following the repeal of the Corn-Laws and the Anglo-French Free Trade Treaty of 1860 which lead to the breaking up of commercial and industrial monopolies, so too would the sentiment of free trade spread to religious ideas and institutions and the major Catholic “protectionist regimes” in Rome, France, and Belgium, would not survive long when faced with competition in the free market of ideas. This proved not to be the case and Molinari returned to the issue of religion 40 years later in a book length historical and sociological analysis of the overall benefits of religion to human progress so long as it remained outside of the jurisdiction of the state.³⁵⁶

³⁵⁵ Molinari, "Les Églises libres dans l'État libre," *Économiste belge*, 14 décembre 1867, no. 25, pp. 289-90.

³⁵⁶ See, Molinari, *Religion* (Paris: Guillaumin, 1892) which was translated into English by Walter K. Firminger (London: Swan Sonnenschein, 1894). Two years later he wrote another on *Science et religion* (Paris: Guillaumin, 1894).

RETHINKING THE THEORY OF RENT

Opening quote: “rent is a result of a rupture in economic equilibrium”

Cette part supplémentaire ou cette prime est, ainsi que j’ai cherché à le démontrer, toujours un résultat de la rupture de l’équilibre économique, mais, toujours aussi, elle détermine le rétablissement de cet équilibre juste et nécessaire, en provoquant une augmentation de la quantité ..

(Rent) This supplementary part or premium is, as I have sought to demonstrate, always a result of a rupture in the economic equilibrium, but it also always causes the re-establishment of this just and necessary equilibrium by provoking an increase in the quantity...

[Source: *Cours*, vol. 1, pp. 373-74.]³⁵⁷

The classical theory of rent was based upon David Ricardo’s work *On the Principles of Political Economy and Taxation* (1817) which was translated into French by F.S. Constancio with notes by J.B. Say in (1818) and reprinted with additions from the 3rd London edition of 1821 by Alcide Fonteyraud in a collection of his *Complete Works* published by Guillaumin in 1847 as volume XIII of the series *Collection des principal économistes*.³⁵⁸ The economists were all staunch Ricardians when it came to the matter of rent, except for Bastiat and Molinari who had developed their own quite different theories of rent over which they clashed during 1849. Ricardo defined rent as:

that portion of the produce of the earth, which is paid to the landlord for the use of the original and indestructible powers of the soil. It is often, however, confounded with the interest and profit of capital, and, in popular language, the term is applied to whatever is annually paid by a farmer to his landlord. If, of two adjoining farms of the same extent, and of the same natural fertility, one had all the conveniences of farming buildings, and, besides, were properly drained and manured, and advantageously divided by hedges, fences and walls, while the other had none of these advantages, more

³⁵⁷ *Cours*, vol. 1, pp. 373-74.

³⁵⁸ Ricardo, *Oeuvres complètes de David Ricardo, traduites en français par Constancio et Alc. Fonteyraud; augmentées des notes de Jean-Baptiste Say, et de nouvelles notes et de commentaires par Malthus, Sismondi, Rossi, Blanqui etc., et précédées d’une notice biographique sur la vie et les travaux de l’auteur par Alcide Fonteyraud* (Paris: Guillaumin, 1847).

remuneration would naturally be paid for the use of one, than for the use of the other; yet in both cases this remuneration would be called rent. But it is evident, that a portion only of the money annually to be paid for the improved farm, would be given for the original and indestructible powers of the soil; the other portion would be paid for the use of the capital which had been employed in ameliorating the quality of the land, and in erecting such buildings as were necessary to secure and preserve the produce.³⁵⁹

The economists came under attack during the 1840s by socialists such as Proudhon, Louis Blanc, and Victor Considerant who exposed a major weakness in the classical theory of rent which was that, if workers and owners of property should be paid only for the work they did in creating some good, then any return which came from something other than their own work, such as “the original and indestructible powers of the soil,” was “unearned” and hence unjust. The socialists’ argument was that if Ricardo’s theory was correct then the payment of rent by farmers to their landlords was unjust and should be stopped immediately.

The response of many economists, as we have seen above, was rather uneasy as they sensed that this might be true. The consensus view seemed to be that land ownership and rent were somewhat anomalous compared to other forms of property, that economists should leave the justification of property rights to the philosophers and just assume it as a given, the defense of the existing distribution of property titles should be left to the politicians and judges, and in general that landownership and rent was so useful to the functioning of the economy that any anomalies could just be overlooked. This situation was completely unacceptable to both Bastiat and Molinari who wanted to ground political economy in an unassailable natural rights framework which the socialists could not overthrow either politically or theoretically. However, they approached the problem of rent from quite different theoretical perspectives, Molinari approaching it from the perspective of his theory of equilibrium and the factors which disturbed or prevented this equilibrium from being reached; and Bastiat who was developing

³⁵⁹ See, David Ricardo, *The Works and Correspondence of David Ricardo*, ed. Piero Sraffa (005). Vol. 1 *Principles of Political Economy and Taxation*. Chapter II: On Rent <http://oll.libertyfund.org/titles/ricardo-the-works-and-correspondence-vol-1-principles-of-political-economy-and-taxation#lf0687-01_label_404>.

this theory that all exchanges in the free market were the mutual exchange of “service for service”, including rent.

Throughout 1849 Bastiat had taken time away from completing his treatise on economics, the *Economic Harmonies*, in order to write a stream of pamphlets replying to the socialists’ critique of property, profit, interest, and rent. He had already published “Capitale et rente” (Capital and Rent) (February 1849), “Le capital” (Capital) (possibly early 1849), and was about to launch into a long correspondence with Proudhon between October 1849 and March 1850 which was published as a book “Gratuité du crédit” (Free Credit) in March 1850.³⁶⁰ When time permitted he was also getting ready for publication a long chapter on rent which would be published in the first edition of *Economic Harmonies* which appeared probably in January 1850. In his new theory of rent he argued that rent was justified because it was just another example of the mutual exchange of “a service for a service” and that there was nothing special about the productivity of land or the “les services agricoles” (farming services) which brought the products of the land to the consumer:

³⁶⁰ “Le capital” (Capital), in *Almanach Républicain pour 1849* (Paris: Pagnerre, 1849). [OC7.64, pp. 248-55.] [CW4]; *Capitale et rente* (Paris: Guillaumin, 1849) [OC5.3, p. 23-63] [CW4] ; and *Gratuité du crédit. Discussion entre M. Fr. Bastiat et M. Proudhon* (Free Credit. A Discussion between M. Fr. Bastiat and M. Proudhon) (Paris: Guillaumin, 1850). [G5] [CW4].

Le seul fait qu'il existe des terres sans valeur quelque part oppose au privilège un obstacle invincible, et nous nous retrouvons dans l'hypothèse précédente. Les services agricoles subissent la loi de l'universelle compétition, et il est radicalement impossible de les faire accepter pour plus qu'ils ne valent. J'ajoute qu'ils ne valent pas plus (*coeteris paribus*) que les services de toute autre nature. De même que le manufacturier, après s'être fait payer de son temps, de ses soins, de ses peines, de ses risques, de ses avances, de son habileté (toutes choses qui constituent le service humain et sont représentées par la valeur), ne peut rien réclamer pour la loi de la gravitation et de l'expansibilité de la vapeur dont il s'est fait aider, de même Jonathan ne peut faire entrer, dans la valeur de son blé, que la totalité de ses services personnels anciens ou récents, et non point l'assistance qu'il trouve dans les lois de la physiologie végétale. L'équilibre des services n'est pas altéré tant qu'ils s'échangent librement les uns contre les autres à prix débattu, et les dons de Dieu, auxquels ces services servent de véhicule, donnés de part et d'autre par-dessus le marché, restent dans le domaine de la communauté.

The sole fact that free land exists somewhere is an invincible obstacle to any privileged status, and we find ourselves back with the preceding set of arrangements. Farming services are subject to the law of universal competition, and it is fundamentally impossible to have them accepted at a higher price than they are worth. I add that they are worth no more (*coeteris paribus*) than services of any other nature. Just as manufacturers, once they have had themselves paid for their time, their care, the trouble and risk they have taken, their advance payments and their skill (all things that make up human service and are constitutive of value), cannot claim anything for the law of gravity and the expansibility of the steam that assists them, Jonathan can include in the value of his wheat only the total amount of his personal service, whether present or past, and not the assistance he has obtained from the laws governing plant physiology. The balance between services is not changed as long as these services are exchanged freely for one another at the price discussed, and the gifts of God transmitted by these services, as it were into the bargain, and given on both sides, remain in the domain of community

[Source: *Economic Harmonies*, Chap. IX "Landed Property," pp. 260-61.]³⁶¹

Also during 1849 Molinari had been replying to critiques of property, interest, and rent in articles in the JDE such as his review of Thiers' book *De la propriété* in January and a letter to the editor in June in which he criticised both Proudhon and Bastiat.³⁶² He may have seen a draft of Bastiat's forthcoming chapter on rent in *Economic Harmonies* which was circulating among the economists in late 1849 (it appeared in print in January 1850) and which might have been the immediate trigger to his digression on rent which was inserted rather awkwardly in S12.

³⁶¹ New LF trans: *Economic Harmonies*, Chap. IX "Landed Property," pp. 260-61. FEE ed.: p. 261. French ed. (1851): Chap. IX "Propriété foncière," p. 271.

³⁶² Molinari, [CR] "De la propriété, par M. Thiers," JDE, T.22. N° 94. 15 janvier 1849, pp. 162-77.; Molinari, "Lettre sur le prêt à intérêt," JDE, T. 23, N° 99. 15 juin 1849, pp. 231-41.

Molinari thought that rent was a temporary abnormal increase in returns caused by a “perturbation” or an “artificial circumstance” (such as a bad harvest or a government subsidy) which would eventually disappear as economic equilibrium was re-established. In S12 he argues that most people have things back to front when they try to explain the origin of rent. The farmer does not, in his view “sell his wheat at a higher price because he pays a rent; he pays a rent because he sells his wheat at a higher price. Rent does not act as a *cause* in the formation of prices; it is only a *result*.” From this he concludes that “(rent) represents no work completed nor any compensation for losses undergone or to be undergone” which is in direct opposition to Bastiat’s theory of compensation for a service rendered:

Si la rente n’est pas comprise dans les frais de production, il en résulte:

1° Qu’elle ne représente aucun travail accompli ni aucune compensation de pertes subies ou à subir.

2° Qu’elle est le résultat de circonstances artificielles, lesquelles doivent disparaître avec les causes qui les ont suscitées.

If rent is not included in the costs of production, the implication is:

1. That it (rent) represents no work completed nor any compensation for losses undergone or to be undergone.

2. That it is the result of artificial circumstances, which are bound to disappear along with the causes which gave rise to them.
[p. 381]

[Source:]³⁶³

The artificial circumstances (or “perturbations” (disruptions, or disturbances) as he also called them)³⁶⁴ which cause a rent to be charged can be divided into two kinds, natural and artificial circumstances. Natural disruptions occur if there is a crop failure or a flood which reduce the supply of food. These are temporary disruptions which will be overcome by importing food from elsewhere until the local farmers can return to normal production. Artificial disruptions to the equilibrium of the market are the result of monopolies and privileges which some producers can get from the state which reduces the supply of food which gets to the market and thus raises its price for consumers. These disturbances can last for considerable time as the history of France’s protectionist policies attested. They are a disruption because they prevent the market from reaching its equilibrium price

³⁶³ S12, p. 339 original, 378 Pages english.

³⁶⁴ The idea of “les causes perturbatrices” (disturbing factors) was also central to Bastiat’s theory of harmony.

which is the “natural price” which would exist if there were free and open competition. With his idea of artificial disruptions to equilibrium Molinari seems to come close to the 20th century idea of a “political rent” or “rent-seeking” developed by the Public Choice school of economics.

Molinari concludes that as competitive market forces begin to operate, the “rent” premium is gradually reduced until prices again approach their “natural” level:

D’après ce qui vient d’être dit, on comprendra que le mot rente soit tout à fait impropre à signifier la part afférente aux agents naturels appropriés ou à la terre. On bien il faut se servir du mot rente uniquement pour signifier la part qui revient à la terre dans la production et le restreindre à cet usage, ou bien il faut employer un autre terme, profit foncier, fermage ou loyer, par exemple, pour exprimer la part de la terre, et réserver, comme j’ai eu soin de le faire, le mot rente pour exprimer la part supplémentaire ou la prime qui s’ajoute au prix naturel de tout agent productif en déficit relativement aux autres. Cette part supplémentaire ou cette prime est, ainsi que j’ai cherché à le démontrer, toujours un résultat de la rupture de l’équilibre économique, mais, toujours aussi, elle détermine le rétablissement de cet équilibre juste et nécessaire, en provoquant une augmentation de la quantité, partant de l’offre des agents productifs, auxquels elle se trouve attachée.

After what has just been said, one will understand why the word rent is the completely wrong word to use if one means the part (of the return) pertaining to the natural agents which have been appropriated or to the soil. Rather one should use the word rent only to mean that part which is the return due to land in production and to limit it to this usage, or it is necessary to use another term such as profit from the land, land rent, or loyer (rent) to express the part which comes from the land, and as I have taken care to do, keep the word rent to refer to the supplementary part or the premium which is added to the natural price of any productive agent which is relatively less than the others. This supplementary part or premium is, as I have sought to demonstrate, always a result of a rupture in the economic equilibrium, but it also always causes the re-establishment of this just and necessary equilibrium by provoking an increase in the quantity, beginning with the supply of productive agents to which is is connected.

[Source:]³⁶⁵

³⁶⁵ *Cours d’économie politique* (1st ed. 1855, revised 2nd ed. 1863). In vol. 1 there is a discussion of land and rent “Treizième leçon. La part de la terre,” pp. 338-61 and Quatorzième leçon. La part de la terre (suite), pp. 362-90. Quote from pp. 373-74.

The relationship between the natural equilibrium of the free market and the disruptions caused by government intervention is a major theme in *Les Soirées* and is something which he pursued in much more detail in the *Cours d'économie politique* a few years later.

MOLINARI AND BASTIAT ON THE THEORY OF VALUE

Opening quote: “on the fluctuating hierarchy of human needs”

On pourrait établir une échelle des besoins d’après leur caractère de nécessité, avec les séries correspondantes d’utilités. Mais cette échelle n’aurait rien d’uniforme ni de fixe. Seuls, les besoins qu’il faut satisfaire pour entretenir la vie animale apparaissent chez tous les hommes avec un caractère d’intensité à peu près égal, et ils figurent au même rang, relativement aux autres. Ainsi, tous les hommes éprouvent le besoin de manger et de boire, et, malgré l’inégalité des appétits, ce besoin a pour tous le même caractère de nécessité. En revanche, les besoins dits *de luxe*, besoins qui se reconnaissent à ce qu’on peut se dispenser de les satisfaire sans compromettre son existence, s’échelonnent différemment, selon les individus, et ils sont soumis à des fluctuations nombreuses, fluctuations qui se répercutent dans les utilités correspondantes.

One could establish a ladder (or hierarchy) of needs (ranked) according to their necessity, with a corresponding series of utilities. But this ladder would have nothing that was uniform or fixed. Only those needs which had to be satisfied in order to maintain physical life (itself) would appear to have a nearly equal intensity for all men, and they would be found on the same rung (of the ladder) relative to the others. Thus, all men feel the need to eat and drink, and, in spite of the inequality of their appetites, this need has the same necessity for all men. On the other hand, the needs called “luxuries”, needs which are recognised as those the satisfaction of which can be dispensed with (ignored) without compromising one’s very existence, can be ranked differently, according to individual taste, and they are subject to numerous fluctuations which have repercussions upon their corresponding utilities.

[Source: Molinari, *Cours*, vol.1, pp. 78-79.]³⁶⁶

The Classical School economists tied themselves into knots trying to sort out the confusion over key concepts such as value, utility, price, and wealth which they had inherited from Adam Smith and David Ricardo.³⁶⁷ According to the orthodox view, a commodity which was produced by labour had some element of that labour “embodied” within it which is what gave it value. Hence the name which this theory was given, the “labour theory of value”. J.B. Say sensed that there was a problem with this approach and that more things were bought and sold on the market than physical things which embodied some objective quantity of labour. His

³⁶⁶ Molinari, *Cours*, vol.1, pp. 78-79.

³⁶⁷ For background see H. Passy, “Utilité,” *DEP*, vol. 2, pp. 795-98; H. Passy, “Valeur,” *DEP*, vol. 2, pp. 806-15.]

solution was to point out that “non-material” things (such as services in education, medicine, policing, and entertainment) were an important sector of the market and that these services were valued somewhat differently than commodities like grain or iron.³⁶⁸ Unfortunately he did not provide a full solution to the problem of value.

When Molinari was writing *Les Soirées* the problem had become acute because socialists (and soon the Marxists) had taken Ricardo's labour theory of value and made it the cornerstone of their critique of the justice of profit, interest, and rent, namely that manual workers were exploited because they did not receive the full “value” of their “labour”. From this they concluded that the state should step in to rectify the situation either by a policy of regulation and redistribution (in the case of the “parliamentary socialists” or “les socialistes en retard”) or the violent overthrow of the state and the erection of a “workers' state” (in the case of the revolutionary socialists or “les socialistes en avance”).

A handful of Economists like Bastiat and Molinari on the other hand were trying to rework their theories during the 1840s and 1850s without complete success. It not be until the early 1870s when the theorists of the “subjectivist” or “marginalist” school of William Stanley Jevons, Carl Menger, and Léon Walras turned economic theory on its head and pushed it in an entirely different direction, at least as far as the theory of value and exchange was concerned. Menger was the founder of what later become known as the “Austrian School” of economics which included Eugen von Böhm-Bawerk, Ludwig von Mises, and Friedrich Hayek.

Bastiat went the furthest in the direction of the subjectivist theory of value. In the long chapter 5 “On Value” in the *Economic Harmonies* (1850) he put forward the idea that in a mutually agreed upon voluntary transaction the two parties involved exchanged one “service” for another, or as Bastiat put it “se rendre service pour

³⁶⁸ The distinction between “produits matériels” (material or physical products, or goods) and “produits immatériels” (non-material products, or services) was one first developed at length by Jean-Baptiste Say in the *Traité d'Économie politique* (1803, 1817) and *Cours complet* (1828) and then by Charles Dunoyer in *La Liberté du travail* (1845). See, A. Clément, “Produits immatériels,” *DEP*, vol. 2, pp. 450-52, Charles Dunoyer, “Production,” *DEP*, vol. 2, pp. 439-50. Say's discussion of immaterial goods and the productivity of the industrial entrepreneur can be found in “Analogie des produits immatériels, avec tous les autres” and “De quoi se composent les travaux de l'industrie” chapters V and VI of Part One of the *Cours complet d'économie politique pratique* (1840), vol. 1, pp. 89-102.

service” (to give or offer one service for another). This idea became a cornerstone of his treatise on economics, the *Economic Harmonies*. The idea was innovative because it made the theory of exchange much more general and abstract than it had been under the classical school of Smith and Ricardo. Instead of there being an exchange of equal quantities of labor, utility, or value (or the physical goods which supposedly “embodied” them) only a more general “service” of some kind was exchanged. Under the notion of service Bastiat included not only the standard material “goods” like grain or wine, but also the “non-material” goods, like the services provided by doctors and teachers and opera singers, which had been part of J.B. Say’s theory. Bastiat took Say one step further by arguing that a capitalist who loaned money, or a land owner who rented land, or an entrepreneurial factory owner who made profits, all provided “services” for which they were justly rewarded by interest, rent, and profit respectively. For example, a banker provided the borrower with the money now when it was more urgently needed and not later, thus providing the borrower with a much needed service for which he was willing to pay. Molinari dismissed this formulation of Bastiat’s as merely playing with words.³⁶⁹

Another innovative aspect of Bastiat’s theory of exchange was his idea that each party to the exchange made an “evaluation” of the costs and benefits to him or her personally and had the expectation that the exchange would be of overall benefit. As he stated in the *Economic Harmonies*, “les échanges de services sont déterminés et évalués par l’intérêt personnel” (exchanges of services are determined and evaluated according to (one’s) personal interest). The expected benefit was calculated by a process in which the things to be exchanged were “comparés, appréciés, évalués” (compared, appraised, and evaluated).

“le mot Valeur ... (fonder) sur les manifestations de notre activité, sur les efforts, sur les services réciproques qui s’échangent, parce qu’ils sont susceptibles d’être comparés, appréciés, évalués, parce qu’ils sont susceptibles d’être évalués précisément parce qu’ils s’échangent.” [p. 120 Pages]

the word Value ... is based on the expressions of our activity, our efforts and the mutual services that are exchanged, because it is possible to compare them, appreciate them and evaluate them and they are capable of evaluation precisely because they are exchanged.

³⁶⁹ Molinari, “Nécrologie. Frédéric Bastiat, notice sur sa vie et ses écrits,” JDE, T. 28, N° 118, 15 février 1851, pp. 180-96. Quote p. 193.

“Il suit de là que la transaction se fait sur des bases avantageuses à l’une des parties contractantes, du consentement de l’autre. Voilà tout. En général, les échanges de services sont déterminés et évalués par l’intérêt personnel. Mais ils le sont quelquefois, grâce au ciel, par le principe sympathique.” p. 137]

It follows from this that the transaction is made on terms advantageous to one of the contracting parties, with the full consent of the other. That is all. In general, exchanges of services are determined and evaluated in the light of personal interest. However, thank God, sometimes this occurs in the light of the principle of fellow-feeling.

[Source:] 1st quote³⁷⁰ 2nd quote³⁷¹

With this idea of personal evaluation of goods and services Bastiat was very close to an Austrian theory of subjective value. He did not go the entire way because he still believed that services would only be exchanged if they were equal or “equivalent” in some way. He explicitly rejected the theory developed by Condillac and Henri Storch that individuals valued the things they were exchanging differently and could thus both profit from an exchange (a “double benefit”).³⁷²

In his writings, Bastiat used a variety of expressions to convey the idea of the exchange of “service for service”. These included “la mutualité des services” (the mutual exchange of services), “les services réciproques” (reciprocal services), “service contre service” (service for service), “les services équivalent” (equivalent services), and “se rendre réciproquement service” (to offer or supply reciprocal services).

Bastiat’s ideas on value were not well received by his colleagues in the Political Economy Society who discussed them at one of their meetings. They were not willing to listen to such a radical challenge to one of the main planks of the Smithian-Ricardian orthodoxy. Molinari was caught in the middle of this intellectual battle when he wrote *Les Soirées* but he seems to have taken some of

³⁷⁰ Bastiat, *Economic Harmonies*, chap. V “On Value, new LF trans, p. 114; FEE ed., p. 102; 1851 French ed., p. 117.

³⁷¹ Bastiat, *Economic Harmonies*, chap. V “On Value, new LF trans, p. 130; FEE ed., p. 121; 1851 French ed., p. 135.

³⁷² *Economic Harmonies*, Condillac discussed in Chap. IV “Exchange”, new LF trans, p. 80; FEE ed., p. 66; 1851 ed., p. 81; Storch is discussed in Chap. V “On Value”, new LF trans., p. 149; FEE ed., pp. 142-43; 1851 ed., p. 156.

Bastiat's ideas to heart. In the first edition of his treatise, the *Cours d'économie politique* (1855, 1863), he developed a new twist to the theory of value which was different to Bastiat's in many respects but similar in that it was an attempt to break out of the Smithian straight jacket.³⁷³ In Molinari's view "value is composed of two quite distinct elements - utility and scarcity ("rareté")" (p. 84). In contrast to the Smithian tradition neither of these elements were fixed amounts but were "essentiellement diverse et variable" (in essence diverse and variable) (p. 86), thus making Molinari also an interesting precursor to the "subjectivist" revolution of the 1870s. Concerning utility, Molinari argued that each individual has a unique "hierarchy of needs and wants" (une échelle des besoins) (p. 85) based upon their different tastes ("goût") (p. 85) and the degree of urgency each feels in satisfying the need at different times and circumstances ("fluctuations") (p. 85). Concerning scarcity, that too is variable and diverse because, on the one hand, technological change and economic progress will steadily reduce scarcity, while on the other hand, any natural or artificial increase in the difficulties of production will increase scarcity (by "artificial" Molinari means government intervention and regulation). Thus like Bastiat, on the issue of value Molinari moved away from focusing on any intrinsic quality of the object being traded to a more subjective and individualist approach where the fluctuating hierarchy of an individual's needs determines the value of a good or service being exchanged.

³⁷³Molinari, *Cours d'économie politique* (1st ed. 1855), vol.1, Third Lesson "La valeur, et le prix" pp. 80-106. The following quotations come from pp. 84-86.

Molinari's Theory of Class and the Bureaucratic State: from "ulcerous government" to the "budget eating class," and on to "God-Government"

ULCEROUS AND LEPROUS GOVERNMENT

Opening quote: "government administrators are tax eaters"

Avec le sang-froid d'un chirurgien expert qui extirpe des chairs cancéreuses, J.-B. Say a fait avoir à quel point un gouvernement, qui ne se borne pas strictement à remplir ses fonctions naturelles, peut jeter le trouble, la corruption et la malaise dans toute l'économie du corps social, et il a déclaré qu'à ses yeux un gouvernement de cette espèce était un véritable ulcère.

With the sang froid of the expert surgeon who cuts out the cancerous flesh, J.B. Say has shown us at what point a government which has not been strictly limited to fulfilling its natural functions can plunge the entire economy of the social body into trouble, corruption, and sickness, and he has stated that in his eyes this kind of government is a veritable ulcer.

[Source:]³⁷⁴

Molinari uses the word "plaie" (wound, sore, or plague) in *Les Soirées* to describe the government and its actions. He goes a step further in his article "Nation" in DEP³⁷⁵ where he describes governments which overstep the boundaries of their proper sphere of activity as "ulcerous" and the economist as the surgeon who must cut out the dead or cancerous flesh from the social body in order to save its life. This marked a break in the thinking of the radical economists who had up until then more often described the state as a "plunderer" who took the property of the taxpayers against their will in order to transfer it to the privileged elites who controlled the state. By the end of the 1840s the vocabulary used by economists to

³⁷⁴ "Nation," JDE, vol. 2, pp. 259-62. Quote is from p. 261.

³⁷⁵ Molinari, "Nation," DEP, vol. 2, pp. 259-62.

describe the state's actions was well established and centered around the concept of "spoliation" (plunder), the best known exponent of which was Bastiat in his *Economic Sophisms*. One might describe Bastiat's view of the state as a "criminal theory of the state" and the colourful and varied language he used to describe its operations reflect this perspective: rape, pillage, theft, and plunder.

The liberal theory of plunder was based upon the idea that to deprive a person of their justly acquired property, for whatever reason and by whatever person or institution, even (or especially) the state, was a violation of their natural rights and was therefore unjust and an act of theft. One can trace this tradition of thinking back to the writings of J.B. Say in the 1810s and that of Charles Comte and Charles Dunoyer in the 1810s and 1820s. When Bastiat published the second series of *Economic Sophisms* in January 1848 he more than any one else had developed this theory to the point where he was planning an entire book on "The History of Plunder" the outlines of which he announced in the Introductory chapters.³⁷⁶ Even though he had rejected Malthus's population theory he willingly adapted it to explain the inevitable limits to the expansion in the power of the state along Malthusian lines. His "Malthusian Law of the State" asserted that a state would continue to grow as long as there were resources which have been created by the productive classes which it can plunder for its own benefit. When these surpluses are "over harvested" or if the producers resist their exploitation by fighting back, the state will be forced to limit its growth or even cut back on its size, just like Malthus argued the size of populations are limited by the amount of food which is produced.

Although Bastiat died before he could complete his treatise on economics, let alone his planned future book on plunder, his ideas were taken up by Ambroise Clément who wrote an article on "legal plunder" (that is organised plunder by the

³⁷⁶ See my paper on "Frédéric Bastiat's Distinction between Legal and Illegal Plunder". A Paper given at the Molinari Society Session "Explorations in Philosophical Anarchy" at the Pacific Meeting of the American Philosophical Society, Seattle WA, 7 April, 2012. <http://davidmhart.com/liberty/Papers/Bastiat/Bastiat_LegalPlunder.html>. I have also attempted to reconstruct what Bastiat might have written on this topic here: "The Unfinished Treatises: The Social and Economic Harmonies and The History of Plunder (1850–51)" in *A Reader's Guide to the Works of Frédéric Bastiat (1801–1850)* <<http://oll.libertyfund.org/pages/fb-readersguide>>.

state as defined by Bastiat) for the JDE in July 1848.³⁷⁷ Clément sketched out a historical taxonomy of legal plunder or “vols” (thefts) as he called it, which went from aristocratic theft, to monarchical theft, theft under the regulatory state (i.e. protectionism), industrial theft (i.e. subsidies and monopoly privileges to favoured industries), theft under philanthropic pretensions (i.e. the incipient welfare state), and theft under the administrative state (i.e. the regulation of nearly all aspects of economic activity under the modern bureaucratic state). Unfortunately, none of his economist colleagues took up the challenge and this precocious initial effort went no further.

In *Les Soirées* Molinari seemed to have partly absorbed Bastiat’s criminal theory of the state and he uses the term “spoliation” (plunder) or its variants 19 times in the book. He gives a very concise summary of this perspective in the following passage:

Mais cette usurpation abusive des forts sur la propriété des faibles a été successivement entamée. Dès l’origine des sociétés, une lutte incessante s’est établie entre les oppresseurs et les opprimés, les spoliateurs et les spoliés; dès l’origine des sociétés, l’humanité a tendu constamment vers l’affranchissement de la propriété. L’histoire est pleine de cette grande lutte! D’un côté, vous voyez les oppresseurs défendant les privilèges qu’ils se sont attribués sur la propriété d’autrui; de l’autre, les opprimés réclamant la suppression de ces privilèges iniques et odieux. [S1 pp. 36-7]

This quite unwarranted usurpation by the strong of the property of the weak, however, has been successively repeated. From the very beginnings of society an endless struggle has obtained between the oppressors and the oppressed, the plunderers and the plundered; from the very beginning of societies, the human race has constantly sought the emancipation of property. History abounds with this struggle. On the one hand you see the oppressors defending the privileges they have allotted themselves on the basis of the property of others; on the other we see the oppressed, demanding the abolition of these iniquitous and odious privileges.

[Source:]³⁷⁸

Alongside this criminal theory of the state Molinari was also developing what one might call a “pathological or medical theory of the state” as the evolution of

³⁷⁷ Ambroise Clément, "De la spoliation légale," JDE, 1e juillet 1848, Tome 20, no. 83, pp. 363-74.

³⁷⁸ S1, p.36.

his vocabulary between 1849 and 1857 suggests. In *Les Soirées* there are references to the state and its activities as “une plaie” (a wound or a plague). In S3 the Conservative admits that the administration is a “grande plaie” (great running sore) with which the Economist agrees, suggesting that the only cure was “de moins administrer” (to administer the economy less).³⁷⁹ Other pathological descriptions of the state which followed soon after *Les Soirées* included the words “parasitical”, “ulcerous,” “leprous”, as well as the idea of the State as a voracious “eater” or “consumer” of taxes. The change in vocabulary suggests a change in perspective about what the state was and how it affected the economy. The Bastiat criminal theory of the state saw the state transferring the justly acquired resources of the producers to a privileged class of beneficiaries in an act of criminal behaviour. The pathological theory of the state which Molinari was developing saw the state as an intrusive and harmful entity which destroyed the healthy tissue of the economy and society which would die unless the pathogen could be stopped or eliminated. The pathogens Molinari had in mind included such things as a parasitic bureaucratic class; a military which killed people, destroyed property, and disrupted trade; and a legislature which passed laws prohibiting or regulating productive economic activity.

The first statement of his idea that government was an ulcer on society comes in the article he wrote for the DEP on “Nation” in 1852 where he describes governments which overstep the boundaries of their proper sphere of activity as “ulcerous” and the economist as the surgeon who must cut out the cancerous flesh from the social body in order to save it.³⁸⁰ He states that J.-B. Say was the first economist to come up with “this picturesque expression of ulcerous government (gouvernement-ulcère)” and he quotes other passages from the *Traité d'Économie politique* in this context but does not identify the actual passage where this phrase occurs. Here is Molinari’s description:

³⁷⁹ S3 p.??? last page.

³⁸⁰ “Nation,” JDE, vol. 2, pp. 259-62. Quote is from p. 261.

Avec le sang-froid d'un chirurgien expert qui extirpe des chairs cancéreuses, J.-B. Say a fait avoir à quel point un gouvernement, qui ne se borne pas strictement à remplir ses fonctions naturelles, peut jeter le trouble, la corruption et la malaise dans toute l'économie du corps social, et il a déclaré qu'à ses yeux un gouvernement de cette espèce était un véritable ulcère.

Cette expression pittoresque de gouvernement-ulcère, employée par l'illustre économiste pour désigner tout gouvernement qui intervient mal à propos dans le domaine de l'activité privée, les écrivains réglementaires et socialistes l'ont fréquemment reprochée à l'économie. [DEP, p. 261]

With the sang froid of the expert surgeon who cuts out the cancerous flesh, J.B. Say has shown us at what point a government which has not been strictly limited to fulfilling its natural functions can plunge the entire economy of the social body into trouble, corruption, and sickness, and he has stated that in his eyes this kind of government is a veritable ulcer.

“Ulcerous government,” this colourful expression used by the illustrious economist to describe all governments which intervene inappropriately in the sphere of private activity, has been frequently blamed on the economy itself by socialist and pro-regulation authors.

[Source:]³⁸¹

Molinari was not the only economist to use the phrase “ulcerous government”. Michel Chevalier believed that the “théorie du gouvernement-ulcère” emerged as a reaction to the authoritarian policies of the restored monarchy after 1815. He thought that many members of the Chamber of Deputies responsible for the 1830 overthrow of the monarchy were adherents of this view of the corrupting effects of government.³⁸² On the other side of the political spectrum the socialist Alphonse Toussenel denounced the free market ideas coming out of England during the 1840s as dangerous because they viewed the state as a “government-ulcère” and that these negative views of the government were being taken up by the French economists to justify their theories of laissez-faire.³⁸³ He needed have worried because there was already a long tradition of thinking this way about the state in French liberal thought which went back to Say, Comte, and Dunoyer.

Another example comes from the *Cours d'économie politique* where he argues that it is the “anti-economic” nature of government which enables it to suck resources

³⁸¹ “Nation,” JDE, vol. 2, pp. 259-62. Quote is from p. 261.

³⁸² Michel Chevalier, *Lettres sur l'Amérique du nord* (Paris: Charles Gosselin, 1836), vol. 2, Chap. XXIX “Amélioration social”, pp. 296-97.

³⁸³ Alphonse Toussenel, *Les Juifs, rois de l'époque : histoire de la féodalité financière* (Paris: Librairie d l'École sociétaire, 1845), pp. 26ff.

out of the productive part of the economy and destroy them for no apparent benefit. Another analogy he uses is that of a “la pompe aspirante des impôts et des emprunts” (the suction pump of taxes and debt) which pumps the “vital energy” out of an economy by means of taxes and debt.³⁸⁴ The only cure in his view to the ulcer which is eating away at the economy’s flesh is to drastically cut the functions of government and to make sure that what few functions it continued to perform were as cheap (à bon marché) and economically run as possible:

C’est ainsi, par le fait de leur constitution antiéconomique, que les gouvernements sont devenus, suivant une expression énergique de J. B. Say, les *ulcères* des sociétés. A mesure que la population et la richesse augmentent, grâce au développement [531] progressif des industries de concurrence, 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. Non seulement, les gouvernements se font payer chaque jour plus cher les fonctions nécessaires qu’ils accaparent, mais encore ils se livrent, sur une échelle de plus en plus colossale, à des entreprises nuisibles, telles que les guerres, à une époque où la guerre, ayant cessé d’avoir sa raison d’être, est devenue le plus barbare et le plus odieux des anachronismes.

Thus, by the very fact of their anti-economic constitution, governments have become the *ulcers* of societies, to use the strong expression coined by J.B. Say. As population and wealth increase, thanks to the progressive development [531] of competitive industries, a growing mass of vital energy is sucked out of society by the suction pump which are taxes and debts, in order to subsidise the costs of production of public services, or to put it in a better way, to subsidise the support and easy enrichment of the particular class which controls the monopoly of the production of these services. Not only that, but governments every day make us pay more for the necessary functions which they have cornered. And furthermore, they engage in harmful enterprises on a more and more colossal scale such as wars, at a time when war has ceased to have any reason d’être and has become the most barbarous and odious of anachronisms.

³⁸⁴ *Cours*, vol. 2, p. 531.

A cet ulcère qui dévore les forces vives des sociétés, à mesure que le progrès les fait naître, quel est le remède?

Si, comme nous avons essayé de le démontrer, le mal provient de la constitution antiéconomique des gouvernements, le remède consiste évidemment à conformer cette constitution aux principes essentiels qu'elle méconnaît, c'est à dire à la rendre *économique*.

As progress has given rise to the vital forces of society, what is the cure for this ulcer which devours them?

If, as I have tried to demonstrate, the problem comes from the anti-economic constitution of governments, the cure obviously consists in making this constitution conform to the essential principles which it does not understand, namely to make it *economic*.

[Source:]³⁸⁵

In Molinari's rich anti-statist vocabulary he had two additional phrases which he used to describe the behaviour of the state. One was another pathological term he used in 1902, this time of "la lèpre de l'Étatisme" (the leprosy of Statism) which destroyed the healthy flesh of the economy as "des classes gouvernementales et légiférantes" (the governing and legislating classes) spread the intervention of the state further into the economy:

³⁸⁵ *Cours*, vol. 2, Douzième leçon. "Les consommations publiques" (Public Consumption), pp., 530-31.

De même, tandis que le développement de l'esprit d'entreprise et d'association permettait d'abandonner désormais à l'initiative libre des individus les travaux et les services d'intérêt public, on a vu l'Etat impiéter chaque jour davantage sur le domaine de l'activité privée, et remplacer l'émulation féconde des industries de concurrence par l'onéreuse routine de ses monopoles. Moins l'intervention de l'Etat est devenue utile, plus s'est étendue la lèpre de l'Etatisme! Enfin, tandis que la multiplication et le perfectionnement merveilleux des moyens de transport, à l'usage des agents et des matériaux de la production, égalisaient partout les conditions d'existence de l'industrie, et, en mettant en communication constante les marchés de consommation auparavant isolés, enlevaient sa raison d'être originaire au régime de la protection, l'esprit de monopole des classes gouvernementales et légiférantes exhaussait et multipliait les barrières du protectionnisme.

Furthermore, while the development of the spirit of enterprise and free association henceforth allowed public works and services to be left to the free initiative of individuals, we have seen the state encroach more each day onto the domain of private activity and to replace the fruitful emulation (by the public sector) of industries which are competitively provided with the burdensome routine of monopolies. The less that State intervention became useful, the more the leprosy of Statism has spread! Finally, while the astonishing multiplication and improvements in the means of transportation of the factors and materials of production have made the situation of industry everywhere more equal, and as consumer markets which had previously been isolated have been put into constant communication with each other and have removed the original *raison d'être* of the protectionist regime, the spirit of monopoly of the governing and legislating classes raise and multiply protectionist barriers.

[Source:]³⁸⁶

Another colourful phrase was the idea that the state was turning into a carnivorous animal where the classes which benefited from government subsidies or government jobs in the bureaucracy had become “des mangeurs de taxes” (tax-eaters) who lived parasitically off the “des payeurs de taxes” (tax-payers). This was a perspective which he first developed in 1852 in his book about the 1848 Revolution and the rise of Louis Napoléon, *Les Révolutions et le despotisme envisagés au point de vue des intérêts matériel* (Revolutions and Despotism seen from the Perspective of Material Interests).³⁸⁷ A few years later this had turned into the expression “la

³⁸⁶ Molinari, “XXe Siècle”, JDE, January 1902, p. 6.

³⁸⁷ Molinari, *Les Révolutions et le despotisme envisagés au point de vue des intérêts matériel*. (Brussels: Meline, 1852), pp. 134-35.

classe budgétivore” (the budget eating class) which he continued to use for the rest of the century as part of his class analysis of the modern French state in various articles in the JDE, culminating in his important pair of articles summing up the achievements of the 19th century and his pessimistic prognosis for the fate of liberty in the statist 20th century.³⁸⁸

Thirty years after writing *Les Soirées* Molinari moved back towards the Bastiat inspired criminal or plunder theory of the state which is what he used in his two long books on the historical sociology of the state which he published in 1880 and 1884. But at the time he wrote *Les Soirées* he was torn between the two theories and was tending towards the pathological over the criminal in the immediate future.

THE BUREAUCRATIC STATE AND THE TAX-EATING CLASS (1852)

Opening quote: “government administrators are tax eaters”

Que sont, en effet, les administrateurs? Des mangeurs de taxes. Ils vivent du produit des contributions levées sur le pays. Quel est en conséquence leur intérêt immédiat? C'est d'avoir de bonnes taxes à manger; c'est d'avoir un gros budget à faire.

What in fact are administrators? They are tax eaters. They live off the product of the taxes levied upon the country. As a result of this, what are their immediate interests? It is to have good taxes to eat; it is to have access to a big budget.

[Source:]³⁸⁹

After Molinari had left Paris and relocated to Brussels he had a chance to think further about the previous tumultuous 5 years he had lived through. In a lecture he gave at the *Musée royale de l'industrie belge* on 4 October 1852 on “Les Révolutions et

³⁸⁸ The idea of “la classe budgétivore” (the budget eating class) first appeared in *De l'enseignement obligatoire* (1857), p. 332; then in the *Économiste belge* No. 45, 10 Novembre 1860, p. 2; in “Chronique” JDE T. XXX, 15 June 1885, p. 465; “Chronique” JDE T. XXXVII, 1887, p. 478; and then used to great effect in “Le XXe siècle”, JDE 1902, p. 8.

³⁸⁹ *Révolutions et despotisme*, pp. 134-5.

le despotisme envisagés au point de vue des intérêts matériel” (Revolutions and Despotism considered from the Point of View of Material Interests) he presented his ideas on where the Revolution of 1848 had taken France and what were the driving forces behind it. It should be noted that the lecture was given some 10 months after President Louis Napoléon had disbanded the National Assembly and taken full control of the government in a coup d’état on Dec. 2, 1851 which brought an end to the Second Republic, and only 2 months before he was to declare himself Emperor of the French (2 Dec. 1852). Understandably, Molinari was very sharp in his criticism of both the economic and political chaos which the 1848 Revolution brought in its wake and the political despotism which resulted from the reactionary coup d’état of Louis Napoléon. He would return to the problem of revolution in a later book *L'évolution politique et la Révolution* (1884) where he discusses the French Revolution of 1789 in the context of his general theory of the evolution of society.³⁹⁰

Molinari believed that “les économistes ... sont les teneurs de livres de la politique” (the economists are the bookkeepers of politics) and it was their task to draw up a balance sheet of the “profits and losses” of both revolution and reaction in order to assess its impact on the prosperity of ordinary people and the state of economic and political liberty of the nation. Neither event passed the bookkeeper’s test in his mind which explained why economists like him had opposed both so vehemently:

³⁹⁰ Gustave de Molinari, *L'évolution politique et la Révolution* (Paris: C. Reinwald, 1884). Chap. IX “La Révolution française.”

Or, comme les révolutions ne résistent pas à l'épreuve de la tenue des livres en partie double; comme les révolutions sont de grandes mangeuses, des dissipatrices effrénées qui engloutissent en quelques jours les épargnes accumulées pendant des siècles; comme elles n'ont le plus souvent à donner au peuple, en échange de son épargne et de la vie de ses enfants, que des paroles échauffantes et des utopies malsaines, les économistes, qui sont les teneurs de livres de la politique, ont crié haro sur les révolutions et déclaré une guerre mortelle aux révolutionnaires.

Now, since revolutions do not pass the double book-keeping test, since revolutions are the great eaters/consumers, the unrestrained spendthrifts who gobble up in a few days the savings which were accumulated over centuries; since they all too often give the people only stirring words and unsound utopian dreams in exchange for their savings and the lives of their children, the economists who are the bookkeepers of politics, raise an outcry against revolutions, declaring deadly war against the revolutionaries.

[Source:]³⁹¹

His double-entry bookkeeping showed him that on the “actif” or “profit” side of the ledger the Revolution of 1789 had produced many benefits for liberty until the Jacobin Terror and Napoleon’s wars had erased them. The same could not be said of 1848, the political “profits” from which he thought were less than zero: “Son actif n'est pas même nul, il est en moins. C'est une banqueroute politique, comme peut-être jamais le monde n'en avait vu.” (The profit side is not even zero, it is less than zero. It was a political bankruptcy perhaps unlike the world had ever seen.) [p. 114]. On the “passif” or “loss” side of the ledger he counted the serious economic depression which followed the events of February, the costs of suppressing the June Days riots by the army and the National Guard, and other similar revolts in Germany and Italy, the increase in military spending which the Revolution triggered throughout Europe, and so on. It was too soon to tell what the balance sheet would reveal about the coup d'état of Louis Napoléon, but if he was anything like his uncle the forecast was not a good one.

Another issue facing the economists was to understand the relationship between revolution and reaction, between the threat of revolution from the socialist left and the rise of despotism from the right, and what the economists might have done to prevent it. As Molinari had pointed out in his review of Dunoyer’s book on the 1848 Revolution both the left and the right shared a common view that society was theirs to make into whatever shape they liked: “l'idée erronée et vicieuse que notre

³⁹¹ *Les Révolutions et le despotisme*, pp. 115-16.

nation se fait de l'objet même du gouvernement” (the erroneous and viscous idea that our nation can be (re)made by government).³⁹² In the case of Louis Napoléon, Molinari would have classified him as one of the “socialistes en retard” (the socialist fellow travellers) who believed he could run the French economy from the massive government bureaucracies which he now controlled without supervision by an elected Assembly. As was typical of Molinari, he wrote a book about Napoleon III’s *dirigiste* economic ideas which were influenced by Saint-Simonian theories nearly 10 years later in 1861.³⁹³

In this lecture Molinari makes a comparative study of the various economic interests and classes which controlled the French state in the 1790s and in 1848-49 and how this led to the rise to power of the two emperors named Napoléon. In both revolutions reformists were able to seize power in order to remake French society according to their own vision, Robespierre and the Jacobins in 1793, Louis Blanc in 1848. After the chaos which they unleashed came a conservative reaction which led to the rise to power of a “party of order” led by a Napoleon. Molinari argued that this party of order had two components, an external component of elected Deputies and their supporters in the subsidised and protected industries and the large agricultural producers, and an internal component made up of a coalition of bureaucratic administrators and members of the military who had different but related intentions about how they wanted to use the power of the state which they now controlled. He described the latter as being part of the class of “des mangeurs de taxes” (tax-eaters) who lived parasitically off the “des payeurs de taxes” (tax-payers). Later, Molinari was to coin the colourful phrase “la classe budgétivore” (the budget eating class) to describe this group of government bureaucrats and employees who lived off the tax-payers.³⁹⁴

³⁹² [Unsigned but probably Molinari], CR “La Révolution de 1848, par M. Dunoyer”, JDE, T. 24, N° 101, 15 août 1849, p. 112-14. Quote is from p. 113. Dunoyer’s book was: Charles Dunoyer, *La Révolution du 24 février* (Paris: Guillaumin, 1849).

³⁹³ Gustave de Molinari, *Napoleon III publiciste; sa pensée cherchée dans ses écrits; analyse et appréciation de ses oeuvres* (Bruxelles: A. Lacroix, Van Meenen, 1861).

³⁹⁴ Molinari’s idea of “la classe budgétivore” (the budget eating class) first appeared in *De l’enseignement obligatoire* (1857), p. 332; the *Économiste belge* No. 45, 10 Novembre 1860, p. 2, “Chronique” JDE T. XXX, 15 June 1885, p. 465; “Chronique” JDE T. XXXVII, 1887??, p. 478; “Le XXe siècle”, JDE 1902, p. 8.

Que sont, en effet, les administrateurs? Des mangeurs de taxes. Ils vivent du produit des contributions levées sur le pays. Quel est en conséquence leur intérêt immédiat? C'est d'avoir de bonnes taxes à manger; c'est d'avoir un gros budget à faire. Plus les contribuables sont accablés d'impôts, plus l'administration est florissante. C'est un administrateur qui a émis cet axiome demeuré célèbre: *l'impôt est le meilleur des [135] placements*. Pour l'administration, oui il coup-sûr! Toute entreprise publique, qu'elle soit onéreuse ou productive pour la communauté, ne profite-t-elle pas, quand même, à l'administration? Si l'entreprise échoue, qu'importe aux administrateurs? N'ont-ils pas, en attendant, administré la dépense? Et alors même qu'une nation subit dans ses affaires industrielles et commerciales le contre-coup des fausses spéculations de son gouvernement, voit-on baisser les salaires administratifs? Que si, au contraire, l'entreprise réussit, l'administration n'en tire-t-elle pas le profit le plus clair? N'est-ce pas **un nouveau débouché** qui s'ouvre d'une manière permanente à son industrie?

What in fact are administrators? They are tax eaters. They live off the product of the taxes levied upon the country. As a result of this, what are their immediate interests? It is to have good taxes to eat; it is to have access to a big budget. The more the taxpayers are overburdened by taxes, the more the administration flourishes. It was an administrator who coined this celebrated phrase: *tax is the best kind of government job*. For the administration, this is for sure! All state owned enterprises, whether they are costly or productive for the community or not, don't they still profit the administration? If the enterprise fails, what concern is this to the administrators? Weren't they administering the expenditure all the same? And even though a nation's industrial and commercial affairs suffer from the aftereffects of its government's bad speculative activities, do we see administrative salaries reduced? But if on the other hand, a state-owned enterprise is successful, doesn't the administration make a clear profit from it? Isn't this a new market which has been permanently opened up for its activity (industrie)?

[Source:]³⁹⁵

The administrative class wanted government to expand so there were more bureaucratic offices to staff and more opportunities for their career advancement. To them this was “un nouveau *débouché* qui s'ouvre d'une manière permanente à son industrie” (a new *market* which opens up for them new opportunities for their industry in a permanent way). The military class sought war as they were paid not just in salaries but also in the form of glory, promotions, and military honors. The administrative class therefore had an incentive to form an alliance with the military “pour diriger le mécanisme primitif et grossier du despotisme” (in order to direct

³⁹⁵ *Révolutions et despotisme*, pp. 134-5.

the primitive and rough mechanism of despotism).³⁹⁶ Both groups benefited enormously from expanding war because for the administrative class it increased taxes on a massive scale, and for the military it was the fulfillment of their training and careers.

The economists' warning about the costs, inefficiencies, and destruction of life and property which both revolution and despotism brought about fell on deaf ears. They could not compete with the dreams of the socialists to remake French society, nor with the administrative and military classes who benefited from the reaction which inevitably followed.

L'économie politique a deux ennemis irréconciliables : l'esprit de révolution et l'esprit de réaction. Savez-vous pourquoi? Parce que l'un conduit à l'anarchie et l'autre au despotisme, et qu'au point de vue des intérêts généraux de la [84] société, l'anarchie et le despotisme sont presque également funestes. Aussi, chose digne d'attention, aux époques où la société s'est trouvée à la merci des partis extrêmes, où les garanties nécessaires et légitimes de la propriété ou de la liberté des citoyens ont été foulées aux pieds, on chercherait vainement un économiste au nombre des défenseurs et des courtisans du pouvoir.

Political economy has two irreconcilable enemies: the spirit of revolution and the spirit of reaction. Do you know why? Because one leads to anarchy/chaos and the other to despotism, and from the point of view of the general interests of society, chaos and despotism are almost equally harmful. Also, and this point requires close attention, in the periods when society finds itself at the mercy of extremist parties, when the necessary and legitimate guarantees of the property and liberty of citizens have been trampled underfoot, one looks in vain for an economist among the defenders and courtisans/flatterers of power.

[Source:]³⁹⁷

But, as he mournfully concluded his lecture, “Malheureusement, on n'écoute guère les économistes”(Unfortunately, hardly anyone listens to the economists).³⁹⁸

THE INTERVENTIONISM OF THE “GOD-GOVERNMENT”

³⁹⁶ *Révolutions et despotisme*, p. 135.

³⁹⁷ *Révolutions et despotisme*, pp. 83-84.

³⁹⁸ *Révolutions et despotisme*, p. 151.

Opening quote: “a government acting like God”

... un gouvernement faisant office de Providence. Ce gouvernement-Providence emploie dans l'accomplissement de sa tâche des procédés de deux sortes : d'abord il régleme, en suivant les inspirations de son intelligence supposée supérieure, la liberté et la propriété des particuliers dans l'intérêt prétendu de la généralité; ensuite il s'empare de certaines branches de travail, il en subventionne ou il en protège d'autres, aux frais de la communauté.

... a government acting like God. This God-Government uses two things to accomplish its task: first it regulates the liberty and property of individuals in the supposed interest of the general welfare, by following the ideas which spring from its supposedly greater intelligence, then it seizes control of certain branches of industry, and it subsidizes or protects others, all at the cost of the community.

[Source:]³⁹⁹

Ten years after he went into self-imposed exile in Brussels, Molinari again reflected on the February Revolution, how it had changed French politics, the strategies for achieving change used by the various groups who were involved, and what this meant for free market reformers like himself. Opposed to the economists were three groups who all advocated various forms of government intervention in the economy. Before the Revolution there were “des classes politiquement et économiquement privilégiées” (the politically and economically privileged classes) who used their access to political power to enrich themselves by subsidies, tariffs, and monopolies. These activities naturally enraged the classes who were excluded from political decision making and who paid the taxes or the higher prices these policies imposed upon them. The mistake they made, according to Molinari, was to see the solution to their problem in the socialist policies of the organisation of labour and the right to work. Their support for socialist groups in the Revolution led to an economic experiment which failed dramatically in June 1848 when the National Workshops collapsed. The chaos the Revolution brought in its wake was forcibly cleaned up and future political upheaval repressed by a new coalition of monarchists, conservatives, and moderate republicans under the banner of the “Party of Order” with Louis Napoleon as its figure head. Molinari calls this latter group which came to power in 1849-51 “les interventionistes” (the interventionists)

³⁹⁹ *Questions d'économie politique*, “Préface,” p. x.

who had much in common with both the old privileged class and the discredited socialists in that they saw the solution to France's economic problems in pervasive government regulation of the economy, the seizure of key sectors which would be run by government, and the subsidisation or private monopolisation of other industries. What the new Bonapartist régime had created was what Molinari called "ce gouvernement-Providence" (this God -Government) (see quote above).

Thus in the Revolution's aftermath, the economists had three adversaries to combat, the privileged classes, the socialists, and now the interventionists, whereas before February 1848 they only had one real and one potential adversary. In addition to all three groups supporting one kind of government intervention or another, they also shared a common method of achieving their goals, namely the use of force by the government. This explained their costly and sometimes violent efforts to seize or retain control of the state so they could use its powers to introduce their form of "God-Government". This was yet another thing which separated the economists from their adversaries, in Molinari's view. The privileged elites, the socialists, and the Bonapartist interventionists all belonged to one or another variety of what he termed "l'école de la force" (the school of force) which believed in using the violence of revolution, the police, or war to achieve their goals. The economists like Molinari on the other hand belonged to "l'école de la persuasion" (the school of peaceful persuasion) who used "propagande pacifique" (peaceful propaganda) to achieve their goals. There was also a hybrid school which sometimes advocated violence and sometimes persuasion depending on the particular circumstances, known as "l'école des éclectiques" (the eclectic school). Molinari no doubt could see that some of the economists were tempted after the events of 1848 to join the eclectic school - people like Michel Chevalier for instance, who sided with Napoleon III, joined his regime, and was able to get a free trade treaty with England signed in 1860, partly as a result of his personal influence on the Emperor. Although Molinari was firmly on the side of the school of persuasion at this time, he was to waver 10 years later after another socialist revolution had rocked France. When he was thinking in 1873 about the shape the new constitution of what would become the Third Republic should be, he argued that socialists who advocated the violent overthrow of the government should be

denied the freedom of speech.⁴⁰⁰ Thus proving that the “intransigent” liberal Molinari could sometimes be won over to the eclectic side.

These intolerant thoughts were obviously the result of the trauma he had experienced first hand during the uprising of the socialists who had seized control of Paris in 1871 and the economic hardship caused by the Prussian siege of Paris. In both earlier and later writings he did not show this tendency. For example, in 1861 when he wrote the Preface to his collection of writings *Questions d'économie politique* he totally rejected the use of violence in trying to change society. He had in mind two examples of successful intellectual revolutions which did not involve any use of force, namely the rise of Christianity before it became the state religion of the Roman Empire, and the success of the Anti-Corn Law League in repealing protectionism in England. He obviously thought that the free market economists should model themselves on Jesus and Richard Cobden rather than Louis Blanc. Perhaps he had this in mind when he and the other members of the Club de la liberté “turned the other cheek” by not fighting back physically when their club was violently broken up by a communist gang in March 1848.

Nous repoussons de toute notre énergie l'intervention de la force pour imposer les idées; nous nous en tenons à l'emploi exclusif de la persuasion pour les faire accepter. Nous sommes, dans l'intérêt bien entendu du progrès, hostile à toute révolution, si légitime qu'elle puisse paraître, et nous considérons les révolutionnaires comme des esprits arriérés qui, en mettant au service de la Civilisation les procédés de la Barbarie, ralentissent ses progrès au lieu de les accélérer.

We reject with all our might the use of force to impose our ideas (on others); we limit ourself to the exclusive use of persuasion to get them accepted. In the interest of rightly understood progress, we are hostile to all revolutions, even if they might appear to be legitimate, and we view revolutionaries as backward minded individuals who slow down instead of accelerating progress, by using the methods of barbarism in the service of civilisation.

[Source:]⁴⁰¹

⁴⁰⁰ See the very harsh words he had to say about “les apôtres de la liquidation sociale” (the apostles of social destruction/liquidation) in Gustave de Molinari, *La République tempérée*. (Paris: Garnier, 1873), pp. 21-23.

⁴⁰¹ *Questions d'économie politique*, “Préface,” p. xxiii.

THE FURTHER DEVELOPMENT OF MOLINARI'S THEORY OF THE STATE 1873-1884

There is much more that could be said about Molinari's theory of the state. A thorough discussion of his short work on *La République tempérée* (The Temperate or Moderate Republic) (1873) and his two volume, 1,000 page work on the evolution of political and economic institutions, *L'évolution économique du XIXe siècle: théorie du progrès* (1880) and *L'évolution politique et la Révolution* (1884), is beyond the scope of this paper.⁴⁰² It can only be noted that he continued to develop ideas he had first explored in the ten year period under discussion here (1845-1855) and pursued them doggedly for another 55 years in spite of the isolation and discouragements he had to endure.

⁴⁰² Gustave de Molinari, *L'évolution économique du XIXe siècle: théorie du progrès* (Paris: C. Reinwald 1880). (470 pp.) And Gustave de Molinari, *L'évolution politique et la Révolution* (Paris: C. Reinwald, 1884). (506 pp.)

Post-Script

MOLINARI'S AND BASTIAT'S REPUTATIONS IN THE LATE-19TH AND EARLY 20TH CENTURIES: THE FATE OF TWO "INTRANSIGENT LIBERALS"

Apart from any intrinsic interest they might have, the work of Bastiat and Molinari is important because of the impact they had on the emergence of modern libertarian thought in the second half of the 20th century in the United States. Both thinkers were largely ignored, even completely forgotten as the 19th century wore on. They were regarded by most historians of economic thought at the time as irrelevant throw backs to an earlier age who were regarded as rigid adherents of laissez-faire economics who had nothing to say to new generations of economists, with the sole exception of Vilfredo Pareto who admired both of them.⁴⁰³ Even the editors of the *Nouveau dictionnaire d'économie politique* (1891-92),⁴⁰⁴ the successor to the DEP on which Molinari had worked so hard and contributed so much, did not feel the need to include an article on him, which was an appalling slight to him. Standard accounts in the late 19th century like Luigi Cossa's *Introduction to the Study of Political Economy* (1891)⁴⁰⁵ or the *Handwörterbuch der Staatswissenschaften* (1892-95)⁴⁰⁶ barely mentioned him in passing. It got worse in the 20th century when he was relegated to the footnotes, at best, in works like Charles Gide and Charles Rist's *A History of Economic Doctrines from the Time of the Physiocrats to the Present Day* (1st French

⁴⁰³ See for example, Vilfredo Pareto, *Cours d'économie politique. Professe à l'Université de Lausanne* (Lausanne: F. Rouge, 1896), T. 1, p. 220; and Pareto, *Les Systèmes socialistes* (Paris: V. Giard et E. Brière, 1902), T. 1, p. 199.

⁴⁰⁴ *Nouveau dictionnaire d'économie politique*, ed Léon Say et Joseph Chailley (Paris: Guillaumin, 1900). 2 vols. 1st ed. 1891-92. 2nd ed. 1900.

⁴⁰⁵ Luigi Cossa, *An Introduction to the Study of Political Economy*, trans. Louis Dyer (London: Macmillan, 1893). Revised edition. 1st ed. 1891. Chap. X "Political Economy in France", pp. 366-98. Section 2 of this chapter is devoted to "The Optimists: Charles Dunoyer and Frédéric Bastiat". Quote is on p. 381.

⁴⁰⁶ *Handwörterbuch der Staatswissenschaften*, ed. Johannes Conrad, Ludwig Elster, Wilhelm Lexis, Edgar Loening (Jena: G. Fischer, 1900). 2nd. revised edition. - "Molinari, Gustave de", Volume 5, p. 850. 1892 ed. vol. 4, p. 1209.

edition 1909)⁴⁰⁷ or Lewis Haney's *History of Economic Thought* (1911) who described him as an "older individualist" and a "utopist".⁴⁰⁸ More attention was given to Bastiat and Molinari by Albert Schatz, *L'individualisme économique et social* (1907)⁴⁰⁹ whose work influenced Hayek's thinking on the history of individualism but only to denigrate their dangerous French "anti-statist" individualist views in comparison to the more acceptable "English" form of individualism of John Stuart Mill. The fullest treatment of Molinari's ideas before the First World War is by the German historian of economic thought Raymund de Waha in *Die Nationalökonomie in Frankreich* (1910) who devotes 183 pages to the "Liberal School" in which he places Molinari, Frédéric Passy, and Yves Guyot in the subcategory of "Die Gruppe der Unentwegten" (the group of indefatigable or undeviating/intransigent ones). After summarizing Molinari's key works quite extensively over some 25 pages Waha doesn't know what to make of Molinari's ideas, whether he should be more surprised "by his clueless naivete and lack of knowledge about life, or by the inherent cynicism of his beliefs."⁴¹⁰

Less damning is Gaëtan Pirou's *Les doctrines économiques en France depuis 1870* (1925)⁴¹¹ who devotes two short chapters to Molinari and Guyot. Although he also calls them "individualistes intransigeants" (intransigent individualists) he does concede that Molinari had "un don remarquable de synthèse et qu'il a construit une doctrine d'une belle envergure" (a remarkable gift for synthesis and that he constructed a doctrine of a high calibre).⁴¹² He carefully describes some of the more important aspects of Molinari's thinking such as his idea of the natural

⁴⁰⁷ Charles Gide and Charles Rist, *A History of Economic Doctrines from the Time of the Physiocrats to the Present Day*, trans. R. Richards. 2nd. English edition. (London: George G. Harrap, 1915). (1st French edition 1909, 2nd ed. 1913). See p. 335 of the 2nd English ed.

⁴⁰⁸ Lewis Henry Haney, *History of Economic Thought: A Critical Account of the Origin and Development of the Economic Theories of the Leading Thinkers in the Leading Nations* (New York: Macmillan, 1920). Revised ed. 1st ed. 1911. Quote is from p. 605.

⁴⁰⁹ Albert Schatz, *L'individualisme économique et social: ses origines, son évolution, ses formes contemporaines* (Paris: Armand Colin, 1907).

⁴¹⁰ Raymund de Waha, *Die Nationalökonomie in Frankreich* (Stuttgart: Ferdinand Enke, 1910). "Die Gruppe der Unentwegten", pp. 72-96. Quote from p.95.

⁴¹¹ Gaëtan Pirou, *Les doctrines économiques en France depuis 1870*. (Paris: Librairie Armand Colin, 1925), p. 87.

⁴¹² Pirou, Chap I 'l'individualisme extrême", p. 83

harmony of markets, his concern to found political economy on observable natural laws, his advocacy of free banking, the private provision of education, and collective goods such as security, and that states should be exposed to private competitors in order to keep their costs down. He wryly notes that even when Molinari appears to make some concession to the State, such as permitting it some involvement in the supply of security, he seems to undermine this by expecting the state to submit to competition and free pricing:

Enfin, la faculté de sécession, c'est-à-dire le droit pour les individus de changer de nationalité, établirait entre les États une salubre émulation et pousserait chacun d'eux à faire tout le possible pour donner à ses administrés les services les meilleurs au plus bas prix. Ainsi de Molinari, lorsqu'exceptionnellement il se résigne à laisser à l'État quelque fonction, entend que cette fonction soit soumise au jeu des lois de l'économie privée et concurrentielle.

Finally, the ability to secede, that is to say the right of individuals to change their nationality, would create between States a welcome spirit of emulation and would push each of them to do the best they possibly could to give those they administered/ruled the best services at the lowest price. Thus Molinari, even when he is occasionally resigned to grant the state some function, believes that this function should be subject to (au jeu) the laws of private economy and competition.

[Source:]⁴¹³

Silence again descends on Molinari in *Palgrave's Dictionary of Political Economy* (1926) where he gets no mention at all.⁴¹⁴ This is partly rectified in the *New Palgrave* (2008) some sixty years later where there are two essays on “France, economics in (before 1870)” and “France, economics in (after 1870)” where there are two very brief references to Molinari as one of the last of the classical liberals who was noteworthy for having been wrong about the classical theory of distribution.⁴¹⁵

The last of the older historians of economic thought who will be mentioned here before turning to the scholars who rediscovered the importance of Molinari's ideas in the 1960s and 1970s is the venerable and caustic/dispeptic Joseph A.

⁴¹³ Gaëtan Pirou, *Les doctrines économiques en France depuis 1870*. (Paris: Librairie Armand Colin, 1925), p. 87.

⁴¹⁴ *Palgrave's Dictionary of Political Economy*, ed. Henry Higgs (London: Macmillan, 1926). 3 vols.

⁴¹⁵ *New Palgrave*, “France, economics in (before 1870)”, vol. 3, pp. 475-80 and “France, economics in (after 1870)”, vol. 3, pp. 481-86.

Schumpeter. It seems that those who studied economics in Germany or Austria find Molinari's and Bastiat's work particularly intolerable. Like Waha, Schumpeter has nothing but scorn to throw at Molinari and his contemporaries as this paragraph shows:

Accordingly, we consider first the laissez-faire ultras who are known as the Paris group because they controlled the *Journal des économistes*, the new dictionary, the central professional organization in Paris, the Collège de France, and other institutions as well as most of the publicity—so much so that their political or scientific opponents began to suffer from a persecution complex. It is extremely difficult, even at this distance of time, to do justice to this group that was also a school in our sense. I shall mention only a few names that will guide any interested reader to its works and, instead of characterizing individuals, attempt to characterize, in a few lines, the group as a whole. The most distinguished names, then, were Paul Leroy-Beaulieu, Courcelle-Seneuil once more, Levasseur, the indefatigable Gustave de Molinari, Yves Guyot, Maurice Block, and Léon Say. They were anti-étatistes, that is to say they indulged in a belief to the effect that the main business of economists is to refute socialist doctrines and to combat the atrocious fallacies implied in all plans of social reform and of state interference of any kind. In particular, they stood staunchly by the drooping flag of unconditional free trade and laissez-faire. This accounts easily for their unpopularity with socialists, radicals, Catholic reformers, solidarists, and so on, though it should not count for us. But what does count for us is the fact that their analysis was methodologically as 'reactionary' as was their politics. They simply did not care for the purely scientific aspects of our subject. J.B.Say and Bastiat, and later on a little diluted marginal utility theory, satisfied their scientific appetite.⁴¹⁶

Molinari is again described as "indefatigable" and his fellow economists as "laissez-faire ultras" and "anti- *étatistes*" whose "analysis was methodologically as 'reactionary' as was their politics". One wonders whether it is the fact that the "indefatigable laissez-faire ultras" were not mathematically inclined which put them beyond the pale (the argument is unfair in that mathematical economics became popular and de rigueur only later in the century), or whether it was because

⁴¹⁶ Joseph A. Schumpeter, *History of Economic Analysis*. Edited from Manuscript by Elizabeth Boody Schumpeter (New York: Oxford University Press, 1974). 1st ed. 1954. Quote from p. 841.

they had a different vision of what political economy was about (believing that it also encompassed policy analysis, moral theory, history, and sociology), or whether it was the fact that they were advocates of untrammelled laissez-faire which went against the political and moral views of mainstream 20th century economists. It is hard to square Schumpeter's total rejection of Molinari's views with the very positive view the pioneering economist and sociologist Vilfredo Pareto had of him.

Schumpeter's comments about Molinari's colleague Bastiat are even more damning and are quoted here to give a sense of the hostility felt towards them by mainstream economists:

Frédéric Bastiat's (1801–50) case has been given undue prominence by remorseless critics. But it is simply the case of the bather who enjoys himself in the shallows and then goes beyond his depth and drowns. A strong free trader and laissez-faire enthusiast, he rose into prominence by a brilliantly written article, 'De l'influence des tarifs français et anglais sur l'avenir des deux peuples' (*Journal des économistes*, 1844), which was grist to the mill of the small group of Paris free traders who then tried to parallel Cobden's agitation in England. A series of *Sophismes économiques* followed, whose pleasant wit—petition of candle-makers and associated industries for protection against the unfair competition of the sun and that sort of thing—that played merrily on the surface of the free-trade argument has ever since been the delight of many. Bastiat ran the French free-trade association, displaying a prodigious activity, and presently turned his light artillery against his socialist compatriots. So far, so good—or at any rate, no concern of ours. Admired by sympathizers, reviled by opponents, his name might have gone down to posterity as the most brilliant economic journalist who ever lived. But in the last two years of his life (his hectic career only covers the years 1844–50) he embarked upon work of a different kind, a first volume of which, the *Harmonies économiques*, was published in 1850. The reader will please understand that Bastiat's confidence in unconditional laissez faire (his famous 'optimism')—or any other aspect of his social philosophy—has nothing whatever to do with the adverse appraisal that seems to me to impose itself, although it motivated most of the criticism he got. Personally, I even think that Bastiat's exclusive emphasis on the harmony of class interests is, if anything, rather less silly than is exclusive emphasis on the antagonism of class interests. Nor should it be averred that there are no good ideas at all in the book. Nevertheless, its deficiency in reasoning power or, at all events, in power to handle the analytic apparatus of economics, puts it out of court here, I do not hold that Bastiat was a bad theorist. I hold that

he was no theorist. This fact was bound to tell in what was essentially a venture in theory, but does not affect any other merits of his. I have said nothing of the charge that he plagiarized Carey that was urged by Carey himself, and then by Ferrara and Dühring. Since I cannot see scientific merit in the Harmonies in any case, this question is of no importance for this book. But readers who do take interest in it are referred to Professor E. Teilhac's balanced and scholarly treatment of it in *Pioneers of American Economic Thought* (English trans. by Professor E.A.J. Johnson, 1936). His argument establishes, with considerable success, that much that seems at first sight unrelieved plagiarism is accounted for by the French sources that Bastiat and Carey had in common. Bastiat's *Oeuvres complètes* with a biography were published in a second edition (1862–4).⁴¹⁷

THE ORIGINALITY AND IMPORTANCE OF BASTIAT AND MOLINARI AS ECONOMIC AND SOCIAL THEORISTS

As a corrective to Schumpeter's vituperation and dismissal of the French laissez-faire economic school⁴¹⁸ (which is discussed in more detail below in the "Postscript", I will summarize the original and important contributions made to political economy in particular and social theory in general made by Bastiat and Molinari. To begin with Molinari, he believed:

1. that **political economy has a moral dimension** which was usually unstated and assumed by its practitioners, but which had to be declared upfront, and that economic theory had to be based upon stronger ethical foundations than Adam Smith or J.B. Say had provided, especially concerning **the right to property in general and the justice of profit, interest, and rent**; in other words, that there was a "moral economy" as well as a "political economy."

⁴¹⁷ Joseph A. Schumpeter, *History of Economic Analysis. Edited from Manuscript by Elizabeth Boody Schumpeter* (New York: Oxford University Press, 1974). 1st ed. 1954. Quote from p. 500-01.

⁴¹⁸ Joseph A. Schumpeter, *History of Economic Analysis. Edited from Manuscript by Elizabeth Boody Schumpeter* (New York: Oxford University Press, 1974). 1st ed. 1954. See p. 841.

2. that the world, including **the economy, is governed by universal natural laws** and that these laws could not be ignored for long without causing serious problems. He further believed that in attempting to get around or ignore these natural laws governments intervened in the operation of the market and caused severe hardship for ordinary workers and consumers.
3. that **all so-called public goods could and should be “privatized”**, in other words provided competitively on the free market by entrepreneurs who sought out consumers, even in areas such as rivers (canals), roads, the water supply, security, theatre and the arts which had traditionally been monopolies of the State, or areas which highly regulated by the state such as prostitution and the funeral business; in other words, that there should be “markets in everything” and “entrepreneurs in every market”.
4. that **economic analysis could be applied to the State and other institutions** like the army and the bureaucracies which ran the government, as well to other institutions like the family and the Church. Molinari also believed that there was a “political market” where politicians made deals with vested interests and voters in order to maximise their benefits including getting re-elected. Thus Molinari might make a claim to being an early advocate of “public choice” economics.
5. that **the free flow of information within an economy was of vital importance** to the creation of a stable economic order. He had in mind the transmission of information about the supply, demand, and price of labour which lay behind his notion of Labour Exchanges to solve the problem of unemployment, and his idea of equilibrium, the point to which free markets with free prices “tends” (or gravitates) in order to reach an equilibrium between supply and demand
6. that **the structure of society should be understood in class terms** in which a small, powerful, privileged elite controlled the state in order to get benefits for themselves at the expense of ordinary taxpayers and consumers, and that history should be seen as the arena where this rivalry between these two groups was played out.
7. that **institutions evolved over time as a result of economic, political, military, and technological forces**, such as the extent of the market, the degree of the division of labour, the nature of external threats to a society, and the degree to which markets developed to take over activities hitherto the monopoly of the State. He might be regarded as an

early advocate of what later became known as Douglass North's institutional economics.

8. that **political economists should continue to speak to the ordinary person** in order to spread the understanding of free market ideas by means of journalism and popular works such as his economic "conversations".⁴¹⁹

Turning to his friend and colleague Frédéric Bastiat who was even more maligned by Schumpeter for his non-contribution to economic theory⁴²⁰ (also see below), one could summarize his innovations as the following:⁴²¹

1. his **use of methodological individualism to discover how people go about making economic decisions**. He invented the idea of "Crusoe economics" to explain in elementary terms how an individual, even in the absence of trading opportunities, goes about maximising the use of his time and other scarce resources to order to provide for himself; then with the introduction of a second party, Friday, the opportunities for exchange and the division of labour make both individuals better off are

⁴¹⁹ See a brief history of attempts to do this in David M. Hart, "Negative Railways, Turtle Soup, talking Pencils, and House owning Dogs": "The French Connection" and the Popularization of Economics from Say to Jasay." (Sept. 2014) <<http://davidmhart.com/liberty/Papers/Bastiat/BastiatAndJasay.html>>. A shorter version appears in the Summer Symposium on the Work of Anthony de Jasay: David M. Hart, "Broken Windows and House-Ownning Dogs: The French Connection and the Popularization of Economics from Bastiat to Jasay," *The Independent Review: A Journal of Political Economy*, Summer 2015, vol. 20, no. 1, pp. 61-84.

⁴²⁰ Schumpeter, *History of Economic Analysis*, p. 500-01.

⁴²¹ For a more discussion of this, see David M. Hart, "Reassessing Frédéric Bastiat as an Economic Theorist". A paper presented to the Free Market Institute, Texas Tech University, Lubbock, TX, October 2, 2015. Online: <http://davidmhart.com/liberty/Papers/DMH_Bastiat-EconomicTheorist21Sept2015.html>; and David M. Hart, "Seeing the 'Unseen' Bastiat: the changing Optics of Bastiat Studies. Or, what the Liberty Fund's Translation Project is teaching us about Bastiat." A paper presented to the "Colloquium on Market Institutions & Economic Processes" at NYU, Monday, December 1, 2014. Online: <davidmhart.com/liberty/Papers/DMH_Bastiat-SeenAndUnseen15Nov2014.html>.

explored; and finally the introduction of a third party introduces the idea of mutually beneficial foreign trade.⁴²²

2. a **new theory of rent** in which he argued that there was nothing special about land or the returns to be had from land, that all exchanges should be viewed as variations of the same general principle, namely that individuals engaged in voluntary and mutually beneficial exchanges of “one service for another service.”
3. his **rejection of Malthusian limits to population growth** with his arguments that Malthusians had seriously underestimated the productivity gains to be had by fully free markets, international free trade, and the application of human ingenuity to the problem of food production, as well as the ability of thinking and acting individuals to plan the size of their families.
4. the idea that a **“spontaneous” or “harmonious” order emerges when free individuals are allowed to engage in trade with each other**, based upon freely negotiated prices and a system of property rights which are respected. Disharmony occurs when “disturbing factors” such as natural disasters like plagues and floods disrupt economic activity, or when governments impose onerous taxes and heavy regulation on their citizens. The worst disturbing factor of them all he thought was war.
5. the idea that **markets were a coordinating mechanism** for solving large-scale social problems like the feeding of a city the size of Paris. Millions of parties who were unknown to each other come together in the expectation of profitable sales and purchases without the need for government coordination or even knowledge of the problem.
6. the idea that **all economic activity was interconnected in some way**. Bastiat developed the little appreciated idea of “the ricochet effect” to describe how an economic action in one area might have “flow on” or “spillover” effects into other areas of the economy, often with negative consequences. He was aware that information flowed throughout an economy like ripples on the surface of a pond, or like electricity which

⁴²² I explore Bastiat’s profound influence on Rothbard when he was working on his treatise *Man, Economy, State* in David M. Hart, “The Economics of Robinson Crusoe from Defoe to Rothbard by way of Bastiat.” A Paper given at the Association of Private Enterprise Education International Conference (April 12–14, 2015), Cancún, Mexico. Online: <davidmhart.com/liberty/Papers/Bastiat/DMH_CrusoeEconomics.html>.

flowed from one place to another (and many other electrical and hydraulic metaphors).⁴²³

7. a related idea to the above is the **idea of unintended consequences, and opportunity costs**, or to use Bastiat's most famous expression "the unseen". This insight, that economists need to look for the unintended and largely unseen consequences of an act of government intervention, and to take this into account when making their cost-benefit analyses, is one that is still largely ignored today.
8. his **attempt to quantify the impact of economic events** which might be unseen or which ricochet through the economy with his idea of the "double incidence of loss" and an early version of the multiplier effect of government intervention
9. his theory of **the "economic sociology" of the State** which he proposed to develop at greater length in a planned but never finished *History of Plunder*⁴²⁴
10. **his proto-Austrian subjective theory of value** in which he argued that people placed values on things which were useful to them through a process of observation, reflection, expectation, and historical experience. Although he ultimately rejected Condillac's and Storch's more fully developed subject value theory in *Economic Harmonies* he was very close to the Austrian position.
11. his understanding of **the importance of rhetoric in economics** which he develops in his brilliant series of *Economic Harmonies*. His

⁴²³ See, David M. Hart, "On Ricochets, Hidden Channels, and Negative Multipliers: Bastiat on Calculating the Economic Costs of 'The Unseen'." A Paper given at the History of Thought Session of the Society for the Development of Austrian Economics, Southern Economic Association 83rd Annual Meeting, 24 Nov. 2013. <http://davidmhart.com/liberty/Teaching/2013/SEA/DMH-BastiatRicochet_24Nov2013.pdf>.

⁴²⁴ See, David M. Hart, "Frédéric Bastiat's Distinction between Legal and Illegal Plunder". A Paper given at the Molinari Society Session "Explorations in Philosophical Anarchy" at the Pacific Meeting of the American Philosophical Society, Seattle WA, 7 April, 2012. <http://davidmhart.com/liberty/Papers/Bastiat/Bastiat_LegalPlunder.html>.

awareness of how economists, like himself, use rhetoric to make their points reminds one of the work of Deirdre McCloskey.⁴²⁵

To us in the early 21st century, these insights of Bastiat and Molinari point to future developments in economic and social theory. To Schumpeter writing in the mid-20th century the work of Bastiat and Molinari did not look at all like the technical, analytic, and mathematical beast that economics had become in the 100 years since they wrote their books. In addition Schumpeter was handicapped by his inordinate interest in and respect for Karl Marx who hovered over the text like a constant handmaiden. Nearly every economist Schumpeter discussed was viewed through Marx's own eyes and often failed to match the master in insight or sophistication. Even Marx's views on political and non-technical economic matters, such as his theory of exploitation and his economic sociology of class and the evolution of society through stages were held in high regard, even while other economists were dismissed for doing the same. A good example of this is Schumpeter's discussion of the "laissez-faire ultra", William Graham Sumner, and in passing Molinari, whose political views Schumpeter thought reflected badly on their work as "scientific economists." Obviously, Schumpeter didn't think the same about Marx's political views:

Though the 'politics' of our men are none of our business, it might be argued, in the cases of Newcomb and Sumner, that their ultra-liberalism went so far as to imply arguments, theoretical and factual, that reflect upon their judgment as scientific economists. This would be true for any contemporaneous European. But it must not be forgotten that in the United States environment of that epoch, the attitude of Newcomb and Sumner might have been supported by facts that would have impressed Marx himself, when in his

⁴²⁵ See, David M. Hart, "Bastiat's use of Literature in Defense of Free Markets and his Rhetoric of Economic Liberty." A Paper given at the Association of Private Enterprise Education International Conference (April 12–14, 2015), Cancún, Mexico. Online: <davidmhart.com/liberty/Papers/Bastiat/DMH_BastiatFrenchLiterature.html>; and David M. Hart, "Opposing Economic Fallacies, Legal Plunder, and the State: Frédéric Bastiat's Rhetoric of Liberty in the Economic Sophisms (1846-1850)". A paper given at the July 2011 annual meeting of the History of Economic Thought Society of Australia (HETSA) at the Royal Melbourne Institute of Technology. <http://davidmhart.com/liberty/Papers/Bastiat/Hart_BastiatsSophismsAug2011.html>.

historical mood, but do not lend any support to the economic liberalism of, say, M. de Molinari. [p. 833]⁴²⁶

With the passage of the 60 years since Schumpeter wrote his *History of Economic Analysis* (unfinished at his death but published by his wife from his papers in 1954) we have a very different perspective. Firstly, the work of Marx has been discredited as both economic and political theory so he no longer needs to be regarded as the yardstick by which other economists are judged. Secondly, new schools of economic thought have emerged, such as the newly invigorated Austrian school of Mises, Hayek, and Rothbard, Public Choice theory by Buchanan and Tulloch, and the new Institutional Economics of Douglass North, which show in hindsight that Bastiat and Molinari were developing ideas about subjective value theory, the interconnectedness of economic activity, the nature of opportunity cost, and the unintended consequences of government interventionism; , the application of economics to the study of political institutions; and the evolution of institutions as a result of both economic and political forces; all of which strongly suggests that their work needs much closer study by historians of political and economic thought.

THE REDISCOVERY OF BASTIAT AND MOLINARI AFTER WW2 AND THE MODERN LIBERTARIAN MOVEMENT

Discussed above is the consensus view of Molinari (and Bastiat) held by economists at the end of the Second World War. One hundred years after the publication of *Les Soirées* and the *Cours d'économie politique* Molinari was largely forgotten and if remembered at all it was only in a footnote or a sneering remark about his “reactionary” methodology. The man who rediscovered Bastiat and the French school of political economy, for Americans at least, was Leonard E. Read the founder of the Foundation for Economic Education which played a vital role in the conservative and libertarian movements in post-war America. Read had been appointed the general manager of the Los Angeles branch of the United States Chamber of Commerce in 1939 and had spent the next few years campaigning against the rise of the interventionist state during the New Deal and Second World

⁴²⁶ Schumpeter, HEA, p. 833.

War when someone in the audience at one of his talks came up to him afterwards and said he sounded very much like Frédéric Bastiat. Read of course had never heard of Bastiat but was intrigued enough to find some old 19th century translations of his work and read them closely. Thus began a 20 year program to translate more of Bastiat's writings and to publish them and a biography of his life and work under the FEE imprint.⁴²⁷ It was during the 1950s when this publishing program was underway that Murray Rothbard and his Bastiat Circle in New York city became aware of the French school of political economy, beginning with Bastiat, and via his writings the work of Charles Dunoyer, Charles Comte, and Gustave de Molinari.

Rothbard was working on his treatise on economics, *Man, Economy and State* (1962), throughout the 1950s when the Bastiat Circle encountered Bastiat's ideas about human action and Molinari's ideas about the private provision of security. In another paper I have described how much Rothbard was indebted to Bastiat's more abstract way of thinking about human action with his stories of Robinson Crusoe. The first three chapters of *Man, Economy and State* make considerable use of "Crusoe economics" which Rothbard is happy to attribute to Bastiat.⁴²⁸ I would also say that he is just as indebted to Molinari for coming up with the idea of private, competing insurance companies being able to engage in "the production of security" which he incorporated into his treatise and its companion volume *Power and Market: Government and the Economy* (1970) where the idea of competing police and courts were developed at some length. Rothbard's innovation was to see the fit between Austrian economics, classical liberal political theory, class analysis, and Molinari's private production of security and to merge them into a new political and economic whole which became known as "anarcho-capitalism." This was the

⁴²⁷ The project began with a condensed and illustrated version of *The Law* sometime in the late 1940s, a complete edition of *The Law* in 1950, the 1st and 2nd series of the *Economic Harmonies* in 1964, *Selected Essays on Political Economy* (1964), *Economic Harmonies* (1964), and Dean Russell's biography in 1969.

⁴²⁸ David M. Hart, "The Economics of Robinson Crusoe from Defoe to Rothbard by way of Bastiat." A Paper given at the Association of Private Enterprise Education International Conference (April 12–14, 2015), Cancún, Mexico. Online: <davidmhart.com/liberty/Papers/Bastiat/DMH_CrusoeEconomics.html>.

“first wave” of interest in Molinari’s ideas and was initially limited to Rothbard and his friends in the Bastiat Circle.

Rothbard’s work sparked a flood of tracts by other libertarians, which we could call “the second wave,” often published privately by obscure presses and handed around the new libertarian movement during the early 1970s. In chronological order we can list the following contributors to the new theory: Roy Childs, “Objectivism and the State: An Open Letter to Ayn Rand” (1969), Morris and Linda Tannahill, *The Market for Liberty* (1970), Jerome Tuccille, *Radical Libertarianism: the Right Wing Alternative* (1970), Jarrett Wollstein, *Society without Coercion: A New Concept of Social Organization* (1970), Richard and Ernestine Perkins, *Precondition for Peace and Prosperity: Rational Anarchy* (1971), David Friedman, *The Machinery of Freedom: A Guide to Radical Capitalism* (1973), and Rothbard again with another book published this time by a more mainstream publisher, *For a New Liberty* (Macmillan, 1973).⁴²⁹ The early work of this author might also be included in the latter part of the second wave. It was an undergraduate thesis on Molinari with a translation of the Eleventh Soirée included as an Appendix which appeared in 1979.⁴³⁰ Many of these early texts can be found in the excellent anthology *Anarchy and the Law* (2007) edited by Edward Stringham.⁴³¹

⁴²⁹ Roy A. Childs, Jr. “Objectivism and the State: An Open Letter to Ayn Rand” (International Society for Individual Liberty, 1969). Morris and Linda Tannahill, *The Market for Liberty* (Lansing, Michigan, 1970). Jerome Tuccille, *Radical Libertarianism: the Right Wing Alternative* (New York: Harper & Row Perennial, 1st ed. 1970, 1971). Jarrett Wollstein, *Society without Coercion: A New Concept of Social Organization* (Society for Rational Individualism, 1970). Republished in *Society without Government: The Market for Liberty and Society without Coercion* (New York: Arno Press and the New York Times, 1972). Richard and Ernestine Perkins, *Precondition for Peace and Prosperity: Rational Anarchy* (Ontario: Phibbs Printing World, 1971). David Friedman, *The Machinery of Freedom: A Guide to Radical Capitalism* (New York: Harper Colophon, 1973). Murray N. Rothbard, *For a New Liberty* (New York: Macmillan, 1973).

⁴³⁰ David M. Hart, *Gustave de Molinari and the Anti-étatiste Liberal Tradition* (Department of History, Macquarie University, September 1979), pp. 164. This was published as David M. Hart, “Gustave de Molinari and the Anti-statist Liberal Tradition” *Journal of Libertarian Studies*, in three parts, (Summer 1981), V, no. 3: 263-290; (Fall 1981), V, no. 4: 399-434; (Winter 1982), VI, no. 1: 83-104. S11 was translated as an Appendix to both: Thesis, pp. 120-47; article Part III, pp. 88-102.

⁴³¹ *Anarchy and the Law: The Political Economy of Choice*, ed. Edward P. Stringham (The Independent Institute. New Brunswick: Transaction Publishers, 2007).

A “third wave” of interest is currently still underway. It includes work by individuals within the libertarian movement who are getting their work published by academic presses like Clarendon Press or Princeton University Press,⁴³² and also other scholars who are interested in some of the original ideas Molinari had about Labour Exchanges and the transfer of information within an economy, his travel writing, and his views on the abolition of slavery.⁴³³ Significantly, there is also interest being expressed by historians and legal theorists who are exploring historical examples of the private provision of law such as the law merchant,⁴³⁴ ancient Ireland and Iceland,⁴³⁵ and the American west in the 19th century,⁴³⁶ and even in early 18th century pirate societies.⁴³⁷

American interest in the work of Bastiat and Molinari has been joined by a French interest. The first book-length biography of Molinari appeared in France only in 2012⁴³⁸ but this had been preceded by 25 years of rediscovery of the

⁴³² Randy Barnett, *The Structure of Liberty: Justice and The Rule of Law* (Oxford: Clarendon Press, 1998). David D. Friedman, *Law's Order: What Economics Has to Do with Law and Why It Matters* (Princeton University Press, 2000). Gary Chartier, *Anarchy and Legal Order: Law and Politics for a Stateless Society* (Cambridge University Press, 2012). Peter T. Leeson, *Anarchy Unbound: Why Self-Governance Works Better Than You Think* (Cambridge Studies in Economics, Choice, and Society) (2014)

⁴³³ Rabah Benkemoune, “Gustave de Molinari’s Bourse Network Theory: A Liberal Response to Sismondi’s Informational Problem,” *History of Political Economy*, 40:2, 2008, pp. 243-63. Fred Celimèn et André Legris, “Gustave de Molinari et son voyage à Panama. Une étude de l’économie martiniquaise en 1886,” *Economie et société*, Cahiers de l’ISMEA, série Histoire de la pensée économique, N°7-8, Juillet -août 2009. Pierre Dockès, “Une terrible démangeaison de Molinari : de l’esclavage à la mise en tutelle,” *Economie et Société*, Cahiers de l’ISMEA, série Histoire de la pensée économique, N°7-8, juillet-août 2009.

⁴³⁴ Benson, Bruce L., “The Spontaneous Evolution of Commercial Law.” *Southern Economic Journal*, 1989, 55:644–61. Milgrom, Paul R., Douglass C. North, and Barry R. Weingast, “The Role of Institutions in the Revival of Trade: The Medieval Law Merchant, Private Judges, and the Champagne Fairs,” *Economics and Politics*, 1990, 1:1–23.

⁴³⁵ Friedman, David, “Private Creation and Enforcement of Law: A Historical Case.” *Journal of Legal Studies*, 1979, 8:399–415.

⁴³⁶ Anderson, Terry L., and Peter J. Hill, *The Not So Wild, Wild West* (Stanford, Calif.: Stanford University Press, 2004.).

⁴³⁷ Peter T. Leeson, *The Invisible Hook: The Hidden Economics of Pirates* (Princeton University Press, 2011).

⁴³⁸ Gérard Minart, *Gustave de Molinari (1819-1912), pour un gouvernement à bon marché dans un milieu libre* (Paris: Institut Charles Coquelin, 2012).

broad 19th century French classical liberal movement through the work of scholars such as Florin Aftalion, Yves Breton, Michel Lutfalla, Alain Madelin, Jacques Gareilo, Philippe Nemo, Gérard Minart, Michel Leter, and Robert Leroux.⁴³⁹ The *Complete Works* of Bastiat have been republished for the first time in over 100 years by Jacques de Guenin and several volumes of his writings have appeared separately.⁴⁴⁰ A ten volume collection of the complete works of J.B Say is being edited under the direction of André Tiran published by Economica.⁴⁴¹ So far there has not been any attempt to republish the works of three other key figures, namely Charles Comte, Charles Dunoyer, or Molinari himself. Interestingly, there is a free market think tank in Brussels founded in 2003 which is named after Molinari, the Institut Économique Molinari <<http://www.institutmolinari.org/>>. A Paris based group, the Institut Coppet, are beginning to republish a large number of 19th century French economic works including, I am happy to say, Gustave de Molinari.⁴⁴²

It is hoped that Liberty Fund's first translation of Molinari's book *Les Soirées*,⁴⁴³ will help scholars better understand Molinari's ideas, the historical and intellectual context in which his ideas appeared, his importance in the history of classical liberal and libertarian thought, and give him due recognition for the radicalism and originality of his thought, and his commitment over a long lifetime to the cause of individual liberty.

⁴³⁹ See in particular, Yves Breton et Michel Lutfalla (sous la direction de), *L'économie politique en France au XIX^{ème} siècle*, (Paris: Economica, 1991); Jean-Michel Poughon, "Gustave de Molinari: une approche de la démocratie économique," in *Aux sources du modèle libéral français*, sous la direction de Alain Madelin (Paris: Perrin, 1997), pp. 169-86; Philippe Nemo et Jean Petitot ed., *Histoire de libéralisme en Europe* (Paris: Quadrige PUF, 2006); and *Les penseurs libéraux*, eds. Alain Laurent et Vincent Valentin (Paris: Les Belles Lettres, 2012).

⁴⁴⁰ Frédéric Bastiat, *Oeuvres complètes. Édition en 7 volumes, sous la direction de Jacques de Guenin*. (Paris: Institut Charles Coquelin, 2009-).

⁴⁴¹ J.B. Say, *Œuvres complètes*. Edited by André Tiran et al. (Paris: Economica, 2006). With a companion volume on Say, Poitier, Jean-Pierre and André Tiran, eds. *Jean-Baptiste Say: Nouveau regards sur son oeuvre* (Paris: Economica, 2003).

⁴⁴² See their collection of online "editions" <<http://editions.institutcoppet.org/>> which has works by Molinari so far (March 2016).

⁴⁴³ I translated S11 and included it as an Appendix in my Honours thesis on Molinari in 1979. I also translated the section on "Public Consumption in the Cours d'économie politique which has never been published.

As Molinari said at the close of his rather pessimistic book on the grain trade published in 1886:

"Nous sommes trop pressés. Le progrès n'avance pas en ligne droite. C'est comme dans le tunnel du Saint-Gothard. Il y a des moments où on revient sur ses pas. Nous sommes dans un de ces moments-là. Nous reculons, donc nous avançons." [p. 310]	We are in too much of a hurry. Progress is not made in a straight line. It is like the Saint-Gothard Tunnel. There are times when one has to turn back on one's tracks. We are in one of these moments now. We retreat so that we can advance.
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[Source:]⁴⁴⁴

Perhaps Molinari would agree that at long last, his long retreat during much of the 20th century is finally being reversed.

⁴⁴⁴ Molinari, *Conversations sur le commerce des grains et la protection de l'agriculture* (Nouvelle édition) (Paris: Guillaumin, 1886). Conclusion, pp. 302-310.

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Appendix I: A Chronology of the Life and Work of Molinari

Opening quote: “Swimming against the Current”

[Le Protectionniste]: A quoi sert d'ailleurs de lutter contre le courant? A quoi cela vous a-t-il servi? Vous avez passé votre vie à n'être pas de l'avis de tout le monde. Vous l'avez usée à propager des doctrines impopulaires; à quoi êtes-vous arrivé? Je suis fâché de vous le dire, vous n'êtes arrivé à rien. pp. 305-6.

[The Protectionist (addressing the Economist)] Besides, what is the good of swimming against the current? What good has that done you? You have spent your entire life rejecting the opinions of the entire world. You have spent it promoting unpopular doctrines; and what has happened to you? I am afraid/sorry to tell you that you have achieved nothing.

[Source:]⁴⁴⁵

OVERVIEW AND SUMMARY

Molinari's long life (1819-1912) can be conveniently divided into five periods based upon where he lived and what he was doing at the time:⁴⁴⁶

- 1819-1840: childhood and youth spent in Liège
- 1840-1851: journalist, free trade activist, and economist in Paris
- 1852-1867: academic economist and free market lobbyist and journalist in Brussels
- 1867-1881: returns to journalism in Paris as editor of the JDD

⁴⁴⁵ *Conversations sur le commerce des grains et la protection de l'agriculture* (1886), pp. 305-6.

⁴⁴⁶ Biographical information about Molinari can be found in Gérard Minart, *Gustave de Molinari (1819-1912), pour un gouvernement à bon marché dans un milieu libre* (Paris: Institut Charles Coquelin, 2012); David M. Hart, "Gustave de Molinari and the Anti-statist Liberal Tradition" *Journal of Libertarian Studies*, in three parts, (Summer 1981), V, no. 3: 263-290; (Fall 1981), V, no. 4: 399-434; (Winter 1982), VI, no. 1: 83-104; and Yves Guyot's obituary, "M. G. de Molinari," *JDE*, Sér. 6. T. 33. Février 1912, pp. 177-96.

- 1881-1909: editor of JDE, very prolific period in his life; writes on economics and historical sociology and his travels
- 1909- 1912: “retirement”

The first period is 1819-1840 when the young Molinari was living in his home town of Liège in what was to become in 1830 the new nation of the Kingdom of Belgium.

1840-1851: ECONOMIC JOURNALIST AND ACTIVIST IN PARIS

The second period is 1840-1851 [when he was in his twenties] when the young 20 year old Molinari went to Paris to pursue a career as a journalist with a special interest in economic matters such as the right of workers to join unions, the economics of slavery,⁴⁴⁷ and French tariff policy.⁴⁴⁸ In 1846 he became involved with Frédéric Bastiat’s French Free Trade Association and then the free market political economists in the Guillaumin circle and the Political Economy Society. In 1847 he began writing articles for the *Journal des Économistes*, began work editing a two volume scholarly collection of 18th century economic writings for Guillaumin, and got a position at the Athénée royal de Paris teaching a course on political economy. This period coincided with the outbreak of the 1848 Revolution and the rise of socialism which forced the Parisian political economists to refocus their attention away from tariffs and protection so beloved by the old ruling elites, to answering the broader socialist critique of capitalist society and private property which burst on the scene in 1848. This Molinari did with the book *Les Soirées*⁴⁴⁹ and the nearly 30 substantial articles and biographies he wrote for the compendious *Dictionnaire de l’Économie Politique* (1852-53).⁴⁵⁰

⁴⁴⁷ Gustave de Molinari, *Études économiques. L’Organisation de la liberté industrielle et l’abolition de l’esclavage* (Paris: Capelle, 1846.)

⁴⁴⁸ Gustave de Molinari, *Histoire du tarif* (Paris: Guillaumin, 1847). Vol. 1: *Les fers et les houilles*; vol. 2: *Les céréales*.

⁴⁴⁹ Molinari, Gustave de, *Les Soirées de la rue Saint-Lazare; entretiens sur les lois économiques et défense de la propriété*. (Paris: Guillaumin, 1849).

⁴⁵⁰ *Dictionnaire de l’Économie Politique*, ed. MM. Charles Coquelin et Guillaumin (1852-1853), 2 vols.

1852-1867: ACADEMIC ECONOMIST AND FREE MARKET LOBBYIST AND JOURNALIST IN BRUSSELS

The third period is 1852-1867 [when he was in his 30s and 40s] when Molinari went into voluntary exile in Brussels after Louis Napoleon's coup d'état in December 1851 where he resumed his career as an academic economist and free trade advocate. During this period Molinari was the owner and publisher of the journal *L'Économiste belge* (The Belgian Economist) (1855-68)⁴⁵¹ in which he analysed the political and economic issues of the day from a radical free market perspective, and published a major economic treatise, *Cours d'économie politique* (1855, 2nd revised ed. 1863), which was based upon his university lectures at the Athénée royal and the Musée royale de l'industrie belge.⁴⁵² He also wrote two books on the coming to power and the rule of Emperor Napoléon III, *Les Révolutions et le despotisme* (1852) and *Napoleon III publiciste* (1861),⁴⁵³ another collection of "conversations" about government restrictions on the grain trade, *Conservations familières sur le commerce des grains* (1855) where the conversations were between a food rioter, a prohibitionist or protectionist, and an economist;⁴⁵⁴ and a long book about perpetual peace, *L'abbé de*

⁴⁵¹ *L'Économiste belge* (1855-68) appeared under a variety of names: *L'Économiste belge*, *Journal des réformes économiques et administratives*, publié par M. G. de Molinari (Bruxelles: Imprimerie de Korn. Verbruggen) (1855-1858). From 1859 it was entitled: *L'Économiste belge*, *Organe des intérêts de l'industrie et du commerce*. Directeur-gérant: M. G. de Molinari (Bruxelles: Ch. Vanderauwera, 1859-1862). From 1863: *L'Économiste belge*, *Organe des intérêts politiques et économiques des consommateurs*. Directeur-gérant: M. G. de Molinari (Bruxelles et Leipzig: A. Lacroix, Verboeckhoven, 1863-1868).

⁴⁵² Molinari, *Cours d'économie politique, professé au Musée royal de l'industrie belge*, 2 vols. (Bruxelles: Librairie polytechnique d'Aug. Decq, 1855). 2nd revised and enlarged edition (Bruxelles et Leipzig: A Lacroix, Ver Broeckoven; Paris: Guillaumin, 1863).

⁴⁵³ Molinari, *Les Révolutions et le despotisme envisagés au point de vue des intérêts matériel*. (Brussels: Meline, 1852); *Napoleon III publiciste; sa pensée cherchée dans ses écrits; analyse et appréciation de ses oeuvres* (Bruxelles: A. Lacroix, Van Meenen, 1861).

⁴⁵⁴ Molinari, *Conservations familières sur le commerce des grains*. (Paris: Guillaumin, 1855).

Saint-Pierre ... et d'un précis historique de l'idée de la paix perpétuelle (1857),⁴⁵⁵ written during the Crimean War when Napoléon III was trying to reassert France's claim to being one of the great powers of Europe.

1867-1881: RETURNS TO JOURNALISM IN PARIS

The fourth period is 1867-1881 [when he was in his 50s and early 60s] when Molinari returned to Paris to work as a journalist and then editor of the prestigious and influential *Journal des Débats*. This period coincided with the Franco-Prussian War (July 1870 to May 1871), the Paris Commune (March to May 1871), and the formation of the Third Republic (established by the Constitution of 1875) which he covered in detail for the journal. Of particular note were his reports on the socialist political clubs which sprang up in Paris during the Commune on which he wrote two books *Les Clubs rouges pendant le siège de Paris* (1871) and *Le Mouvement socialiste et les réunions publiques* (1872),⁴⁵⁶ his articles on the economic problems caused by the siege of Paris by the Prussian Army, and his first and only extended work on political theory in support of the constitutional republic *La République tempérée* (1873).⁴⁵⁷ He also began a new phase of his life with several international journeys to the U.S. and Canada and other countries, which he also covered for the journal and published as books, accompanied as usual with his sharp economic and political comments.⁴⁵⁸

⁴⁵⁵ Molinari, *L'abbé de Saint-Pierre, membre exclu de l'Académie française, sa vie et ses oeuvres, précédées d'une appréciation et d'un précis historique de l'idée de la paix perpétuelle, suivies du jugement de Rousseau sur le projet de paix perpétuelle et la polysynodie ainsi que du projet attribué à Henri IV, et du plan d'Emmanuel Kant pour rendre la paix universelle*, etc., etc. (Paris: Guillaumin, 1857).

⁴⁵⁶ Gustave de Molinari, *Les Clubs rouges pendant le siège de Paris* (Paris: Garnier Frères, 1871); Gustave de Molinari, *Le Mouvement socialiste et les réunions publiques avant la révolution du 4 septembre 1870* (Paris: Garnier Freres, 1872).

⁴⁵⁷ Gustave de Molinari, *La République tempérée*. (Paris: Garnier, 1873).

⁴⁵⁸ Gustave de Molinari, *Lettres sur les États-Unis et le Canada adressés au Journal des débats à l'occasion de l'Exposition Universelle de Philadelphie* (Paris: Hachette, 1876); and *Charleston - la situation politique de la caroline du sud*. (Paris: Librairie Hachette et Cie, 1876).

1881-1909: EDITOR OF *JDE*

The fifth and final period was 1881-1909 [when he was in his 60s, 70s, and 80s] and was the longest and most productive period in his long life. He took up the editorship of the *Journal des Économistes* upon Joseph Garnier's death in 1881 and published a pair of important books on historical sociology concerning the rise of the State and free market institutions, *L'évolution économique du XIXe siècle* (1880) and *L'évolution politique et la Révolution* (1884),⁴⁵⁹ as well as a seemingly endless commentary on political and economic events, including more accounts of his travels, the relationship between moral theory and political economy, Malthusianism, science and religion, labour exchanges, international arbitration, and the never ending problem of war and peace.⁴⁶⁰ He retired in November 1909 as his health failed but he still had one more book left in him which he appropriately called *Ultima Verba: Mon dernier ouvrage* (Last Words: My Final Work) (1911) in which he summed up his life and the progress, or lack thereof, of liberty during the 19th century and his chillingly accurate prognosis for the fate of liberty the 20th.⁴⁶¹

Les Soirées was written towards the end of the second period of his life when Molinari was making the transition from economic journalist and free trade activist to academic economist and social theorist. The following is a more detailed discussion of this period of Molinari's life during which the crucial intellectual foundations for the rest of his life were laid, often in quite a dramatic fashion.

⁴⁵⁹ Gustave de Molinari, *L'évolution économique du XIXe siècle: théorie du progrès* (Paris: C. Reinwald 1880); Gustave de Molinari, *L'évolution politique et la Révolution* (Paris: C. Reinwald, 1884).

⁴⁶⁰ See the bibliography for a full list of the books he wrote during this very productive period of his life.

⁴⁶¹ Molinari, Gustave de, *Ultima Verba: Mon dernier ouvrage* (Paris: V. Girard et E. Briere, 1911).

A MORE DETAILED CHRONOLOGY

1819-1840: CHILDHOOD AND YOUTH SPENT IN LIÈGE

- Born 3 March 1819 in Liège, Belgium

1840-1851: JOURNALIST, FREE TRADE ACTIVIST, AND ECONOMIST IN PARIS

1840-47

- 1840 comes to Paris from Belgium where he finds work as a journalist
- 1842-43 writes biographies for a magazine, publishes first book, a *Biographie politique de M. A. de Lamartine* (1843)
- 1843-46 works as a journalist writing for *La Nation* and *Le Courrier français* on economic topics such as railroads, workers' rights, labour exchanges and slavery. Meets Hippolyte Castille who also works for the *Courrier français* and attends Castille's soirées at his house in the rue Saint-Lazare.
- 1846 publishes his first book on economics, *Études économiques. L'Organisation de la liberté industrielle et l'abolition de l'esclavage* (Economic Studies on the Organization of Industrial Liberty and the Abolition of Slavery) (1846) with a quote on the front page "Laissez faire, laissez passer." The book is reviewed very favorably by Joseph Garnier in the JDE thus beginning Molinari's long association with the journal.
- 1846 meets Bastiat in early 1846 in the offices of *Le Courrier français* who comes to thank them for reviewing his first book of *Economic Sophisms*. Bastiat agrees to publish some future sophisms in the journal, possibly edited by Molinari. Molinari joins Bastiat's Free Trade Society in July, becoming one of its secretaries, and meets Charles Coquelin, Alcide Fonteyraud, and Joseph Garnier. In Sept. publishes two critical letters in the *Courrier français* addressed to Bastiat criticizing him and the FTA for not being radical enough in their demands to abolish protectionism.
- 1847 Molinari formally enters into the Guillaumin network; publishes his first article in the Jan. edition of the JDE on agriculture in England; is invited to join the Political Economy Society whom he represents at international meetings of economists; publishes the first of many books by Guillaumin on *Histoire du tarif* (The History of Tariffs) (1847); begins editorial work on two volumes of the *Collections des Principaux économistes* on 18th century economic thought.

- 1847 begins teaching a course on economics at the Athénée royal de Paris which is interrupted by the Revolution
- 1847-48 helps Castille and Bastiat edit journal about intellectual property: *Le travail intellectuel* (Intellectual Labour/Work) (1847-48)

1848

- February - the day after the Revolution breaks out he, Bastiat, and Castille start their first small magazine which they hand out on the streets of Paris to appeal to the ordinary workers, *La République française*. 30 issues appeared between 26 Feb. - 28 March 1848
- March - active in a political club, Le Club de la liberté du travail (The Club for the Liberty of Working), founded by Coquelin with Fonteyraud one of the key speakers, to publicly debate socialists on “the right to work”, forced to close when communist thugs use violence against them
- writes 4 signed articles and book reviews for the JDE and many unsigned articles and reports about the events of 1848, including “L’utopie de la liberté (lettre aux socialistes, par un RÉVEUR)” (The Utopia of Liberty: A Letter to the Socialists by a Dreamer) in June appealing for a coalition with the economists
- June 1848 joins Bastiat, Garnier, Coquelin, Fonteyraud in editing and publishing a second revolutionary magazine to hand out on the streets of Paris, *Jacques Bonhomme* (11 June- 13 July 1848), 4 issues appeared, force to close because of the violent crack down after the June Days rioting
- June-December 1848 - works closely with the editorial staff at the JDE reporting on political and intellectual developments during the year, especially the debate in the Chamber on the “right to work” clause in the new constitution
- Dec. Molinari in an unsigned article sums up the events of the year on behalf of the editors of the JDE concluding that the “fever” of socialism has temporarily subsided but he expects another outbreak at any time

1849

- January writes an important article on Adolphe Thiers’ book on property in JDE criticizing the conservative politician for defending property poorly against the socialists

- February writes “De la production de la sécurité” (The Production of Security) for the JDE in which he gives the first defense of the anarcho-capitalist argument for the private provision of police and defense. This is taken up again in S11 of *Les Soirées*
- July/Aug. assists Garnier in organizing an international Peace Congress in Paris the president of which was Victor Hugo and at which Bastiat gives an important speech.
- Sept. most likely date of publication of *Les Soirées de la rue Saint-Lazare*
- Oct. Molinari’s book *Les Soirées* is critically discussed at the regular monthly meeting of the Political Economy Society. Dunoyer says he has been “swept away by illusions of logic”. Bastiat and others argue that the state must have supreme power in order to defend property rights; the participants also criticize him for objecting to eminent domain laws.
- Nov. Charles Coquelin critically reviews *Les Soirées* in the JDE, he agrees with most of the book but objects to Molinari using the figure of “The Economist” to put forward his own views about the private production of security.

1850-51

- writes 9 articles and book review for the JDE during this period, including the obituary of Bastiat in February 1851.
- assists in the editing and publishing of the DEP edited by Coquelin and Guillaumin, writes 25 principle articles and 4 biographical articles, including the ones on Liberté du commerce, liberté des échanges, Paix, Guerre, Paix (Société et Congrès de la Paix), Propriété littéraire, Servage, Tarifs de douane, Théâtres, Travail, Union douanière, Usure
- the coup d’état of Louis Napoleon on 2 décembre 1851 forces Molinari into a self-imposed exile in Brussels

1852-1867: ACADEMIC ECONOMIST AND FREE MARKET LOBBYIST AND JOURNALIST IN BRUSSELS.

- moves to Brussels to teach economics at the *Musée royal de l’industrie belge*, later at Institut supérieur du commerce d’Anvers (Antwerp); he is active in the Belgian free trade movement and attempts to set up Labour Exchanges

- 1852 writes an analysis of the 1848 Revolution and the coup d'état of Louis Napoléon based upon his theory of class interests, *Les Révolutions et le despotisme envisagés au point de vue des intérêts matériel* (1852). This is followed in 1861 by a book examining the political and economic thought of Emperor Napoleon III, *Napoleon III publiciste* (1861).
- 1855-68 edits and publishes his own journal the *Économiste belge* to promote free trade and labour exchanges
- 1855 publishes his treatise of economics based upon his lectures, *Cours d'économie politique* (2nd ed. 1863).
- 1855 publishes a second book of “conversations” about free trade between a rioter, a prohibitionist or protectionist, and an economist, *Conservations familières sur le commerce des grains* (1885)
- 1857 writes a book on the 18th century peace advocate *L'abbé de Saint-Pierre* (1857)
- 1861 publishes an account of his visit to Russia and the abolition of serfdom, *Lettres sur la Russie* (1861)

1867-1881: RETURNS TO JOURNALISM IN PARIS

- 1867-1876 Returns to Paris to work for the *Journal des Débats*, serves as chief editor 1871-1876
- 1870-71 in Paris during the Paris Commune and the formation of the Third Republic; write accounts of the socialist political clubs and the socialist movement during the Commune, *Les Clubs rouges pendant le siège de Paris* (The Red Clubs during the Siege of Paris) (1871) and *Le Mouvement socialiste et les réunions publiques avant la révolution du 4 septembre 1870* (The Socialist Movement and their Public Meetings before the Revolution of 4 Sept. 1870) (1872)
- 1873 writes his first book on political and constitutional theory, *La République tempérée* (The Moderate Republic) (1873) as the constitution of the Third Republic is being developed
- 1874 - is elected a corresponding member of the Institute
- 1876 travels to Canada and the US to cover the centennial celebrations and writes accounts of his travels
- 1880 publishes first work of historical sociology *L'évolution économique du XIXe siècle* (Economic Evolution in the 19th Century) (1880)

1881-1909: EDITOR OF JDE, VERY PROLIFIC PERIOD IN HIS LIFE; WRITES ON ECONOMICS AND HISTORICAL SOCIOLOGY AND HIS TRAVELS

- 1881 Appointed editor of JDE in October when Joseph Garnier dies
- 1880-1908 writes a series of books on historical sociology, evolution of societies, and war, e.g. *L'évolution politique et la Révolution* (Political Evolution and the Revolution) (1884) and *Grandeur et decadence de la guerre* (The Grandeur and Decadence of War) (1898)
- 1881-86 continues to travel abroad and writes several books about his travels - visits Canada, US, Jersey, Russia, Corsica, Panama, Martinique, Haiti
- 1881-87 writes a series of books on economic topics - protectionism, slavery, and agriculture, e.g. *Conversations sur le commerce des grains et la protection de l'agriculture* (1886)
- 1887-93 writes a series of books on the natural laws and the moral philosophy of political economy, e.g. *Les Lois naturelles de l'économie politique* (Natural Laws and Political Economy) (1887)
- 1893 writes a book on *Les Bourses du Travail* (Labour Exchanges) (1893)

1909- 1912: "RETIREMENT"

- 1911 writes his last book at age 92 appropriately called *Ultima Verba: Mon dernier ouvrage* (Last Words: My Last Book) (1911)
- Died 28 January 1912 in Adinkerque, Belgium (buried in Père-Lachaise cemetery in Paris)

Appendix II: Illustrations

ILLUSTRATION I: MAP OF THE FORTIFICATIONS OF PARIS AND ITS ENVIRONS AS ADOPTED BY THE CHAMBERS (1841)

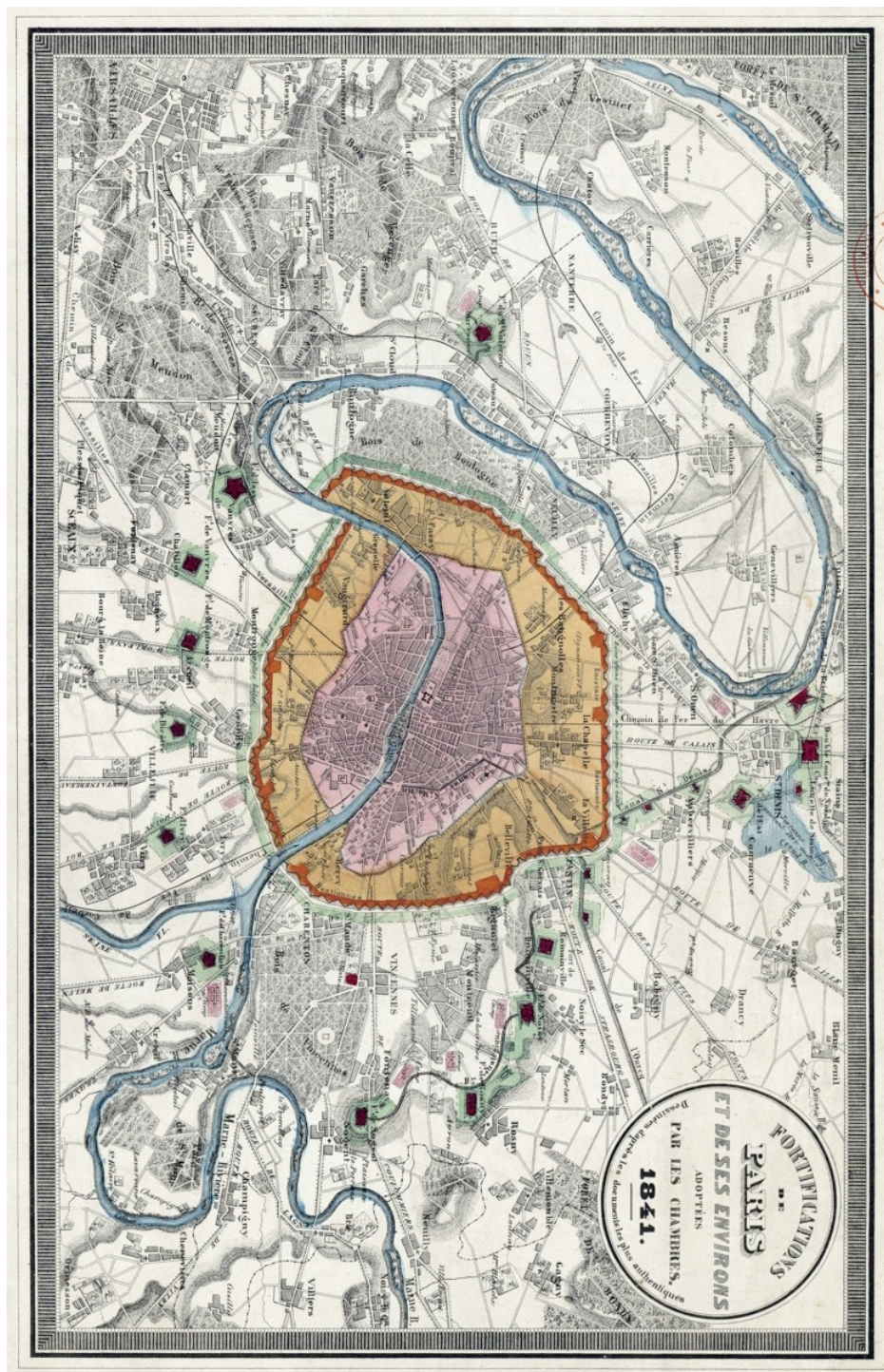


ILLUSTRATION II: A WALL POSTER PROMOTING THE FREE TRADE ASSOCIATION (MARCH 1848)

ASSOCIATION POUR LA LIBERTÉ DES ÉCHANGES,
Rue de Choiseul, 8.

SUBSISTANCES PUBLIQUES.
La vie à bon marché.

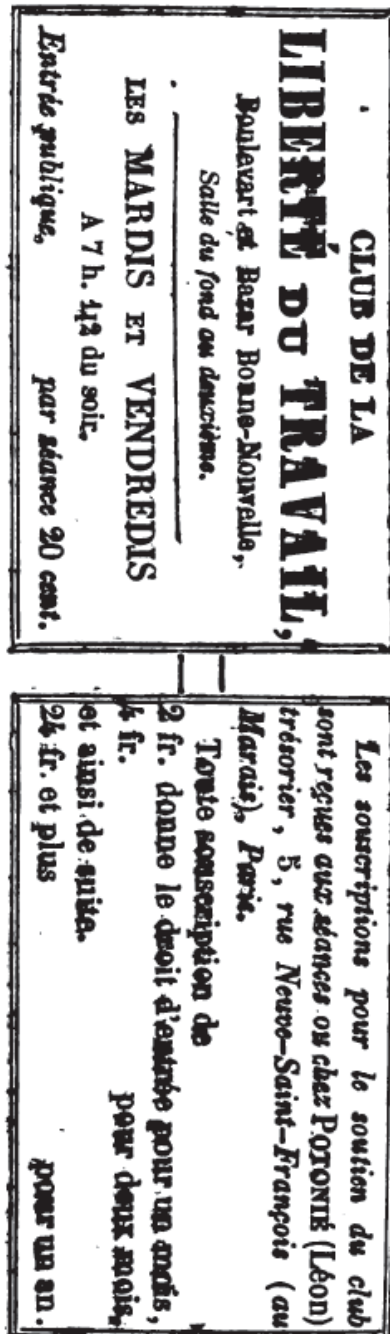
Toute cherté factice des subsistances est un malheur public.
Tout ce qui, dans nos lois fiscales et dans nos lois de douanes, tend à enchérir le pain et la viande doit donc être effacé sans retard.

Le travailleur, lorsque la viande est exclue de sa nourriture, ne peut réparer ses forces, et il ne produit pas ce qu'il produirait s'il s'alimentait mieux. Il en souffre dans son salaire, il en souffre dans sa santé; la patrie en souffre avec lui. Il y a pourtant en France quinze millions de personnes qui ne mangent de la viande que par hasard; un nombre presque égal n'en a qu'une ration insuffisante. La ration moyenne des Anglais est double de celle d'un Français, et celle d'un citoyen libre des Etats-Unis double de celle d'un Anglais.

Les gouvernements qui ont aimé le peuple ont aboli toute espèce de droits à la frontière et à l'intérieur sur les denrées alimentaires. L'Assemblée nationale de 1789 abolit tous les droits de douane sur le bétail et sur les salaisons. La République française corrobora ce système patriotique. Ce fut sous la Restauration qu'une pensée de privilège fit établir des droits sur le bétail et sur les viandes salées. L'ancien régime lui-même s'était constamment abstenu de frapper le blé d'un droit de douane. Cette œuvre d'iniquité, accomplie en 1819, subsiste encore; il est temps qu'elle disparaisse de nos lois. La main d'un législateur des Etats-Unis se sécherait plutôt que de signer une loi qui enchérirait la viande ou le pain. En Angleterre même, des lois semblables viennent de tomber devant le cri unanime de la nation.

La République Française ne peut refuser aux travailleurs français ce que l'aristocratie britannique a été forcée d'accorder aux ouvriers de la Grande-Bretagne.

ILLUSTRATION III: ENTRY TICKET FOR A MEETING OF THE CLUB
FOR THE FREEDOM OF WORKING” (MARCH 1848)



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ILLUSTRATION V: THE BUREAUCRATISATION OF THE FRENCH PROSTITUTION INDUSTRY

The bureaucratisation of the French prostitution industry. A health and identity card for a prostitute c. 1857. From Parent-Duchâtelet, *De la prostitution dans la ville de Paris* (1857), vol. 1, p.686.

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O IS.	1 ^{re} quinz.	VISA.	2 ^e quinz.	VISA.
Janvier...				
Février...				
Mars.....				
Avril.....				
Mai.....				
Juin.....				
Juillet...				
Août.....				
Septembre.				
Octobre..				
Novembre.				
Décembre..				

• DIVISION.

• BUREAU.

OBLIGATIONS ET DÉFENSES

IMPOSÉES AUX FEMMES PUBLIQUES.

Les filles publiques en carte-sont tenues de se présenter, une fois au moins tous les quinze jours, au dispensaire de salubrité, pour être visitées.

Il leur est enjoint d'exhiber leur carte à toute réquisition des officiers et agents de police.

Il leur est défendu de provoquer à la débauche pendant le jour : elles ne pourront entrer en circulation sur la voie publique, qu'une demi-heure après l'heure fixée pour le commencement de l'allumage des réverbères, et, en aucune saison, avant sept heures du soir, et y rester après onze heures.

Elles doivent avoir une mise simple et décente qui ne puisse attirer les regards, soit par la richesse ou les couleurs éclatantes des étoffes, soit par des modes exagérées.

La coiffure en cheveux leur est interdite.

Défense expresse leur est faite de parler à des hommes accompagnés de femmes ou d'enfants, et d'adresser à qui que ce soit des provocations à haute voix ou avec insistance.

Elles ne peuvent, à quelque heure et sous quelque prétexte que ce soit, se montrer à leurs fenêtres qui doivent être tenues constamment fermées et garnies de rideaux.

Il leur est défendu de stationner sur la voie publique, d'y former des groupes, d'y circuler en réunion, d'aller et venir dans un espace trop resserré, et de se faire suivre ou accompagner par des hommes.

Les pourtours et abords des églises et temples, à distance de vingt mètres au moins, les passages couverts, les jardins et abords du Palais-Royal, des Tuileries, du Luxembourg, et le Jardin des plantes, leur sont interdits.

Les Champs-Élysées, l'esplanade des Invalides, les boulevards extérieurs, les quais, les ponts, et généralement les rues et lieux déserts et obscurs leur sont également interdits.

Il leur est expressément défendu de fréquenter les établissements publics ou maisons particulières où l'on favoriserait clandestinement la prostitution, et les tables d'hôte, de prendre domicile dans les maisons où existent des pensionnats ou externats, et d'exercer en dehors de la section qu'elles habitent.

Il leur est également défendu de partager leur logement avec un concubinaire ou avec une autre fille, ou de loger en garni sans autorisation.

Les filles publiques s'abstiendront; lorsqu'elles seront dans leur domicile, de tout ce qui pourrait donner lieu à des plaintes de la part des voisins ou des passants.

Celles qui contreviendront aux dispositions qui précèdent, celles qui résisteront aux agents de l'autorité, celles qui donneront de fausses indications de domicile ou de noms, encourront des peines proportionnées à la gravité des cas.

ILLUSTRATION VI: HONORÉ DAUMIER'S "GARGANTUA" (1831)

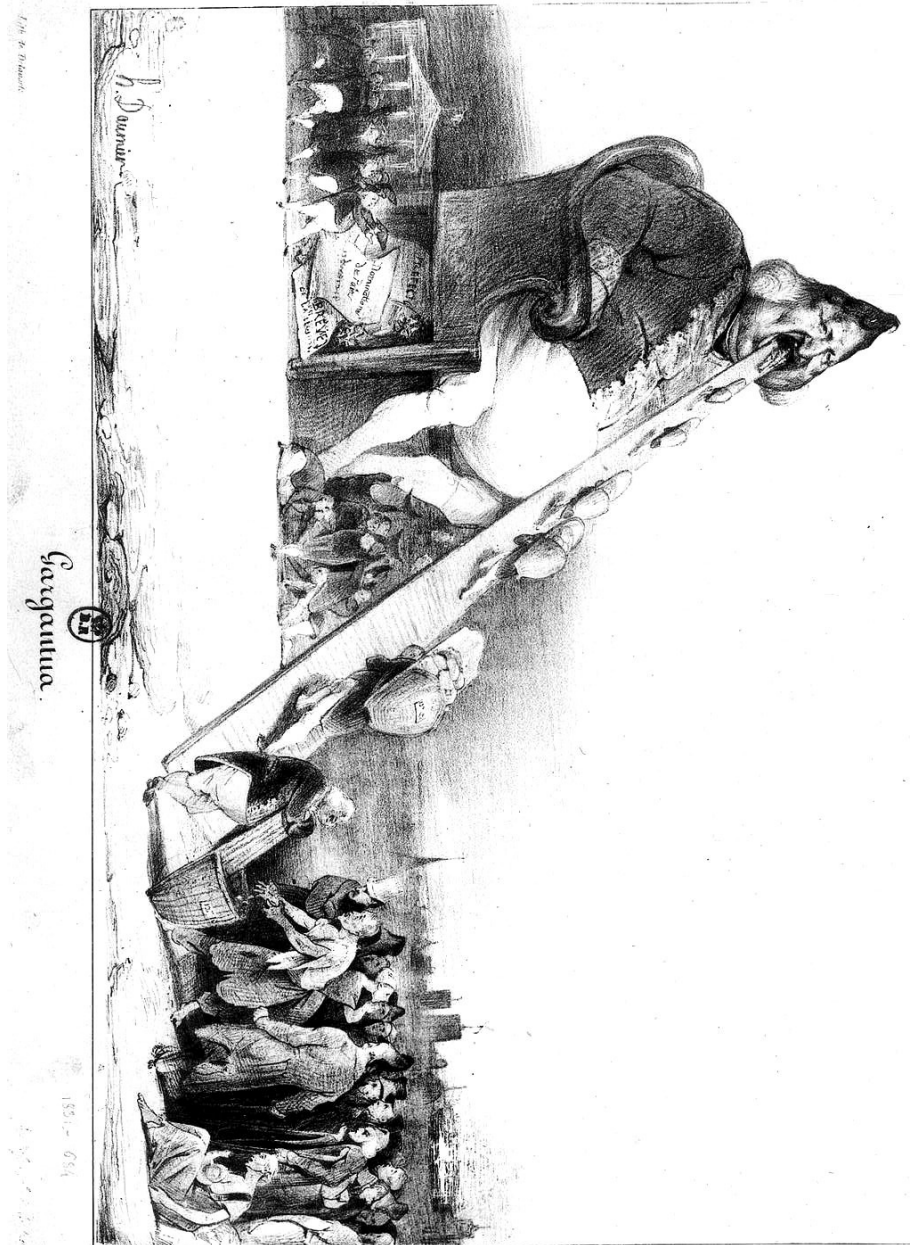


ILLUSTRATION VII: UN LIVRET D'OUVRIER (1840S)

Premier feuillet.
PRÉFECTURE DE POLICE.
1^{re} DIVISION, 4^e BUREAU. — 2^e SECTION.
Éténiste
N^o *3824*
Paris, ce *21* juillet 184*8*
Le sieur *Sauvart*
Edouard
natif d *la Belgique* départe-
ment
âgé de *26* ans; taille 1 mètre *72* cent.;
cheveux et sourcils *châtres* front *ord* ;
yeux *bleus* ; nez *ord* ; bouche *mod* ;
menton *roud* visage *oval* teint *ord* ;
Signes particuliers
demeurant à *Paris*
rue *Charenton* N^o *91*
après avoir justifié de son individualité par
l'exhibition d *e son passeport*

Page 2

a obtenu le présent livret, contenant douze
feuilletés cotés et paraphés, sur la
Demande de l'ouvrier
rue Charanton 19 où il travaille

à la charge par lui de se conformer exac-
tement aux Lois et Ordonnances concer-
nant les Ouvriers.

Signature de l'Ouvrier.

E. Lammert
LE CHEF DE BUREAU,



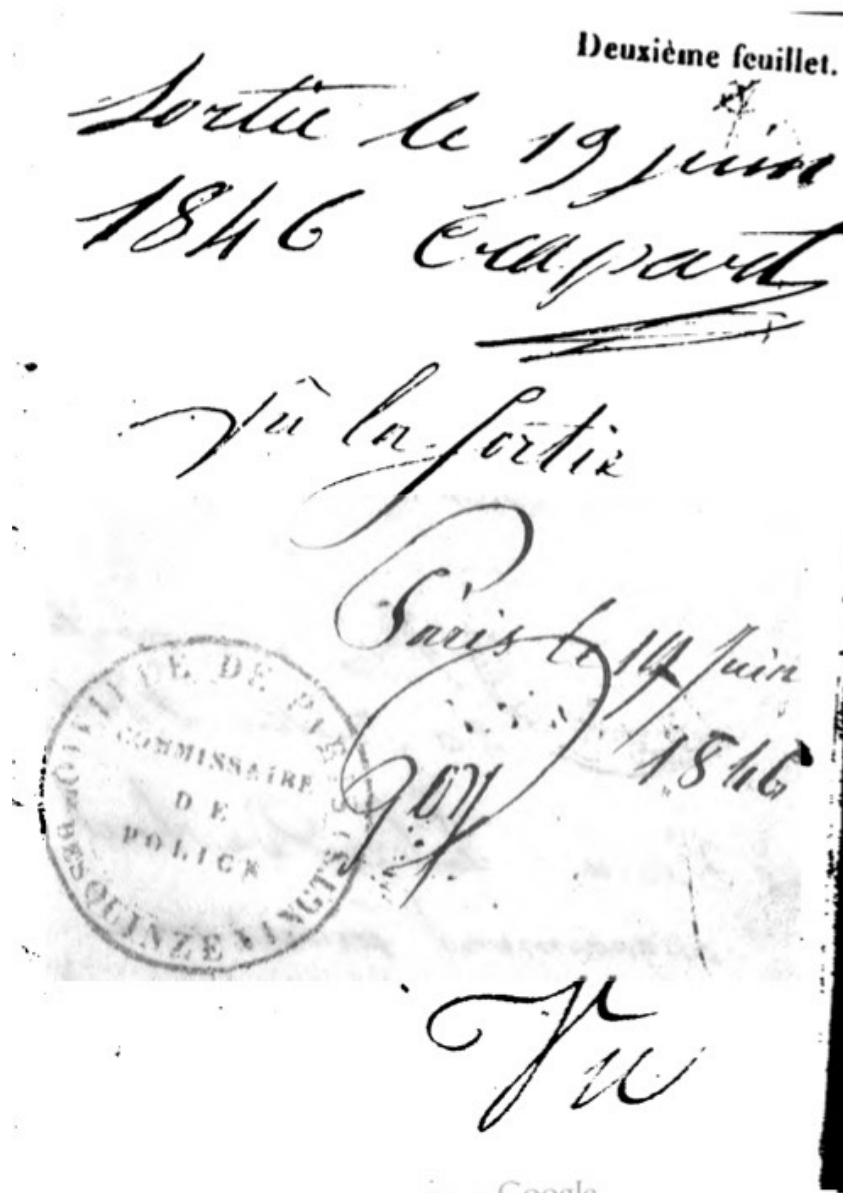
J. Brunet

Pour le Préfet,
et par autorisation,
LE SECRÉTAIRE-GÉNÉRAL,

J. Brunet

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Page 3



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Take cher moi
20. juillet 1846.

L'Ortue Libre De tout
 engagement envers moi
 Paris le 1 mai 1847
 J. J. Verhulst
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Appendix III: “The Production of Security” (JDE, 15 Feb. 1849)

INTRODUCTION

This translation was originally published as Gustave de Molinari, *The Production of Security*, trans. J. Huston McCulloch, Occasional Papers Series #2 (Richard M. Ebeling, Editor), New York: The Center for Libertarian Studies, May 1977. It can be found in various formats at the Mises Institute website <<http://mises.org/resources/2716>>. I have re-edited it in parts to make it more faithful to the original article. I have removed the named headings which the translator inserted into the text and replace them with the original numbered headings; I have added a few italicized words which Molinari used to give special emphasis to certain words and phrases which were overlooked.

Original Source: Gustave de Molinari, "De la production de la sécurité," in *Journal des Economistes*, Vol. XXII, no. 95, 15 February, 1849), pp. 277-90.

Available online: <davidmhart.com/liberty/FrenchClassicalLiberals/Molinari/Articles/ProductionSecurity1.html>.

Note the very hesitant “editor’s note” which Joseph Garnier felt obliged to insert at the beginning of Molinari's article. He must have felt some awkwardness in publishing this article by one of the young rising stars of the political economy group in Paris (Molinari was 30). The chairman of the SEC discussion of Molinari's book (Joseph Garnier) described it as "un sujet très-délicat" [a very delicate or sensitive subject]. Charles Dunoyer suggested that Molinari had been "sept away by the the illusions of logic”.

THE PRODUCTION OF SECURITY [DE LA PRODUCTION DE LA SÉCURITÉ]⁴⁶²

There are two ways of considering society. According to some, the development of human associations is not subject to providential, unchangeable laws. Rather, these associations, having originally been organized in a purely artificial manner by primeval legislators, can later be modified or remade by other legislators, in step with the progress of *social science*. In this system the government plays a preeminent role, because it is upon it, the custodian of the principle of authority, that the daily task of modifying and remaking society devolves.

According to others, on the contrary, society is a purely natural fact. Like the earth on which it stands, society moves in accordance with general, preexisting laws. In this system, there is no such thing, strictly speaking, as social science; there is only economic science, which studies the natural organism of society and shows how this organism functions.

We propose to examine, within the latter system, the function and natural organization of government.

I.

In order to define and delimit the function of government, it is first necessary to investigate the essence and object of society itself. What natural impulse do men obey when they combine into society? They are obeying the impulse, or, to speak more exactly, the instinct of *sociability*. The human race is essentially *sociable*. like beavers and the higher animal species in general, men have an instinctive inclination to live in society.

⁴⁶² Although this article may appear utopian in its conclusions, we nevertheless believe that we should publish it in order to attract the attention of economists and journalists to a question which has hitherto been treated in only a desultory manner and which should, nevertheless, in our day and age, be approached with greater precision. So many people exaggerate the nature and prerogatives of government that it has become useful to formulate strictly the boundaries outside of which the intervention of authority becomes anarchical and tyrannical rather than protective and profitable. [Note of Joseph Garnier, editor-in-chief of the *Journal des Economistes*, 1849.]

What is the *raison d'être* of this instinct?

Man experiences a multitude of needs, on whose satisfaction his happiness depends, and whose non-satisfaction entails suffering. Alone and isolated, he could only provide in an incomplete, insufficient manner for these incessant needs. The instinct of sociability brings him together with similar persons, and drives him into communication with them. Therefore, impelled by the *self-interest* of the individuals thus brought together, a certain *division of labor* is established, necessarily followed by *exchanges*. In brief, we see an *organization* emerge, by means of which man can more completely satisfy his needs than he could living in isolation.

This natural organization is called *society*.

The object of society is therefore the most complete satisfaction of man's needs. The division of labor and exchange are the means by which this is accomplished.

Among the needs of man, there is one particular type which plays an immense role in the history of humanity, namely the need for security.

What is this need?

Whether they live in isolation or in society, men are, above all, interested in preserving their existence and the fruits of their labor. If the sense of justice were universally prevalent on earth; if, consequently, each man confined himself to laboring and exchanging the fruits of his labor, without wishing to take away, by violence or fraud, the fruits of other men's labor; if everyone had, in one word, an instinctive horror of any act harmful to another person, it is certain that security would exist *naturally* on earth, and that no *artificial* institution would be necessary to establish it. Unfortunately this is not the way things are. The sense of justice seems to be the perquisite of only a few eminent and exceptional temperaments. Among the inferior races, it exists only in a rudimentary state. Hence the innumerable criminal attempts, ever since the beginning of the world, since the days of Cain and Abel, against the lives and property of individuals.

Hence also the creation of establishments whose object is to guarantee to everyone the peaceful possession of his person and his goods.

These establishments were called *governments*.

Everywhere, even among the least enlightened tribes, one encounters a government, so universal and urgent is the need for security provided by government.

Everywhere, men resign themselves to the most extreme sacrifices rather than do without government and hence security, without realizing that in so doing, they misjudge their alternatives.

Suppose that a man found his person and his means of survival incessantly menaced; wouldn't his first and constant preoccupation be to protect himself from the dangers that surround him? This preoccupation, these efforts, this labor, would necessarily absorb the greater portion of his time, as well as the most energetic and active faculties of his intelligence. In consequence, he could only devote insufficient and uncertain efforts, and his divided attention, to the satisfaction of his other needs.

Even though this man might be asked to surrender a very considerable portion of his time and of his labor to someone who takes it upon himself to guarantee the peaceful possession of his person and his goods, wouldn't it be to his advantage to conclude this bargain?

Still, it would obviously be no less in his self-interest to procure his *security* at the lowest price possible.

II.

If there is one well-established truth in political economy, it is this:

That in all cases, for all commodities that serve to provide for the tangible or intangible needs of the consumer, it is in the consumer's best interest that labor and trade remain free, because the freedom of labor and of trade have as their necessary and permanent result the maximum reduction of price.

And this:

That the interests of the consumer of any commodity whatsoever should always prevail over the interests of the producer.

Now in pursuing these principles, one arrives at this rigorous conclusion:

That the production of security should, in the interests of the consumers of this intangible commodity, remain subject to the law of free competition.

Whence it follows:

That no government should have the right to prevent another government from going into competition with it, or to require consumers of security to come exclusively to it for this commodity.

Nevertheless, I must admit that, up until the present, one recoiled before this rigorous implication of the principle of free competition.

One economist who has done as much as anyone to extend the application of the principle of liberty, M. Charles Dunoyer, thinks "that the functions of government will never be able to fall into the domain of private activity."⁴⁶³

Now here is a citation of a clear and obvious exception to the principle of free competition.

This exception is all the more remarkable for being unique.

Undoubtedly, one can find economists who establish more numerous exceptions to this principle; but we may emphatically affirm that these are not *pure* economists. True economists are generally agreed, on the one hand, that the government should restrict itself to guaranteeing the security of its citizens, and on the other hand, that the freedom of labor and of trade should otherwise be whole and absolute.

But why should there be an exception relative to security? What special reason is there that the production of security cannot be relegated to free competition? Why should it be subjected to a different principle and organized according to a different system?

On this point, the masters of the science are silent, and M. Dunoyer, who has clearly noted this exception, does not investigate the grounds on which it is based.

III.

⁴⁶³ In his remarkable book *De la liberté du travail* (*On the Freedom of Labor*), Vol. III, p. 253. (Published by Guillaumin.)

We are consequently led to ask ourselves whether his exception is well founded, in the eyes of the economist.

It offends reason to believe that a well established natural law can admit of exceptions. A natural law must hold everywhere and always, or be invalid. I cannot believe, for example, that the universal law of gravitation, which governs the physical world, is ever suspended in any instance or at any point of the universe. Now I consider economic laws comparable to natural laws, and I have just as much faith in the principle of the division of labor as I have in the universal law of gravitation. I believe that while these principles can be *disturbed*, they admit of no exceptions.

But, if this is the case, the production of security should not be removed from the jurisdiction of free competition; and if it is removed, society as a whole suffers a loss.

Either this is logical and true, or else the principles on which economic science is based are invalid.

IV.

It thus has been demonstrated *a priori*, to those of us who have faith in the principles of economic science, that the exception indicated above is not justified, and that the production of security, like anything else, should be subject to the law of free competition.

Once we have acquired this conviction, what remains for us to do? It remains for us to investigate how it has come about that the production of security has not been subjected to the law of free competition, but rather has been subjected to different principles.

What are those principles?

Those of *monopoly* and *communism*.

In the entire world, there is not a single establishment of the security industry that is not based on monopoly or on communism.

In this connection, we add, in passing, a simple remark.

Political economy has disapproved equally of monopoly and communism in the various branches of human activity, wherever it has found them. Is it not then strange and unreasonable that it accepts them in the security industry?

V.

Let us now examine how it is that all known governments have either been subjected to the law of monopoly, or else organized according to the communistic principle.

First let us investigate what is understood by the words monopoly and communism.

It is an observable truth that the more urgent and necessary are man's needs, the greater will be the sacrifices he will be willing to endure in order to satisfy them. Now, there are some things that are found abundantly in nature, and whose production does not require a great expenditure of labor, but which, since they satisfy these urgent and necessary wants, can consequently acquire an exchange value all out of proportion with their natural value. Take salt for example. Suppose that a man or a group of men succeed in having the exclusive production and sale of salt assigned to themselves. It is apparent that this man or group could arise the price of this commodity well above its value, well above the price it would have under a regime of free competition.

One will then say that this man or this group possesses a monopoly, and that the price of salt is a monopoly price.

But it is obvious that the consumers will not consent freely to paying the abusive monopoly surtax. It will be necessary to compel them to pay it, and in order to compel them, the employment of force will be necessary.

Every monopoly necessarily rests on force.

When the monopolists are no longer as strong as the consumers they exploit, what happens?

In every instance, the monopoly finally disappears either violently or as the outcome of an amicable transaction. What is it replaced with?

If the roused and insurgent consumers secure the means of production of the salt industry, in all probability they will confiscate this industry for their own profit, and their first thought will be, not to relegate it to free competition, but rather to exploit it, *in common*, for their own account. They will then name a director or a directive committee to operate the saltworks, to whom they will allocate the funds necessary to defray the costs of salt production. then, since the experience of the past will have made them suspicious and distrustful, since they will be afraid that the director named by them will seize production for his own benefit, and simply reconstitute by open or hidden means the old monopoly for his own profit, they will elect delegates, representatives entrusted with appropriating the funds necessary for production, with watching over their use, and with making sure that the salt produced is equally distributed to those entitled to it. The production of salt will be organized in this manner.

This form of the organization of production has been named communism.

When this organization is applied to a single commodity, the communism is said to be partial.

When it is applied to all commodities, the communism is said to be complete.

But whether communism is partial or complete, political economy is no more tolerant of it than it is of monopoly, of which it is merely an extension.

VI.

Isn't what has just been said about salt applicable to security? Isn't this the history of all monarchies and all republics?

Everywhere, the production of security began by being organized as a monopoly, and everywhere, nowadays, it tends to be organized communistically.

Here is why.

Among the tangible and intangible commodities necessary to man, none, with the possible exception of wheat, is more indispensable, and therefore none can support quite so large a monopoly duty.

Nor is any quite so prone to monopolization.

What, indeed, is the situation of men who need security? Weakness. What is the situation of those who undertake to provide them with this necessary security? Strength. If it were otherwise, if the consumers of security were stronger than the producers, they obviously would dispense with their assistance.

Now, if the producers of security are originally stronger than the consumers, won't it be easy for the former to impose a monopoly on the latter?

Everywhere, when societies originate, we see the strongest, most warlike races seizing the exclusive government of the society. Everywhere we see these races seizing a monopoly on security within certain more or less extensive boundaries, depending on their number and strength.

And, this monopoly being, by its very nature, extraordinarily profitable, everywhere we see the races invested with the monopoly on security devoting themselves to bitter struggles, in order to add to *the extent of their market*, the number of their *forced* consumers, and hence the amount of their gains.

War has been the necessary and inevitable consequence of the establishment of a monopoly on security.

Another inevitable consequence has been that this monopoly has engendered all other monopolies.

When they saw the situation of the monopolizers of security, the producers of other commodities could not help but notice that nothing in the world is more advantageous than monopoly. They, in turn, were consequently tempted to add to the gains from their own industry by the same process. But what did they require in order to monopolize, to the detriment of the consumers, the commodity they produced? They required force. However, they did not possess the force necessary to constrain the consumers in question. What did they do? They borrowed it, for a consideration, from those who had it. They petitioned and obtained, at the price of an agreed upon fee, the exclusive privilege of carrying on their industry within certain determined boundaries. Since the fees for these privileges brought the producers of security a goodly sum of money, the world was soon covered with monopolies. Labor and trade were everywhere shackled, enchained, and the condition of the masses remained as miserable as possible.

Nevertheless, after long centuries of suffering, as enlightenment spread through the world little by little, the masses who had been smothered under this nexus of privileges began to rebel against the privileged, and to demand *liberty*, that is to say, the suppression of monopolies.

This process took many forms. What happened in England, for example? Originally, the race which governed the country and which was militarily organized (the aristocracy), having at its head a hereditary leader (the king), and an equally hereditary administrative council (the House of Lords), set the price of security, which it had monopolized, at whatever rate it pleased. There was no negotiation between the producers of security and the consumers. This was the rule of *absolutism* (*bon plaisir* - or at the will of the the monarch [Editor]). But as time passed, the consumers, having become aware of their numbers and strength, arose against the purely arbitrary regime, and they obtained the right to negotiate with the producers over the price of the commodity. For this purpose, they sent delegates to the *House of Commons* to discuss the level of *taxes*, the price of security. They were thus able to improve their lot somewhat. Nevertheless, the producers of security had a direct say in the naming of the members of the House of Commons, so that debate was not entirely open, and the price of the commodity remained above its natural value. One day the exploited consumers rose against the producers and dispossessed them of their industry. They then undertook to carry on this industry by themselves and chose for this purpose a director of operations assisted by a Council. Thus communism replaced monopoly. But the scheme did not work, and twenty years later, primitive monopoly was re-established. Only this time the monopolists were wise enough not to restore the rule of absolutism; they accepted free debate over taxes, being careful, all the while, incessantly to corrupt the delegates of the opposition party. They gave these delegates control over various posts in the administration of security, and they even went so far as to allow the most influential into the bosom of their superior Council. Nothing could have been more clever than thus behavior. Nevertheless, the consumers of security finally became aware of these abuses, and demanded the reform of Parliament. This long contested reform was finally achieved, and since that time, the consumers have won a significant lightening of their burdens.

In France, the monopoly on security, after having similarly undergone frequent vicissitudes and various modifications, has just been overthrown for the second time. As once happened in England, monopoly for the benefit of one caste, and then in the name of a certain class of society, was finally replaced by communal production. The consumers as a whole, behaving like shareholders, named a director responsible for supervising the actions of the director and of his administration.

We will content ourselves with making one simple observation on the subject of this new regime.

Just as the monopoly on security logically had to spawn universal monopoly, so communistic security must logically spawn universal communism.

In reality, we have a choice of two things:

Either communistic production is superior to free production, or it is not.

If it is, then it must be for all things, not just for security.

If not, *progress* requires that it be replaced by free production.

Complete communism or complete liberty: that is the alternative!

VII.

But is it conceivable that the production of security could be organized other than as a monopoly or communistically? Could it conceivably be relegated to free competition?

The response to this question on the part of *political* writers is unanimous: No.

Why? We will tell you why.

Because these writers, who are concerned especially with governments, know nothing about society. They regard it as an artificial fabrication, and believe that the mission of government is to modify and remake it constantly.

Now in order to modify or remake society, it is necessary to be empowered with a *authority* superior to that of the various individuals of which it is composed.

Monopolistic governments claim to have obtained from God himself this authority which gives them the right to modify or remake society according to their fancy, and to dispose of persons and property however they please. Communistic governments appeal to human reason, as manifested in the majority of the sovereign people.

But do monopolistic governments and communistic governments truly possess this superior, irresistible authority? Do they in reality have a higher authority than that which a free government could have? This is what we must investigate.

VIII.

If it were true that society were not *naturally* organized, if it were true that the laws which govern its motion were to be constantly modified or remade, the *legislators* would necessarily have to have an immutable, sacred authority. Being the continuators of Providence on earth, they would have to be regarded as almost equal to God. If it were otherwise, would it not be impossible for them to fulfill their mission? Indeed, one cannot intervene in human affairs, one cannot attempt to direct and regulate them, without daily offending a multitude of interests. Unless those in power are believed to have a mandate from a superior entity, the injured interests will resist.

Whence the fiction of divine right.

This fiction was certainly the best imaginable. If you succeed in persuading the multitude that God himself has chosen certain men or certain races to give laws to society and to govern it, no one will dream of revolting against these appointees of Providence, and everything the government does will be accepted. A government based on divine right is imperishable.

On one condition only, namely that divine right is believed in.

If one takes the thought into one's head that the leaders of the people do not receive their inspirations directly from providence itself, that they obey purely human impulses, the prestige that surrounds them will disappear. One will irreverently resist their sovereign decisions, as one resists anything manmade whose *utility* has not been clearly demonstrated.

It is accordingly fascinating to see the pains theoreticians of the divine right take to establish the *superhumanity* of the races in possession of human government.

Let us listen, for example, to M. Joseph de Maistre:

Man does not make sovereigns. At the very most he can serve as an instrument for dispossessing one sovereign and handing his State over to another sovereign, himself already a prince. Moreover, there has never existed a sovereign family traceable to plebeian origins. If this phenomenon were to appear, it would mark a new epoch on earth.

... It is written: *I am the Maker of sovereigns*. This is not just a religious slogan, a preacher's metaphor; it is the literal truth pure and simple. it is a law of the political world. God *makes* kings, word for word. He prepares royal races, nurtures them at the center of a cloud which hides their origins. Finally they appear, *crowned with glory and honor*; they take their places.⁴⁶⁴

According to this system, which embodies the will of Providence in certain men and which invests these *chosen ones*, these *anointed ones* with a quasi-divine authority, the *subjects* evidently have no rights at all. They must submit, *without question*, to the decrees of the sovereign authority, as if they were the decrees of Providence itself.

According to Plutarch, the body is the instrument of the soul, and the soul is the instrument of God. According to the divine right school, God selects certain souls and uses them as instruments for governing the world.

If men *had faith* in this theory, surely nothing could unsettle a government based on divine right.

Unfortunately, they have completely lost faith.

Why?

Because one fine day they took it into their heads to question and to reason, and in questioning, in reasoning, they discovered that their governors governed them no better than they, simply mortals out of communication with Providence, could have done themselves.

⁴⁶⁴ *Du principe générateur des constitutions politiques*. (On the Generating Principle of Political Constitutions.) Preface.

It was *free inquiry* that demonetized the fiction of divine right, to the point where the subjects of monarchs or of aristocracies based on divine right obey them only insofar as they think it *in their own self-interest* to obey them.

Has the communist fiction fared any better?

According to the communist theory, of which Rousseau is the high-priest, authority does not descend from on high, but rather comes up from below. The government no longer look to Providence for its authority, it looks to united mankind, to the *one, indivisible, and sovereign* nation.

Here is what the communists, the partisans of popular sovereignty, assume. They assume that human reason has the power to discover the best laws and the organization which most perfectly suits society; and that, in practice, these laws reveal themselves at the conclusion of a free debate between conflicting opinions. If there is no unanimity, if there is still dissension after the debate, the majority is in the right, since it comprises the larger number of reasonable individuals. (These individuals are, of course, assumed to be equal, otherwise the whole structure collapses.) Consequently, they insist that the decisions of the majority must become *law*, and that the minority is obliged to submit to it, even if it is contrary to its most deeply rooted convictions and injures its most precious interests.

That is the theory; but, in practice, does the *authority* of the decision of the majority really have this irresistible, absolute character as assumed? Is it always, in every instance, respected by the minority? Could it be?

Let us take an example.

Let us suppose that socialism succeeds in propagating itself among the working classes in the countryside as it has already among the working classes in the cities; that it consequently becomes the majority in the country and that, profiting from this situation, it sends a socialist majority to the Legislative Assembly and names a socialist president. Suppose that this majority and this president, invested with sovereign authority, decrees the imposition of a tax on the rich of three billions, in order to organize the labor of the poor, as M. Proudhon demanded. Is it probable that the minority would submit peacefully to his iniquitous and absurd, yet legal, yet *constitutional* plunder?

No, without a doubt it would not hesitate to disown *the authority* of the majority and to defend its property.

Under this regime, as under the preceding, one obeys the custodians of authority only insofar as one thinks it in one's self-interest to obey them.

This leads us to affirm that the moral foundation of authority is neither as solid nor as wide, under a regime of monopoly or of communism, as it could be under a regime of liberty.

IX.

Suppose nevertheless that the partisans of an *artificial organization*, either the monopolists or the communists, are right; that society is not naturally organized, and that the task of making and unmaking the laws that regulate society continuously devolves upon men, look in what a lamentable situation the world would find itself. The moral authority of governors rests, *in reality*, on the self-interest of the governed. The latter having a natural tendency to resist anything harmful to their self-interest, unacknowledged authority would continually require the help of physical force.

The monopolist and the communists, furthermore, completely understand this necessity.

If anyone, says M. de Maistre, attempts to detract from the authority of God's chosen ones, let him be turned over to the secular power, let the hangman perform his office.

If anyone does not recognize the authority of those chosen by the people, say the theoreticians of the school of Rousseau, if he resists any decision whatsoever of the majority, let him be punished as an enemy of the sovereign people, let the guillotine perform justice.

These two schools, which both take *artificial organization* as their point of departure, necessarily lead to the same conclusion: **TERROR.**

X.

Allow us now to formulate a simple hypothetical situation.

Let us imagine a new-born society: The men who compose it are busy working and exchanging the fruits of their labor. A natural instinct reveals to these men that their persons, the land they occupy and cultivate, the fruits of their labor, are their *property*, and that no one, except themselves, has the right to dispose of or touch this property. This instinct is not hypothetical; it exists. But man being an imperfect creature, this awareness of the right of everyone to his person and his goods will not be found to the same degree in every soul, and certain individuals will make criminal attempts, by violence or by fraud, against the persons or the property of others.

Hence, the need for an industry that prevents or suppresses these forcible or fraudulent aggressions.

Let us suppose that a man or a combination of men comes and says:

For a recompense, I will undertake to prevent or suppress criminal attempts against persons and property.

Let those who wish their persons and property to be sheltered from all aggression apply to me.

Before striking a bargain with this *producer of security*, what will the consumers do?

In the first place, they will check if he is really strong enough to protect them.

In the second place, whether his character is such that they will not have to worry about his instigating the very aggressions he is supposed to suppress.

In the third place, whether any other producer of security, offering equal guarantees, is disposed to offer them this commodity on better terms.

These terms are of various kinds.

In order to be able to guarantee the consumers full security of their persons and property, and, in case of harm, to give them a compensation proportioned to the loss suffered, it would be necessary, indeed:

1. That the producer establish certain penalties against the offenders of persons and the violators of property, and that the consumers agree to submit to these penalties, in case they themselves commit offenses;

2. That he impose certain inconveniences on the consumers, with the object of facilitating the discovery of the authors of offenses;

3. That he regularly gather, in order to cover his costs of production as well as an appropriate return for his efforts, a certain sum, variable according to the situation of the consumers, the particular occupations they engage in, and the extent, value, and nature of their properties.

If these terms, necessary for carrying on this industry, are agreeable to the consumers, a bargain will be struck. Otherwise the consumers will either do without security, or else apply to another producer.

Now if we consider the particular nature of the security industry, it is apparent that the producers will necessarily restrict their clientele to certain territorial boundaries. They would be unable to cover their costs if they tried to provide police services in localities comprising only a few clients. Their clientele will naturally be clustered around the center of their activities. They would nevertheless be unable to abuse this situation by dictating to the consumers. In the event of an abusive rise in the price of security, the consumers would always have the option of giving their patronage to a new entrepreneur, or to a neighboring entrepreneur.

This option the consumer retains of being able to buy security wherever he pleases brings about a constant emulation among all the producers, each producer

striving to maintain or augment his clientele with the attraction of cheapness or of faster, more complete and better justice.⁴⁶⁵

If, on the contrary, the consumer is not free to buy security wherever he pleases, you forthwith see open up a large profession dedicated to arbitrariness and bad management. justice becomes slow and costly, the police vexatious, individual liberty is no longer respected, the price of security is abusively inflated and inequitably apportioned, according to the power and influence of this or that class of consumers. The protectors engage in bitter struggles to wrest customers from one another. In a word, all the abuses inherent in monopoly or in communism crop up.

Under the rule of free competition, war between the producers of security entirely loses its justification. Why would they make war? To conquer consumers? But the consumers would not allow themselves to be conquered. They would be careful not to allow themselves to be protected by men who would unscrupulously attack the persons and property of their rivals. If some audacious conqueror tried to become dictator, they would immediately call to his aid all the free consumers

⁴⁶⁵ Adam Smith, whose remarkable spirit of observation extends to all subjects, remarks that the administration of justice gained much, in England, from the competition between the different courts of law:

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 cognizance 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 cognizance of civil suits; the plaintiff pretending that the defendant, in not doing him justice, had been guilty of some trespass or misdemeanor. 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 cognizance 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 endeavoured, by superior dispatch and impartiality, to draw to itself as many causes 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. [*The Wealth of Nations* (New York: Modern Library, 1937; originally 1776), p. 679.

menaced by this aggression, and they would treat him as he deserved. Just as war is the natural consequence of monopoly, peace is the natural consequence of liberty.

Under a regime of liberty, the natural organization of the security industry would not be different from that of other industries. In small districts a single entrepreneur could suffice. This entrepreneur might leave his business to his son, or sell it to another entrepreneur. In larger districts, one company by itself would bring together enough resources adequately to carry on this important and difficult business. If it were well managed, this company could easily last, and security would last with it. In the security industry, just as in most of the other branches of production, the latter mode of organization will probably replace the former, in the end.

On the one hand this would be a monarchy, and on the other hand it would be a republic; but it would be a monarchy without monopoly and a republic without communism.

On either hand, this authority would be accepted and respected in the name of *utility*, and would not be an authority imposed by *terror*.

It will undoubtedly be disputed whether such a hypothetical situation is realizable. But, at the risk of being considered utopian, we affirm that this is not disputable, that a careful examination of the facts will decide the problem of government more and more in favor of liberty, just as it does all other economic problems. We are convinced, so far as we are concerned, that one day groups will be established to agitate for *free government*, as they have already been established on behalf of free trade.

And we do not hesitate to add that after this reform has been achieved, and all artificial obstacles to the free action of the natural laws that govern the economic world have disappeared, the situation of the various members of society will become *the best possible*.

Appendix IV: The Eleventh Evening (Soirée)

[Available online: <<http://oll.libertyfund.org/pages/gdm-soirees#S11>>]

[p. 303]

SUMMARY: On government and its function⁴⁶⁶ – Monopoly governments and communist governments. – On the liberty of government.⁴⁶⁷ – On divine right. – That divine right is identical to the right to work. – The vices of monopoly government. – War is the inevitable consequence of this system. – On the sovereignty of the people. – How we lose our sovereignty. – How we can retrieve it. – The liberal solution. – The communist solution. – Communist governments. – Their vices. – Centralization and

⁴⁶⁶ GdM - For a long time, economists have refused to concern themselves not only with government, but also with all purely non-material activities. Jean-Baptiste Say was the first to insist on including production of this kind within the domain of political economy, by his applying to all its contents the category *non-material products*. He thereby rendered economic science a more substantial service than might readily be supposed:

The work of a doctor, he says, and if we want to add to the examples, the work of *anyone engaged in administering public matters*, of a lawyer [p. 304] or a judge, who belong to the same category, meet such fundamental needs, that without their contributions, no society could survive. Are not the fruits of these labors real? They are sufficiently real that people procure them in exchange for material products, and that by means of repeated exchanges their producers acquire fortunes. – It is therefore quite wrong for the Comte de Verri to claim that the work of princes, of magistrates, soldiers and priests, does not fall immediately into the sphere of those objects with which political economy is concerned. [Jean-Baptiste Say, *Traité d'Économie politique*, T. 1, chap.XIII.]

[See, Jean Baptiste Say, *A Treatise on Political Economy; or the Production, Distribution, and Consumption of Wealth*, ed. Clement C. Biddle, trans. C. R. Prinsep from the 4th ed. of the French, (Philadelphia: Lippincott, Grambo & Co., 1855. 4th-5th ed.). Chapter: BOOK I, CHAPTER XIII: OF IMMATERIAL PRODUCTS, OR VALUES CONSUMED AT THE MOMENT OF PRODUCTION. <http://oll.libertyfund.org/titles/274#Say_0518_361>.]

⁴⁶⁷ This is the only place in the book where Molinari uses the phrase “la liberté de gouvernement” (the liberty of government) by which he means the private, competitive provision of security. He does not take it up in earnest until *L'Évolution politique* (1884) when there is an entire section devoted to the idea in “Chap. X. Les gouvernements de l’avenir.” He also uses the similar phrase “gouvernements libres” in a couple of places in *Les Soirées*.

decentralization. – On the administration of justice. – On its former organisation. – On its current organisation. – On the inadequacy of the jury system. – How the administration of security and of justice could be made free. – The advantages of free governments. – How nationality should be understood.

THE CONSERVATIVE.

Under your system of absolute property rights and of full economic freedom, what is the function of government? [p. 304]

THE ECONOMIST.

The function of the government consists solely in assuring everyone of the security of his property.

THE SOCIALIST.

Right, this is the “State-as-Policeman” of Jean-Baptiste Say.⁴⁶⁸

But I in turn have a question to put to you:

There are in the world today two kinds of government: the former trace their origin to an alleged divine right.....

THE CONSERVATIVE.

Alleged? Alleged? Meaning what?

THE SOCIALIST.

The others spring from popular sovereignty. Which of them do you prefer?

⁴⁶⁸ The expression used is “l’État-gendarme” or the “nightwatchman state”. Say provides the most detailed discussion of his views on the proper function of government in the *Cours complet* (1828), vol. 2, part VII, chaps XIV to XXXII. He essentially follows Adam Smith’s plan that there are only 3 proper duties of a government: to provide national defence, internal police, and some public goods such as roads and bridges. [See his quoting Smith approvingly on pp. 261-62 of the 1840 revised edition]. However, there is some evidence from an unpublished *Traité de Politique pratique* (written 1803-1815) and lectures he gave at the Athénée in Paris in 1819 that suggest that his anti-statism went much further than this and that he did toy with the idea of the competitive, non-government provision of police services along the lines developed at more length here by Molinari.

THE ECONOMIST.

I want neither one nor the other. The former are monopoly governments and the latter are communist governments. In the name of the principle of property, in the name of the right I possess to provide myself with *security*, or to buy it from whomever seems appropriate to me, I demand *free governments*.⁴⁶⁹ [p. 305]

THE CONSERVATIVE.

Which means?

THE ECONOMIST.

It means governments whose services I may accept or refuse according to my own free will.

THE CONSERVATIVE.

Are you speaking seriously?⁴⁷⁰

THE ECONOMIST.

You will soon see. You are a partisan of divine right,⁴⁷¹ are you not?

⁴⁶⁹ Molinari uses the phrase “gouvernements libres” (free governments) which he defines below as “governments whose services I may accept or refuse according to my own free will.”

⁴⁷⁰ Charles Coquelin, the reviewer of Molinari's book in the *JDE* in October 1849 criticized Molinari for putting forward a view of government in the name of “The Economist” which no other Economist of the period supported, thus suggesting that this was a widely held view. At the monthly meeting of the Société d'Économie Politique on 10 October of that year not one of those present came to Molinari's defense. The main critics were Charles Coquelin who began the discussion, then Frédéric Bastiat, and finally Charles Dunoyer. It was the latter who summed up the view of the Economists that Molinari had been “swept away by illusions of logic” . [See, Coquelin's review in *JDE*, October 1849, T. 24, pp. 364-72, and the minutes of the meeting of the October meeting of the Société d'Économie Politique in *JDE*, October 1849, T. 24, pp. 314-316. Dunoyer's comment is on p. 316.]

⁴⁷¹ The idea that monarchs had a “divine right” to rule was an essential part of the ancien régime which was overturned by the French Revolution of 1789. “Legitimists” in the Restoration period attempted to revive this view with mixed success and it was severely weakened by the Revolution of 1848 and the creation of the Second Republic. However, legitimists continued to press their claims throughout the 19th century.

THE CONSERVATIVE.

Since we have been living in a republic, I have rather inclined to that persuasion, I confess.

THE ECONOMIST.

And you regard yourself as an opponent of the *right to work*?⁴⁷²

THE CONSERVATIVE.

Regard myself? Why, I am quite sure of it. I attest.....

THE ECONOMIST.

Bear witness to nothing, for you are a declared supporter of the right to work.

THE CONSERVATIVE.

But once again, I.....

THE ECONOMIST.

You are a supporter of divine right. Well, the principle of divine right is absolutely identical with that of the right to work.

What is divine right? It is the right which certain families possess *to the government of the people*. Who conferred it on them? God himself.

Just read [p. 306] M. Joseph de Maistre's *Considerations on France* (Considérations sur la France) and his pamphlet *The Generating Principle of Political Constitutions* (Principe générateur des Constitutions politiques).⁴⁷³

“Man cannot create a sovereign, says M. De Maistre. At most he can serve as an instrument for dispossessing a sovereign and delivering his estates into the hands of another sovereign, himself a prince by birth.

Moreover, there has never been a sovereign family whose origin could be

⁴⁷² Molinari uses the socialist expression “la liberté au travail” (right to a job) in order to provoke the Conservative. [See glossary entry on the “**Right to Work.**”]

⁴⁷³ Maistre, *Considérations sur la France* (Considerations on France) (1796) and *Principe générateur des Constitutions politiques* (Essay on the Generating Principle of Political Constitutions) (1809). See *Oeuvres du comte J. de Maistre*. Publiées par M. l'abbé Migne (J.-P. Migne, 1841). [See the glossary entry on **Maistre.**]

identified as plebeian. If such a phenomenon were to appear, it would be a new era for the world.

“It is written: *It is I who make the kings*. This is not a statement made by the Church, nor a preacher’s metaphor; it is the literal, simple and palpable truth. It is a law of the political world. God *makes* kings, quite literally so. He prepares royal families. He nourishes them within a cloud which hides their origin. They next appear, crowned with glory and honor. They assume their place.” ⁴⁷⁴

All of which signifies that God has invested certain families with the right to govern men and that nobody can deprive them of the exercise of this right.

Now if you recognise that certain families have the exclusive right to carry out that special form of industry which we call government, if furthermore you agree with most of the theorists of divine right, that the people are obliged to supply, either subjects to be governed, or funds, in the form of unemployment benefits to members of these families – all this down through the centuries – are you then properly justified in rejecting [p. 307] the Right to work? Between this oppressive demand that society supply the workers with work which suits them, or with a sufficient benefit in lieu thereof, and this other oppressive that society supply the workers of royal families with work appropriate to their abilities and to their dignity, namely the work of government, or else with a Salary at least to meet minimum subsistence, where is the difference?

THE SOCIALIST.

In truth there is none.

THE CONSERVATIVE.

What does it matter if the recognition of divine right is indispensable to the maintenance of society?

THE ECONOMIST.

Could not the Socialists reply to you that the recognition of the right to work is no less necessary to the maintenance of society? If you accept the right to work for

⁴⁷⁴ GdM - *Du Principe générateur des Constitutions politiques*. – Preface. *Oeuvres*, p. 109-10.

some, must you not accept them for everyone? Is the right to work anything other than an *extension* of divine right?

You say that the recognition of divine right is indispensable to the maintenance of society. How then does it happen that all nations aspire to rid themselves of these monarchies by divine right? How does it happen that old monopoly governments are either ruined or on the edge of ruin?

THE CONSERVATIVE.

The people are in the throes of vertigo.

THE ECONOMIST.

That is a widespread vertigo. Believe me, however, the people have good reasons for liberating themselves from [p. 308] their old despots. Monopoly government is no better than any other. One does not govern well and above all one does not govern cheaply, when there is no competition to be feared, when the governed are deprived of the right to choose their rulers freely. Grant a grocer the exclusive right to supply a particular part of town,⁴⁷⁵ forbid the inhabitants of that district to buy any commodities from neighboring grocers or even to provide themselves with their own groceries, and you will see what trash the privileged grocer will end up selling and at what price. You will see how he lines his pockets at the expense of the unfortunate consumers, what regal splendour he will display for the greater glory of the neighbourhood. .. Well, what is true for the smallest services is no less true for the greatest ones. A monopoly government is certainly worth more than that of a grocery shop. The *production of security*⁴⁷⁶ inevitably becomes expensive and of poor quality when it is organized as a monopoly.

The monopoly of security is the main cause of the wars which up until our own day have caused such distress to the human race.

⁴⁷⁵ Another grocer reference ???

⁴⁷⁶ Molinari uses here the phrase “la production de la sécurité” (the production of security) which is title of the provocative essay on this topic which he published in the *JDE* in February 1849, sparking an extended controversy among the members of the Société d’Economie Politique. See, Gustave de Molinari, “De la production de la sécurité,” in *JDE*, Vol. XXII, no. 95, 15 February, 1849, pp. 277-90. See the discussion on the production of security in the Introduction, pp. ???

THE CONSERVATIVE.

How should that be so?

THE ECONOMIST.

What is the natural inclination of any producer, privileged or otherwise? It is to raise the numbers of his clients in order to increase his profits. Well, under a regime of monopoly, what means can producers of security employ to increase their clientele? [p. 309]

Since the people do not count in such a regime, since they are simply the legitimate domain over which the Lord's anointed can hold sway, no one can call upon their assent in order to acquire the right to administer them. Sovereigns are therefore obliged to resort to the following measures to increase the number of their *subjects*: first they may simply buy provinces and realms with cash; secondly they marry heiresses, either bringing kingdoms as their dowries or in line to inherit them later; or thirdly by naked force to conquer their neighbours' lands. This is the first cause of war!

On the other hand when peoples revolt sometimes against their legitimate sovereigns, as happened recently in Italy and in Hungary, the Lord's anointed are naturally obliged to force back their rebellious herd into obedience. For this purpose they construct a *Holy Alliance*⁴⁷⁷ and they carry out a great slaughter of their revolutionary subjects, until they have put down their rebellion.⁴⁷⁸ If the

⁴⁷⁷ The Holy Alliance was a coalition between Russia, Austria, and Prussia organized by Tsar Alexander I of Russia during the meeting of the Congress of Vienna following the defeat of Napoleon in 1815. The purpose was to defend the principles of monarchical government, aristocracy, and the Catholic Church against the forces of liberalism, democracy, and secular enlightenment which had been unleashed by the French Enlightenment and Revolution. See the note below (p. ???) which describes Molinari's interest in the poet Béranger's poem about the need for the people to form their own Holy Alliance, "The Holy Alliance of the People" (1818).

⁴⁷⁸ The revolutions which broke across Europe in 1848 began with an uprising in Sicily in January 1848, spread to Paris in February, and then the southern and western German states, Vienna and Budapest in March. As a result of political divisions among the revolutionaries the forces of counter-revolution led by Field Marshall Radetzky of Austria, with the assistance of the Russian army, were able to crush the uprisings in central and eastern Europe during 1849. In France the Revolution led to the formation of the Second Republic and eventually the coming to power of Louis Napoleon and the Second Empire in 1852. The number of people killed during the uprisings and their suppression are hard to estimate but they are in the order of many thousands.

rebels are in league with other peoples, however, the latter get involved in the struggle, and the conflagration becomes general. A second cause of war!

I do not need to add that the consumers of security, pawns in the war, also pay the costs.

Such are the advantages of monopoly governments.

THE SOCIALIST.

Therefore you prefer governments based on the sovereignty of the people. You rank democratic republics higher than monarchies or aristocracies. About time!

THE ECONOMIST.

Let us be clear, please. I prefer governments [p. 310] which spring from the sovereignty of the people. But the republics which you call “democratic” are not in the least the true expression of the sovereignty of the people. These governments are extended monopolies, forms of communism. Well, the sovereignty of the people is incompatible with monopoly or communism.

THE SOCIALIST.

So what is the sovereignty of the people, in your view?

THE ECONOMIST.

It is the right which every man possesses to use freely his person and his goods as he pleases, the right to govern himself.

If the sovereign individual has the right to use his person and his goods, as master thereof, he naturally also has the right to defend them. He possesses the right of free defence.⁴⁷⁹

Can each person exercise this right, however, in isolation? Can everyone be his own policeman or soldier?

No! No more than the same man can be his own ploughman, baker, tailor, grocer, doctor or priest.

It is an economic law that man cannot fruitfully engage in several jobs at the same time. Thus, we see from the very beginning of human society, all industries

⁴⁷⁹ Molinari uses the phrase "Il possède le droit de libre défense." (He possesses the right to (freely) defend himself ??)

becoming specialised, and the various members of society turning to occupations for which their natural abilities best equip them. They gain their subsistence by exchanging the products of their particular occupation for the various things necessary to the satisfaction of their needs.

Man in isolation is, incontestably, fully master of his [p. 311] sovereignty. The trouble is this sovereign person, obliged to perform himself all the tasks which provide the necessities of life, finds himself in a wretched condition.

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

How does he come to lose it?

He loses it, in whole or in part, directly or indirectly, when he ceases being able to use as he chooses, his person or his goods.

Man remains completely sovereign only under a regime of full freedom. Any monopoly or special privilege is an attack launched against his sovereignty.

Under the ancien régime, with no one having the right freely to employ his person or use his goods, and no one having the right to engage freely in any industry he liked, sovereignty was narrowly confined.

Under the present régime, attacks on sovereignty, by a host of monopolies and privileges restrictive of the free activities of individuals, have not ceased. Man has still not fully recovered his sovereignty.

How can he recover it?

There are two opposing schools, which offer quite opposite solutions to this problem: the liberal school and the communist school.

The liberal school says: eliminate monopolies and privileges, give man back his natural right to carry out freely any work he chooses, and he will have full exercise of his sovereignty.

The communist school says to the contrary: be careful not to allow everyone the right to produce freely anything [p. 312] he chooses. This will lead to oppression and anarchy! Grant this right to the community and *exclude* individuals from it. Let all individuals unite and organize production communistically. Let the state be the sole producer and the sole distributor of wealth.

What is there behind this doctrine? It has often been said: slavery. It is the absorption and cancellation of individual will by the collective will. It is the destruction of individual sovereignty.

The most important of the industries organised *in common* is the one whose purpose is to protect and defend the ownership of persons and things, against all aggression.

How are the communities formed in which this activity takes place, namely the nation and communes?

Most nations have been successively enlarged by the alliances of owners of slaves or serfs as well as by their conquests. France, for example, is the product of successive alliances and conquests. By marriage, by force or fraud,⁴⁸⁰ the rulers of the Île de France successively extended their authority over the different parts of ancient Gaul. The twenty monopolistic governments which occupied the land area of France at that time, gave way to a single monopolistic government. The kings of Provence, the dukes of Aquitaine, Brittany, Burgundy and Lorraine, the counts of Flanders etc., gave way to the King of France.

The King of France was given charge of the internal and external defence of the State. He did not, however, [p. 313] manage internal defence and civil administration on his own.

Originally, each feudal lord managed the policing⁴⁸¹ of his domain; each commune, freed by the use of force or by buying their way out from the onerous tutelage of his lord, handled the policing of his recognised area.

Communes and feudal lords contributed to some extent to the general defence of the realm.

⁴⁸⁰ Molinari uses the term “la ruse” here which was a key term used by Bastiat in his theory of “sophisms”. Bastiat thought that vested interests who wished to get privileges from the state cloaked their naked self interest by using deception, trickery, or fraud (“la ruse”) in order to confuse and distract the people at whose expence these privileges were granted.

⁴⁸¹ Molinari uses the word “la police” which had a complex meaning in the ancien regime. On the one hand, it meant more narrowly the protection of life and property of the inhabitants from attack, in other words what we would understand as modern police and defence activities. On the other hand, it also had a much broader meaning concerning the entire “civil administration” of the commune, such as ensuring the provision of public goods like lighting and water, the enforcement of censorship of dissenting political and religious views, the control of public gatherings to prevent protests getting out of hand, the collection of taxes and the supervision of compulsory labour; in other words, the complex mechanism of public control which had evolved during the ancien regime. Since Molinari is talking about security matters in this chapter we have chosen to use the word “police” or “policing” in this context.

We can say that the King of France had a monopoly of the general defense and the feudal lords and the burghers of the cities and towns had a monopoly of local defense.

In certain communes, policing was under the direction of an administration elected by city burghers, as in Flanders, for example. Elsewhere, policing was set up as a privileged corporation such as the bakers, butchers, and shoe makers, or in other words like all the other industries.

In England this latter form of the production of security has persisted until modern times. In the City of London, for example, policing was until not long ago still in the hands of a privileged corporation. And what was extraordinarily strange, this corporation refused to come to any agreement with the police of other districts, to such an extent that the City became a veritable place of refuge for criminals. This anomaly was not removed until the era of Sir Robert Peel's reforms.⁴⁸²

What did the French Revolution do? It took from the king of France the monopoly of the general defence; but it did not destroy this monopoly. It put it in the hands [p. 314] of the nation, organised henceforth like one immense commune.

The little communes into which the former kingdom of France was divided, continued to exist. Their number was even considerably increased. The government of the large commune had the monopoly of general defence, while the governments of the small communes, under the surveillance of the central government, exercised the monopoly of local defence.

This, however, was not the end of it. Both at general commune level and at individual commune level, other industries were organised, notably education, religion and transport, etc., and citizens were variously taxed to defray the costs of these industries which were organised communally.

Later, the Socialists, poor observers of what was going on if ever there were any, not noticing that the industries which were organized in the general commune

⁴⁸² GdM - See *Studies on England* by Léon Faucher. Léon Faucher, *Études sur l'Angleterre* (Paris: Guillaumin, 1845, 2nd ed. 1856), 2 vols. The anecdote Molinari refers to can be found in vol. 1, p. 47. Faucher relates how one rundown district in London known as "Little Ireland" had become off limits to the police. Sir Robert Peel (1788-1850) was Prime Minister of Britain twice (1834-35 and 1841-46) and during his second stint he successfully repealed the protectionist Corn Laws in 1846. When he was Home Secretary (1822-29) he reformed the police force of London by creating the Metropolitan Police Force in 1829 which became the model for all modern urban police forces. [See the glossary entry on "**Faucher**" and "Peel."]

or the individual communes, functioned both more expensively and less efficiently than the industries which remained free, demanded the communal organization of all branches of production. They wanted the general commune and the individual communes no longer to limit themselves to policing, to building schools, constructing roads, paying the salaries of priests, opening libraries, subsidising theaters, maintaining stud farms, manufacturing tobacco, carpets, porcelain, etc., but rather to set about producing *everything*.

The public's sound common sense was shocked by this most distasteful Utopia, but it did not react further. People understood well enough that it would be disastrous to produce everything in common. What they [p. 315] did not understand was that it was also ruinous to produce certain specific things in this way. They continued therefore to engage in *partial communism*, while despising the Socialists calling at the top of their voices for *full communism*.

The Conservatives, however, supporters of partial communism and opponents of full communism, today find themselves divided on an important issue.

Some of them want partial communism to continue to operate mainly in the general commune; they support *centralisation*.

The others, on the other hand, demand a much larger allocation of resources for the small communes. They want the latter to be able to engage in diverse industries such as founding schools, constructing roads, building churches, subsidising theatres, etc., without needing to get the authorization of the central government. They demand *decentralization*.

Experience has revealed the faults of centralisation.⁴⁸³ It has shown that industries run by the large commune, by the State, supply dearer goods and ones of lower quality than those produced by free industry.

Is it the case, however, that decentralization is superior? Is the implication that it is more useful to free the communes, or – and this comes down to the same thing – allow them freely to set up schools and charitable institutions, to build theaters, subsidize religion, or even also engage freely in other industries?

What do communes need to meet the expenses of the services of which they charged with? They need capital. Where can they get access to it? In [p. 316] private individuals' pockets and nowhere else. Consequently they have to levy various taxes on the people who live in the communes.

These taxes consist for the most part today, in the extra centimes added to the taxes paid to the State. Certain communes, however, have also received authorisation to set up around their boundaries a small customs office to exact tolls. This system of customs, which applies to most of the industries which have remained free, naturally increases the resources of the commune considerably. So the authorisation for setting up tolls is frequently sought from the central

⁴⁸³ The Economists condemned the bureaucratic or administrative centralisation which had made France the most centralised state in the world, as Coquelin phrased it: “In no other time nor in any other country has the system of centralisation been as rigorously established as that which exists today in France” (p. 291). The French State exercised a monopoly in dozens of industries, it claimed title to all mineral resources under the surface of the land, and it exercised the right to inspect and license nearly all businesses. In addition to these interventions in economic activity the central state also regulated and supervise to a large extent the activities of the administrative bodies at the local level, such as provinces, départements, and communes, which may have once exercised some autonomy, but which now were subject to stifling regulation and “the perpetual tutelage of the State” (DuPuynode, p. 417). For many of the Economists the ideal was the political decentralisation described by Tocqueville in America which Coquelin regarded as “the most most decentralised country in the world” (p. 300). Dunoyer went so far as to advocate the radical break up of the centralised bureaucratic state into much smaller jurisdictions, or what he called “the municipalisation of the world” (p. 366). See Charles Coquelin, “Centralisation” in *DEP*, vol. 1, pp. 291-301; Gustave Dupuynode, “De la centralisation,” *JDE*, 15 July 1848, T. 20, pp. 409-18 and *JDE*, 1 August 1848, T. 21, pp. 16-24; Charles Dunoyer, *L'Industrie et la Morale considérées dans leurs rapports avec la liberté* (Paris: A. Sautet, 1825), p. 366. See the glossary entry on “Centralization.”

government. The latter rarely grants it⁴⁸⁴ and, in this, is acting wisely; on the other hand it quite often permits the communes to exert their authority in an extraordinary manner, or to put it another way, it permits the majority of the administrators of the commune to set up an extraordinary tax which *all* the people they administer are obliged to pay.

Let the communes be emancipated, permit the *majority* of the inhabitants in each locality to have the right to set up as many industries as they please, and *force* the minority to contribute to the expenses of these industries organised communally, then let the majority be authorised to establish freely every kind of local tax, and you will soon see as many small, various and separate States being set up in France as one can count communes. You will see in succession, forty four thousand internal customs created in order to meet the local tax bill, under the title *tolls*; you will see in a word the reconstitution of the Middle Ages.

Under this regime, free trade and the liberty of working⁴⁸⁵ [p. 317] will be under assault, both by the monopolies which the communes will grant to certain branches of production, and by the taxes which they will levy on certain other branches of production to support the industries operated communally. The property of all will be exposed to the mercy of majorities.

I ask you, in the communes where socialist ideas predominate, what will happen to property? Not only will the majority levy taxes to meet the expenses of policing, road maintenance, religion, charitable institutions, schools etc., but it will levy them also to set up communal workshops, trading outlets etc. Will not the non-socialist minority be obliged to pay these local taxes?

Under such a regime, what happens to the people's sovereignty? Will it not disappear under the tyranny of the majority?

⁴⁸⁴ Bastiat has an amusing “economic sophism” on this very idea. In “The Mayor of Énios” (6 February, *Le Libre-Échange*, reprinted *Collected Works*, vol. 3 (Liberty Fund, forthcoming), pp. ???) the mayor of a small town wants to “stimulate” local industry in the same way as the nation “stimulates” national industry with high tariffs on goods being brought into his town. His great plans are shot down by the local Prefect who tells him that he believes in free trade within the nation but is a protectionist when it comes to trading with other nations. The mayor cannot understand the difference. Surely what is good for French industry must also be good for the industry in his commune.

⁴⁸⁵ Molinari uses the expression “la liberté du travail” (the liberty to engage in work) and “la liberté des échanges” (free trade)..

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

What has to be done to restore to men that sovereignty which monopoly robbed them of in the past; and which communism, that extended monopoly, threatens to rob them of in the future?

Quite simply the various industries formerly established as monopolies and operated today communally, need to be given their freedom. Industry still managed or regulated by the State or by the communes, must be handed over to the free activity of individuals.

In this way, man possessing, as was the case before the establishment of societies, the right to apply his faculties freely, to any kind of labor, without hindrance [p. 318] or any charge, will once again fully enjoy his sovereignty.

THE CONSERVATIVE.

You have reviewed the various branches of industry which are still monopolies, or enjoy privileges or are subject to controls, proving to us, with greater or lesser success, that for the common good such production should be left in freedom. Very well then. I do not wish to return to a worn-out subject. Is it really possible, however, to take away from the State and from the communes the task of general and local defence?

THE SOCIALIST.

And the administration of justice too?

THE CONSERVATIVE.

Yes, and the administration of justice. Is it possible that these industries, to use your word, might be undertaken other than collectively, by the nation and the commune?

THE ECONOMIST.

I would perhaps be willing to say no more about these two particular communisms if you were to agree very frankly to leave me all the others; if you would agree to reduce the size of the State so that henceforth it would be only a policeman, a soldier and a judge. This, however, is impossible!... For communism in

matters of security is the keystone of the ancient edifice of servitude. Anyway, I see no reason to grant you this one rather than the others.

You must choose one or the other:

Either communism is better than freedom, and in that case all industries should be organized in common, in the State or in the commune. [p. 319]

Or freedom is preferable to communism, and in that case all industries still organised in common should be made free, including justice and police, as well as education, religion, transport, production of tobacco, etc.

THE SOCIALIST.

This is logical.

THE CONSERVATIVE.

But is it possible?

THE ECONOMIST.

Let us see! Are we talking about justice? Under the old regime the administration of justice was not organised and its workforce paid, communally. It was organised as a monopoly and its workforce paid by those who made use of it.

For a number of centuries, no activity was more independent. It constituted, like all the other forms of material or non-material production, a privileged corporation. The members of this corporation could bequeath their offices or functions to their children, or even sell them. Possessing these offices in *perpetuity*, the judges made themselves well-known for their independence and integrity.

Unfortunately these arrangements had, looked at in another way, all the vices inherent in monopoly. Monopolised justice was paid for very dearly.

THE SOCIALIST.

And God knows how many complaints and claims required the payment of bribes to the judges.⁴⁸⁶ Witness the little verse scrawled on the door of the Palais de Justice after a fire: [p. 320]

One fine day, Dame Justice
Set the palace all on fire

⁴⁸⁶ GdM uses the word “épices” (spices) which was a slang word for bribes paid to officials.

Because she'd eaten too much spice.⁴⁸⁷

Should not justice be essentially free of charge? Now, does not being free of charge entail collective organisation?

THE ECONOMIST.

The complaints were about the justice system receiving too many bribes. It was not a complaint about the bribing itself. If the system had not been set up as a monopoly, if the judges had been able to demand only what was their legitimate payment for their industry, people would not have been complaining about the corruption.

In some countries, where those due to be tried had the right to choose their judges, the vices of monopoly were very markedly attenuated. The competition established in this case by the different courts ameliorates the justice process and makes it cheaper. Adam Smith attributed the progress of the administration of justice in England to this cause. His words are striking and I hope the passage will allay your doubts: [p. 321]

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 cognizance 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 cognizance of civil suits; the plaintiff pretending that the defendant, in not doing him justice, had been guilty of some trespass or misdemeanor. 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 cognizance 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 chuse to have their cause

⁴⁸⁷ The Palais de Justice (Law Courts) of Paris were burned to the ground in 1618. The satirical and libertine poet Marc-Antoine Girard de Saint-Amant (1594-1661) wrote this verse to suggest that it might have been in revenge by Lady Justice for the corruption that went on within the building. See, *Oeuvres complètes de Saint-Amant. Nouvelle édition. Publiée sur les manuscrits inédits et les éditions anciennes. Précédée d'un Notice et accompagnée de notes par M. Ch.-L. Livet* (Paris: P. Janet, 1855), vol. 1, "Epigramme", p. 185.

tried; and each court endeavoured, by superior dispatch and impartiality, to draw to itself as many causes 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 antiently 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. Originally the courts of law gave damages only for breach of contract. The court of chancery, as a court of conscience, first took upon it to enforce the specifick performance of agreements. When the breach of contract consisted in the non-payment of money, the damage sustained could be compensated in no other way than by ordering payment, which was equivalent to a specifick performance of the agreement. In such cases, therefore, the remedy of the courts of law was sufficient. It was not so in others. When the tenant sued his lord for having unjustly outed him of his lease, the damages which he recovered were by no means equivalent to the possession of the land. Such causes, therefore, for some time, went all to the court of chancery, to the no small loss of the courts of law. It was to draw back such causes to themselves that the courts of law are said to have invented the artificial and fictitious writ of ejectment, the most effectual remedy for an unjust ouster or dispossession of land. ⁴⁸⁸

THE SOCIALIST.

But once again would not a system with no charges be preferable?

THE ECONOMIST.

So you have not yet retreated from the illusion of something being free of charge. Do I need to demonstrate to you again that the administration of justice

⁴⁸⁸ Adam Smith, *An Inquiry Into the Nature and Causes of the Wealth of Nations*, Vol. I and II, ed. R. H. Campbell and A. S. Skinner, vol. II of the *Glasgow Edition of the Works and Correspondence of Adam Smith* (Indianapolis: Liberty Fund, 1981). Chapter: [Vi.b] part ii: Of the Expence of Justice. Or online: Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations by Adam Smith, edited with an Introduction, Notes, Marginal Summary and an Enlarged Index by Edwin Cannan* (London: Methuen, 1904). Vol. 2, Bk. V, Chap. I "Of the Expences of the Sovereign or Commonwealth", Part II "Of the Expence of Justice". <http://oll.libertyfund.org/titles/119#Smith_0206-02_510>.

without charges is more expensive than the alternative, given the cost of collecting the taxes paid out to maintain your free courts and to give salaries to your free judges.⁴⁸⁹ Need I show you again that the provision of justice at no charge is necessarily iniquitous because not everyone makes *equal* use of the justice system and not everyone is equally litigious? What is more, justice is far from free under the present regime, as you are aware. [p. 322]

THE CONSERVATIVE.

Legal proceedings are ruinously expensive. Can we complain, however, about the present administration of justice? Is not the organization of our courts irreproachable?

THE SOCIALIST.

What! Irreproachable. An Englishman whom I accompanied one day to the Assize Court, came away from the hearing quite indignant. He could not conceive how a civilised people could permit a prosecutor of the Crown or the Republic to engage in rhetoric when calling for a death sentence. He was horror-struck that such eloquence could serve as a purveyor to the executioner.. In England they are content to lay out the accusation before the court; they do not inflame it.

THE ECONOMIST.

Add to that the proverbial delays in our law courts, the sufferings of the unfortunates who await their sentences for months, sometimes for years, when the inquiry could be conducted in a few days; the costs and the enormous losses which these delays entail, and you will be convinced that the administration of justice has scarcely advanced in France.

⁴⁸⁹ According to the budget for 1848 the Ministry of Justice spent a total of fr. 26.7 million out of total expenditure of fr. 1.45 billion (or 1.85%). The government spent a total of fr. 156.9 million in administrative and collection costs, the share of the Ministry of Justice was therefore fr. 29 million, which is more than was spent in providing justice. See “Budget de 1848” in *AEPS pour 1848* (Paris: Guillaumin, 1848), pp. 29-51. See the Appendix on French Government Finances 1848-49.”

THE SOCIALIST.

We should not exaggerate, however. Today, thank Heaven, we have the jury system.

THE ECONOMIST.

Which means that, not content with forcing taxpayers to pay the costs of the justice system, we also make them carry out the functions of judges. This is pure communism: *ab uno disce omnes*.⁴⁹⁰ Personally, I do not think [p. 323] the jury is any better at judging than the National Guard, another communist institution!, is at making war.⁴⁹¹

THE SOCIALIST.

Why is that?

⁴⁹⁰ DOK - This maxim from Vergil's *Aeneid*, Book II, line 65, means "From one thing, learn about everything."

⁴⁹¹ The National Guard was founded in 1789 as a national armed citizens' militia in Paris and soon spread to other cities and towns in France. Its function was to maintain local order, protect private property, and defend the principles of the Revolution. The Guard consisted of 16 legions of 60,000 men and was under command of the Marquis de Lafayette. It was a volunteer organization and members had to satisfy a minimum tax-paying requirement and had to purchase their own uniform and equipment. They were not paid for service, thus limiting its membership to the more prosperous members of the community. The Guard was closed down in 1827 for its opposition to King Charles X but was reconstituted after the 1830 Revolution and played an important role during the July Monarchy in support of the constitutional monarchy. Membership was expanded or "democratized" in a reform of 1837 and opened to all males in 1848 tripling its size to about 190,000. Since many members of the Guard supported the revolutionaries in June 1848 they refused to join the army in suppressing the rioting. This is what Molinari is probably referring to in his comment that it had become "communist". The Guard gradually began to lose what cohesion it had and further reforms in 1851 and 1852 forced it to abandon its practice of electing its officers and to give up much of its autonomy. Because of its active participation in the 1871 Paris Commune many of its members were massacred in the post-revolutionary reprisals and it was closed down in August 1871. [See the history of the National Garde by Charles Comte, *Histoire complète de la Garde nationale, depuis l'époque de sa fondation jusqu'à sa réorganisation définitive et la nomination de ses officiers, en vertu de la loi du 22 mars 1831, divisée en six époques; les cinq première par Charles Comte; et la sixième par Horace Raison* (Paris: Philippe, Juillet 1831).] See the glossary entry on "The National Guard."

THE ECONOMIST.

Because the only thing one does well is one's trade or speciality, and the jury's speciality is not acting as a judge.

THE CONSERVATIVE.

So it suffices for the jury to identify the crime and to understand the circumstances in which it was committed.

THE ECONOMIST.

This is to say that it carries out the most difficult, most thorny function of the judge. It is a task so delicate, demanding judgment so sane and so practiced, a mind so calm, so dispassionate, so impartial, that we entrust the job to the chance of names in a lottery. It is exactly as if one drew by lot the names of the citizens who would be entrusted every year with the making of boots or the writing of tragedies for the community.⁴⁹²

THE CONSERVATIVE.

The comparison is forced.

THE ECONOMIST.

It is more difficult in my opinion to deliver a good judgment than to make a fine pair of boots or to produce a few hundred decent rhyming couplets. A perfectly enlightened and impartial judge is rarer than a skillful shoemaker or a poet capable of writing for the Théâtre Français.

In criminal cases, the jury's lack of skill [p. 324] is revealed every day. Sad to say, however, only scant attention is ever paid to mistakes made in the Court of Assize. Nay, I would go further. People regard it almost as a crime to criticise a judgment rendered in court. In political cases does not the jury tend to pronounce according to its opinion, white (conservative) or red (radical), rather than according to what justice demands? Will not any man who is condemned by a conservative jury be absolved by a radical one and *vice versa*?

⁴⁹² This is another example of Molinari's interest in the theatre. See "Molinari on the Theatre" in "Further Aspects of Molinari's Life and Thought".

THE SOCIALIST.

True alas!

THE ECONOMIST.

Already minorities are very weary of being judged by juries belonging to majorities. See how it turns out...

Is the point at issue the industry which supplies our external and internal defence? Do you think it is worth much more than the effort committed to justice? Do not our police and especially our army cost us very dearly for the real services they supply us with?⁴⁹³

In short, is there no disadvantage in this industry of defence being in the hands of the majority?

Let us examine this issue.

In a system in which the majority determines the level of taxation, and directs the use of public funds, must not taxation weigh more or less heavily on certain parts of the society, according to the predominant influences? Under the monarchy, when the majority was purely notional, when the upper class claimed for itself the

⁴⁹³ According to the budget for 1848 the Ministry of War spent a total of fr. 305.6 million out of total expenditure of fr. 1.45 billion (or 21.1%). The government spent a total of fr. 156.9 million in administrative and collection costs, the share of the Ministry of War was therefore fr. 33.1 million, which is 10.8% of the cost of providing defense. See “Budget de 1848” in *AEPS pour 1848* (Paris: Guillaumin, 1848), pp. 29-51. See the Appendix on French Government Finances 1848-49.”

right to govern the country to the exclusion of the rest of the nation,⁴⁹⁴ did not taxation weigh principally on the consumption [p. 325] of the lower classes, on salt, wine, meat etc.⁴⁹⁵ Doubtless the bourgeoisie played its part in paying these taxes, but the range of its consumption being infinitely wider than that of the consumption of the lower classes, its income ended up, all said and done, much more lightly attacked. To the extent that the lower class, in becoming better educated, will gain more influence in the State, you will see a contrary tendency emerge. You will see progressive taxation, today turned against the lower class, turned against the upper class. The latter will doubtless resist this new tendency with all its powers. It will cry out and protest, quite rightly, against the plunder and the theft; but if the communal institution of universal suffrage is maintained, if a surprise reversal of power does not once again put 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 taxation will be established. Part of the property of the rich will then be legally confiscated to relieve the burden of the

⁴⁹⁴ Bastiat calls the very limited number of individuals who were allowed to vote during the July Monarchy the “classe électorale.” Suffrage was limited to those who paid an annual tax of fr. 200 and were over the age of 25; and only those who paid fr. 500 in tax and were over the age of 30 could stand for election. The taxes which determined eligibility were direct taxes on land, poll taxes, and the taxes on residence, doors, windows, and businesses. By the end of the Restoration (1830) only 89,000 tax payers were eligible to vote. Under the July Monarchy this number rose to 166,000 and by 1846 this had risen again to 241,000. The February Revolution of 1848 introduced universal manhood suffrage (21 years or older) and the Constituent Assembly (April 1848) had 900 members (minimum age of 25). Furthermore, the “Law of the Double Vote” was introduced on 29 June 1820 to benefit the ultra-monarchists who were under threat after the assassination of the Duke de Berry in February 1820. The law was designed to give the wealthiest voters two votes so they could dominate the Chamber of Deputies with their supporters. Between 1820 and 1848, 258 deputies were elected by a small group of individuals who qualified to vote because they paid more than 2-300 francs in direct taxes (this figure varied over time from 90,000 to 240,000). One quarter of the electors, those who paid the largest amount of taxes, elected another 172 deputies. Therefore, those wealthier electors enjoyed the privilege of a double vote. See the glossary on “Chamber of Deputies and Voting.”

⁴⁹⁵ According to the budget for 1848 the government raised fr. 202.1 million from customs and salt taxes, as well as another fr. 204.4 million in indirect taxes on drink, sugar, tobacco, and other items, making a total of fr. 406.5 million. Total receipts from taxes and other charges was fr. 1.39 billion. The share of indirect taxes was thus 29.2% of the the total. See “Budget de 1848” in *AEPS pour 1848* (Paris: Guillaumin, 1848), pp. 29-51. See the Appendix on French Government Finances 1848-49.

poor, just as a part of the property of the poor has been confiscated for too long in order to relieve the burden of the rich.

But there is worse still.

Not only can the majority of a communal government set the level of taxation wherever it chooses, but it can also make whatever use of that taxation it chooses, without taking account of the will of the minority.

In certain countries, the government of the majority uses a portion of public monies to protect essentially illegitimate and immoral properties. In [p. 326] the United States, for example, the government guarantees the southern planters the ownership of their slaves. There are, however, in the United States, *abolitionists* who rightly consider slavery to be a theft. It counts for nothing! The communal mechanism obliges them to contribute out of their wealth to the maintenance of this sort of theft. If the slaves were to try one day to free themselves of this wicked and odious yoke, the *abolitionists* would be required to go and defend, by force of arms, the *property* of the planters. That is the law of majorities.

Elsewhere, it can come about that the majority, pushed by political intrigue or by religious fanaticism, declares war on some foreign nation. However much the minority are horrified by this war, and curse it, they are obliged to contribute their blood and their funds to it. Once again this is the law of the majority.

So what happens? What happens is that the majority and the minority are in perpetual conflict and that war sometimes comes down from the parliamentary arena into the streets.

Today it is the red minority which is in revolt.⁴⁹⁶ If this minority were to become a majority, and if using its majority rights, it reshaped the constitution as it wished, if it decreed progressive taxation, forced loans and paper money, who could assure you that the whites would not be in revolt tomorrow?

There is no lasting security under this system. And do you know why? Because it endlessly threatens property; because it puts at the mercy of a majority, whether blind or enlightened, moral or immoral, the persons and the goods of everybody.

If the communal regime, instead of being applied [p. 327] as in France, to a multitude of objects, found itself narrowly limited as in the United States, the causes of disagreement between the majority and the minority being less numerous, the disadvantages of this regime would be fewer. They would not, however, disappear entirely. The recognised right of the majority to tyrannise over the will of the smaller, would still in certain circumstances be likely to cause a civil war.⁴⁹⁷

⁴⁹⁶ Molinari is referring to the socialist supporters of Louis Blanc, Pierre Leroux, and Auguste Blanqui who made up a sizable faction in the National Assembly during the Second Republic and who organized numerous political clubs during 1848-49. Several of the clubs adopted names reminiscent of groups in the radical phase of the first French Revolution, such as “The Mountain” and “The Society of the Rights of Man”. In the election for the Constituent Assembly held on 23 and 24 April 1848 the 900 members were divided as follows: the largest block of Deputies were monarchists (290), followed by moderate republicans such as Bastiat (230), and extreme republicans and socialists (55); the remainder were unaligned. Blanc was made a Minister without portfolio and headed the Luxembourg Commission to look into labour questions such as the National Workshops program and “right to work” legislation. In the election of 19 January 1849 of the 705 seats, 450 were won by members of the “Party of Order” (an alliance of legitimists and other conservatives), 75 by moderate republicans, and 180 by “the Mountain” (radical democrats and socialists). Left wing protesters were joined by several dozen left-wing Deputies in a demonstration on 13 June which was suppressed upon orders of the President of the Republic, Louis Napoleon. This led to the closing down a several left-wing newspapers and the political clubs. [See the glossary entry on “**Press (socialist)**”, “The Chamber of Deputies and Voting.”]

⁴⁹⁷ The irony of this passage is that Molinari has earlier pointed out the class based structure and injustice of the U.S. slave system and the stresses which this creates, and then argued that the smaller size of the U.S. government means that these tensions would be reduced. It should be pointed out that the Civil War broke out in 1861 only 12 years after the *Soirées* was published.

THE CONSERVATIVE.

Once again, though, it is not easy to see how industry which provides the security of persons and property, could be managed, if it were made free. Your logic leads you to dreams worthy of Charenton.⁴⁹⁸

THE ECONOMIST.

Oh, come on ! Let us not get angry. I suppose that after having recognised that the partial communism of the State and of the commune is decidedly bad, we could let all the branches of production operate freely, with the exception of the administration of justice and public defence. Thus far I have no objection. But a *radical economist*, a dreamer,⁴⁹⁹ comes along and says: Why then, after having freed the various uses of property, do you not also set free those who secure the maintenance of property? Just like the others, will not these industries be carried out in a way more equitable and useful if they are made free? You maintain that it is impracticable. Why? On the one hand, are there not, in society, men especially suited, some to judge the disputes which arise between proprietors and to assess the offences committed against property, others [p. 328] to defend the property of persons and of things, against the assaults of violence and fraud? Are there not men whom their natural aptitudes make especially fit to be judges, policemen or soldiers? On the other hand, do not all proprietors, without exception, have need for security and justice? Are not all of them inclined, therefore, to impose sacrifices

⁴⁹⁸ The “Maison royale de Charenton” , also known as the “Hôpital Esquirol” , was a psychiatric hospital which was founded in 1641. One of its most famous inmates was the Marquis de Sade in the late 18th century. The Hospital was the subject of a major study, “Rapport statistique sur la maison royale de Charenton”, in 1829.

⁴⁹⁹ Molinari is hinting here that he is “Le Rêveur” (the Dreamer), the radical liberal, who wrote but did not sign the essay “L’Utopie de la liberté. Lettres aux socialistes” in the *JDE*, 15 June, 1848, vol. XX, pp. 328-32. This is an appeal written just prior to the June Days insurrection of 1848 for liberals and socialists to admit that they shared the common goals of prosperity and justice but differed on the correct way to achieve these goals. Molinari reveals that he was in fact the author in an appendix he included with *Esquisse de l’organisation politique et économique de la société future* (Paris: Guillaumin, 1899), p. 237, written 50 years later. Note also that Bastiat wrote a thinly disguised account of a Prime Minister who was appointed out of the blue to enact radical liberal reforms but who refuses to at the last moment because reform imposed from the top down was doomed to failure. See “The Utopian” in *Economic Sophisms. Series II*, chap. XI (17 January, 1847), *Collected Works*, vol. 3 (forthcoming). See “The Dreamer” in “Further Aspects of Molinari’s Life and Work.”

on themselves to satisfy this urgent need, above all if they are powerless to satisfy it themselves, or can do so only by expending a lot of time and money?

Now, if on the one hand there are men suitable for meeting one of society's needs, and on the other hand men ready to make sacrifices to obtain the satisfaction of this need, is it not enough to allow both groups *to go about their business freely*⁵⁰⁰ so that the good demanded, whether material or non-material, is produced and that the need is satisfied?

Will not this economic phenomenon be produced irresistibly, inevitably, like the physical phenomenon of falling bodies?

Am I not justified in saying, therefore, that if a society renounced the provision of public security, this important industry would nonetheless be carried out? Am I not right to add that it would be done better in a system based on liberty than a system based on community?

THE CONSERVATIVE.

In what way?

THE ECONOMIST.

That does not concern the Economists. Political economy [p. 329] can say: *if such a need exists*, it will be satisfied and done better in a regime of full freedom than under any other. There is no exception to this rule. As to how this industry will be organized, what its technical procedures will be, that is something which political economy cannot tell us.

Thus I can affirm that if the need for food is plainly visible in society, this need will be satisfied, and satisfied all the better, when each person remains as free as possible to produce food or to buy from whomever he thinks fit.

I can give assurances, too, that things will work out in exactly the same way, if rather than food, security is the issue.⁵⁰¹

⁵⁰⁰ Molinari actually uses the phrase “laissez faire” here: “de *laissez faire* les uns et les autres.”

⁵⁰¹ In the section in the *Cours* on public goods Molinari reverses this argument about the grocery business. He asks his readers to imagine a society in which groceries had always been supplied by a government monopoly and the resistance an economist would meet in trying to persuade the inhabitants how a free market grocery industry would supply them with cheap and abundant food. *Cours*, vol. 2, pp. 510-14.

Therefore, I maintain that if a community were to announce that after a given delay, say perhaps a year, it would give up financing the pay of judges, soldiers and policemen, at the end of the year that community would not possess any fewer courts and governments ready to function; and I would add that if, under this new regime, each person kept the right to engage freely in these two industries and to buy their services freely from them, security would be generated as economically and as well as possible.

THE CONSERVATIVE.

I will still reply to you that this is not conceivable.

THE ECONOMIST.

At the time when the regulatory regime kept industry prisoner within its communal boundaries, and when each privileged corporation had exclusive control of [p. 330] the communal market, people said that society was threatened, each time some audacious innovator strove to attack that monopoly. If anyone had come and said at that time that instead of the feeble and stunted industries of the privileged corporations, liberty would one day build immense factories turning out cheaper and superior products, this dreamer would have been very smartly put in his place. The conservatives of that time would have sworn by all the gods that *such a thing was inconceivable*.

THE SOCIALIST.

Oh come on! How can it be imagined that each individual has the right to create his own government, or to choose his government, or even not choose it...? How would things turn out in France, if having freed all the other industries, French citizens announced by common agreement, that after a year, they would cease to support the government of the community?

THE ECONOMIST.

On this subject all I can do is conjecture. This, however, is more or less how things would turn out. Since the need for security is still very great in our society, it

would be profitable to set up businesses which provide government services.⁵⁰² Investors could be certain of covering their costs. How would these firms be set up? Isolated individuals would not be adequate, any more than they would suffice for building railways, docks etc. Huge companies would be set up, therefore, in order *to produce security*. These would procure the resources and the workers they needed. As soon as they felt ready to operate, [p. 331] these *property-insurance companies*⁵⁰³ would look for a clientele. Each person would take out a subscription with the one which inspired him with most confidence and whose terms seemed to him the most favourable.

THE CONSERVATIVE.

We would queue up to take out subscriptions. Most definitely we would queue up!

THE ECONOMIST.

This industry being free, we would see as many companies set up as could *usefully* be formed. If there were too few, if, consequently the price of security rose too high, people would find it profitable to set up new ones. If there were too many, the surplus ones would not take long to break up. The price of security would in this way always be led back to the level of its costs of production.

THE CONSERVATIVE.

How would these free companies arrange things among themselves in order to provide national security?

THE ECONOMIST.

They would reach agreement as do monopoly or communist governments today, because they would have an interest in so doing. The more, in fact, they agreed to share facilities for the apprehension of thieves and murderers, the more they would reduce their costs.

⁵⁰² Molinari uses the phrase “des entreprises de gouvernement” (businesses which provide government services).

⁵⁰³ Molinari calls them “compagnies d’assurances sur la propriété” (property insurance companies).

By the very nature of their industry, these property-insurance companies would not be able to venture outside certain prescribed limits: they would lose by maintaining police in places where they had very few clients. Within their district they would nevertheless not be able [p. 332] to oppress or exploit their clients, on pain of seeing competition spring up immediately.

THE SOCIALIST.

And if the existing company wanted to prevent the competitors establishing themselves?

THE ECONOMIST.

In a word, if they encroached on the *property* of their competitors and on the sovereignty of all...Oh! In that case all those whose property and independence were threatened by the monopolists would rise up and punish them.

THE SOCIALIST.

And if all the companies agreed to establish themselves as monopolies, what then? What if they formed a *holy alliance*⁵⁰⁴ in order to impose themselves on their peoples, and if, emboldened by this coalition, they mercilessly exploited the unfortunate consumers of security, and if they extracted from them by way of heavy taxes the best part of the results of the labor of these peoples?

THE ECONOMIST.

If, to tell the whole story, they started doing again what the old aristocracies did right up until our era...Well, then, in that case the peoples would follow the advice of Béranger:

Peoples, form a Holy Alliance

⁵⁰⁴ See the earlier footnote on the Holy Alliance in 1815 which was designed to protect the monarchies of Prussia, Austria, and Russia against the threats of liberalism and democracy.

And take each other by the hand.⁵⁰⁵

They would unite in their turn and since they possess means of communication which their ancestors did not, and since they are a hundred times more numerous than their old rulers, the holy alliance of the aristocracies would soon be destroyed. No one would any longer be tempted in this case, I swear to you, to set up a monopoly. [p. 333]

THE CONSERVATIVE.

What would one do under this regime to repulse a foreign invasion?

THE ECONOMIST.⁵⁰⁶

What would be the interest of the companies? It would be to repel the invaders, for they themselves would be the first victims of the invasion. They would agree among themselves, therefore, in order to repel them, and they would demand from those they insured, a supplementary premium for saving them from this new danger. If the insured preferred to run the risks of invasion, they would refuse to pay this supplementary premium; if not they would pay it and they would thus put the companies in a position to ward off the danger of invasion.

Just as war is inevitable in a regime of monopoly, so peace is inevitable under a regime of free government.

Under this regime governments can gain nothing through war; on the contrary they can lose everything. What interest would they have in undertaking a war? Would this be to increase their clientele? But the consumers of security, being free

⁵⁰⁵ Pierre-Jean de Béranger (1780-1857) was a poet and songwriter who rose to prominence during the Restoration period with his funny and clever criticisms of the monarchy and the church, which got him into trouble with the censors who imprisoned him for brief periods in the 1820s. The quotation is the refrain in Béranger's anti-monarchical and pro-French poem, "La sainte Alliance des peuples" (The Holy Alliance of the People) (1818) in *Oeuvres complètes de P.J. de Béranger contenant les dix chanson nouvelles, avec un Portrait gravé sur bois d'après Charlet* (Paris: Perrotin, 1855), vol. 1, pp. 294-96. For a translation see, *Béranger's Songs of the Empire, the Peace, and the Restoration*. Translated into English verse by Robert B. Clough (London: Addey and Co., 1856), pp. 59-62. The first verse goes as follows: "I saw fair Peace, descending from on high, Strewing the earth with gold, and corn, and flow'rs; The air was calm, and hush'd all soothingly The last faint thunder of the War-gods pow'rs. The goddess spoke: 'Equals in worth and might, Sons of French, Germans, Russ, or British lands, Form an alliance, Peoples, and unite, In Friendship firm, your hands'." [See the glossary entry on **Béranger**.]

⁵⁰⁶ This is in fact the Economist speaking. It is listed as the Socialist in the French original.

to create their own government as they saw fit, would escape their conquerors. If the latter wished to impose their domination on them, after having destroyed the existing government, the oppressed would immediately demand the help of other nations

The wars of company against company could take place, moreover, only insofar as the shareholders were willing to advance the costs. Now, war no longer being able to bring to anyone an increase in the number of clients, since consumers will no longer allow themselves to be conquered, the [p. 334] costs of war would obviously no longer be covered. Who would want therefore to advance them the funds?

I conclude from this that war would be *physically impossible* under this system, for no war can be waged without an advance of funds.

THE CONSERVATIVE.

What conditions would a property-insurance company impose on its clients?

THE ECONOMIST.

These conditions would be of several different kinds.

In order to be in a position to guarantee full security of person and property to those they have insured, it would be necessary:⁵⁰⁷

1. For the insurance companies to establish certain penalties for offenders against persons and property, and for those insured to accept these penalties, in the event of their committing offences against persons and property.
2. For the companies to impose on the insured certain restrictions intended to facilitate the detection of those responsible for offences.
3. For the companies, on a regular basis, in order to cover their costs, to levy a certain premium, varying with the situation of the insured and their individual occupations, and the size, nature and value of the properties to be protected.

⁵⁰⁷ Molinari repeats here the list of conditions which he first set out in his article “De la production de la sécurité” in JDE, February 1849, p. 288.

If the conditions stipulated were acceptable to the consumers of security, the deal would be concluded; otherwise the consumers would approach other companies, or provide for their security themselves.

Follow this hypothesis in all its details, and I think you will be convinced of the possibility of [p. 335] transforming monopolistic or communist governments into free governments.

THE CONSERVATIVE.

I still see plenty of difficulties in this. For example, who will pay the debt?⁵⁰⁸

THE ECONOMIST.

Do you think that in selling all the property today held in common – roads, canals, rivers, forests, buildings used by all the commune governments, the equipment of all the communal services – we would not very easily succeed in reimbursing the capital debt? The latter does not exceed six billion. The value of communal property in France is quite certainly far greater than that.

THE SOCIALIST.

Would not this system entail the destruction of any sense of nationality? If several property-insurance companies established themselves in a country, would not National Unity be destroyed?

THE ECONOMIST.

First of all, National Unity would have to exist before it could be destroyed. Well, I do not see national unity in these shapeless agglomerations of people, formed out of violence, which violence alone maintains, for the most part.

Next, it is an error to confuse these two things, which are naturally very distinct: nation and government. A nation is *one* when the individuals who compose it have the same customs, the same language, the same civilisation; when they constitute a distinct and original variety of the human race. Whether this nation [p. 335] has

⁵⁰⁸ Total debt held by the French government in 1848 amounted to fr. 5.2 billion which required annual payments of fr. 384 million to service. Since total annual income for the government in 1848 was fr. 1.4 billion the outstanding debt was 3.7 times receipts and debt repayments took up 27.6% of annual government income. See Gustave de Puynode, “Crédit public,” *DEP*, vol. 1, pp. 508-25. See the Appendix on “French Government Finances 1848-1849.”

two governments or only one, matters very little, unless one of these government surrounds, with an artificial barrier, the territories under its domination, and undertakes incessant wars against its neighbours. In this last instance, the instinct of nationality will react against this barbarous fragmentation and artificial antagonism imposed on a single people, and the disunited fractions of the people will strive incessantly to draw together again.

Now governments have until our time divided people in order to retain them the more easily in obedience; *divide and rule*, such has been at all times the fundamental maxim of their policy. Men of the same race, to whom a common language would supply an easy means of communication, have reacted vigorously against the enactment of this maxim; at all times they have striven to destroy the artificial barriers which separated them. When they achieved this result, they wished to have a single government in order not to be disunited again. Note, however, that they have never demanded that this government should separate them from other people...So the instinct of nationality is not selfish, as is often claimed; it is, on the contrary, essentially sympathetic towards others. Once the various governments cease dragging peoples apart and dividing them, you will see a given nationality happily accepting several others. A single government is no more necessary to the unity of a people, than a single bank, a single school, a single religion, a single grocery store, etc. [p. 337.]

THE SOCIALIST.

There, in truth, we have a very strange solution to the problem of government!

THE ECONOMIST.

It is the sole solution consistent with the nature of things.⁵⁰⁹

⁵⁰⁹ The phrase “the nature of things” was one commonly used by J.B. Say to describe the natural laws which governed political economy. See the many references throughout *Cours complet* (1840), vol. 1 “Considérations générales”, pp. 1-64, especially p. 17.