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**"THE FUTURE OF INDIVIDUAL LIBERTY: CLASSICAL LIBERALS
CONFRONT THE NEW CENTURY (1900 AND 2000)"**

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**"THE FUTURE OF INDIVIDUAL LIBERTY: CLASSICAL LIBERALS
CONFRONT THE NEW CENTURY (1900 AND 2000)"**

I. ABSTRACT

In this paper I will examine the predictions of the future of individual liberty made by members of what I call the "old school" of 19th century classical liberalism at the turn of the century (1900/1901). I will concentrate on the warnings made by two leading representatives of this school - Gustave de Molinari (1819-1912) in France and Herbert Spencer (1820-1903) in Britain - although the thought of other members of the school will be referred to from time to time (Eugen Richter in Germany; Auberon Herbert, Thomas Mackay and Lord Acton in Britain; and William Graham Sumner in the USA). What distinguishes this "old school" of classical liberal thought is that they lived most of their quite long lives in the 19thC; participated in bringing about liberal reforms in the mid-19th century; warned against the rise of protectionism, militarism and socialism in the late 19th century; and died early in the 20thC before WW1 changed the nature of liberal pessimism. I will discuss their assessment of the achievements of liberal reform in the 19thC, the challenges to liberalism at the turn of the new century, and their prognoses for individual liberty in the 20thC. Their prognoses will be compared to the predictions made by contemporary socialists in the light of the events of the 20thC.

II. INTRODUCTION: PREDICTING THE FUTURE AT THE TURN OF THE CENTURY (1900/1901)

A. "Futures in the Past"

The theme of the AHA 2000 Conference, "Futures in the Past", invites us to reflect on how our century and our present were envisaged by those living in the past. This may be interesting for its own sake, in that we get a chance to explore what people thought might happen in the future (extrapolating from what they thought was happening in their present) and to evaluate the accuracy of those predictions in the light of what we now know about the history of the 20th century. [For a comparative study of how centuries end, see Briggs and Snowman, *Fins de Siècle* (1996)]. For the historian of ideas, predictions of the future help us understand more about the fears and concerns of those making the predictions, about what they thought was sound or unsound about their own society, and how they were coping with the social and economic and political and technological changes their society was going through. For the theorist, the predictive ability of an economic or political or other theory is an important aspect of its reliability and usefulness as a theory. The greater the predictive ability a theory has, the more likely we are to take it seriously as a theory of how politics or the economy functions.

Looking at how people viewed "the future in the past" might also be interesting in that it might help us make better predictions about our own future, or at least to be more critical and sceptical about the predictions being made by others as we go through our own *fin de siècle*. [A number of these contemporary predictions are examined in Strozier and Flynn, *The Year 2000* (1997)]. Briggs and Snowdon show how the issues which occupied intellectuals at the turn of the past three centuries have changed over time, obviously reflecting the key issues of the day:

- 1800/1801 - Malthus and population growth; the impact of the French Revolution
- 1900/1901 - technological change, European invincibility
- 2000/2001 - the Y2K computer virus, environmentalism, the rise of ethnic and national rivalry after the collapse of communism, the internet and the new economy

[I put the combined dates for the turn of the century because there are different views on when the old century ends and the new century begins. I share the view of Stephen Jay Gould, *Questioning the Millennium: A Rationalist's Guide to a Precisely Arbitrary Countdown* (London: Vintage, 1998) who argues that the arithmetically correct way to date the end of the century or of the millennium is that 1900 is the last year of the 18th century and 1901 is the start of the 20th century. This was the common view in 1900. In 2000 we celebrated what might be called the "odometer" effect - the clock changed over from 1999 to 2000.]

B. The "Fin de Siècle" and the 1890s

Various degrees of optimism and pessimism regarding the past, present and future of Western society.

Pessimism

- Decadence
- Boredom with bourgeois society - looked forward to excitement of war, futurists
- Old school liberals - warning about rise of militarism, protectionism, statism
- Lone "Jeremiahs" concerned about impact of technology (Bloch on war)

Optimism

- Arrogance of sense of superiority of everything European vs. rest of world
- Science and technology - continual progress
- Socialists confident of inevitable victory over laissez-faire capitalism

C. Predictions by Scientists

Or rather predictions about science and technology by scientists, popular science writers and the new genre of science fiction.

Best example is H.G. Wells - science, technology, war, and socialism.

Most overconfident and even triumphalist - everything had been or soon would be discovered (ironic on eve of Einstein's relativity revolution).

D. Predictions by Military Analysts

I.F. Clarke - overconfidence of establishment military planners, rerun of 1870

Exceptions Jean de Bloch and H.G. Wells

E. Predictions by Socialists

Fabian essays

H.G. Wells, *Anticipations* (1902)

American socialism - Edward Bellamy, *Looking Backward: 2000-1887* (written 1881, published 1887)

German Social Democrats - Bebel (reply by Richter)

Lenin

French socialists - Jaurès

Reservations by socialists - W. Sombart's essay on why there was no socialism in the US

F. Predictions by Liberals - New and Old

Eugen Richter, *Pictures of the Socialistic Future (Freely Adapted from Bebel)* (1891 German ed., 1893 English Trans.)

III. THE "OLD SCHOOL" OF CLASSICAL LIBERALISM: FIN DE SIECLE, FIN DE LA LIBERTE

A. The "Old School" of Classical Liberalism

I would like to examine the predictions about individual liberty of two leading representatives of what I call the "old school" of 19th century classical liberalism - Gustave de Molinari (1819-1912) in France and Herbert Spencer (1820-1903) in Britain. The approach I would like to take is a "generational" study. I think this approach has some merit for some groups which were defined intellectually and politically by the events which took place when the group in question was in the process of "coming of age". This method works best with the following "generations" (working backwards in time - a selection only): the 1960s (the students' revolt on campus, the Vietnam War, rock and roll music); 1930s (the communist experiment in the Soviet Union, struggle against fascism, the Spanish Civil War); 1914-18 (the First World War). I think this generational approach is suitable for the group of classical liberals I wish to examine - they might be called the generation of the 1840s (abolition of the Corn Laws, the 1848 revolution, the rise of socialism,) or "the old school" of classical liberals..

The "old school" of 19th century classical liberalism is a group of individuals who were born in the 1820s and 1830s (although there were a few "younger" members of the school who were born as late as the 1840s), who became politically active in the late 1840s and 1850s, and who died in the early years of the 20th century before the onset of the First World War changed the nature of "liberal pessimism". The core of the "old school" of classical liberalism includes the following (in order of date of birth):

- Gustave de Molinari (1819-1912)
- Herbert Spencer (1820-1903)
- Lord Acton (1834-1902)
- Eugen Richter (1838-1906)
- Auberon Herbert (1838-1906)
- William Graham Sumner (1840-1910)
- Thomas Mackay (1849-1912)

Another miscellaneous group which should be mentioned here are those of Molinari's and Spencer's "generation" who did live long enough to see the turn of the century, those "younger" members of the school who lived into or who survived the First World War (and whose pessimism about the future was coloured by that experience), and those so-called "conservatives" who shared much the same world view but who for various reasons have not normally been considered part of the classical liberal tradition by historians:

- John Bright (1811-1889)
- Henry Buckle (1821-1862)
- A.V. Dicey (1835-1922)
- William Lecky (1838-1903)
- John Morley (1838-1923)
- Paul Leroy-Beaulieu (1843-1916)
- Yves Guyot (1843-1928)
- Emile Faguet (1847-1916)

The core members of the "old school" (most notably Gustave de Molinari in France and Herbert Spencer in Britain and their followers) were journalists, writers, academics, and sometimes even politicians. They were passionate defenders of individual liberty and the free market (usually on the grounds of "natural rights"); advocates of uncompromising laissez-faire economic policies and free trade; opponents of slavery, war, imperialism, socialism, and more generally what Molinari called "statism" (especially the dynastic and class-based systems of political privilege which had survived the French Revolution). In the early years of their usually long lives (Molinari lived to be 93, Spencer 83) they helped create the intellectual climate which brought about some promising classical liberal reforms in the mid-19th century (such as economic deregulation, free trade and constitutional government), but they lived long enough to see the rise of political parties and movements which began to seriously challenge and then undo the classical liberal agenda. By the 1870s and 1880s members of the "old school" began to warn about the dangers to individual liberty of the revival of protectionism and militarism and imperialism, the rise of socialism and the new democratically elected mass political parties, and the growing power of the "interventionist state". Those "old school"

classical liberals who lived long enough to see the coming of the new 20th century wrote at some length on the achievements of the 19th century, the problems their societies faced at the turn of the century, and their prognoses for the future.

It is Molinari's and Spencer's predictions about the future for individual liberty which I wish to revisit in this paper. It is my view that they successfully predicted two related things: firstly, that anti-liberal policies being introduced in the late 19th and early 20th centuries would inevitably lead to a long period of economic crisis and political oppression brought about by war, imperialism, socialist revolution and government intervention in the economy; and secondly, that once this dark period of "statism" had run its course, the benefits of individual liberty and the free market would be rediscovered and the classical liberal reforms they had advocated in their lifetimes would be introduced once again. Were Molinari and Spencer alive today to see our *fin de siècle* they would feel vindicated, I'm sure, by the collapse of communism in 1989-90 and the speed with which all political and economic systems have embraced market reforms such as privatisation, free trade and cuts to income taxes in the 1980s and 1990s. Their successful predictions need to be seen against the unsuccessful predictions of socialists of all kinds made in the same period. Whether democratic socialist or revolutionary (Marxist) socialist, the predictions of inevitable socialist revolution bringing about peace, prosperity and freedom for the mass of people have been proven to be hopelessly wrong by the extraordinary events of the 20th century.

B. The "Old School" in France: Gustave de Molinari (1819-1912)

Gustave de Molinari (1819-1912) was the leading representative of the "old school" of classical liberalism in France who lived through most of the 19th century and was still campaigning against protectionism, statism, militarism, colonialism, and socialism into his 90s. As he said shortly before his death, his classical liberal views had remained the same throughout his long life but the world around him had managed to turn full circle in the meantime.

Molinari became active in liberal circles when he moved to Paris from his native Belgium in the 1840s to pursue a career as a journalist and political economist and was

active in promoting free trade, peace, and the abolition of slavery. His liberalism was based upon the theory of natural rights (especially the right to property and individual liberty) and he advocated complete laissez-faire in economic policy and the ultra-minimal state in politics. During the 1840s he joined the Society for Political Economy and was active in the Association for Free Trade (inspired by Richard Cobden and supported by Frédéric Bastiat). During the 1848 revolution he vigorously opposed the rise of socialism and published shortly thereafter two rigorous defenses of individual liberty in which he pushed to its ultimate limits his opposition to all state intervention in the economy, including the state's monopoly of security. He published a small book called *Les Soirées de la rue Saint-Lazare, entretiens sur les lois économiques et défense de la propriété* (1849) in which he defended the free market and private property in the form of a dialogue between a free market political economist, a conservative and a socialist. He extended the ideas he presented in the "Eleventh Soirée" in an even more controversial article in the October 1849 issue of the *Journal des Économistes*. In the essay "De la Production de la Sécurité" Molinari argued that private companies (such as insurance companies) could provide police and even national security more cheaply, more efficiently and more morally than could the state.

During the 1850s he contributed a number of significant articles on free trade, peace, colonization, and slavery to the *Dictionnaire de l'économie politique* (1852-53) before going into exile in his native Belgium in order to escape the authoritarian regime of Napoleon III. Here he took up an academic career as professor of political economy at the Musée royale de l'industrie belge which resulted in a significant treatise on political economy (the *Cours d'économie politique*, 2nd edition 1863) and a number of articles opposing state education. In the 1860s Molinari returned to Paris to work on the *Journal des Débats*, becoming editor from 1871 to 1876. Between 1878-1883 Molinari published two of his most significant historical works in the *Journal des Economistes* in serial and then in book form. *L'Évolution économique du dix-neuvième siècle: Théorie du progrès* (1880) and *L'Évolution politique et la révolution* (1884) were works of historical synthesis which attempted to show how modern free market "industrial" society emerged from societies in which class exploitation and economic privilege predominated, and what role the French Revolution had played in this process.

Towards the end of his long life Molinari was appointed editor of the leading journal of political economy in France, the *Journal des Économistes* (1881-1909). Here he continued his crusade against all forms of economic interventionism, publishing numerous articles on natural law, moral theory, religion and current economic policy. At the end of the century he published his prognosis of the direction in which society was heading. In *The Society of the Future* (1899) he still defended the free market in all its forms, with the only concession to his critics the admission that the private protection companies he had advocated 50 year previously might not be viable. Nevertheless, the old defender of laissez-faire still maintained that privatised, local geographic monopolies might still be preferable to nation-wide, state-run monopolies. Fortunately perhaps, he died just before the First World War broke out thus sparing himself from seeing just how destructive such national monopolies of coercion could be.

In the twenty or so years before his death (1893-1912) Molinari published numerous works attacking the resurgence of protectionism, imperialism, militarism and socialism which he believed would hamper economic development, severely restrict individual liberty and ultimately would lead to war. The turn of the century also provided him with the opportunity to summarise his views in a series of articles in the *Journal des Économistes* which, in typical form, he expanded into book form. The key works in his campaign to warn the world of the dangers of militarism, protectionism, and statism (socialism) were the following (in order of appearance) and they are a remarkable achievement for a man who was in his 80s (his last work, the aptly titled *Ultima Verba*, was published when he was 92):

- *Comment se resoudra la question sociale?* (1896).
- *Grandeur et decadence de la guerre* (1898).
- *Esquisse de l'organisation politique et économique de la Société future* (1899).
- "1899", *Journal des Économistes*, Janvier 1900, pp. 5-11.
- "La Décadence de l'Angleterre", *Journal des Économistes*, Mai 1900, pp. 179-83.
- "Le XIXe siècle", *Journal des Économistes*, Janvier 1901, pp. 5-19.
- *Les Problèmes du XXe siècle* (1901).
- "Le XXe siècle", *Journal des Économistes*, Janvier 1902, pp. 5-14.
- *Questions économiques a l'ordre du jour* (1906).

- *Théorie de l'évolution: Économie de l'histoire* (1908).
- *Ultima Verba: Mon dernier ouvrage* (1911).

With a writer who was as prolific as Molinari, there is inevitably some repetition and overlapping so I will focus my discussion on the essays which were published in the *Journal des Économistes* in January 1901 and 1902 and which we designed to summarise his thoughts on the past, present and future state of individual liberty at the turn of the century, and his last book, *Ultima Verba* (1911) where he returned one last time to these issues before he died. Nevertheless, the wealth of historical detail and the numerous contemporary examples which Molinari drew upon to make his case (often the latest published economic statistics) mean that his longer works do repay the time taken to read them.

Molinari's death in 1912 severely weakened the classical liberal movement in France. Only a few members of the "old school" remained to teach and write - the economist Yves Guyot, and the anti-war campaigner Frédéric Passy survived into the 1920s. The academic posts and editorships of the major journals were held by "new liberals" or by socialists who spurned the "old school" liberalism of the 19th century.

C. The "Old School" in Britain: Herbert Spencer (1820-1903)

The key works of Herbert Spencer in which he warns about the growth of state power in the late 19th century are the following:

- Herbert Spencer, *The Man versus the State* (1884)
- Herbert Spencer, "From Freedom to Bondage" (1891) - published as the Introduction to *A Plea for Liberty: An Argument Against Socialism and Socialistic Legislation*, ed. Thomas Mackay (1891)
- Herbert Spencer, *Justice* (1891) - part four of *The Principles of Ethics*
- Herbert Spencer, letters from the turn of the century in David Duncan, *The Life and Letters of Herbert Spencer* (London: Methuen, 1908).
- Herbert Spencer, *Facts and Comments* (London: Williams and Norgate, 1902).
Especially the essays
- "Imperialism and Slavery, " pp. 112-21

- "Re-Barbarization", pp. 122-33
- "Regimentation", pp. 134-41

Spencer was less prolific than Molinari in the last decade of his life. Spencer completed his magnum opus, *The Principles of Ethics*, in 1893 and spent the rest of his life collecting and publishing some of his essays and writing letters. His ideas were taken up by a number of younger supporters, such as Thomas Mackay, who were active in the Liberty and Property Defence League, a ginger group on the fringes of the Conservative Party. The key works of this Spencerite group are:

- *A Plea for Liberty: An Argument Against Socialism and Socialistic Legislation*, ed. Thomas Mackay (1891) - written as a response to the collection *Fabian Essays in Socialism* (1889)
- Its sequel *A Policy of Free Exchange: Essays by Various Authors on the Economical and Social Aspects of Free Exchange and Kindred Subjects*, ed. Thomas Mackay (London: John Murray, 1894).
- Thomas Mackay, *The Dangers of Democracy: Studies in the Economic Questions of the Day*, ed. Sir Arthur Clay (London: John Murray, 1913). A collection of Mackay's essays which appeared in the *Quarterly Review* 1894-1909

IV. MOLINARI AND SPENCER ON THE FUTURE OF INDIVIDUAL LIBERTY

A. Gustave de Molinari on the Future of Liberty

i. The Achievements of the 19th Century

Molinari had been a prolific writer throughout his long life, but his output seemed to accelerate towards the end of the century. His growing concern that the two issues which had motivated him throughout his life - free trade and peace - were being undermined by growing militarism, protectionism and statism drove him to write 7 books on these issues alone between 1896 and 1911. [Molinari, *Ultima Verba* (1911), "Préface," p. i]. For the purposes of this paper, I will focus on the 2 essays he wrote for the *Journal des Economistes* at the century in which he summarised his thoughts. [Molinari, "XIXe Siècle, January 1901; Molinari, "XXe Siècle", January 1902] and his last book, appropriately entitled *Ultima Verba: Mon dernier ouvrage* (1911), which appeared the year before he died and in which he revisited the two essays published at the turn of the century.

For Molinari the distinguishing feature of the 19th century, which made it different from all previous centuries in human history, had been the "prodigious" increase in productive power made possible by economic liberty and the industrial revolution. [Molinari, "XXe Siècle", 1902, p.5; and Molinari, "XIXe Siècle, 1901, p. 5.]. Wealth in the United States had doubled in the second half of the 19th century and it had increased at twice the rate of population increase in Western Europe in the same period. The introduction of steam power had vastly increased the productivity of human labour, whilst the quality of labour had changed as a result of factory production, city life, and international trade. The "ties of solidarity" among people [Molinari, "XIXe Siècle, 1901, p. 8] had multiplied as opportunities for trade and cooperative economic activity had developed. Molinari believed that, in the 19th century, the system of isolated and hostile states which had emerged in the 18th century had been replaced by nations linked together by international trade and mutual economic dependence. War and economic antagonism in the 18th century had been replaced, for a brief period at least, by peace and prosperity.

The key period of the 19th century for Molinari had been the two or three decades of the 1840s to the 1860s when Britain took the momentous step towards free trade, with the abolition of the Corn Laws in 1846. This liberalisation of trade enabled Britain to leap ahead of the other European nations in economic development and wealth creation, thus placing strong competitive pressure on them to do likewise. The Cobden-Chevalier free trade treaty between France and Britain was a key part of the "internationalisation of progress" [Molinari, "XIXe Siècle, 1901, p. 10]. For a brief period in the mid-19th century it seemed possible to liberals like Molinari that peace and free trade would "rule the world". [Molinari, *Ultima Verba* (1911), "Préface," p. i].

But unfortunately, like someone who has just won a huge amount of money in a lottery, Europeans in the late 19th century were not able to use this new-found wealth wisely. [Molinari, *Ultima Verba* (1911), "Préface," p. viii]. Traditional ruling elites from the landed aristocracy and the military remained politically powerful and resisted the process of economic liberalisation which brought in its train international peace and solidarity between peoples. The political agenda of the old ruling elites in the second half of the century had been to forge new coalitions with the two new classes which were emerging from industrialisation - wealthy industrialists and the urban working class. The traditional military elites forged an alliance with the new industrialists and the new democratic political parties to channel industrial technology and tax money into expanding and updating the army and navy, thus creating a new wave of militarism and imperialism from the 1870s onwards. With the notable exception of Britain which retained free trade, in Europe and America landed and industrial elites forged an alliance to reintroduce tariffs which retarded economic development, inflamed international rivalry, and placed a large burden on ordinary consumers and taxpayers, thus hampering their rise out of poverty. The result was a return to economic protectionism and ultimately tariff wars between the major powers.

In addition to the rise of militarism, imperialism, and protectionism in the second half of the century, there was also the growth of what Molinari called "étatisme" (or "fonctionnairisme" [Molinari, *Ultima Verba* (1911), "Préface," p. xvii].) or even in some circumstances "the leprosy of Statism" [Molinari, "XXe Siècle", January 1902, p. 6]. In his view, the state is a mechanism which enables a small group of people (perhaps 10%

of the population) to gain economic and political benefits for themselves at the expense of ordinary taxpayers and citizens. In pre-democratic and early industrial societies, the state was the tool of the traditional landed, military and commercial elites. With the extension of the franchise to most working males in the late 19th century there arose a new, more numerous group who wished to use the state to gain benefits for themselves at the expense of others. Labor and socialist parties emerged to service the political needs of the newly enfranchised working class. Traditional conservative parties and even the more recently formed liberal parties adopted parts of the socialist political and economic agenda in order to appeal to the new electorate. The result, in Molinari's view, was a major unraveling of liberal reform and a defeat for the "party of cheap government" or the "party of the least government". [Molinari, "XXe Siècle", January 1902, p. 14]. The state expanded rapidly in size at all levels (local, departmental, and provincial) in order to provide jobs for the new political constituencies, thus creating a powerful mechanism for patronage and vote-buying at election time. Entire sectors of the economy had been nationalised or "municipalised" (such as gas, water, electricity, post office, railways) for the same purpose. The result was statism, fonctionnaireisme, or "socialism", which increased the number of people dependent upon the state for income, raised taxation for the ordinary taxpayer, and caused economic losses due to the higher cost and greater inefficiency of state-supplied services.

Molinari was very concerned about the direction European society was heading at the turn of the century. Although technology and industrialisation and international trade had vastly increased wealth (and seemed ready to continue doing so in the new century), the combined effect of protectionism, militarism, imperialism, and statism (especially in its new guise of socialism) would result in economic breakdown, wars unprecedented in their destructiveness, political tyranny and socialist revolution. Molinari remained hopeful that the principles of peace and free trade would be rediscovered sometime in the future, but not until after civilisation as he knew it had been destroyed.

I will discuss the specific concerns Molinari had about the rise of militarism and imperialism, protectionism, statism and socialism at the turn of the century, before turning to his bleak vision of the future of individual liberty in the 20th century.

ii. Militarism and Imperialism

The promise of the mid-century liberal reforms, that free trade and economic liberalisation would usher in a period of unprecedented peace and wealth creation, had only been partly realised. Perhaps the vested interests which benefited from war and empire were just too strong to be quickly overcome. Perhaps the classical liberals had not worked hard enough in persuading the broader public of the benefits of the reforms they were introducing. Whatever the case, Molinari concluded that, in spite of the revolutions, political unifications and constitutions which were intended to free ordinary people from the exploitation of whatever ruling "caste" was in power, the fundamental nature of the state had remained the same. Only the outward form of the state had been changed - constitutional monarchist in some cases, republican in others, traditional autocratic monarchist in a handful of cases. [Molinari, "XIXe Siècle, 1901, p. 12]. As Molinari noted with some force and with some obvious regret for the wasted opportunities of the past and the dangers facing contemporary European societies:

Mais, en dépit des révolutions, des unifications et des constitutions politiques qui ont eu pour objet d'affranchir les nations de l'exploitation d'une caste nationale ou étrangère, la forme de leurs gouvernements seule a changé, le fond est demeuré le même. Les intérêts particuliers n'ont pas cessé de se coaliser pour faire la loi à l'intérêt général. Et dans toute l'Europe les intérêts engagés dans la conservation de l'état de guerre, intérêts militaires et politiques, sont demeurés prépondérants. Les armées et les fonctions publiques qui étaient sous l'ancien régime l'unique débouché de la classes gouvernante, n'ont pas cessé d'être considérées comme supérieures aux autres emplois de l'activité humaine. Elles attirent encore de préférences les rejetons de l'ancienne classe dominante avec les parvenus de la nouvelle, et constituent un puissant faisceau d'intérêts, aussi biens dans la plupart des républiques que dans les monarchies. Or, la guerre étant aujourd'hui comme l'était jadis une source de profits et d'honneurs pour les militaires professionnels, il est naturel qu'ils poussent. "Connaissez-vous bien mon armée, disait napoléon? C'est un chancre qui me dévorait, si je ne lui donnais de la pâture!" [Molinari, "XIXe Siècle, 1901, p. 13].

Given the honours and profits which modern states provide for their senior military leaders and the industrialists who build the new weapons of war (what Molinari calls "destructive industry" [Molinari, "XIXe Siècle, 1901, p. 12]; and given the preponderant political power these groups have over what he calls "productive industry" (made up of

industrial leaders, capitalists, and workers in industries serving the mass consumer market), war will persist for the foreseeable future.

At the time of writing (1901-1902) it seemed that the European powers had realised it was too costly to fight each other and had so directed their militarism outwards to the less developed parts of the world. In the last decades of the 19th century the Great Powers had expanded their empires through wars of conquest in Africa, Asia, and most recently in China, and were busy bringing European "civilisation" to the "barbarians" by exploiting and pillaging and massacring the native peoples. [Molinari, "XIXe Siècle, 1901, p. 14]. These actions had been justified under the pretext of opening up foreign markets for the benefit of national industry and commerce, but the actual profits of war and empire had gone into the hands of narrow "caste" of privileged military and business interests. For the nation as a whole, the costs of wars of conquest, governing the colonies, and protecting special zones of influence, were considerable and acted as a break on domestic economic development. Molinari observed with some bitterness that:

Les gouvernements européens se sont partagé l'Afrique et ils mettent aujourd'hui la Chine au pillage, sous prétexte d'ouvrir de nouveaux débouchés à l'industrie et de faire participer les nègres, sans oublier les Chinois, aux bienfaits de notre civilisation. Mais il suffit d'additionner et de comparer les frais de conquête et de conservations des colonies, des protectorats et des zones d'influence avec les profits qu'en tirent l'industrie et le commerce, pour être édifié sur la valeur de ce prétexte. La conquête, l'assujettissement, l'exploitation fiscale et protectionniste n'ont pas la vertu d'étendre les débouchés de l'industrie et du commerce. Ils contribuent plutôt à les resserrer en augmentant les charges que les budgets de la guerre, de la marine et des colonies font peser sur toutes les branches de la production. Quant à la civilisation, est-ce bien par le massacre et le pillage qu'on peut en faire apprécier les bienfaits aux "Barbares"? [Molinari, "XIXe Siècle, 1901, p. 14]

The "recrudescence of militarism" had begun with the victory of Germany in the Franco-Prussian War of 1870 and had continued with the bloody expansion of European empire in the 1880s and 1890s. [Molinari, *Ultima Verba* (1911), "Préface," p. iii]. But from mid-century onwards, the major European powers had been involved in war after war starting with the war in Italy, the Crimean War, the Austro-Prussian War, the Sepoy Revolt, the Franco-Prussian War, the Russo-Turkish war, the Italian-Abyssinian War, the Turko-Greek war, the Spanish American War, the Boer War, and the Russo-Japanese

War. With no end in sight to the current naval arms race of the 1890s and 1900s Molinari was extremely pessimistic about the short and medium term prospects for peace. The failure of the great powers to heed the warnings made by pacifists and the Russian Tsar in 1899 was, in his view, a serious mistake which the Great Powers would one day rue. [Molinari, *Ultima Verba* (1911), "Préface," p. iii]. In one of the last books he wrote, *Théorie de l'évolution* (1908), he had given up any hope that it would be in the material interests of the military and political elites who ran the major European states to abandon the arms race and imperial rivalry and adopt a policy of what Richard Cobden had termed in the 1840s "peace, retrenchment and reform". It would be up to the "friends of peace" [Molinari, *Théorie de l'évolution* (1908), p. 242] to win over enough support from voters to put pressure on the military states from below, and up to the industrial and business interests who benefited from international trade (what he called the "intérêts pacifiques") to pressure the state from above, to take steps to make war less and less attractive as a way of solving disputes. Molinari's pet scheme was for the European nations to form a "league of neutrals" which would create an international body of law to resolve disputes between nations and which could, in extreme cases, impose sanctions on an aggressive state or even join forces to defend a member state from invasion. [Molinari, *Théorie de l'évolution* (1908), pp. 244-45]. The details of the scheme are spelled out in a series of short articles reprinted in the appendix to a book he published just before the turn of the century, *Grandeur et décadence de la guerre* (1898), Appendix P, pp. 258-301.

iii. Protectionism

Something similar was the case with protectionism. After a promising start towards free trade in the 1840s and 1850s, the major European states and the USA had returned to using protectionist tariffs to raise money and to "protect" or favour selected domestic industries. The aim of the 18th century revolutions had been to remove the heavy taxes and feudal dues which had been imposed by the Old Regime. They had been reduced or removed for only a short period before they reappeared in a new guise, that of indirect taxes, state monopolies and customs duties - or what Molinari called "the old feudal dues transformed and modernised". [Molinari, "XIXe Siècle", 1901, p. 17]. The tariff cuts

brought about by the Anglo-French Trade Treaty of 1786, the Abolition of the Corn Laws in Britain in 1846, and the Cobden-Chevalier Treaty of 1860 should have opened up a "new era of liberty and peace" [Molinari, "XIXe Siècle", 1901, p. 16] but the success of the free traders was short lived. The "militarist and protectionist interests" soon regained the upper hand in state economic policy after the victory in the American Civil War of the protectionist North and the Franco-Prussian War of 1870. The considerable cost of the latter war was the excuse the protectionists needed to raise tariffs for "fiscal" reasons. Once back on the books, it wasn't long before the state was dominated by a coalition of military, industrial and agricultural interests who wanted to raise tariffs for their own personal benefit. Germany, Italy and France all adopted tariffs in the 1870s and periodic "tariff wars" became part of the rivalry between European states in the late 19th century.

iv. Statism and Socialism

Molinari had very little which was good to say about the state. One of the achievements of the 19th century had been to show how private initiative and the market could increasingly replace the state as the provider of so-called "public goods" - even going so far in some of his writings to suggest that police and defence could be provided privately and cooperatively via the free market. Such was his dislike of the state and its "spirit of monopoly" that he labeled "statism" as a kind of "leprosy" which ate away the wealth created by private economic activity:

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. [emphasis added, Molinari, "XXe Siècle", January 1902, p. 6].

In autocratic states like Russia, with most of the population excluded from having any say in how they were governed, it was not surprising that the most powerful members of the bureaucracy, the landed nobility and the owners of large industry would join together to exploit the taxes and tariffs imposed by the state on the mass of the people. What was surprising was that this same process took place in the so-called "constitutional states" like France, where a growing percentage of the population could participate in elections. In both types of states the same class structure emerged - a class of "budget eaters" ("cette classe budgétivore" [Molinari, "XXe Siècle", January 1902, p. 8]) living off the productive activity of the mass of taxpayers and consumers.

The state which had emerged in the late 19th century also had a nasty habit of trying to use its increased power to suppress the minorities in the territories it had conquered. In the 17th and 18th centuries, conquerors like Louis XIV were happy to allow their subject peoples, like the Alsatians, to keep their customs and their language so long as they paid their taxes promptly. In the 19th century the conquering state wanted to control every aspect of life. Using the newly unified Germany as an example of what the future might hold, Molinari objected to the state's desire to see local languages such as Danish and Polish suppressed and replaced by a compulsory use of the conqueror's own German language, which he angrily described as "cette prohibition aussi inepte qu'odieuse par l'abus le plus insolent et le plus brutal de la force" [Molinari, "XXe Siècle", January 1902, p. 8].

The newest manifestation of statism in the late 19th century was socialism. Like any form of statism, Molinari opposed it because it violated private property rights, individual liberty and the natural laws of economic activity. In its parliamentary or social democratic form, socialism, Molinari predicted, would end up like any statist regime - a small group of people would control the mechanisms of power and operate them for the benefit of a few at the expense of the majority. One of the innovations socialism promised was to open up government jobs and state owned industries to a broader group of people who had been excluded from office-holding in earlier regimes. The consequence of this democratisation of the state would be a huge increase in taxes to pay for the new "bureaucratic class" which lived off the state [Molinari, *Ultima Verba* (1911), "Préface," p. xi] and a crippling of economic productivity as entire sectors of the

economy were nationalised or heavily regulated by the economic "planners". [Molinari, *Ultima Verba* (1911), "Préface," p. xvii]. In Molinari's view, an even more dangerous type of socialism was revolutionary socialism which came to power by overthrowing the old ruling class in a violent and bloody revolution. However the socialists came to power, the final result was a new form of class rule and the spread of "fonctionnairisme":

L'avènement du socialisme a sensiblement augmenté le nombre des lois car les socialistes ignorent en quoi consiste les lois naturelles; ils sont convaincus que celles qu'ils fabriquent sont supérieurement faites et ils en exigent l'application rigoureuse. Dans ce but leurs ministres multiplient les fonctionnaires. Mais à peu près toutes les lois inspirées par le socialisme sont faites pour une certaine classes d'homme à laquelle elles semblent profiter bien qu'elles leur soient nuisibles. Car tout ce qui change la destination de la fortune de l'ensemble des contribuables est loin d'être toujours favorable à la richesse publique. En faisant passer les ressources des classes favorisées de la fortune en des mains moins capables ou plus dispendieuses et en augmentant les dépenses militaires, le protectionnisme et **le fonctionnairisme**, la richesse diminuera et les dettes s'accroîtront jusqu'à ce que le pays ne puisse plus en supporter le fardeau. [emphasis added, Molinari, *Ultima Verba* (1911), "Préface," pp. xvi-xvii].

Further thoughts on the "impossibility" of socialism can be found in the essay "Impossibilités du socialisme: Nuisances de l'Etatisme et du syndicalisme," in Molinari, *Ultima Verba* (1911), pp.49-74.

v. The Prognosis for Individual Liberty

Molinari was pessimistic about the future for many reasons. Perhaps in the very long term (a century or longer) he was optimistic that people would come to realise that free trade and peace were the only way to ensure steady wealth creation for all classes in society and so they would eventually eschew war, protectionism and socialism. In the meantime, he was very pessimistic about the short to medium term (the next 50 to 100 years) because the forces he could see at work at the turn of the century were very powerful and would have to work their way through society before their harmful effects would be seen by all. If the first couple of years of the new century were anything to go by, he predicted that the new century would be much like the old. All states would continue to follow " a policy of waste and privilege" with increasing state debt, increasing levels of tariff protection, higher taxes, and greater risks of war. [Molinari, "XXe Siècle",

January 1902, p. 7]. The class of "budget eaters" who would come to dominate every European state would continue to expand the power of the state and increase the taxes and privileges from which they profited. Molinari expressed regret that this ruling class could act in such a manner with apparent impunity and there seemed to be no end in sight to their rapacity:

Dans les pays dits constitutionnels où les gouvernées sont en nombre plus ou moins considérable pourvus du droit électoral, la grande majorité use de ce droit pour en tirer un profit quelconque ou s'abstient d' en user. A la condition de favoriser les intérêts les plus influents, le gouvernement peut impunément sacrifier ou négligier les autres. Or les intérêts les plus influents sont précisément ceux de la classe dans laquelle se recrutent les hauts fonctionnaires civils et militaires qui demandent leur moyens d'existence au budget de l'état, les propriétaires fonciers et les industriels qui se partagent le budget de la protection. Comment donc cette classe budgétivore ne pousserait-elle pas à l'augmentation continue des dépenses dont elle profite, et n'emploierait-elle pas à les multiplier la puissance de l'Etat dont elle dispose? [Molinari, "XXe Siècle", January 1902, p. 8].

His explanation for what went wrong with liberal reform in the 19th century had very ominous overtones for the coming century. The problem lay partly in the very nature of the modern state as a mechanism for the "redistribution", or as Molinari preferred to put it the exploitation, of wealth by a small privileged group at the expense of the majority of people. As the industrial revolution and free trade increased wealth, so too did it increase the temptation for privileged groups to fight for control of the state in order to serve their own interests. Molinari's solution to this problem of the state was to limit the power of the state to an absolute minimum - "le moindre gouvernement" [Molinari, "XXe Siècle," 1902, p. 14] - namely the provision of basic defence and police services. If the state had any power above this absolute minimum then powerful interests would seek to use this state power for their own purposes. Over 50 years before, Molinari had toyed with the idea of doing away with the state entirely by "contracting out" or "privatising" even these minimal state functions of defence and police. He gradually modified this extreme view in the face of opposition from his liberal colleagues, but even in after 1900 he was still toying with the idea of turning the state into a kind of private "company" with "shares" owned by the citizens, and the "governance" of the state modeled on that of private corporations (with a board of directors who were accountable to the shareholders and to

the stock market). [Molinari, *Ultima Verba* (1911), "Préface," pp. xv-xvi]. Since the chance of the Great Powers of Europe privatising the state in this way was extremely unlikely at the turn of the century, Molinari came to the dismal conclusion that "the (inherent) incapacity and vices of government" (namely, militarism, statism and protectionism) were here to stay for a long time. [Molinari, "XIXe Siècle, 1901, p. 17].

The other part of the problem for the failure of liberal reform in the 19th century, in Molinari's view, lay with the newly enfranchised classes, the bourgeoisie and the working class, nine tenths of whom, because of their ignorance and moral inadequacies, were incapable of supporting the weight of responsibility required by liberty. [Molinari, "XXe Siècle", January 1902, p. 7; and Molinari, "XXe Siècle", January 1902, p. 11]. In what became an increasingly bitter series of reflections in his last works, Molinari argued that liberty could only survive if individuals forswore using the power of the state to achieve narrow, selfish, and short-term benefits at the expense of others. However, they fell easy prey to the socialists who, in violation of the "natural laws of economics", promised an apparently easy solution to the problem of poverty by means of taking from those who had and "giving" to those who had not. They did not want to hear the message of the economists like Molinari who replied that socialist measures would eventually kill the goose that laid the golden economic egg - socialist restrictions on industry and heavy taxation would hamper and eventually destroy economic growth, it would vastly expand the size and cost of government and its bureaucracy which would become an increasingly heavy burden on the very people it was set to help, and it would do nothing to teach the habits of mind and behaviour which the people needed to become independent, prosperous and free. [Molinari, "XIXe Siècle", 1901, p. 17; and Molinari, "XXe Siècle", January 1902, p. 12]. Molinari concluded quite sadly that it would require a long and "difficult apprenticeship of liberty" before a free society could function.

L'incapacité et les vices des gouvernements, le militarisme, l'étatisme, le protectionnisme ont dévoré une forte part de cette plus-value de l'industrie. L'ignorance et l'insuffisance morale des individus émancipés de l'onéreuse tutelle de la servitude, mais encore incapables de supporter tout le poids de la responsabilité attachée à la liberté, en ont détruit ou stérilisé une autre part. Il faut bien le dire. [Molinari, "XIXe Siècle", 1901, p. 17].

Molinari concluded his 1901 article on the "19th Century" with the observation that scientists, technologists, industrialists, capitalists and workers would continue to push wealth creation to new heights in the 20th century, but at the same time their efforts would be undermined by the wealth destruction caused by militarism, statism, protectionism, and socialism. He briefly pondered the future possibility of the economic burden of the state becoming too great for the wealth creators to sustain. He predicted that at current rates of growth the total public debt of the European nations would reach the figure of 400 billion by the year 2000. [Molinari, "XIXe Siècle", 1901, p. 19]. He turned away from this very depressing thought and offered the pious hope that his descendants would learn how to use the wealth created by the market better than their forebears had in the 19th.

Pendant que la science et l'industrie multiplient la richesse, le militarisme, l'étatisme et le protectionnisme, en attendant le socialisme, s'associent pour le détruire, et en épuiser la source. Les recettes que le travail annuel des nations fournit au budget des gouvernements ne suffisent plus à leurs dépenses. C'est en grévant le travail des générations futures qu'ils rétablissent l'équilibre. Les dettes publiques de l'Europe ont doublé dans la seconde moitié du siècle. En suivant la même progression, elles atteindront pour le moins 400 milliards en l'an 2000. Quels que soient les progrès de la production, ce fardeau ne dépassera-t-il pas les forces des producteurs? Souhaitons donc - et c'est le vœu le plus utile que nous puissions adresser à notre descendance -, que le XXe siècle n'excelle pas seulement, comme son devancier, à produire de la richesse, mais qu'il a apprenne à la mieux employer. [Molinari, "XIXe Siècle", 1901, p. 19]

He would not be so optimistic in the book published the year before his death.

Molinari concluded his article on the 20th century in 1902 with a more pessimistic analysis of the possible direction political conflict would take. He argued that the 19th century had seen a struggle between two parties for the control of the state and the right to make laws. The "conservative party" which drew its support mainly from the governing class of the old regime had been challenged by a new "liberal party" which drew its support from the bourgeoisie. The clash between the two groups had resulted in a number of revolutions and coup d'états with the liberal party being able to achieve a number of significant victories, such as free trade treaties, the protection of property and a significant deregulation of industrial activity. [Molinari, "XXe Siècle", January 1902, p.

13]. In the late 19th century Molinari argued that a third party had emerged to challenge both groups - a "socialist party" which represented the working class. Under the threat posed by this new party, the liberal party had fractured into two groups, one of which joined the conservative party and another of which joined the socialists, leaving the liberal party mortally weakened. Molinari's prognosis for the 20th century was that the struggle to control the state would again be a two-sided affair between the conservative party and the socialist party. The liberal party would disappear and the conflict between the conservative party and socialist party in the 20th century would be even more bloody and destructive than the struggle between the conservatives and the liberals had been in the 19th. Molinari predicted that a series of bloody wars, revolutions and colonial conquests would break out in the medium term, with a deleterious impact on individual liberty and on wealth creation. Only after wars and revolutions had devastated 20th century society would a new liberal party emerge.

On peut donc prévoir que la lutte pour la possession de l'Etat et la confection de les lois, qui s'est poursuivie dans le cour du XIXe siècle entre le parti conservateur et le parti libéral se poursuivra au XXe entre le parti conservateur et le parti socialiste. On peut prévoir aussi que cette lutte ne sera pas moins ardente, et selon toute apparence moins stérile que ne l'a été sa devancière, et qu'elle engendrera la même série de révolutions, de coups d'états, avec le dératif sanglant des guerres étrangères et des expéditions coloniales, qui ont constitué ce qu'on pourrait appeler le passif de la civilisation du XIXe siècle. [Molinari, "XXe Siècle", January 1902, p. 13].

Molinari's pessimism for the future deepened as he thought about how the socialists would conduct their struggle against the conservative party in the 20th century. Since the amount of wealth to be fought over had increased so dramatically during the course of the 19th century, and since the means of exercising power had been improved by technology, and since the liberal values respecting life and property which might restrain the use of violence were in serious decline, Molinari predicted that the violence which would be unleashed in the 20th century's class wars between the conservative party and the socialist party would be unprecedented in human history. [Molinari, "XXe Siècle", January 1902, p. 13]. Yet he still held out hope that a new anti-socialist and anti-protectionist party - what he called "le parti du moindre gouvernement" [Molinari, "XXe Siècle", January 1902, p. 14] - would emerge eventually out of the economic rubble. He worried how such

a new liberal party might attract supporters since it had no political or economic privileges to dispense to favoured businesses, no promotions or sinecures to offer the soldiers and the politically ambitious, no spoils of office to distribute. His only hope was that liberal principles would eventually appeal to enough people to make such of party of liberty viable, some time in the 20th century.

Il en effet trop évident que la lutte pour la possession du gouvernement ne pourra que croître en violence et que le jour où le parti socialiste aura le pouvoir de faire la loi, il en usera avec moins de discrétion que le parti soi-disant libéral et réformateur dont il est en train de recueillir l'héritage. Il taillera dans le vif de la propriété et de la liberté individuelle. Il brisera ou faussera les ressorts du mécanisme délicat de la production des matériaux de la vie... Mais n'est-il pas permis d'espérer que l'échec inévitable des tentatives de réorganisation artificielle de la société, et le surcroît de misère et de souffrances dont elles seront suivies, feront naître une conception plus saine du rôle de la loi et détermineront la création d'un parti anti-socialiste aussi bien qu'anti-protectionniste. Nous n'ignorons pas que la constitution d'un parti qui n'aurait à offrir à ses officiers et à ses soldats ni "places", ni protections ou subventions, ni bureaux de tabac, pourrait, au premier abord, sembler une entreprise chimérique. On connaît le mot du président Jackson: aux vainqueurs les dépouilles! Pourquoi lutterait-on s'il n'y avait pas de dépouilles, se disent les politiciens de l'école de Jackson; mais, ne leur en déplaise, il y a encore, il y aura toujours des hommes disposés à servir gratis une bonne cause, et c'est pourquoi nous ne désespérons pas de voir se fonder, au XX^e siècle, un parti qui a manqué au XIX^e: le parti du moindre gouvernement. [Molinari, "XX^e Siècle", January 1902, pp. 13-14].

In one of his last books, Molinari, *Théorie de l'évolution* (1908), described the political and economic situation of the European nations as a "crisis" which would ultimately lead to a period of "decadance" and eventually economic "ruin". [Molinari, *Théorie de l'évolution* (1908), p. 235]. If the state remained in the hands of the traditional ruling elites and their bourgeois allies, Molinari predicted that the current economic decline might last for centuries before it reached a point of collapse brought about by high debt, heavy taxation and excessive regulation of the economy. On the other hand, if the socialists came to power (whether through violent revolution or democratic means) Molinari predicted a much quicker decline which would take only a matter years and not centuries. [Molinari, *Théorie de l'évolution* (1908), p. 237]. His conclusion was almost

apocalyptic in its pessimism about the coming end of civilisation if the socialists came to power:

D'où nous pouvons conclure qu'aussi longtemps que l'Etat demeurera entre les mains des classes supérieure et moyenne la décadence des nations civilisées pourra se prolonger pendant les siècles avant d'aboutir à la ruine tandis qu'il suffira de quelques années à la démocratie socialiste pour mettre fin à leur existence et à celle de la civilisation. [Molinari, *Théorie de l'évolution* (1908), p. 237].

Only a few years before, he had still been optimistic about the prospect for individual liberty in the new century. His latest exposition of what a fully free, industrial, laissez-faire society might look like was provided in, *Esquisse de l'organisation politique et économique de la Société future* (1899). Nine years later he was not so sure. In the final footnote on the final page of his second last book he made the following rather bleak observation:

Nous avons supposé que la crise suscitée par la persistance artificielle du régime adapté à l'état de guerre et de monopole se terminerait par la victoire, **malheureusement encore douteuse**, de l'intérêt général, et nous avons esquissé dans un précédent ouvrage, en nous fondant sur l'application pacifique des lois naturelles de l'économie des forces et de la concurrence, *l'organisation de la société future*. [emphasis added, Molinari, *Théorie de l'évolution* (1908), p. 257].

In the last book Molinari published, the year before his death, he returned to the theme of the end of civilisation. If the socialist revolution came, or if the militarists started a new European war, then modern civilisation would be wiped out as effectively as Roman civilisation had been wiped out by the barbarians. In his view, the destruction of wealth through mismanagement, waste, and heavy taxation could be just as effective as by the violence of war. The worst situation would arise if the two destructive forces were combined - socialism and militarism. Fortunately, he died in 1912 and did not live to see the Bolshevik Revolution and the rise of Nazism which both fulfilled his dire predictions.

Peut-être est-ce ainsi que, selon toute apparence et malgré le développement progressif de la civilisation, se perdront les Etats les plus florissants. C'est de cette sorte qu'a péri le monde romain, bien autrement civilisé que la nuée des barbares qui l'entourait. Les vices intérieurs et les dépenses excessives écraseront la civilisation actuelle comme les Barbares l'ont écrasée dans l'antiquité. Ce sera un nouveau

mode de destruction non moins certain et aussi complet que le précédent. [Molinari, *Ultima Verba* (1911), "Préface," p. xvii].

B. Herbert Spencer on the Future of Liberty

i. The Achievements of the 19th Century

ii. Protectionism

iii. Statism

iv. Militarism/War

v. Imperialism/Colonialism

vi. Socialism

vii. The Prognosis for Individual Liberty

V. CONCLUSION: PREDICTING THE FUTURE OF INDIVIDUAL LIBERTY

A. The Accuracy of the "Old School's" Predictions

An important test of a theory's usefulness is its ability to make accurate predictions about the future. A theory which can be used to interpret the past, to help understand the present, and which is also capable of accurately predicting the general course of future events, is more useful (and perhaps more truthful) than a theory cannot do all of these things. The fin de siècle (whether 1900/1901 or 2000/2001) provides an excellent opportunity for different theories to over their predictions for the future. In both 1900/1901 and 2000/2001 there was no shortage of scholars, journalists, and pundits offering their predictions of what might or would happen in the new century.

I was struck by the overall accuracy of the predictions made by the "old school" of classical liberals, especially in comparison with the predictions being made by various socialists. The generation of "old school" liberals all died before the outbreak of the First World War in 1914 and the Bolshevik Revolution in 1917, yet many of their predictions (especially by Molinari and Spencer) about the 20th century came true, including the following:

- Militarism would lead to war, which in turn would lead to a devastating loss of wealth (both property and human life)
- Socialism would come to power via a series of revolutions and civil wars, and the nationalisation of industry and state control of the economy would lead to economic stagnation and eventually to economic breakdown and collapse
- Statism would result in an ever increasing number of state functionaries, an increasingly heavy tax burden, greater regulation of all aspects of individual activity, and nepotism and corruption as rival groups fought for control of the state
- Protectionism would trigger tariff and trade wars with other states, slow the accumulation of wealth for ordinary people, increase the costs of industry within the "protected" zone, create rival groups who would struggle to control the state and thus maintain their privileges at the expense of others.

- Liberalism would be rediscovered after a long period of war, revolution, tyranny and economic breakdown, leading to a new phase of free trade, deregulation of the economy, privatisation of state assets, economic growth and innovation

What Molinari and Spencer were not able to do with any accuracy was to give specific dates (or any overall timeframe) for the events they were predicting for the 20th century. This may be asking too much of them. They did not predict that two world wars would occur within a 30 year period, not did they predict the staggering loss of life and the destruction of property (whole cities destroyed), nor did they predict the savagery of the new varieties of statism which emerged in the 20th century (Nazism and Stalinism), nor did they predict that the Communist experiment in Russia would last 70 years before collapsing, nor did they predict the division of Europe during the Cold War into 2 rival camps.

They did not realise that free market ideas would be rediscovered in the 1970s (Friedrich Hayek and Milton Friedman won Nobel Prizes for economics, thus symbolising the return of free market ideas to the academy) as a result of the economic crises faced by many western nations as they struggled under the burdens of economic regulation, high taxation and the costs of the welfare state. They could not know that the earliest and most far-reaching policies of privatisation and deregulation would take place in the Antipodes (New Zealand under Lange and Douglas), but they may have suspected that Britain (under Thatcher) might have led the way as it had done in the 1840s when the Corn Laws were abolished in 1846.

Yet what they were able to achieve was to see in very general terms that these sorts of things would happen as a result of policies being practiced and beliefs that were held at the time of their writing. I think that this is no mean achievement and the "old school" should be given some recognition for the clarity and overall accuracy of their vision of the future of individual liberty.

B. The Rediscovery of "Old School" Classical Liberalism in the 20thC

C. The Future of Individual Liberty and Free Markets in the 21st Century

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