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Gustave de Molinari and the Anti-statist Liberal Tradition* Part II

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The Development of Molinari's Anti-statism

> Therefore I claim that if a community gave notice, after a certain interval—a year for example, that it would cease the payment of judges, soldiers and gendarmes, at the end of the year this community would not have fewer courts and governments ready to function. And I add that if, under this new regime, each person retained the right to freely engage in these two industries and to freely buy these services, security would be produced most economically and would be the best possible.
>
> Since the need for security is still very strong in our society, it would be profitable to found government enterprises. One would be assured of covering costs. How would these enterprises be founded? Separate individuals would not be able to do it, anymore than they can construct railroads, docks, etc. Vast companies would thus be established to *produce security;* they would procure the material and the workers that they would need. As soon as they were ready to function, these *property insurance companies* would call for clients. Each person would contract with the company which inspired in him the greatest confidence and whose conditions appeared the most favorable.
>
> Molinari[1]

1. The Production of Security—1849.

Molinari's most original contribution to political and economic thought is his thesis that the market can provide more cheaply and more efficiently the service of police protection of life, liberty and property. Hitherto, this had been considered to be the monopoly of the state, and it was Molinari's insight that the laws of political economy could and should be applied to the

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management of state functions.[2] His attempt to apply economic laws to the state led him to conclude that the market could in fact replace the state monopoly of police as well as the provision of roads, lighting, garbage collection, sewerage and education. Molinari argued, in summary, that if the market was more efficient in providing people with shoes or bread then, for exactly the same reasons, it would be better to hand over all monopoly state functions to the market. Thus the argument is tacitly made that "proprietary anarchism"[3] is inherent in the logic of the free market and that consistency requires that one pursue the minimization of state power to its logical conclusion, i.e., no government at all.

As far as it can be determined, Molinari's first efforts in applying the laws of political economy to the state were made in a short essay printed in the *Courrier français* in July 1846,[4] in which he likened the state to a "grand mutual insurance company." In his ideal state, individuals would only form a society in order to guarantee their security from outside threats. Only those who consent to "take part in a society"[5] would become members of the association. Only those who realized the benefits of organized society would be prepared to make the sacrifices necessary to sustain it. The individual members of the society would be required to "contribute to the maintenance of the government charged by society with the maintenance of security for the profit of all [its members]."[6] However, it is unclear whether Molinari accepted the idea that consent should be available to individuals who now compose the society (one of the major arguments of the anarchists) or whether this "act of incorporation" had taken place at one time in the past and was somehow binding on those living in the present. The latter thought seems to be implicit in this early essay, and it would not be until he published his essay "De la production de la sécurité" in 1849 that he would take the major step of abandoning the binding nature of the original social contract.

In Molinari's future society "where nothing would interfere with the free use of human faculties,"[6] each citizen would have an equal right to equal protection by the state but their contributions to the maintenance of the state would necessarily be unequal. Since each person's attributes and skills were naturally different, the rewards that would come to them as a result of their labor would also be different. Each person would acquire differing quantities of property which the state would have to protect. Molinari thought that the expense of protecting property was proportional to the amount or value of the property to be protected: "to protect each property owner, it expends a sum proportional to the value it is protecting or insuring."[8] The problem that he faced was in determining how much each citizen should pay the state to protect him and his property given that each had an equal right to equal protection and given the differing costs of providing the protection.

It was in order to solve this problem that Molinari compared the state to

a mutual insurance company and the taxpaying citizens to "stockholders." Thus, as with any insurance company, each should contribute "to the maintenance of society in proportion to the value of his investment, in proportion to the tax that he pays."[9] The rights of the shareholder should be proportional to the amount of his initial capital investment and should include the right to exercise some control over its use:

> In every well organized association, the rights of the stockholder are proportional to the value of his investment. An investment, in effect, represents a certain quantity of labor voluntarily alienated by the investor on the condition that he is able to direct and watch over its employment. If this power of direction and oversight does not correspond to the sacrifice of each member—if, for example, an investor had only as much power as someone who had invested one-half as much—we have a dear injustice, an inequality. In one case there is a diminution and in another an irrational augmentation of rights.[10]

Molinari concluded that electoral rights, "the right to take part in the management of this great mutual insurance company which we call society,"[11] must also be proportional to property owned and taxes paid. The alternatives to this "equitable and necessary"[12] property requirement for participation in governing the state were two. Either the lesser property owners were excluded from their fair (proportional) share in the management of the state, thus allowing the rich to concentrate political power in their hands to the detriment of the weak; or if electoral rights were equal for all property owners, such as was the case in the United States, the more industrious would be "at the mercy of the mass of lazy and incompetent men" and there would be "no respect for earned rights, no effective protection of life and property of each."[13] His scheme was designed to secure the "equality of protection" from threats from above and below, a common theme of the free-trade liberals who feared the oligarchy of the rich and powerful just as much as the unrestricted democracy of the mob.

What distinguished Molinari's criticism of democracy, the typical fear of the "displeasure of the people [which would paralyse] the free exercise of individual rights,"[14] from that of a conservative, was his uncompromising defense of the liberty of the individual.[15] In Molinari's eyes, the form of the government was not essential; rather it was the amount of liberty and the security of a person and property that a political system guaranteed that determined how it should be judged.[16] Without liberty for all, including the weak and poor, the powerful would seize the state for their own narrow interests and the result would be the perpetuation of inequality and the destruction of the equal right to protection.

> Under such a system, we know what would result. The large shareholders and those property owners in possession of the franchise would govern society for their own profit. The law which should protect all citizens equally would serve to increase the property of the strong

> shareholders at the expense of the weak. Political equality would be destroyed.[17]

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

> Whatever inequalities might have existed, inequalities which the extension of liberty would quickly tend to diminish, the rights of the masses would inevitably gain an immediate and serious satisfaction without any threat to the rights of the heretofore privileged minority.[18]

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

So radical was Molinari's proposal that private, competitive insurance companies could and should replace the state for the provision of police protection of life and property, that the editor of the *Journal des Économistes,* Joseph Garnier, felt obliged to write a short defense of his decision to print the article. Although he criticized the article for "smacking of utopia in its conclusions," he praised the attempt to delineate more clearly the true function of the state, which "up till now has been treated in a haphazard manner."[19] Few political theorists then, as now, were prepared to analyze the assumptions upon which their defense of the state rested. It is to the credit of the *économistes* that at least some of them were willing to do just that and this was recognized by Garnier. Those who "exaggerated the essence and properties of government"[20] had been challenged by Molinari to justify and defend their position, and it is indeed unfortunate that more did not come to adopt his position. The reasons they gave for rejecting

Molinari's views will be examined in more detail below, but it should be noted here that they did not squarely face the questions posed by Molinari's radical challenge nor did they do justice to their own ideology.

Molinari opened his essay with the bold and radical division of society into "natural" and "artificial" components. Following in the tradition of the young Edmund Burke, William Godwin, and the early nineteenth-century French liberals Charles Comte and Charles Dunoyer,[21] Molinari viewed the state, or "political society," as "organized in a purely factitious way by primitive lawgivers." Once created, it could also be "amended by other lawmakers" as society progressed.[22] The distinguishing feature of this society is that

> the government enjoys a considerable role because, as the repository of social authority, the task of modifying and reforming society on a day-to-day basis falls to government.[23]

This form of society is strikingly contrasted with "natural society" which is "a purely natural fact; like the earth which supports it, it lives and dies by virtue of pre-existent, general laws." These laws of society required no other science than political economy to be explained, and it was the task of the *économistes* to describe the operation of this "natural, social organism."[24]

Unlike "political society", "natural society" arose spontaneously from the needs of individuals, which could be better satisfied by combining into groups. Once in a group, the law of the division of labor began to operate as individuals chose tasks they were better able to fulfill than others. Exchanges of goods immediately followed and a network of voluntary relations was established as each individual pursued his self-interest. Man is "fundamentally *sociable*"[25] because he realizes that only in a group can he best satisfy some of his most pressing needs. One of these is the need for security, both from wild animals and from other human beings, and in response to this need came the "beginning of establishments for the purpose of guaranteeing to each the peaceful possession of his person and his goods,"[26] to which is given the name of government. It was the fear of attack on their person or property that led men to organize themselves into societies and then to establish a government. Unfortunately, men erred when they allowed (either from ignorance of political economy or from physical weakness in the face of stronger, better-organized groups) the security business to be monopolized by one group or class. Men have suffered the consequences of this monopoly of government and, lacking a clear alternative, they "resign themselves to the harshest sacrifices rather than do without government, and thus security, never realizing the error of this calculation."[27]

Molinari believed that political economy provided an alternative to the sacrifices that men suffer under the expensive, inefficient and coercive government monopoly of security. He proceeded by stating two "truths" that had been established by political economy and deducing from them two

conclusions about the function of government in a free society. If his conclusions followed from his "truths," then his fellow *économistes* would be forced to accept his anarchism or reject two fundamental premises of their philosophy. The two truths were:

> In all things—for all the commodities which satisfy man's material and immaterial needs—it is to the benefit of the consumer that labor and trade remain free, for free labor and free trade mean a necessary and permanent reduction in the price of all goods.
>
> The interests of the consumer with regard to any commodity ought to take precedence over the interests of the producer.[28]

And from this he concluded that:

> In the interests of those who consume this service, the production of security ought to remain subject to the law of the free market.
>
> No government ought to have the right to prevent another government from setting up in competition with it, or to impose a monopoly of its services upon consumers.[29]

The first conclusion can be reduced to the statement that all "immaterial," or intangible commodities[30] should be subjected to the law of free competition. This is true because all so-called intangible commodities require the use of tangible objects for their production or maintenance. For example, although the *feeling* of security is certainly intangible, the *production* of security requires physical objects such as vehicles, buildings, uniforms, weapons and the feeding and clothing of the men employed in its provision. All of these commodities have a price on the free market and, as Molinari would argue, these can be provided at the lowest price and highest quality only in a society with free competition. Similarly, in the twentieth century, the Austrian economist, Ludwig von Mises, has argued that whenever the state monopolizes an industry or even an entire economy (i.e., socialism), it destroys pricing arrangements and creates pockets of chaos. Prices indicate to the entrepreneur the state of supply and the intensity of consumer demand, information which no number of advisers, planning authorities and experts can satisfactorily supply. To the extent that the state blocks competition and pricing agreements from being freely reached, it prevents the rational allocation of resources and keeps the desires of consumers from being met.[31]

The second conclusion can be reduced to the statement that the government does not have the right to prevent any individuals from making any peaceful trade on the free market; nor should any individual be forced to deal with that government or with anyone else not freely chosen by that individual. This is based on the belief that each individual has a natural right to the free use of his person and justly acquired property.[32] No group or individual, therefore, can interfere in anyone's uncoercive activity nor can they deprive him of property unless he has committed a crime against

the person or property of another individual. If a group of individuals wish to associate for some purpose (for example, for the provision of security), the government has no right to prevent them from doing so until such time as that group aggresses against the person or property of another.

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

> I must say that until now I have recoiled from this rigorous consequence of the principle of free competition.[33]

Molinari refused to accept any exceptions to the law of free competition and freedom to work and trade, which he considered to be a "complete and absolute" right of the individual.[34] If his colleagues refused to see the consistency of his position, then they were not "pure economists";[35] it was their responsibility to demonstrate why the production of security should be the sole exception to their dearly held economic principles. *Laissez faire* led *a priori*[36] to anarchism, Molinari claimed, and if this was to be rejected then some other method of organizing the production of security would have to be found.

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

> There is nowhere in this world a single enterprise for the production of security, a single government, which is not based upon either monopoly or communism.[37]

Monopoly led inevitably to "an abusive surtax" and all monopolies, being maintained "necessarily by force,"[38] were therefore abhorrent to those who wished to see force reduced to a minimum in all human relations.[39] When a single commodity was monopolized, whether by a privileged individual or group or by the community itself, partial communism was the result. If all commodities were monopolized, then complete communism was the result.[40] Initially the government had been seized by "the strongest, most bellicose races" and monopolized for their benefit. The only way they could expand their profits from this monopoly was to expand their market by conquest and seize more "coerced consumers."[41] Thus,

> War is the necessary, inevitable consequence of a monopoly of security... [and] this monopoly must give birth to all others.[42]

Security had begun as the preserve of a privileged minority, "a caste,"[43] but under the pressure of the oppressed masses' demand for freedom, this monopoly was transformed into partial communism, a new monopoly ruled in the name of the masses. Thus gradually, with this important command post of the economy in the hands of vested interests, other sections of the economy became monopolized and communized by those who had the ear of the government. The monopoly of the use of force by the state is the

means by which the other monopolies are maintained.[44] The people, then, are faced with two choices, to move towards "total communism or total liberty."[45] If communistic methods of production are more efficient than those of the market, then all production, not just security, should be organized communally. If, on the other hand, the free market is better, then it is better in all areas of production and should be extended to police, law courts and defense.[46] As far as Molinari was concerned "progress will inevitably consist in the replacement of communist production by free production."[47]

Another problem for those who would like the government to maintain its monopoly is that of legitimacy. If people cannot conceive of how the market could provide security services, it is because they view society as an "artifice"[48] in which the government must constantly "change and reform society."[49] In order to do this, the government must have more power than other groups in that society, and this power is based on authority. The two most common ways of justifying this authority of the government have been the appeal to God and to the majority of the people. The former has suffered because of demystification. The people,

> simple mortals without the ear of Providence though they be, discover on examination and reflection that their rulers have governed them no better than they could have done themselves.[50]

Popular sovereignty is questionable because it can "legally" deprive a minority of its justly acquired property and so, in Molinari's eyes, it loses its moral claim to legitimacy.[51] He concluded that in all regimes "men obey the wielders of authority only insofar as they believe themselves to have an interest in obedience,"[52] and since in all regimes the interests of the governed are constantly being harmed by the privileges of the ruling caste, the governors must ultimately resort to the hangman and to terror. In fact, it makes no difference whether a government is based on a simple monopoly of security or is organized along communist principles:

> Both schools, which are founded upon this *artificial organization,* necessarily conclude at the same point, TERROR.[53]

For Molinari, and all other anarchist theorists, the only legitimate form of authority is that which is based on the consent of *all* individuals.[54] This form of consensual authority arises "naturally" from society.

> A natural instinct teaches men that their person, the land which they occupy and cultivate, and the fruits of their labor are their property and that no one other than themselves has the right to dispose of it or even touch it.[55]

From this natural instinct arises the necessity of an "industry which prevents and represses these abusive aggressions of force and fraud."[56] Thus, a man or a group of men, would form a business which would seek customers

willing to pay for the protection of their person and property. This would occur for two reasons. Firstly, property ownership is a natural instinct of man, and because its protection is one of man's greatest needs, people would be willing to pay for it. Secondly, the self-interest of the businessman who sees a profit opportunity in the provision of security would take steps to attract customers by offering the best possible service for the lowest price.[57]

Once established, these defense agencies would compete for customers, and before any agreement is reached the potential customer would do the following things. He would determine whether the "producer of security"[58] had the ability to provide the services wanted by the consumers; he would seek guarantees that the business was reputable and that it would not aggress against him instead of defending him against aggression; he would examine the offers of other defense agencies to see whether they offered the same service at a better price or whether they offered a better service at the same price. Molinari believed that the terms offered by the various defense agencies would probably include the following conditions:

> to guarantee to consumers complete security for their persons and property and, in case of damage, to pay them an amount proportional to the loss suffered;
>
> That the producer would establish certain penalties for offenses against persons and property and that consumers would agree to submit to these same penalties if they were to commit some crime against persons or property;
>
> That they would impose certain constraints upon their consumers to facilitate the discovery of wrongdoers;
>
> That, to cover the costs of their production and the natural profit of their industry, they regularly charge a premium which varies according to the condition of the consumer, his occupation, and the extent, value and nature of his property.[59]

Therefore, in Molinari's future society, the defense agency takes on some of the functions of an insurance company.[60] It levies a premium determined by the value of the property to be insured, recompenses the person insured for any possible loss, and takes steps to ensure that its insurance payments are kept to a minimum. The latter is a police and security guard function which flows naturally from the business of insurance. To reduce payments for stolen or damaged property, the insurance company would ensure that regular patrols be made by security guards to discourage thieves and that every effort be made to catch thieves in order to recover stolen property.

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

> If the conditions necessary for the exercise of this industry are agreeable to consumers, the transaction will occur; if not, consumers will do without security or go to another producer.[61]

If the defense agency raises its prices or does not provide adequate service, the disappointed consumers "will always have the ability to give their business to a new or competing entrepreneur."[62] Competition between the agencies to increase or maintain the number of their clients would ensure protection "at a good price with the promptest justice,"[63] thus avoiding the evils of the state monopoly, *viz.* arbitrary justice and bad management, high prices for poor service, and the constant battle of factions to secure the privileges that the state has at its disposal.

With the power of the state dissolved, there would be no mechanism for the central control of the economy, no "broker of privilege and monopoly," and hence no need for war. War is an activity that takes place between states, with their organized armies, conscripted troops, and tax-supported military expenditure. Where there is "freedom of government,"[64] there is no defense agency with a monopoly of power to provoke war. War in fact would become unprofitable because no agency would want to risk the heavy insurance payments that the destruction of property in a war would cause.[65] If a renegade defense agency tried to seek a monopoly, and thus become a state, the consumers "would quickly call to their aid all the free consumers similarly menaced, and they would have justice."[66] The renegade agency would have to conquer each separate company that was in the protection industry. Whereas in warfare between states, the take-over of a nation can be accomplished by seizing a single institution, any attempt to monopolize competing protection companies would be prohibitively expensive. The consumers would benefit from the fact that the security industry was decentralized because it would be more responsible to local and individual needs and because this decentralization would be a considerable barrier to any attempt to reestablish the state. Complete liberty to compete in the protection industry would be the precondition for peace[67] and when this has been achieved "the condition of the different members of society would be the *best possible.*"[68]

Molinari believed that the defense agencies would limit themselves to a particular geographic area in order to provide the best service to their clients. This did not mean that each company would have a monopoly within a given area, but it rather reflected the problems of transportation and communication in mid-nineteenth-century Europe. As railways, telegraphs and roads improved, there was no theoretical reason why the clients of any company could not be quite widely dispersed geographically.[69] If such a wide geographical spread were possible, then the market would find the most efficient and profitable way of accomplishing it,[70] provided of course that all artificial restrictions were eliminated.

These ideas were expanded into a chapter in Molinari's remarkable book

Les Soirées de la rue Saint-Lazare which was published in 1849. He revealed later that his reason for writing the book and for founding the *Economiste belge* was to demonstrate "the *nuisance* of government intervention."[71] In the 'Onzième Soirée," he endeavored to explain how his system of "absolute property and complete economic liberty"[72] would operate. Although he repeated his main arguments from "De la production de la sécurité," he also added some important new material on compulsory jury service, how private competitive defense agencies might operate, how foreign invasions might be dealt with, how the government debt might be reduced, and whether nationalism would survive the transition to anarchism.

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

> In effect, we not only force taxpayers to support the cost of justice, we oblige them as well to perform the duties of judges. This is pure communism.... In political cases, are not juries more likely to judge according to the color of their opinions, be they red or white, than according to justice?[73]

In the market, on the other hand, the division of labor and the law of competition would ensure that only those most capable succeeded. He thought that it was inevitable that competent individuals would emerge to act as judges, lawyers and policemen if competition was substituted for the state's, or any other institution's, use of the lottery in the jury system:

> within society [there are] some men particularly able to arbitrate the differences that arise among property-holders and to judge crimes against property, others best able to defend persons and property against the assaults of violence and fraud...and others, still, whose natural aptitudes are to be magistrates, policemen and soldiers.[74]

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

A major problem faced by the political economist is that he cannot predict with certainty the shape or composition of the future free society. Since men would be free to act in any nonaggressive manner they chose, the *économiste* cannot know beforehand what these free entities would do. Unlike the socialist, who can guarantee that the government or the community would "plan," "organize" and "control" the economy, the *économiste* has no blueprint for the future. All that he can do is to describe the laws governing human economic behavior and leave open the question of what specific institutions might arise to satisfy the needs of consumers. Molinari was well aware of the limitation this placed on the political economist, but he was confident that he had understood the natural laws of the

market correctly and that his broad projections into the future were fundamentally correct.

> Political economy can say "*If such a need exists,* it will be satisfied, and it will be better satisfied under a regime of complete liberty than under the other." To this principle there is no exception! Nevertheless, political economy can never say how such an industry will be organized and what its technical procedures will be.[75]

He believed that even with just one year's preparation the market would be able to provide a full range of services such as judges, soldiers and police.[76] To those who would scoff at the possibility of this revolution being achieved at all, let alone in one year, Molinari compared the present with the tightly controlled economy of the medieval community. If one had described to a medieval guildsman the massive growth in industry, the cheapening of prices and the increase in the number and quality of goods available on the market which would occur once the medieval restrictions had been cast aside by the industrial revolution, his response would have been one of disbelief. Such a concept would be beyond his understanding. Similarly with the production of security: what is inconceivable today, the market, if left alone, would supply tomorrow.[77]

Molinari also expanded his description of how an insurance company might operate in a totally free and competitive society. To ensure the security of the entire community, it is most likely that the various companies would cooperate in a manner similar to that of the various contemporary security forces. Just as local, provincial, and national forces cooperate to catch criminals, private companies would do likewise because it would be in their economic interest to do so. They would set up common facilities and perhaps share information on criminals because this would lower their costs and provide better security, thus attracting more customers to their businesses.[78]

If a country were threatened with an external invasion, it would be the companies and their clients who were directly threatened with the destruction of their property and the loss of their lives. Thus, they would again cooperate in the defense of their mutual interests. Molinari suggested that the companies would ask their clients for an additional premium to cover the costs of the extraordinary defense measures. If their clients refused, this would indicate that they would prefer to run the risk of the invasion than pay the extra premium. They would be exercising their rights as free individuals to determine in what manner their property was to be used and what risks they were prepared to accept—rights which were not granted in a society where a military and political elite determine how taxpayers' money is spent. If those insured, however, considered the risks great enough to pose a threat, they would willingly pay the additional amount necessary to allow the companies to take extra precautions. In the fully free society of the future, however, Molinari believed that the risks of interstate war would

no longer exist because the leviathan state monopolies would gradually dissolve into competing, free-market insurance companies. Standing armies would also disappear because they would be too expensive to maintain without conscription and taxation. War, as we know it, would no longer exist.[79]

As for the problems of the transition period from "monopolist or communist governments [to] free governments,"[80] many of these could be solved by the sale of government property such as roads, canals, rivers, forests, buildings and equipment from public services. For example, the public debt could be completely paid off, Molinari believed, because the assessed value of all publicly owned property in France was greater than the value of the debt. The sale of this property would not only help to transfer it to private ownership, but would also pay off the state's financial liabilities in an orderly fashion.[81]

Furthermore, state coercion prevents formation of a true feeling of national identity. Most nations are "incoherent agglomerations of peoples formed by violence and most often maintained solely by violence,"[82] and are torn apart by the legitimate efforts of these suppressed groups to form their own governments and determine their own futures, free from the political intervention of a ruling class, often of a different nationality.The concepts of "nation" and "government," Molinari warned, should not be confused. A nation can exist because of common customs, language, heritage and civilization, and it is irrelevant how many "governments" or defense companies there are within this nation. As long as these companies do not erect artificial barriers that restrict trade or the movement of people and do not engage in hostilities with each other, the people of this nation would be free to enjoy their common heritage or customs. Monopoly governments, on the contrary, divide national groups in order to more easily rule them, using the principle of "divide and conquer."[83] In a society where there is "freedom of government" a nation would willingly accept a plurality of defense agencies just as it accepts the usefulness of more than one bank, one school system, one church and one grocer's shop.[84] Such a system would also see the multiplication of voluntary ties connecting all national groups and would do much to reduce international tension and misunderstanding.

2. *Sole Defender of Free-Market Justice— The* Société d'Économie Politique *Debate*

Molinari's radical extension of the liberal philosophy was not well received by his colleagues in the *Société d'Économie Politique*. Its meeting of October 10, 1849, was devoted to an examination and discussion of the ideas contained in Molinari's essay on the "production of security." More specifically they were concerned with the question of whether "government can be subject to the principle of free competition."[85] The general consensus

was that Molinari had gone to extremes in subjecting the state to such a rigorous economic analysis and that the state had to have unquestioned "supreme authority,"[86] as Charles Coquelin put it, in order to provide justice and security. Bastiat also believed that only a "supreme power" had a right to use force, and thus only a state with a monopoly of this power had the right to enforce the laws.[87] He could not conceive of any system without a single and superior body which had a monopoly of the use of force. Charles Dunoyer, who thought that Molinari "had been led astray by the illusions of logic,"[88] believed that competing defense agencies would only lead to "violent struggles." To avoid this it would be more prudent to "leave coercion where civilization placed it, in the state,"[89] a truly amazing statement from an *économiste* supposedly devoted to reducing the power of the state and eliminating the injustices of economic privilege. He further argued that political competition already existed in France in the form of competing political parties and the voting system:

> In France, all the parties truly compete, each offering its services to the public, which actually chooses everytime it votes.[90]

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

> In truth, in the case of individuals, their actual voting is not to be taken as proof of consent, *even for the time being*. On the contrary, it is to be considered that, without his consent having been asked a man finds himself environed by a government that he cannot resist; a government that forces him to pay money, render service, and forego the exercise of many of his natural rights, under peril of weighty punishments. He sees, too, that other men practice this tyranny over him by the use of the ballot. He sees further, that, if he will but use the ballot himself, he has some chance of relieving himself from this tyranny of others, by subjecting them to his own. In short, he finds himself, without his consent, so situated that, if he uses the ballot, he may become a master; if he does not use it, he must become a slave. And he has no other alternative than these two. In self-defense, he attempts the former. His case is analogous to that of a man who has been forced into battle, where he must either kill others, or be killed himself. Because, to save his own life in battle, a man attempts to take the lives of his opponents, it is not to be inferred that the battle is one of his own choosing. Neither in contests with the ballot—which is a mere substitute for the bullet—because, as his only chance of self-preservation, a man uses a ballot, is it to be inferred that the contest is one into which he voluntarily entered; that he voluntarily set up all his own natural rights, as a stake against those of others, to be lost or won by the mere power of numbers. On the contrary, it is to be considered that, in an exigency into which he had been

> forced by others, and in which no other means of self-defense offered, as a matter of necessity, used the only one that was left to him.
>
> Doubtless the most miserable of men, under the most oppressive government in the world, if allowed the ballot, would use it, if they could see any chance of thereby meliorating their condition. But it would not, therefore, be a legitimate inference that the government itself, that crushes them, was one which they had voluntarily set up, or even consented to.[91]

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

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

> a useful and effective propaganda considering the ubiquitous spirit of socialism which infects even those opposed to it.[92]

Charles Coquelin was equally concerned that these "eccentric opinions" would be seen to be the opinions of all the *économistes,* especially since Molinari used the dialogue form in *Les Soirées* in which the *Economiste* argued for Molinari's ideas against his antagonists, the *Socialiste* and the *Conservateur.*[93]

The more moderate *économistes,* such as Coquelin, Bastiat, and Dunoyer,[94] conceived of a more active role for the state in the economy than Molinari was prepared to grant it. For example, Dunoyer, in his article on government in the *Dictionnaire,* which was compiled soon after the *Société* debate on Molinari's ideas, attributed a major positive role to the state. Basing his ideas on those of Adam Smith, he attributed to the state the task of providing internal and external security as well as all those

> public works and certain public institutions, which it can never be for the interest of any individual, or small number of individuals, to erect and maintain; because the profit could never repay the expense to any individual or small number of individuals, though it may frequently do much more than repay it to a great society.[95]

Dunoyer's view of the state, as a "producer of sociability,"[96] gave it virtually unlimited powers to interfere in the economy and in the private lives of individuals. For him,

> fundamentally, government is among the arts which act directly on men, rather than upon material nature, and which develop in them the numerous and diverse sentiments, strengths, abilities, talents, aptitudes and customs which are indispensible in determining each man's destiny and without which no production would be possible. Its special task, in this common work, is to teach men to live together and to bring restraint and justice into their most important relationships. I would go so far to say, if you allow me, that government is the producer of sociability and good civil habits. This is the unique fruit of its art and labor. It cooperates in the industrial production of society by introducing into the great social laboratory the precious ingredients of good relations and justice. Without this no production is possible, everything would come to a halt. It is perhaps the most important art of all those encompassed by the economy of society.[97]

Without a powerful central state, this production of "sociability" would be impossible to achieve and individuals would be free instead to pursue their own, perhaps "antisocial," self-interest;[98] thus Molinari's views seemed to the moderate liberals in the *Société* to be closer to socialism or anarchism than to the liberalism with which they were familiar. Only A. Clement was prepared to support Molinari's radical anti-statism in his article on security in the *Dictionnaire.* Although finally siding with the state monopolists, he agreed with Molinari that the "parasitic classes" had been able to seize political power:

> Violence and fraud were most commonly the first basis of their power, and for a long time their domination has not aimed at the protection of all the rights founded upon work and savings but rather at the exploitation of the workers for the profit of the ruling classes.[99]

Molinari was able to reply to his critics in his article "Nations" in the *Dictionnaire.* He again criticized the *économistes* who continued to exaggerate the size and power of the state, calling this an "immensely disastrous error,"[100] and he described Governments which did more than provide security as "ulcers." To counter the charge of being an anarchist, he claimed that "wisely understood, political economy leads to the suppression of governments no more than it leads to the destruction of nationalities."[101] Only if men were angels would the need for some form of government disappear entirely, he argued. Precisely because of the acute need for protection, the "government" should do nothing else but protect life, liberty, and property and refrain from any other activity completely. It should also be subject to "the same practice of scrupulous economy which is the rule in private industry."[102]

Much of the disagreement between Molinari and the moderates in the *Société* came from a confusion over the use of the concepts "anarchism" and "government." As Molinari explained in his article on "Nations," he distinguished between governments which overstep their limits and governments which fulfill their natural function of providing security. To the

former, he gave the name "state" and, to the latter "government."[103] Molinari wished to eliminate the state and to remove the monopoly of the existing government by allowing competing insurance companies to supply this need on the free market. He called these insurance companies "governments" even though they did not have a monopoly within a given geographical area. Thus confusion arose over the ambiguous use of "state" and "government." To anarchists such as Proudhon, the state and the government were distinguished by their monopoly of force within a given area, whereas anarchy "is the absence of a ruler or a sovereign"[104] and a situation of "NO MORE GOVERNMENT."[105] Molinari would have agreed with Proudhon's view that the ideal political formation would be one of "self-government," (a term that Molinari was to adopt in his *Cours*):

> I have already mentioned ANARCHY, or the government of each man by himself—or, as the English say, *self-government*—as being one example of the liberal regime. Since the expression "anarchial government" is a contradiction in terms, the system itself seems to be impossible and the idea absurd. However, it is only language that needs to be criticized. The notion of *anarchy* in politics is just as rational and positive as any other. It means that once industrial functions have taken over from political functions, then business transactions and exchange alone produce the social order. In these conditions each man could call himself his own master, which is the very opposite of constitutional monarchy.[106]

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

However, their differences in economic theory were considerable, and it is probably for this reason that Molinari refused to call himself an anarchist in spite of their many similarities in political theory. Molinari refused to accept the socialist economic ideas of Proudhon, especially his support for the right to work, the right to revolt, the illegitimacy of lending at interest and the centralization of credit.[107] Thus, in Molinari's mind, the term "anarchist" was intimately linked with socialist and statist economic views. The left-wing anarchists, Molinari believed, were mistaken not only in their economic views but also in their understanding of human nature. A common belief of the communist anarchists was that in the future stateless society police or protection agencies would become unnecessary. This would happen for two reasons. Firstly, the disappearance of private property would make crimes against property impossible. Secondly, the conditions of a fully free society would induce development of public opinion and public pressure which would replace the need for police, prisons and courts. For example, Proudhon explained:

> Anarchy is, if I may be permitted to put it this way, a form of gov-

> ernment or constitution in which public and private consciousness, formed through the development of science and law, is alone sufficient to maintain order and guarantee all liberties. In it, as a consequence, the institutions of the police, preventive and repressive methods, officialdom, taxation, etc., are reduced to a minimum. In it, more especially, the forms of monarchy and intensive centralisation disappear, to be replaced by federal institutions and a pattern of life based on the commune.[108]

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

In spite of his protestations to the contrary, Molinari should be considered an anarchist thinker. His attack on the state's monopoly of defense must surely warrant the description of anarchism. His reluctance to accept this label stemmed from the fact that the socialists had used it first to describe a form of non-statist society which Molinari definitely opposed. Like many original thinkers, Molinari had to use the concepts developed by others to describe his theories. In his case, he had come to the same political conclusions as the communist anarchists although he had been working within the liberal tradition, and it is therefore not surprising that the terms used by the two schools were not compatible. It would not be until the latter half of the twentieth century that radical, free-trade liberals would use the word "anarchist" to describe their beliefs.[100]

3. The Political Economy of "Ulcerous" Government

Molinari returned to the idea of the "production of security" in his book based on his lectures at the *Musée royal.* The final chapter was devoted to an examination of *"Les Consommations publiques"* in which he introduced for the first time two ideas which he was to study at length in his later works: the notions of "tutelage," and that of the history of society as divided into three stages through which it must pass as it evolves into its final form—"the regimes of community, monopoly and competition." It was his desire to explain the "divergence which has emerged in our time between the state of government and that of the other branches of social endeavor"[110] that led him to examine the stages through which society had progressed.

The first stage, that of "the community," had been the coming together

of groups of families to provide for their common defense and other "public services" such as roads, bridges, wells. Organized as a tribe or a commune, in this early stage of society's history, the government's function had been quite extensive. It had prevented "social nuisances" from harming the community by enforcing custom. Thus,

> the purpose of government is to enforce the observation of those customs which are indispensible to the maintenance and progress of the community.[111]

As this society expanded in size, the services exercised in common became more complex and numerous. This resulted eventually in the "specialization" of each function which was controlled by a "group of families."[112] These families passed these particular skills from one generation to another, gradually forming a monopoly and thus entering the second stage in the history of societies.

Molinari believed that "each industry [passes] necessarily through a monopolistic phase on leaving its embryonic form."[113] This monopoly may be only transitory as the forces of competition gradually come into play, or it may become permanent if artificial barriers are erected to prevent this competition from being felt. These artificial monopolies were purely "acts of human will,"[114] being nothing more than forms of political privilege granted to some at the expense of others, and which had gradually weakened and then destroyed ancient society. In this second phase of society

> the properties or functions of government necessarily increase in number and importance in step with the specialization of industry and the commerce which flows from this supplants embryonic production.[115]

One of these new attributes had been the creation of a special organization for the protection of property. This had involved the regulation of the market, the verification of weights and measures to prevent fraud, the control of money, and the regulation of monopolies in an attempt to eliminate some of their harmful effects. Both government and society had been organized into corporations or monopolies having

> their commanding entrepreneurs and their armies of workers for whom an exclusive clientel, forbidden to those outside of the corporation, furnished an assured livelihood.[116]

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

> corporation or assembly of corporations superimposed on those enterprises which had monopolized the other branches of industry,[117]

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

The motivating force which propelled society from one stage to the next

was the market,[118] and this force was gradually extended as the harmful effects of monopoly were felt and removed, in spite of the "desperate resistance of the monopolists."[119] When the freedom to trade was combined with the freedom to engage in industry, society entered the third stage, the "era of competition." In this stage society became so complex that the old methods of protecting property were obsolete and inadequate. Long-term contracts, copyright laws, and the need to adjudicate contract disputes necessitated a corresponding expansion in the scope of the "production of security" which the antiquated government monopoly system could not provide. Only the market could respond to the rapidly changing needs of society in this new "regime of open competition,"[120] and only it could ensure that the production of security would correspond to the new needs for protection that arose.[121] Since, Molinari argued, society had quite recently entered the third and final stage of society's development, the era of competition, the government must cease intervening in the economy to support artificial monopolies and allow the market to determine what is produced and how wealth is distributed. Only when this was achieved would "the production and distribution of wealth tend by themselves to operate in the most useful manner."[122]

In this third and final stage of society, the government could sometimes be justified in acting as a "guardian of the incapable,"[123] those people who were more or less incapable of governing themselves. This included those who could not wisely control their consumption, those who caused injury to others because they could not govern themselves properly and the "men-children" whose physical maturity did not correspond to their "intellectual state."[124] Molinari warned that individuals, however, must not be prevented from exercising their right to self-government if they wised to.

> If not, it would prevent the moral forces necessary for good self-government from developing through a constant practice.[125]

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

> This is why in all probability the guardianship of individuals incapable of self-government is bound to become the object of a branch of industry which will sooner or later be born out of the progressive transformation of servitude.[126]

In the two previous stages of society, the government had been "in harmony with the other enterprises." In the age of primitive communism, the government had been organized and run by the community. In the age of monopoly, the government had been monopolized. Now in the age of competition, there had appeared an anomaly: the rest of society had become

free of monopolistic restrictions but the government remained "retarded in the old regime of monopoly." There was no longer "unity in the political and economic constitution of society,"[127] and a dissonance was thus created between these two sections of society.[128] The result was that, just as the communal government was "*anti-économique*"[129] in the monopoly stage of the government, this monopoly government had become "*anti-économique*" in the age of full competition and therefore suffered all the vices of monopoly—high prices, poor service and structural rigidities, because it could not adapt to changing conditions. This had become most noticeable since the French revolution of 1789, which had reversed the tendency of the market to break up and separate industries left from the era of monopoly.[130] A new class had arisen to manage this "consolidated monopoly" which had become a "veritable monster" under their management.[131]

Molinari continued with a lengthy analysis of government monopolies in an attempt to answer his critics in the *Société* who had argued that certain government monopolies should remain in the government's hands. He concluded this analysis with the following four observations on governments. Firstly, they "transgressed" against the law of "unified operations" and the division of labor. By this he meant that the government tried to do too many things and did not become skilled in any one field, thus providing a bad service at a high price. Secondly, governments transgressed against the law of "natural limits," i.e., each enterprise had an optimum size at which it was most profitable and provided the best possible service to consumers. Because governments did not act according to market demand, they grew too big and inefficient to respond to the individual requirements of its customers. Thirdly, governments transgressed against the law of competition either by prohibiting enterprises from starting up or by preventing foreign businesses from selling their goods and services within their borders. For example:

> Truly, no public service is produced and distributed under conditions of open competition, which is to say, giving a free field to rival enterprises obliged to cover the cost of production with the ordinary remuneration of the capital engaged.[132]

Fourthly, the government transgressed against the principles of specialization and free exchange of goods. In the free market, businesses responded to the individual needs of the consumers and payment was made only after the price had been agreed upon. Governments, on the other hand, found this impossible to achieve because of their size and the lethargy that monopoly caused. Any exchange that occurred between a consumer and the government was "common and coercive, rather than being specialized and free,"[133] and furthermore, payment was not made freely between producer and consumer but was levied indiscriminately on all taxpayers.

The combined result of the actions of monopolized government services was to increase the tension that existed between it and those industries

which had entered the final stage of society's evolution towards complete economic and political liberty. This was the clash that had to occur between any two aspects of a society which were not operating by the same principles, in this case those of monopoly and free competition. Since government and its monopolies lagged behind the rest of the community in its evolution towards competition, it had become an "ulcer" that hampered the further development of industry.[134] Because of its actions

> an increasing portion of society's vital forces are siphoned away by taxes and public borrowing to underwrite the expense of producing public services, or to put it better, to maintain and enrich the class which possesses the monopoly on the production of those services.[135]

The remedy that Molinari proposed to rid society of this ulcerous growth was radical in the extreme.[136] He proposed to transform the "anti-economic constitution" of government by forcing it to obey economic laws. To make government economic it would be necessary

> to strip governments of all the power which have been added to their natural function, the production of security, to return education, religion, coinage and transportation to private enterprise, and to subject governments, like all other enterprises to the law of competition.[137]

The first part of his program was definitely acceptable to his fellow free-trade liberals in the *Société*. The "simplification" of the state was accepted in theory even if it had a long way to go before it would be put into practice, given the power of the vested interests which opposed free trade and competition. On the other hand, there were still very few indeed who would accept his views on political competition, but he was hopeful that circumstances would become increasingly favorable for the adoption of his ideas. The American Civil War he considered to be an important step towards the realization of the right to secede and the right to freely choose one's government or at least to withdraw from one that was not to one's liking.[138]

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

> This progress will doubtless be slow. But it is this way with all progress. If we considered the mass of prejudice and interest which opposes it, we might despair of ever seeing any progress at all.[139]

Taking heart from Adam Smith, who despaired of seeing free trade in his lifetime,[140] Molinari unrealistically predicted that within one hundred years protection would only be a bad memory and that political monopolies would soon follow the disappearance of industrial and commercial monopolies.[141] He concluded his two-volume textbook on political economy with

the following optimistic declaration, thus bringing to an end his first efforts in forming a theory of radical anti-statism, a subject he was not to return to until the 1880's:

> Their [free industry's] triumphal hour will come and "Economic Unity" will be established in the phase of competition as it had been established in the preceding phases of community and monopoly. Then, production and distribution, finally and fully subject in all branches of human endeavor to the government of economic law, will operate in the most useful manner.[142]

4. Proprietary communities and the right to secede.

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

> A day will nevertheless come, and perhaps this day will not be put off as long as one might believe considering the retrograde movement imposed upon civilized societies by the revolution; a day will come, we assert, when "political servitude" will lose all reason for existence and liberty of government, otherwise known as political liberty, will be added to the framework of other liberties.[143]

He was still convinced that governments of the future free society would take the form of insurance companies that would compete for customers on the market.[144]

What was new in his discussion was an argument that entire villages, suburbs or *quartiers* could be built and owned by private bodies, thus permitting competition in the provision of "public goods" such as lighting, roads, public works, sanitation, etc. Molinari envisaged farsighted entrepreneurs who would purchase property in an area in which they thought people would want to live. They would choose land which was suitable because of its situation, accessibility and healthy condition and then design appropriate buildings, roads, schools, churches, theaters and meeting halls. This "proprietary company"[145] would also provide well-paved and lit roads, drainage, water, public transport, water, gas and electricity to all the homes and, most importantly, security of property and person in order to attract as many people as possible to come and live in their city. These services could be provided by the company itself or by subcontractors specializing in the various fields of transport, public utilities and sanitation. All services would be paid for by rents levied by the company on the inhabitants, and the administration of the community would be either left in the hands of the

company itself or handled by special organizations be set up for this purpose.[146]

If there were several such realty companies within a single city, their rational self-interest would ensure that their roads, drainage, gas, electricity and public transport were compatible in order to lower costs and improve service. Most likely some form of permanent organization would be established to solve difficulties as they arose and to coordinate future planning. If problems remained or if serious disputes occurred between the property holders, then mutually agreed upon arbiters or tribunals would be turned to for a decision.[147] Whether a city was owned by a company, by shareholders or by individuals, some form of organization would arise which would be able to make decisions on matters of common interest.[148] As with his plan for an ideal electoral system which he published in 1846,[149] Molinari thought that any common body would be arranged so that those who had the most property had proportionally the greater say in matters which affected the community. It was his intention that property owners should have a means of protecting their property from those who had no property or who wished to increase their property at the expense of others. Thus he wished to model his "city governments" on the limited liability and joint stock companies that had revolutionized business practices. If there were any fear that the larger property owners would use their wealth to exploit the poorer or smaller property owners, the latter could withdraw at any time and "secede" from the organization. They could annex themselves to neighboring cities or villages or even form a smaller "city" of their own.

> These unions would always be free to dissolve themselves or annex themselves to others. They would naturally be interested in forming the most economic groupings to provide for the inherent necessities of their industry.[150]

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

Molinari distinguished between the forms of the state suggested by the socialists and the anarchists and that which would be possible in a regime of full competition:

> The future will bring neither the absorption of society by the state, as the communists and collectivists believe, nor the suppression of the state which is the dream of the anarchists and nihilists. It will bring the diffusion of the state within society. That is, to recall a well-known phrase, "*a free state in a free society.*"[151]

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

> public opinion... would rise up against a system with illusory benefits for one class and crushing burdens for others. It would immolate the idol of the state which it today adores, and it would take up once more the work, interrupted by the revolution, of the reform and simplification of the machinery of government.[152]

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

Molinari concluded *L'Évolution politique* with some extremely optimistic remarks about the necessity of society's progress. Although couched in Spencerian and religious terms, he merely repeated his conclusions which he had first put forward in *Cours d'économie politique* in 1855, that society had reached its final stage with the era of competition.[153] Molinari was so convinced of the inevitability of the market's ultimate success that he felt that no liberal propaganda could equal the effect of the "omnipotent state" itself in convincing people of its harmful consequences. In fact, liberals could fold their arms and let the workings of natural law bring about the society they desired. All they needed to do was to act occasionally to hasten the transformation. They could "level obstacles, accelerate or retard the march of humanity, diminish or increase the sum of powers which lead to the mysterious goal which has been assigned to it."[154]

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

> We were acting as amateurs at a moment in history when we might have been able to say, varying a well known statement: "Give us an organisation of revolutionaries, and we will overturn Russia."[155]

5. *Retreat to monopoly government.*

In spite of the lack of support for his anti-statist ideas, Molinari continued to espouse them as late as 1893.[156] It was not until 1899 that he withdrew from his position of fully competitive insurance companies and

adopted a more moderate, semi-monopolistic view. In the *Esquisse,* Molinari still believed that the right of secession from a state was important in reducing the threat of war and revolution. Disaffected groups could form their own communities or even their own states, and inter-state problems could be solved by courts and tribunals applying the same principles of law that were used to settle disagreements between individuals.[157] Molinari continued to describe the functions and duties of the "producers of security" as he had in his first essay on this question,[158] but a qualification had now been introduced which had not been present in his earlier works. This qualification concerned the consumers of security. Originally, Molinari had believed that each individual had the right to exercise his natural right to defend his own life and property from attack. Since the market had allowed the division of labor to operate, it was likely that individuals would decide not to exercise this right but delegate it to a company which would specialize in this business. At no time, Molinari argued in 1884, did this delegation of rights mean that the individual had given up any of his rights, as some "social contract" theorists claimed. Comparing the production of bread to that of security, Molinari had argued thus:

> I no longer exercise my right to produce bread, but I continue to possess it. In fact, that right is more extensive than before. To the right, which I continue to exercise, of making bread for my own consumption, is joined the right to make it for others, to open a bakery or participate in its establishment through my labor or my capital. My right as a consumer is equally extended, since I can obtain my bread from two producers in place of one, from the baker and from myself. If I buy it from the baker, it is because his bread is better and less costly than the bread I would make myself.[159]

In the *Esquisse,* Molinari retreated somewhat from this position by suggesting that the nation rather than individual would contract with the competing security companies. These "judicial companies" would remain "completely independent and competitive,[160] but it would now be the nation or "collective" which would

> contract preferably, through an agent or some other means, with the firm or company which offered the most advantageous conditions and the surest guarantees of the delivery of this naturally collective article of consumption.[161]

Individuals would still be completely free to engage in production or to trade all goods which were "naturally individual," i.e., those goods and services which could be purchased or contracted for individually. Molinari had made a distinction between public goods, such as security, and other goods before, but had never argued that individuals were incapable of paying for these public goods by contracting for them individually. In "La production de la sécurité" and *Les Soirées de la rue Saint-Lazare,* he had argued that within a given geographical area individuals would be free to

contract for security services with any number of competing companies. Like churches or bakeries, there could be many businesses providing the same or similar services within the same city or province, limited only by the size of the market and the efficiency and profitability of each enterprise. In the *Esquisse* these "competing governments" had given way to communes or provinces which had a monopoly in the provision of security within their geographic borders. Individuals would not make their own arrangements for security but would appoint delegates or "*mandataires*" to act on their behalf.[162] Once the contract had been concluded, whether for a short or long period, the mandate of the people's representatives would end and then only a small committee of consumers or their representatives would be necessary to oversee the fulfillment of the contract until its expiration. In some cases even this "rump" would not be necessary if the press and other consumer groups were active.[163] So, even though individuals or groups retained their right to secede from the larger administrative units, they would, in turn, set up monopolistic defense services within their borders. These states would not be very different from existing state monopolies, Molinari believed, because they would retain the most important characteristic of a state—the monopoly of the use of force in a given geographical area. In a society as Molinari described it in the *Esquisse,* states would be more numerous and their services would be cheaper and more efficient because of the competition of "sub-contractors"[164] but the state would still remain a monolithic entity from which the only escape would be to persuade a town or commune to secede. Molinari seemed to have forgotten his earlier insights into the nature of the state monopoly and how it arose. If minorities were unable to convince enough people to join them in seceding from the larger state or if the monopoly states grew too powerful and prevented them from exercising this right, the benefits of what little competition remained in the provision of security would be lost. With each area monopolized by a single defense agency, it would be easy for this company to establish itself as a permanent monopoly and prevent the consumers from taking their business elsewhere. Molinari had argued in "La production de la sécurité" that one of the major benefits of competing defense agencies within the same city or commune was that none would be able to become a monopoly and exclude others from offering their services to the community. Molinari seemed also to have forgotten his arguments directed against government by representation. Only by exercising their rights directly could individuals ensure that their interests were protected. This included the right of each individual to determine for himself how his property should be protected and how much he was willing to spend to secure it. If the costs of paying a company were too high, then the individual had the right to decide to do without security or provide it himself. This right was now denied citizens of the commune or city who would be forced to pay for public goods by rents or taxes rather than by paying separate insurance premiums to the company of their choice.

The reason for Molinari's departure from his earlier, more radical position was his increasing emphasis on the spurious distinction between those goods and services which could be satisfied individually and those which were by nature of benefit to the entire community. In "La production de la sécurité" this distinction had been made, but it was argued that the market could provide so-called public goods because the same economic laws were at work. No monopolies were considered necessary, and the monopoly of security was considered both dangerous and inefficient. By 1899 Molinari abandoned this view of monopolies and accepted the need for certain geographic monopolies for the provision of such public goods as street lighting, roads, drainage and security but not, surprisingly, for money or the postal service.[165] He made a distinction between industries which could be provided competitively and natural monopolies, and, although he admitted that these monopolies were harmful to consumers, his only concession to his earlier views on competition was to allow indirect competition.[166] Molinari now argued in *Economie de l'histoire* that the state itself would contract with companies for the provision of security. Through their "*mandataires*" consumers would not even have direct control of the price or the terms of the contract, and the state itself would ensure that the contract was fulfilled. Thus Molinari fell into the trap of thinking that it was possible to simulate competition, in order to have its benefits, without having it in fact.[167] The result was that Molinari had abandoned his theoretical distrust of all government monopoly and had capitulated to the position of his early opponents in the *Société d'Économie politique* debate of 1849. Gone were the competing defense agencies and the state monopolies. Gone was the emphasis on the absolute right of each individual consumer to freely choose the company which would protect his or her own person and property from harm. Thus, Molinari had returned to the "night watchman" state of the classical liberals while still believing that "competition" within the government would stop the abuses of this monopoly.

NOTES

1. Gustave de Molinari, *Les Soirées de la rue Saint-Lazare; entretiens sur les lois économiques et défense de la propriété* (Paris: Guillaumin, 1849), pp. 20-21.
2. "We have been accustomed to believing that government—charged with a sublime mission—has nothing in common in its establishment and functioning with the multitude of other enterprises. Similarly, no one has ever thought that the laws which apply to it are the same as those which apply to the others" (Molinari, *Cours d'économie politique*, 2nd ed. rev. and enl., 2 vols. [1855; Paris: Guillaumin, 1863], 2:515, 521).
3. It will be argued in section 2, which follows, that there are two main kinds of anarchist thought: "left-wing" communist anarchism which denies the right of an individual to seek profit, charge rent or interest and to own property, and "right-wing" proprietary anarchism, which vigorously defends these rights.
4. Molinari, "Le droit électoral," *Courrier français*, July 23, 1846, reprinted in "La liberté de gouvernement II," *Questions d'économie politique et de droit public*, 2 vols., (Brussels: Lacroix; Paris: Guillaumin, 1861), sec. 3.
5. *Ibid.*, p. 271.

6. *Ibid.*
7. *Ibid.*, p. 272.
8. *Ibid.*
9. *Ibid.*
10. *Ibid.*
11. *Ibid.*, p. 273.
12. *Ibid.*
13. *Ibid.*, p. 273–74.
14. *Ibid.*, p. 274.
15. "The true remedy for most evils is none other than liberty, unlimited and complete liberty, liberty in every field of human endeavor" (Molinari, *Journal des Économistes* 21 [1848]: 64).
16. "I prefer governments based upon popular sovereignty. But so-called democratic republics are not at all true expressions of popular sovereignty. These governments are extended monopolies—communisms. Popular sovereignty is incompatible with monopoly and communism.... [Popular sovereignty] is the right of each man to dispose freely of his person and his property and to govern himself" (Molinari, *Les Soirées,* p. 310).
17. Molinari, "Le droit électoral," p. 273.
18. *Ibid.*, p. 275.
19. Molinari, "De la production de la sécurité," *Journal des Économists* (henceforth *JDE*) 21 (1849): 277, n. 1. Reprinted in Molinari, *Questions d'économie politique,* 1:245; translated by J. Huston McCulloch, "The Production of Security," *Occasional Paper Series* #2 (New York: Center for Libertarian Studies, 1977).
20. *Ibid.*
21. Concerning the origins of Molinari's thought, see David M. Hart, "Gustave de Molinari and the Anti-statist Liberal Tradition, Part I," *Journal of Libertarian Studies* 5, no. 3 (Summer 1981), sec. 1.
22. Molinari, "De la production de la sécurité," p. 277, n. 1.
23. *Ibid.*, p. 277.
24. *Ibid.*
25. *Ibid.*, p. 278.
26. *Ibid.*
27. *Ibid.*, p. 279.
28. *Ibid.*
29. *Ibid.* On the distinction between "*matériel*" and "*immatériel*" values, see Charles Dunoyer, "Production," *Dictionnaire de l'économie politique,* ed. Coquelin and Guillaumin, 2 vols. (Paris: Guillaumin, 1852), pp. 439–50; Molinari, *Cours d'économie politique,* 1:186ff; and Dunoyer, *De la liberté du travail,* vols. 1 and 2, in *Oeuvres de Ch. Dunoyer* (Paris: Guillaumin, 1886), 1:592. "*Immatériel*" values did not have to be tangible objects; they could be services or skills. The advance made by Jean-Baptiste Say and Dunoyer was to break away from the physiocratic view that only solid objects could have value.
30. This is how McCulloch translates "*immatériel*" (McCulloch, "The Production of Security.")
31. See Ludwig von Mises, "The Economics of a Socialist Community," *Socialism: An Economic and Sociological Analysis* (London: Jonathan Cape, 1969), pp. 111ff. Also see Murray N. Rothbard, *Man, Economy and State* (Los Angeles, Calif.: Nash, 1970), pp. 825ff.
32. "If the sovereign individual possesses the absolute right to dispose of his person and his property as he sees fit, then he naturally possesses the right to defend them. He possesses the right of free defense" (Molinari, *Les Soirées,* p. 310).

    Molinari explained what he meant by individual and property sovereignty in *L'Évolution politique et la révolution* (Paris: C. Reinwald, 1884): "The Individual appropriates the totality of the parts, including the physical and moral forces, which constitute his being. This appropriation is the result of a process of discovery and recognition of these elements and forces, and of their application to the satisfaction of personal needs—that is their utilization. This is property in one's person. The individual appropriates and

possesses himself. He appropriates as well, through another process of discovery, occupation, transformation and adaptation, the soil, material and forces of his environment insofar as they are appropriable. This is both real and movable property. Driven by his interest, the individual acts continually to preserve and increase the elements and forces—the values—which he has appropriated from his surroundings. He fashions, transforms, alters, and exchanges them as he sees fit. This is liberty. Property and liberty are the two aspects or two constituents of sovereignty.

"What is the interest of the individual? It is to remain the absolute proprietor of his person and property and to retain the power to dispose of them at will. It is the power to work alone or to freely associate his forces and other property, whether in whole or in part, with those of others. It is the power to exchange the products of his personal properties or to consume them or to save them. It is, in a word, to possess 'individual sovereignty' in the fullest.

"Nevertheless, the individual is not isolated. He is in constant contact and relationship with others. His property and liberty are limited by the property and liberty of others. Each individual sovereignty has its natural frontiers within which it may operate and outside of which it may not pass without violating other sovereignties. These natural limits must be recognized and guaranteed lest the weak be at the mercy of the strong and society be impossible. Such is the purpose of the industry I have called 'the production of security,' or to give it its common name, such is the purpose of 'government'" (*ibid.*, pp. 394–95).

"Sovereignty rests in the property of the individual over his person and goods and in the liberty of disposing of them, which implies the right to protect his property and his liberty himself or to have them protected by others.... If an individual or a group employ their sovereignty to establish an organization designed to satisfy any need, they have the right to exploit and direct it according to their interests as well as to fix as they see fit the price of its products or services. This is the sovereign right of the producer. However, this right is naturally limited by the rights of equally sovereign individuals in their dual character as producers and consumers" (*ibid.*, pp. 410–11).

33. Molinari, "De la production de la sécurité," p. 279.
34. *Ibid.*
35. *Ibid.*, p. 280.
36. *Ibid.*
37. *Ibid.*
38. *Ibid.*, p. 281.
39. "The individual remains completely sovereign only under a regime of total liberty. Any monopoly, any privilege is an attack upon his sovereignty" (Molinari, *Les Soirées,* p. 311). "The liberal school teaches: Destroy monopoly and privilege, restore man to his natural right to freely exercise his industry and he will enjoy full sovereignty" (*ibid.*).
40. Molinari, "De la production de la sécurité," p. 282.
41. *Ibid.*
42. *Ibid.*, p. 282.
43. *Ibid.*, p. 284.
44. "Communism of security is the keystone in the ancient edifice of slavery" (Molinari, *Les Soirées,* p. 318).
45. Molinari, "De la production de la sécurité," p. 284. This dichotomy is also maintained by the modern Austrian *laissez-faire* liberal Ludwig von Mises in his *A Critique of Interventionism: Inquiries into the Economic Policy and Economic Ideology of the Present,* trans. Hans F. Sennholz (1929; reprint ed., New Rochelle, N. Y.: Arlington House, 1977).
46. "Or liberty is preferable to communism and, if so, we should liberate all public industries including justice, the police, education, religion, transportation, the production of tobacco, etc." (Molinari, *Les Soirées,* p. 319).
47. Molinari, "De la production de la sécurité," p. 284.
48. *Ibid.*, p. 287.
49. *Ibid.*, p. 284.

50. *Ibid.*, p. 286.
51. "The *majority* of citizens has the right to establish any industry they might wish and oblige the minority to contribute to the upkeep of these public enterprises" (Molinari, *Les Soirées,* p. 316). "In some countries, the government of the majority spends part of the public wealth to protect fundamentally illegitimate and immoral properties. For instance, in the United States, the government protects the property in slaves of southern planters. There are 'abolitionists' in the United States who rightly consider slavery to be a theft. What matter! The communal system forces them to contribute their goods to the maintenance of this theft" (*ibid.*, pp. 325–26).
52. Molinari, "De la production de la sécurité," p. 287.
53. *Ibid.*
54. Molinari wanted "governments whose services I might refuse or accept of my own free will" (*Les Soirées,* p. 305).
55. Molinari, "De la production de la sécurité," p. 288.
56. *Ibid.*
57. "On the other hand, do not all property owners have the same need for justice and security? Consequently, would not everyone sacrifice to satisfy this urgent need, especially since they are incapable of satisfying it themselves or unable to spend a good deal of time and money?

    "Yet, if there are, on the one hand, men prepared to provide for a social need and, on the other, men prepared to sacrifice to satisfy this need, doesn't it suffice to leave each alone so that the demanded good, be it material or immaterial, will be produced and the need satisfied?" (Molinari, *Les Soirées,* p. 328).
58. Molinari, "De la production de la sécurité," p. 288.
59. *Ibid.*
60. In *Les Soirées* Molinari speaks of "property insurance companies" (p. 331).
61. Molinari, "De la production de la sécurité," p. 288. Molinari wrote elsewhere: "Competition among various courts improved justice and made it less costly. Adam Smith attributed the progress of the administration of justice in England to this cause" (Molinari, *Les Soirées,* p. 320). Molinari then quoted Adam Smith, *Wealth of Nations* (London: J. M. Dent, 1933), bk. 5, chap. 1.
62. Molinari, "De la production de la sécurité," p. 289. And, elsewhere, "[property insurance companies] could neither exploit nor oppress their clients without seeing successful competitors instantly crop up all about them" (Molinari, *Les Soirées,* pp. 331–32).
63. Molinari, "De la production de la sécurité," p. 289.
64. *Ibid.*, 290.
65. "Under this regime, governments could gain nothing by war; on the contrary, they could lose everything. What interest would they have to undertake a war? To increase their clientele? But since consumers are free to be governed as they like, they would immediately slip away from the conquerors. If the conquerors wished to impose their rule, having destroyed the existing government, the oppressed would soon receive the aid of other peoples....

    "Wars between companies can only take place if the stockholders are willing to pay the cost. Since war cannot increase a clientele where consumers will not allow themselves to be conquered, the cost of the war can never be covered. Who then would agree to pay for it?" (Molinari, *Les Soirées,* p. 333–34).
66. Molinari, "De la production de la sécurité," p. 290. "They would unite in their turn and since they possess far greater means of communication than their masters and are one-hundred times more numerous than their old oppressors, the holy alliance of aristocracy [the would-be monopolists] would be quickly annihilated. No one thereafter, I swear, would attempt to erect a monopoly" (Molinari, *Les Soirées,* p. 332).
67. "As war is inevitable under a regime of monopoly [government], peace is inevitable under a regime of free government" (*ibid.*, p. 333).
68. Molinari, "De la production de la sécurité," p. 290.
69. In *Les Soirées* Molinari suggests that these companies might be quite large (p. 330).
70. "If this industry were free, we would witness as many companies founded as could be

usefully formed. Too few, and the high price of security would make the formation of more [companies] profitable. Too many, and the superfluous ones would quickly dissolve. Thus the price of security would always be held to the cost of production" (*ibid.*, p. 331).

71. Molinari, *Cours d'économie politique,* 2:552.
72. Molinari, *Les Soirées,* p. 303.
73. *Ibid.*, pp. 322–24.
74. *Ibid.*, pp. 327–28.
75. *Ibid.*, p. 329.
76. "I assert that, if a community gave notice that at the end of a certain period, for example one year, it would no longer pay judges, soldiers and policemen, a year later this community would not have any fewer tribunals and governments ready to operate. And I add that if in this new regime each had the right to freely practice these professions and to freely purchase their services, then their security would be the best and the most economical possible" (*ibid.*).
77. "If anyone had said that, in place of the mean and pitiful industries of the guilds, liberty would bring immense manufactures producing cheaper and more perfect goods, they would have given this dreamer short shrift. The conservatives of the day would have sworn to their gods that *this was inconceivable*" (*ibid.*, p. 330).
78. "They would cooperate as monopolist and communist governments cooperate today, because they would have an interest in doing so. The greater the mutual assistance they lend one another in the capture of thieves and murderers, the more they lower their own costs" (*ibid.*, p. 331).
79. "What would be in the best interests of these companies? It would be to repel invaders, for they would be the first victims of an invasion. They would, therefore, cooperate in this defense and they would charge their subscribers a premium to preserve them from this new danger. If these clients prefer to run the risks of an invasion, they would refuse to pay. If not, they would pay and thus provide the companies with the means to stave off the invasion" (*ibid.*, p. 333). "I conclude that war would be *materially impossible* under this regime, since no war can be made without an advance of money" (*ibid.*, p. 334).
80. *Ibid.*, p. 335.
81. "Don't you think that by selling all of the property which is now public—roads, canals, rivers, forests, local administrative buildings, and public materials—we could successfully retire the public debt? This debt is no more than six billions. The value of the public property of France is far greater than that" (*ibid.*).
82. *Ibid.*
83. *Ibid.*, p. 336.
84. "The instinct of nationality will react against the barbarous divisions and artificial antagonisms imposed upon a single people and the disunited fractions of this people will tend incessantly to attract one another.... Let the diversity of governments cease to require the separation and division of peoples and you will witness the same nationality willingly governed by several. A single government is no more necessary for the unity of a people than a single bank, a single educational system, a single religion or a single grocery store, etc." (*ibid.*).
85. Molinari, *JDE* 24 (1849):315. A summary of the debate was printed with Molinari's essay, "De la production de la sécurité," in *Questions d'économie politique,* p. 269.
86. Molinari, *Questions d'économie politique,* p. 269.
87. *Ibid.*
88. *Ibid.*, p. 270.
89. *Ibid.*
90. *Ibid.* See also Edgar Allix ("La Déformation de l'économic politique libérale après J. B. Say: Charles Dunoyer," *Revue d'histoire des doctrines économiques et sociales* [1911] on the gradual compromises made by Dunoyer in his radical anti-statism of the Restoration period. Allix believed that Dunoyer's liberalism was formed in opposition and deformed once Dunoyer was elected to office.
91. Lysander Spooner, *No Treason: The Constitution of No Authority,* no. 2 (1867), quoted

in *No Treason,* Libertarian Broadsides, no. 5, ed. James J. Martin (1870; Colorado Springs, Colo: Ralph Myles, 1973), p. 15.

92. Molinari, *Questions d'économie politique,* p. 269.
93. Extract of Coquelin's review of *Les Soirées,* initially printed in *JDE* and reprinted in *Dictionnaire* 2: 197.
94. See Coquelin, "Etat," *Dictionnaire* 1: 733; and Bastiat, *L'Etat* (1849), a pamphlet from which Coquelin quotes extensively.
95. Smith, *Wealth of Nations,* bk. 4, chap. 9.
96. Dunoyer, "Gouvernement," *Dictionnaire,* 1:837.
97. *Ibid.*
98. "A certain philosopher, to my mind a near parent to socialism, has often and bitterly observed that the desire to create and maintain security within society while otherwise respecting the liberty of individuals, a principle which political economy regards as the capital, if not the exclusive and unique duty of governments, is infinitely too restrictive a view of their powers" (*ibid.,* 1:840).
99. A. Clément, "Sécurité," *Dictionnaire,* 2:604.
100. Molinari, "Nations," *Dictionnaire,* 2:261.
101. *Ibid.*
102. *Ibid.*
103. A similar distinction was made by the twentieth-century anarchist thinker Albert Jay Nock in *Our Enemy the State* (1935; New York: Free Life Editions, 1973), p. 19.
104. Pierre-Joseph Proudhon, "Memoir" (1940), in *Selected Writings of Pierre-Joseph Proudhon,* ed. Stewart Edwards, trans. Elizabeth Fraser (London: Macmillan, 1970), p. 89.
105. Proudhon, "General Idea of Revolution in the 19th Century," in *ibid.,* p. 98.
106. Proudhon, "The Federal Principle" (1863), in *ibid.,* p. 91.
107. Molinari, "M. Proudhon et M. Thiers," *JDE* 21 (1848): 72.
108. Proudhon, "Correspondence" (1864), in *Selected Writings,* p. 92.
109. See especially Murray N. Rothbard in his *Power and Market: Government and the Economy* (Menlo Park, Calif.: Institute for Humane Studies, 1970); and *idem, For a New Liberty: The Libertarian Manifesto* (New York: Collier Macmillan, 1978). (See also the discussion on the "Modern Libertarian Movement," in Part III of the present essay, in the *Journal of Libertarian Studies* 6, no. 1 [forthcoming]). These "radical free-trade liberals" adopted the name "libertarian in order to escape the unfortunate connotations of the word "liberal," which had undergone a profound change in meaning in the twentieth century. It no longer meant a desire to considerably reduce the size and power of the state but now embraced a variant of welfare state socialism. The intellectual confusion caused by this fundamental change in meaning is revealed by the many attempts to qualify the term "liberal" with an appropriate adjective, such as "real" liberal, "radical" liberal, "classical" liberal, and, in this paper, "free-trade liberal." For a discussion of these problems, see F. A. Hayek's Postscript, "Why I Am Not a Conservative," in *The Constitution of Liberty* (Chicago: University of Chicago Press, 1972); Mises, *Liberalism: A Socio-Economic Exposition* (Kansas City: Sheed, Andrews and McMeel, 1978); and Rothbard, "Left and Right: The Prospects of Liberty," in *Egalitarianism as a Revolt against Nature and Other Essays* (Washington, D.C.: Libertarian Review Press, 1974).
110. Molinari, *Cours d'économie politique,* 2: 484.
111. *Ibid.,* p. 486.
112. *Ibid.,* p. 487.
113. *Ibid.,* p. 489.
114. *Ibid.,* p. 492. Later, in his *Economie de l'histoire: Théorie de l'évolution* (Paris: F. Alcan, 1908), Molinari was to accept the necessity of certain "natural monopolies" such as defense, but in the 1850's Molinari was still optimistic that the market could eventually put an end to all monopolies, natural or "artificial."
115. Molinari, *Cours d'économie politique,* 2: 493.
116. *Ibid.,* p. 495.
117. *Ibid.,* p. 497.

118. "It is the growth of the marketplace which determines the movement of society from embryonic, communal production first to specialized, monopolistic production and, finally, to competitive production" (*ibid.*, p. 499).
119. *Ibid.*, p. 500.
120. *Ibid.*, p. 504.
121. "In this new phase of social development, the 'production of security' ought to develop and perfect itself to the extent that the need for it develops and is refined" (*ibid.*, p. 503).
122. *Ibid.*
123. *Ibid.*, p. 504.
124. *Ibid.*, pp. 505–506.
125. *Ibid.*
126. *Ibid.*, p. 506. See also, Molinari, *Cours d'économic politique,* vol. 1, lessons 9 and 10; and "Tutelle et liberté," *L'Évolution politique,* chap. 11, pp. 424–85.
127. Molinari, *Cours d'économie politique,* 2:508–509.
128. *Ibid.*, p. 481.
129. *Ibid.*, p. 510.
130. "Monopolistic government...regressed in holding together industries which progress under the monopolistic regime [in industry] had separated. It reassembled the special personnel necessary for the production of public services.... On the one hand, [monopolistic government] erected from the debris of ancient governing corporations a colossal corporation invested with a monopoly on the services most necessary to society. On the other hand, it dissolved all the lesser corporations, appropriate to the competitive regime and prevented their reconstitution in new forms. In so doing, it atomized the society governed and left the individualized consumers of public services at the discretion of this new and formidable monopoly" (*ibid.*, p. 518).
131. "Constitutions have become all too often merely instruments of exploitation in the hands of the upper classes which have been clever enough to have the control of the government attributed to them as a monopoly" (*ibid.*, p. 519). And, "We saw a governing class resurrect itself in which the personnel of the old governing class were mixed with the new element thrown up by the revolution" (*ibid.*, p. 523).
132. *Ibid.*, p. 524.
133. *Ibid.*, p. 525.
134. Molinari describes "this ulcer which devours the vital forces of society as rapidly as they are created by social progress" (*ibid.*, p. 531). See also the analysis of government intervention by Rothbard in "Toward a Reconstruction of Utility and Welfare Economics," *Occasional Paper Series,* no. 3 (New York: Center for Libertarian Studies, 1977), where he writes: "no government interference with exchanges can ever increase social utility.... no act of government whatever can increase social utility.... a free and voluntary market 'maximizes' social activity" (pp. 29–30).
135. Molinari, *Cours d'économie politique,* 2:531.
136. *Ibid.*
137. *Ibid.*, p. 532. "We believe firmly in the duty of courageously claiming priority for this alleged chimera [political competition]" (*ibid.*).
138. "The notion of subjecting governments to the regime of competition is still generally regarded as chimerical. But the facts on the question are marching ahead of theory. The 'right' of secession which is making some progress in today's world will necessarily establish 'liberty of government.' When this principle has been recognized and applied to its fullest natural extent, 'political competition' will act as a complement to competition in agriculture, industry and commerce" (*ibid.*).
139. *Ibid.*
140. Molinari had a lengthy quote from Smith, *Wealth of Nations,* bk. 4, chap. 2 in *Cours d'économie politique,* 2:534.
141. "Without abandoning ourselves to utopian dreams, we can today hope that in less than a century protectionism will exist only as a bad memory. Why then should political monopolies not disappear in their turn as industrial and commercial monopolies are doing? If they are powerful today, the interests which they harm are also growing day by day in numbers and strength" (Molinari, *Cours d'économic politique,* 2:534).

142. *Ibid.*
143. Molinari, "La Liberté du gouvernement," in *L'Évolution politique,* chap. 10, sec. 5., p. 381. Elsewhere Molinari described "the liberty of government" as "a logical and necessary complement to the liberty of industry" (*Les Lois naturelles de l'économie politique* [Paris: Guillaumin, 1887], p. 260).
144. "Government will be nothing more than free insurance corporations guarding life and property" (Molinari, *L'Évolution politique,* p. 381).
145. *Ibid.,* p. 398. See also Molinari, *Les Lois naturelles,* pt. 4, chap. 14, "La Constitution naturelle des gouvernements. La Commune. La Province. L'Etat."; and chap. 15, "La Liberté de gouvernement."
146. Molinari suggested an "urban agency" or a "rent collector's office" to manage local affairs. (Molinari, *L'Évolution politique,* p. 391.)
147. "There are necessary relationships of mutual interest for the joining of roads, sewers and gas lines, the establishment of trams, etc.; they would be consequently obliged to form a permanent union or syndicate to regulate the various questions and other affairs resulting from the juxtaposition of their property. Under the influence of the same necessities this union would extend to neighboring rural communes. Ultimately, any disputes among the individual members would have to be brought before arbitrators or tribunals for settlement" (*ibid.,* p. 392).
148. Somewhat later (1887) Molinari considered some services as having a naturally collective character, such as roads, police, and sanitation, which could only be provided "communally" and not "individually" on the market. Nevertheless he still believed that competition between administrative areas would lower prices and ensure the best service to the citizens. (See Molinari, *Les Lois naturelles,* p. 246.)
149. See Section 1, "The Production of Security—1849," *supra.*
150. Molinari, *L'Évolution politique,* p. 393. Molinari explicitly endorsed secession as a means of exercising one's right to self-government: "if the community is a vast one, the inhabitants of a wealthy region, oppressively taxed for the benefit of others or vice versa, could separate themselves from the whole, an act forbidden in the present regime, either to form an independent community or to annex themselves to a neighboring community" (Molinari, *Les Lois naturelles,* p. 263). Molinari believed that left-wing anarchists would quickly learn by experience how necessary a police force and other services would be if they were permitted to form "states" of their own, provided they made some contribution to common defense. Molinari also believed that this right to secede was a "double" one: the commune had the right to secede from the province just as the province had the right to secede from the state. "Undoubtedly, local circumstances could render the right to secede impractical, but as long as we do not insist upon the contiguity of of territories as a necessity for the constitution of a state or province—and experience attests that a community or a province may exist as an enclave—then we can quickly convince ourselves that the right of a community or a province to secede will excite enough competition among provinces and states to improve the quality of their services and decrease their cost" (*Les Lois naturelles,* pp. 265–66).
151. Molinari, *L'Évolution politique,* p. 393.
152. *Ibid.,* p. 500.
153. "What should reassure us above all is the indestructibility and providential necessity of civilization" (*ibid.,* p. 504).
154. Molinari, *Les Lois naturelles,* p. 276. "The friends of liberty could cross their arms and content themselves with allowing the free play of natural forces to assist the triumph of their doctrines" (*L'Évolution politique,* p. 504).
155. V. I. Lenin, "What is to be done?" *Selected Works* (Moscow: Progress Publishers, 1976), 3: 441–42.
156. "[The consumer] has the right to accept or refuse [the services of security], to haggle over the price and to demand certain quality, exactly as he would with all other merchandise. . . [and] to patronize any other producer of security" (Molinari, *Precis d'économie politique et de morale* [Paris: Guillaumin, 1893], pp. 206–208).
157. Molinari, *Esquisse de l'organisation politique et économique de la société future* (Paris: Guillaumin, 1889), pp. 76–77.

158. See Section 1, "The Production of Security – 1849," *supra.*
159. Molinari, *L'Évolution politique,* p. 404.
160. Molinari, *Esquisse,* p. 85. Molinari quotes Adam Smith again on the English court system.
161. *Ibid.,* p. 84.
162. Individuals "associate and form a collective numerous enough to make the transaction in an economical and efficient manner. They choose delegates to deal competitively with an enterprise – a firm or corporation – combining the capital and abilities necessary for this protective service" (*ibid.,* p. 97).
163. *Ibid.,* pp. 98–99.
164. "These conditions will not differ, theoretically at least, from those of the present regime for the provision of security except on one point, but it is an essential point: to wit, the provider [of security] will be obliged to pay to any insured who has been the victim of a crime against life or property an indemnity proportional to the damages suffered, less any restitution from the authors of the crime" (*ibid.,* p. 84).
165. Molinari, *Economie de l'histoire: Théorie de l'évolution,* p. 218.
166. "There exists only an ever decreasing number of natural monopolies. These monopolies, starting with the protection of individual life and property and the preservation of the national domain, are administered by the state, and the sub-states of provinces, departments and communities. This administration by the state engenders the same wasting of strength which is in the nature of all monopolies. Nevertheless, it can be alleviated at least in part by an indirect recourse to competition" (*ibid.,* p. 250).
167. "It could contract for this administration on a temporary or even unlimited basis with competitive firms or associations providing the necessary material and moral guarantees, limited only by a surveillance over the execution of the contract. In such a case, the price of the product or service could not rise above that of a competitive industry, although the stimulus to improve its tools and procedures would be weaker" (*ibid.*).