David M. Hart, “Was Molinari a true Anarcho-Capitalist?: An Intellectual History of the Private and Competitive Production of Security”

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ABOUT THE AUTHOR

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Since 2019 is the bicentennial year of the birth of Gustave de Molinari he has been working on a series of articles and anthologies of Molinari’s writings in order to commemorate this event:

1. an introduction to the life and work of Molinari: “Gustave de Molinari (1819-1912): A Survey of the Life and Work of an “économiste dure” (a hard-core economist)”

2. A lengthy introduction and critical apparatus to the Liberty Fund translation of Molinari’s Les Soirées

3. “Molinari’s Theory of the State”: a collection of 24 extracts from his writings (1846-1911)

4. “The Collected Articles in the Dictionnaire de l’économie politique (1852-53)”: the 30 articles he wrote for the DEP

5. “Molinari’s Collected Writings on the Production of Security (1846-1901)” with a long introduction on the intellectual history of this important concept
His areas of research is the history of classical liberal thought in general, and the French classical liberal tradition in particular. Recent publications include:


His personal website is http://www.davidmhart.com/liberty/.
ABSTRACT (750W MAX. - 561W)

The paper explores two topics relating to Gustave de Molinari’s pathbreaking article “De la production de la sécurité” (On the Production of Security) (JDE, Feb. 1849). The first is an exploration of the intellectual history leading up to this theoretical breakthrough, that private insurance companies in a competitive free market, or “les producteurs de la sécurité” (producers of security) or “entrepreneurs in the security industry,” can and would be able to supply protection of life, liberty, and property, in other words police and national defense services, to private individuals, or “les consommateurs de la sécurité” (consumers of security), by voluntarily charging premiums for their services in a competitive market. The deeper roots of Molinari’s idea lay in the work of Destutt de Tracy and J.B. Say in the 1810s on the question of whether or not government activity was “productive” and if so, in what way. Closer to his own time, the conservative politician Adolphe Theirs and the socialist publisher Émile de Girardin in the late 1840s both likened the state metaphorically speaking to an “insurance company” which provided services to taxpayers/shareholders who paid taxes/premiums to that company.

Molinari’s contribution to the debate was to see how the metaphor could be turned into reality, where actual private property insurance companies (“les compagnies d’assurances sur la propriété” (property insurance companies) ) would contractually and voluntarily provide protection services to their policy holders. Molinari first developed his ideas in a series of articles and books written between 1846 and 1855 (the article “Le droit électoral” Courrier français (July, 1846); the article “ in JDE, Feb. 1849; Soirée 11 in Les Soirées de la rue Saint-Lazare (1849); scattered references in several articles he wrote for the Dictionnaire de l’économie politique (1852-53); the chapter on “Public Consumption” (Douzième leçon, “Les consommations publiques,” in his treatise Cours d’économie politique (1855)), and then returned to the topic again later in the 1880s and 1890s (the chapter Chap. X “Les Gouvernements de l’avenir,” in L’Évolution politique et la Révolution (1884); his book on Esquisse de l’organisation politique et économique de la société future (Sketch of the political and economic organisation of the future society (society in the future)) (1899); and the late article “Où est l’utopie?” (Where is Utopia?) (JDE, 1904).
The second topic to be explored is the question of how much of an “anarcho-capitalist” Molinari really was and whether or not he remained one over the course of his long life. The term itself is anachronistic to use about Molinari as it was coined by Rothbard to describe his own views which were emerging in the 1950s and 1960s under the influence of Molinari’s original 1849 article, along with the writings of other members of the Paris School of economists, such as Charles Dunoyer, Charles Comte, and Frédéric Bastiat. Molinari himself referred to his views as “la liberté de gouvernement” (the liberty of government, or free government) or “la concurrence politique” (political competition, or competing governments). I will argue that Molinari was a “true” or “hard” anarcho-capitalist when it came to the question of the private production and provision of police and defense services (“la sécurité”) - for which he used the very “capitalist” expressions such as “producers of security,” “consumers of security,” the “security industry,” “entrepreneurs in the security industry,” etc - until he reached his seventies when he “backtracked” slightly during the 1890s. He was also a “true” or “hard” anarcho-capitalist when it came to the question of the private production and provision of justice by means of competing law courts which charged “fees for service” and remained one for his entire life. He had several insights about how law might evolve privately but he did not develop it as far as he did with the private production of security. My conclusion is that he came very close to being an early (perhaps the first) “Rothbardian anarcho-capitalist” but did not go all the way there. This fact in itself was quite extraordinary for his day and age and his achievements should be duly recognized by historians and economists.
ABBREVIATIONS

AC = anarcho-capitalist
ACT = anarcho-capitalist theory
CW4 = The Collected Works of Bastiat, vol. 4
DEP = Dictionnaire de l’économie politique
JDE = Journal des Économistes
PES = the Political Economy Society
PoS = the article “The Production of Security” JDE (Feb. 1849)
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Was Molinari a true Anarcho-Capitalist?: An Intellectual History of the Private and Competitive Production of Security

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

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

[“Introduction,” Questions d'économie politique (1861), p. xxvii.]

Gustave de Molinari (1819-1912)
**An Intellectual Pre-History of the “Production of Security”**

**INTRODUCTION**

Today, if he is thought of at all, the Belgian-French economist Gustave de Molinari (1819-1912) is best known for the essay on “The Production of Security” (henceforth “PoS”) which was published in the *JDE* in February 1849. It was rediscovered in the modern era by Murray Rothbard who circulated it among his circle in New York, called fittingly enough the “Cercle Bastiat” (Bastiat Circle), during the 1950s. Molinari’s ideas, especially the argument that insurance companies would have an economic interest in reducing crime against property and the costs of settling disputes, became central to Rothbard’s own theory of anarcho-capitalism which he was developing during the 1950s (when writing *Man, Economy, and State* (1962)) and the 1960s (when he was writing *Power and Market* (1970)). A translation into English was done by J. Huston McCulloch for the

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2 Gustave de Molinari, "De la production de la sécurité," *JDE*, T. 22, no. 95, 15 February, 1849), pp. 277-90. This seminal article will be included in an Addendum to the Liberty Fund’s edition of *Les Soirées* (forthcoming), along with other material.

Center for Libertarian Studies in 1977 which made Molinari’s work available to an English audience for the first time. This was followed shortly afterwards by my own translation of Soirée number 11 (henceforth “S11”) in 1979 which was published in the Journal of Libertarian Studies in 1982. What Molinari achieved in this short essay and the follow up chapter 11 in Les Soirées was a radical shift in thinking about the state and the provision of public goods. No one before him had argued using standard classical economic principles and property rights theory that private firms operating in a free market could satisfy the strong need of consumers for protection and security services at an affordable price, while at the same time avoiding the problems inherent in any monopolized industry.

In the past, the few political theorists who advocated a society without a state had no idea about how such a society would go about solving its problems, other than to piously assert that some kind of change would take place in the hearts of men which would cause violence against others to gradually disappear. Molinari’s intellectual breakthrough was to argue that the institutions (such as insurance companies) and practices (profit seeking in an open and competitive market) which had already evolved in the free market could be extended to solve these other problems and that no change in the nature of men was required for this to work effectively. In fact, he turned the argument upside down by arguing that those who advocated any form of limited state were the real utopian dreamers. Whenever and wherever a state existed which had power over the property and lives of other people it would misuse taxpayers’ money and allocate resources inefficiently and at high cost, and that the temptation to use political force would always be irresistible and that the power of this state would always grow. One might then say that the

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5 This appeared as an Appendix to my article "Gustave de Molinari and the Anti-statist Liberal Tradition" Journal of Libertarian Studies, in three parts, (Summer 1981), V, no. 3: 263-290; (Fall 1981), V, no. 4: 399-434; (Winter 1982), VI, no. 1: 83-104. S11 was translated as an Appendix to Part III, pp. 88-102. It had first appeared as an Appendix to my Undergraduate Honours Thesis Gustave de Molinari and the Anti-étatiste Liberal Tradition (Department of History, Macquarie University, September 1979), pp. 120-47.
true utopians (or “les rêveurs” (dreamers)) were not the anarcho-capitalists but the classical liberals who believed they could permanently limit the power of the state.

Molinari did, however, think that men would have to make some ideological leap in order for the private provision of security to work, namely to give up their false ideas about the benefits of using force against others to advance their interests. As the century wore on he increasingly lost hope that this would happen in his lifetime, or even for several generations after, as tariff wars and then an arms race broke out among the European powers in the late 19th and early 20th centuries. However, in two remarkably prescient essays he wrote at the turn of the 19th century he predicted that after a long war and period of economic depression, the people would rediscover classical liberalism and radical free market ideas and the possibility of creating a fully laissez-faire society would be reborn.

A NOTE ON THE TERM “ANARCHO-CAPITALISM”

Before I proceed any further, something should be said about the matter of the proper terminology to use in this discussion. Of course, the term “anarcho-capitalist” (henceforth “AC”) was a term invented by Rothbard to describe his views which were emerging in the 1950s and 1960s and thus it would be anachronistic to use the same term to describe the view of Molinari writing in the 1840s and 1850s.

I have not been able to track down Rothbard’s first use of this term in his writings. It is a great pity the Mises Institute has not made Rothbard’s writings searchable on their website, something which I thing is urgently required if scholars are to be able to analyse his work more effectively. I would like to see something like the way texts are coded and presented on Liberty Fund’s Online Library of Liberty website. The term itself is a bit unusual as it seems intended to be used in opposition to “anarcho-socialism” (which has never existed). Surely, it wold be better to have switched the words around in order to distinguish it better from its

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socialist alternative: “socialist anarchism” vs. “free market anarchism.” Or perhaps “social anarchism” vs. “individualist anarchism” (which is what I believe Tucker and his groups used to identify themselves.

By “anarcho-capitalism” I think Rothbard meant something like the following:?

1. that individuals have the right to self-defence, and the right to “contract or delegate” this right to others through the private, voluntarily, and competitive provision of police and defence services

2. that historically there has been the private provision of law, judge made law, the common law, which is a form of law which evolves over time to satisfy the needs of litigants; he combines this idea with the view that law should be based upon natural law principles concerning the non-initiation of violence, individual liberty, self-ownership, and private contracts

In Andrew Morriss’s entry on “Anarcho-Capitalism” in The Encyclopedia of Libertarianism (2008) he defines it as:8

Anarchism is a theory of society without the state in which the market provides all public goods and services, such as law and order. … Because anarcho-capitalism is predicated on a capitalist economic system, it requires markets, property, and the rule of law. … Anarcho-capitalists believe that private entities will provide those goods and services necessary for society to function in peace and good order without the existence of a state that coerces individuals into paying for or obeying legal institutions.


Consider the anarcho-capitalist solution to the need for law and order. We can decompose *law and order* into a set of discrete services: rule production, protection (deterrence of rule violations), detection (capture of rule violators), adjudication (determination of guilt), and punishment. In most modern societies, these services are bundled together by the state, which requires all taxpayers to purchase the bundle. All of these services are economic goods. …

What I would like to explore in this essay is whether or not, or to what degree Molinari satisfies these definitions of what “anarcho-capitalism” is. I understand from the above that there are two or perhaps three components to “anarcho-capitalist theory” (henceforth “ACT”):

1. the private provision of police services for the protection of individual life, liberty, and property
2. the private provision of defence services for the protection of larger communities such as “the nation”
3. the private provision of courts and laws for the resolution of conflicts between individuals
THE PREHISTORY OF AN IDEA: THE STATE AS AN UNPRODUCTIVE PARASITE OR ULCER IN THE BODY POLITICK: DESTUTT DE TRACY (1754-1836) AND JEAN-BAPTISTE SAY (1767-1832)

When Molinari began thinking about the private production of security in the 1840s he was building upon a tradition within classical liberal political economy that went back 40 years to the work of Destutt de Tracy (1754-1836) and Jean-Baptiste Say (1767-1832) in the early 19th century. We can trace the roots back even further if we include work by Jean-Joseph-Louis Graslin (1727-1790) and Jakob Mauvillon (1743-1794), but these works were not known to Molinari.

In their major works on political economy they debated the question of whether all the activities of the state were “productive” (for example, of “utility”) or not; and for those that they thought were “productive,” whether or not they should be provided as a state monopoly paid by taxpayers as a whole, or a state supplied service which would be paid for by levying a toll or charge on individual users, or whether the service should be competitively provided on the free market. They both agreed that an essential and productive function of the state was internal and external security but they differed markedly on other matters like education, money, public works, and the arts and sciences. On several of these issues Destutt de Tracy was more radical than Say, at least in their major public works: namely, Tracy’s A Commentary and Review of Montesquieu’s Spirit of the Laws.

9 See, Gilbert Faccarello, “Bold ideas. French liberal economists and the State: Say to Leroy-Beaulieu,” in The European Journal of the History of Economic Thought, 17 (4), 2010, pp. 719–758. Faccarello traced this tradition back even further to Jean-Joseph-Louis Graslin, Dissertation sur la Question proposée par la Société économique de St. Pétersbourg (1768) but this work was not known to Molinari and the other Economists.

(1811) and *A Treatise on Political Economy* (1817);\(^{11}\) and Say’s *Traité d’économie politique* (1803, 1814, 1817, 1819) and *Cours complet d’économie politique pratique* (1828-29). For example, Say was in favour of state provided elementary school education and extensive public works, and opposed to the charging of tolls on government roads; Tracy supported the idea of charging tolls for use of public goods. However, both agreed that consumption by the state was unproductive as it consumed assets and did not produce them.

A further complication came about because of Say’s interest in “non-material” products (or “services” as we would call them today) and whether or not defence or police protection of one’s property was a non-material good or service which might be considered to be “productive” to society in some way; or perhaps not, since there was no market for these government services and hence no “prices” were charged and thus calculating their social benefit was impossible. Destutt de Tracy came to the conclusion in *A Commentary and Review of Montesquieu* that all state expenditure was “sterile and unproductive” (but still necessary in many ways);\(^{12}\)

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Say also came to similar critical but ultimately somewhat ambiguous conclusions about the productiveness of government expenditure in his major published works. However, in his unpublished lectures which he gave at the Athénée in Paris in 1819 and in an unpublished manuscript for a book he was writing on “La Politique pratique” (Practical Politics)\textsuperscript{13} he is much more critical about government expenditure and the government provision of public goods, to the extent where he sounded very much like Molinari would in 1849, even to the point of arguing that “entrepreneurs” would have an interest in providing security

services, as the following passages make clear. In his *Lectures at the Athénée* he argued that although government services could be useful, they were not essential to the functioning of society, and that in times of war (such as during the recent Napoleonic Wars) or in places like the wilds of Kentucky, individuals created their own perfectly adequate police and defense services, at least in relatively small communities:

**Avons-nous jusqu’ici trouvé le gouvernement de la société dans tout cela ?** Non. Et la raison en est que le gouvernement n’est point une partie essentielle de l’organisation sociale. Remarquez bien que je ne dis pas que le gouvernement est inutile; je dis qu’il n’est point essentiel; que la société peut exister sans lui; et que si les associés voulalaient bien faire leur affaire et me laisser faire la mienne, la société pourrait à la rigueur marcher sans gouvernement. L’autorité publique est donc un accident; un accident rendu nécessaire par notre imprudence, par notre injustice qui nous porte à empiéter sur les droits de notre semblable.

Have we encountered the government in any of this (normal economic activity)? No. And the reason for this is that the government is not an essential part of social organisation. Please note that I did not say that government is not *usefull*. I said that it is not *essential*; that society can function without it; and that if the members of society (les associés) wish to go about their business and leave me to go about mine, society could at a pinch function without (any) government. Public authority is thus an accident, an accident made necessary by our recklessness, by our injustice which leads us to encroach upon the rights of our fellow human beings.

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La société va si bien par elle-même, que dans trois ou quatre circonstances très graves survenues en France depuis une trentaine d'années, tous les ressorts de l'autorité se sont trouvés rompus tout-à-coup (et ce sont là de ces grandes expériences qui rendent l'époque où nous sommes, si remarquable, et si favorable aux progrès des sciences morales et politiques). Dans ces moments critiques, il n'y avait plus aucun gouvernement ; ceux qui tenaient auparavant les rênes, étaient cachés ou en fuite, loin de prétendre à donner aucun ordre, ils auraient voulu faire oublier qu'ils s'étaient jamais arrogé le droit d'en donner. Hé bien, dans aucun temps les fonctions essentielles du corps social ne se sont mieux faites. Tout a marché comme à l'ordinaire, mieux qu'à l'ordinaire. Les plus grands maux que nous ayons éprouvés sont arrivés pendant que nous étions gouvernés, trop gouvernés ; soit par des conseils de commune, soit par un comité de salut public, soit par des préfets, soit par une autorité centrale et militaire.

Il y a dans le Kentucky, dans cette nouvelle province qui s'est formée au-delà des monts Allegany aux États-Unis, il y a des cantons où une famille vient d'abord s'établir ; puis une autre dans le voisinage de la première ; puis une troisième ; finalement des villages se forment, on y fait des maisons et des enfants ; on les habille, on les nourrit, très bien, mieux que beaucoup de ménages ne peuvent se nourrir dans la rue Jean-pain-mollet (???), et pourtant, oh! malheur! il n'y a point de gouvernement.

Society goes so well all by itself, that in three or four very serious situations which France experienced over the last 30 years, all the powers of the state (l'autorité) were suddenly broken (and these are some of the great moments which make our epoch so remarkable and so favourable for the progress of the moral and political sciences). During these critical moments, there was no longer any government; those who previously held the reins (of power) went into hiding or fled, and far from pretending to provide any order, they wanted to make people forget that they had ever claimed the right to provide any. Well then! At no time (during these periods) were the essential functions of the social body better provided. Everything ran as normal, even better than normal. The worst harm we suffered occurred when we were governed, governed too much; whether by the Communal Councils, or by a Committee of Public Safety, or by the Departmental Prefects, or by a central, military authority.

In Kentucky, this new state (province) which has been formed beyond the Allegany Mountains in the United States, there are villages (cantons) where first one family comes to settle, then comes another as a neighbour of the first, then a third, and finally (whole) towns are formed where houses are built, children are raised, clothed, and fed very well, even better than many of the households which are fed in Jean-pain-mollet street. But, where, oh dear!, there is no government!
In the “Politique pratique” (possibly written between 1815 and 1820) Say argues that people will behave differently when they realise that they have it within themselves to direct their own lives and no longer have to be governed by others. They will take steps to protect their neighbours themselves when they see them being threatened, or they will employ “l'entrepreneur aux gages” (an entrepreneur for pay/hire) to protect them, even from foreign attacks. Say’s idea of private businesses (“les entreprises”) run by entrepreneurs providing police, “guards,” and protection services for profit (“à gages”) may well be the first instance of this. The similarities with Molinari are striking here and it is hard not to believe that he was unaware of them, although he did not quote Say directly on this:

“Quoi ! me dira un homme d'Europe, né, nourri, grandi sous (sans??) la paternelle administration des espiions et des recors, point de gouvernement ! Il y a bien toujours une espèce de maire qui correspond avec le gouvernement. - Non, M., il n'y a point de maire, personne qui correspond, [102] attendu que l'établissement est à peine ce que les Américains appellent un territoire, et n'est point encore un État propre à être admis dans la Confédération.

Je ne me suis donc point trop hasardé en vous disant que l'on pouvait concevoir une société sans gouvernement ; on peut faire plus que la concevoir ; on peut la voir : il n'y a d'autre difficulté que celle du voyage.

“What do you say?” a European might say to me. “Born, fed, and raised under/without the paternal administration (of the father) of supervisors (spies) and aid workers (recours), and without a government! There has to always be a kind of mayor who is like the government.” No Monsieur. There is no mayor, no one who is like a government, given the fact that the community is scarcely what the Americans would call a territory, and that it is still not a proper State ready to be admitted into the Confederation.

So I would not be too bold in saying to you that one could conceive of a society without a government; one could even go further than being able to conceive it, one can (indeed) see it (in action), with no more difficulty than that of undertaking a journey (to America).

[Source:]\textsuperscript{15}

In the “Politique pratique” (possibly written between 1815 and 1820) Say argues that people will behave differently when they realise that they have it within themselves to direct their own lives and no longer have to be governed by others. They will take steps to protect their neighbours themselves when they see them being threatened, or they will employ “l'entrepreneur aux gages” (an entrepreneur for pay/hire) to protect them, even from foreign attacks. Say’s idea of private businesses (“les entreprises”) run by entrepreneurs providing police, “guards,” and protection services for profit (“à gages”) may well be the first instance of this. The similarities with Molinari are striking here and it is hard not to believe that he was unaware of them, although he did not quote Say directly on this:

Il en va autrement lorsque les peuples savent qu'ils peuvent exister par une force qui est en eux-mêmes, et qu'il suffit de laisser agir; quand ils savent en un mot qu'ils n'ont pas besoin d'être gouvernés, que l'état subsiste sans pour cela qu'il doive recevoir une impulsion; sans qu'il faille un système d'administration, une pensée du gouvernement. Tous mots avec lesquels on monte à cheval sur les peuples, avec lesquels les gouvernements monarchiques ou républicains exploitent leurs forces à leur profit.

Things work differently when people know that they can live (by using) a force which comes from within themselves, and that it is sufficient to (just) let this force operate; and when they come to realise that, in a word, they have no need to be governed (by others), (no need) that a state should exist because without it they would not get (the proper) direction; and without which there would be no system of administration, (nor even the very) thought of government. All these phrases (have been used before) when someone rides on the backs of the people, or when monarchical or republican governments exploit the (peoples’) forces for their own profit.

Ce qui est nécessaire à la société, c'est le respect des personnes et des propriétés, et il ne faut pour cela qu'abandonner la police à la société. Voyez ce qui se passe dans les rues d'une ville lorsqu'un homme bat une femme, lorsqu'un voleur enfonce un magasin: tout le public appréhende le délinquant. Voyez ce qui arrive quand deux négociants ont une dispute d'intérêts: l'un et l'autre nomment des arbitres. Les arbitres prononcent et le différend est termine. [325]

What is necessary for (a) society is respect for person and property, and for this (to happen) it is only necessary to leave policing (la police) to society. Look what happens in the streets of a town when a man hits a woman, when a thief breaks into a shop: everybody (tries) to apprehend the offender. Look what happens when two merchants have a dispute: both of them nominate arbitrators and the arbitrators pronounce their judgement and the dispute is settled.

A la vérité, le corps social a d'autres attaques à redouter. On peut attaquer un voyageur isolé loin de tout secours. Mais faut-il à cause de cela avoir une gendarmerie composée de trente mille hommes. Donnez à l'entreprise les gardes que vous ne pouvez faire vous-mêmes et cassez l'entrepreneur aux gages, s'il ne vous garantit pas de quelques attentats ou tout au moins n'en livre pas les auteurs.

It is true (that) the social body has other attacks to fear. An isolated traveller can be attacked far away from any help. But is this any reason to have a police force of 30,000 men? Give businesses (les entreprises) the task of providing the guards which you cannot do yourselves and make the entrepreneur pay a fee/fine?? if he does not protect you (against) attacks or at least does not hand over the perpetrators. [emphasis added]
We learn from Bastiat’s correspondence that soon after his arrival in Paris in May 1845 he was approached by Hippolyte Comte, the son of Charles Comte whose work was much admired by Bastiat, who showed him his father’s papers (Comte had died in 1837). Charles Comte was the son-in-law of J.B. Say and had helped J.B. Say’s son Horace edit three volumes of his father’s writings for Guillaumin in 1840 and 1841. Thus, the unpublished Say papers along with those of Comte may well have been circulating among the economists at this time and Molinari may have become aware of Say’s lecture notes and other manuscripts.

Further evidence that Molinari may have been aware of Say’s lectures is that he used the term “plague” or “ulcer” to describe the activities of the state and attributed it to Say. However, Say never used the word in his published works, only in his unpublished “Cours à l’Athénée” (1819) as in the following passage


where he talks about the dangers of “la gangrène administrative” (administrative gangrene):

Quelques exemples que j'ai mis sous vos yeux ont dû vous convaincre qu'en général on gouverne trop, et qu'il serait à désirer que personne ne sentit l'action du gouvernement qu'au moment où elle entreprendrait une action attentatoire à la propriété de quelqu'un. La perfection de l'administration est d'adminiser peu. Une machine compliquée, comme la machine de Marly, annonce l'enfance de l'art.

Mais de quelle manière, comment s'y prendre pour simplifier une machine administrative compliquée où les intérêts privés ont gagné du terrain sur l'intérêt public, comme une gangrène qui s'avance dans un corps humain lorsqu'elle n'est pas repoussée par le principe de vie qui tend à le conserver ?. Pour gérer cette maladie il faut observer comment s'étend la gangrène administrative. Tout homme qui exerce un emploi tend à augmenter l'importance de ses fonctions, soit pour faire preuve d'un zèle qui lui procure de l'avancement, soit pour rendre son emploi plus nécessaire et mieux payé, soit pour exercer plus de pouvoir, augmenter le nombre des personnes obligées d'avoir recours à lui et de solliciter sa bienveillance. Le remède doit suivre une marche contraire et tendre à diminuer les attributions. …

The several examples that I have brought to your attention ought to have convinced you that in general we are governed too much, and that it would be desirable that no one (should) feel the action of the government except at the (very) moment when they commit an act which is detrimental to the property (rights) of another person. The perfect administration is one which administers (very) little. A complicated machine, such as the machine (invented by) Marly (??), shows that the technology is still in its infancy.

But however you might do it, how do you go about simplifying a complicated administrative machine which private interests have used to gain a foothold on the public interest, like gangrene which advances in a person's body when it has not been repelled by the life-giving force which tries to protect it? To cure this sickness one has to study how the administrative gangrene spreads. Every person who has a (government) job tends to exaggerate the importance of his functions, whether it is to prove his zeal in order to get a promotion, or to increase the number of people who have to depend upon him or sollicite his favour. The cure ought to follow an opposite course and tend towards reducing (his) functions.

[Source:]19

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19 Leçons d'économie politique, vol. 4, “Cours à l'Athénée,” Quatrième séance (non prononcée) (1819), pp. 112-19, quote p. 117.
We might also mention here the work of the early Charles Dunoyer (1786-1862) from much the same time (1825) when he was more radical in his thinking than he would become in the 1840s when he was a senior official in the July Monarchy. He too, like Charles Comte, had influenced the thinking of Bastiat and Molinari as they readily admitted. In the first draft of what would later become *De la Liberté du travail* (1845), Dunoyer, *L'industrie et la morale considérées dans leurs rapports avec la liberté* (1825) he was still very much under the influence of Say’s radicalism, several of whose works he had reviewed in his journal *Le Censeur européen*. In this work he believed that large political “agglomerations” (or states) were artificial constructs and had become dangerous to the further development of industry and liberty and thus needed to be broken up into smaller units. His model, like Say’s, was the anarchist-like small communities which had sprung up in America before more formal political institutions like states or territories were established. For the more established states of Europe like France, Dunoyer advocated the radical break up of the centralised bureaucratic nation state into much smaller jurisdictions, or what he called “munipaliser le monde” (the municipalisation of the world), which would run their own affairs without central control.

So on the eve of Molinari’s own writing on this subject we can see a number of intellectual precedents upon which he could draw and with which he could well have been familiar.

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21 Molinari would argue the same in his article “Nations,” *DEP* (1853) which is discussed below and can be found in the Appendix.

THE METAPHOR OF SOCIETY AS AN “INSURANCE COMPANY”: MOLINARI AND ADOLPHE THIERS

Molinari, “Le droit électorale” (July 1846)

We can see glimmers of Molinari’s new way of thinking about the security services provided by the state and how best to pay for them, in an article23 which he published in the Courrier français24 in 1846 and then again later in his January 1849 review of Adolphe Thiers’ book De la propriété (On Property) (1848) in the JDE which suggests that he was already rethinking about these matters some years previously.

This is an early piece by Molinari which appeared as an article on electoral reform in a small circulation liberal magazine, le Courrier français, to which Bastiat also contributed. Here he toys with the metaphor of the state being nothing more than “une grande compagnie d'assurances mutuelles” (a large mutual insurance company) which charges people for services like security. Therefore taxes are like “charges de l'association” (membership dues) - he will use the more technical term “la prime” (premium) in later writings25 - and citizens are like “un actionnaire de la société” (a shareholder in the company).26 Like shareholders in privately owned companies, every taxpayer as a shareholder should have the right to vote in electing the management of the company, and this right to vote should be proportional to

23 Originally published in the Le Courrier français, 23 juillet 1846; reprinted in Questions d'économie politique et de droit public (Paris: Guillaumin; Brussels: Lacroix, 1861), 2 vols. Vol. 2, pp. 271-275 in a section entitled "La liberté de government" (along with a reprint of "De la production de la sécurité" and the Political Economy Society (henceforth “PES”) debate in the JDE, which can be found in the Appendix.

24 Le Courrier français (1820-1846) was a liberal and anti-clerical newspaper founded by the constitutional monarchist Auguste-Hilarion, comte de Kératry (1769-1859) during the Restoration. It remained a small circulation paper during the July Monarchy and was forced to close in 1846. Bastiat also wrote 10 articles for it in its last two years of operation, many of which ended up in his books Economic Sophisms (1846, 1848).

25 Other words he would use to suggest the same things is “la cotisation” (subscription or membership dues), “la contribution” (tax or contribution), and “l'abonnement” (subscription).

the amount of shares owned by the shareholder, or in this version of the metaphor, the amount of taxes paid to the state, and the amount of property they wish to have protected (or “insured” by the company).

The problem in France at the time Molinari was writing was that a very small minority of the largest taxpayers (some 240,000 who paid over 200 francs per annum in direct taxes, or “les censitaires” as they were called,\(^\text{27}\) or about 0.7% of the population) had the right to vote or to stand for election and thus controlled the government, while the other 36 million citizens, the 99.3%\(^\text{27}\), were excluded). He thought it was unjust that “les plus faibles actionnaires de la société” (the weakest shareholders in the company) were at the mercy of “les gros actionnaires” (the large shareholders) who were able to pass laws to further their own interests at the expense of the vast majority. He had in mind the protectionist large landowners and industrialists who of course qualified to vote, while the vast bulk of the French taxpayers were excluded from any say in how much taxation could be imposed upon them or how this money would be spent. One of the arguments he used in arguing for an expansion of the franchise in France was the idea that the main reason for having a government in the first place was to provide all citizens with an equal guarantee of security of their persons and property.

There were two ways in which a state acting like a large insurance company might be run: the largest shareholders have a monopoly in running the state, as in France, or the right to vote by shareholders is “universalised and made uniform” as in the United States (“Le second système consiste à universaliser et à uniformiser le droit électoral”), which runs the risk of seeing the democratic masses imposing a higher tax burden on the wealthiest groups in society:\(^\text{28}\)

\(^{27}\) Bastiat’s term for this minority which controlled the French state was “la classe électorale,” the voting class. See ES3 6 "The People and the Bourgeoisie" (LE, 23 May 1847), in CW3, p. 286.

\(^{28}\) “Le droit électoral,” p. 273.
The problem was to find a system which would avoid the weakness of both systems, the aristocratic and the democratic. Molinari thought this could be achieved by having a universal right to vote as in America (where all shareholders could participate in choosing the management of the company) but making the payment of member’s dues (taxes) limited to a fixed proportion of the value of the property which they wanted to protect (such as a flat rate of taxation on income or the value of property). This was to prevent a democratic majority of voters voting for confiscatory taxes on the property and income of the rich, which Molinari thought was a major weakness in the American system of government.29

Molinari’s solution was to grant all taxpayers (shareholders) the right to vote but the weight of that vote would be determined by the amount of tax they paid (or income earned). Thus the 240,000 censitaires who earned a total of 25% of the income in France (the 0.7%) would have their electoral and thus political power reduced from 100% to 25%, and the excluded 99.3% would then have 75% of the electoral power. He thought his new scheme could avoid the problems faced by France, where a tiny minority of taxpayers controlled the state, and those faced by the United States, where the enfranchised masses could vote to tax or confiscate the property of the wealthy. His new proposal was for a lower house with manhood suffrage for all taxpayers which could propose legislation and an upper house of the largest taxpayers who could veto any legislation which violated their property

29 These ideas have some similarity to the constitutional proposals Molinari put forward in 1873 when the new constitution for the Third Republic was being discussed. Here Molinari proposed two chambers, an upper house elected by the largest tax payers, and a lower chamber elected by universal suffrage, with an executive with very limited powers elected by both chambers. See, Molinari, Gustave de. *La République tempérée* (Paris: Garnier, 1873).
rights. He would return to this topic in a book, *The Tempered Republic* (1873) which he wrote during the debate about the constitution for the new Third Republic, and which is his only work of political theory.

What is interesting about this essay is Molinari’s idea that the state is nothing more than “une grande compagnie d’assurances mutuelles” (a large mutual insurance company), that taxes are like “les charges de l’association” (membership dues), and that each taxpayer is like “un actionnaire de la société” (a shareholder in the insurance company). He is clearly still thinking this is a metaphorical description, but this would later change in the two pieces he wrote in 1849 where the metaphor would become reality, where the state would be replaced by private and competing insurance companies, compulsory taxes replaced by voluntary insurance premiums, and the taxpayer transformed into a “consumer of protection.”

*Thiers and the Flat Tax as an Insurance Premium*

Two years later the conservative politician Adolphe Thiers gave a series of speeches in the Chamber attacking socialism and defending property rights. Thiers had provided a very poor defence of property rights which is one reason why Molinari would write *Les Soirées* the following year in order to rectify this problem. He also reviewed the book very critically in the *JDE* in January 1849. However, what is of interest here is Thiers’ use of the same metaphor, of society being like a large insurance company, which Molinari also noted and commented upon positively in his review. Surprisingly for a conservative, Thiers also likened society to an insurance company which had shareholders or

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30 These are collected in Adolphe Thiers, *Discours parlementaires de M. Thiers, publiés par M. Marc Antoine Calmon* (Paris: Calmann Lévy, 1880), vol. 7 (Jan. 1846 - Feb. 1848); vol. 8 (July 1848 - Feb. 1850).


citizens who should pay according to the risk they bore and the amount of property which they wished to insure.\textsuperscript{33} Again, Molinari would take these metaphors of society as an insurance company, citizens as shareholders in that company, and taxes for services like security like premiums assessed on property according its value, and eventually turn them in his mind into an actual and possible way of organising society in a future “régime of pure liberty.”

Mais de même que l'on doit une part d'impôt pour la propriété qu'on possède et que la protection sociale vous garantit, de même on en doit une pour son travail, et on la doit proportionnée aux profits de ce travail. La prétention de ne pas imposer le travail serait tout aussi déraisonnable que celle de ne pas imposer la propriété. Tout ce qui est placé sous la protection sociale, tout ce qui n'existe comme la propriété, tout ce qui ne s'accomplit comme le travail, qu'à l'abri de cette protection, lui doit une rétribution proportionnée. Vous me sauvez par jour 10 francs de revenu, ou 10 francs de salaire provenant de mon travail, je vous dois une rétribution proportionnée à ces 10 francs. Le principe, comme dans une Compagnie d'assurance contre l'incendie, le principe naturel est de payer le risque en proportion de la valeur garantie, et quelle que soit la nature de cette valeur. [pp. 348-49]

But in like manner, as you owe one part of the tax for the property you possess, and the social protection guaranteed to you, so you owe another for your labour, in proportion to the profits of that labour. Any plan for exempting labour would be as unreasonable as exempting property. All that is placed under the social protection owes a proportionate return. If you save me daily ten francs of my income, or ten francs of my wages, I owe you a remuneration in proportion to those ten francs. The principle, as in an insurance company, is, to pay the risk in proportion to the value guaranteed, whatever may be the nature of that value.

\textsuperscript{33} He referred to “une Compagnie d’actionnaires” (a company owned by shareholders) (p. 355), “une Compagnie d’assurance” (an insurance company) (p. 318), and “une Compagnie d’assurance mutuelle” (a mutual insurance company) (p. 353). All references to Thiers, \textit{De la propriété} (1848).
Je viens de faire voir, en remontant simplement à l'origine de l'impôt, que chacun doit contribuer aux dépenses publiques non pas égalemen
t, mais proportionnellement, proportionnellement à ce qu'il gagne ou à ce qu'il possède, par la raison fort naturelle que l'on doit concourir aux frais de la protection sociale suivant la quantité de biens protégée. Ainsi, par exemple, si on suppose que la France donne 12 milliards de produit brut, et qu'il faille 1,200 millions pour faire face aux dépenses publiques (évaluations fort hypothétiques, je le déclare), il en résulterait que chacun devrait à l'État le dixième de ses revenus de tout genre. Celui qui a 1,000 fr. de revenu, soit de son travail, soit de son bien, devrait 100 francs de rétribution commune. Celui qui aurait 10,000 francs de revenus divers, propriété ou travail, devrait, sur le même pied du dixième, 1,000 francs. De même, celui qui aurait 100,000 francs de revenus divers, devrait 10,000 francs. Ils payeraient celui-ci cent fois, celui-là dix fois plus, parce que la protection sociale aurait garanti à l'un cent fois, à l'autre dix fois davantage. En reproduisant ici la comparaison que j'ai déjà faite de la société avec une Compagnie d'assurance mutuelle (comparaison la plus vraie, la plus complètement exacte qu'on puisse employer), je dis qu'on doit payer le risque en proportion de la somme de propriété assurée. Si on a fait assurer une maison valant 100,000 francs (la prime étant de 1 pour cent), on devra 4,000 francs à la Compagnie; si la maison assurée vaut un million, on devra 10,000 francs. Ces choses sont d'une telle évidence qu'elles ne semblent pas même devoir être discutées. [pp. 352-33]

I have shown that every man ought to contribute to the public expenses, not equally, but proportionally— in proportion to what he earns or possesses, by a very natural reason, that we must contribute to the charges of social protection according to the quantity of goods protected. Thus, for instance, if we suppose France gives 12 milliards (billions) of gross produce, and that 1,200 millions are required for the public expenses, it would follow that every one would owe the state one-tenth of his revenues of every kind. The man with 1,000 francs of income, whether from labour, or from land, or from the funds, would owe 100 francs; the man with 10,000 francs, no matter from what source they arise, will owe 100 francs; the man with 10,000 francs, no matter from what sources they arise, will owe one-tenth also, or 1,000 francs. So, the man with an income of 100,000 francs, will owe 10,000. One would pay a hundred times, and the other ten times more, because the social protection had guaranteed to the one, a hundred times, and to the other, ten times more. Reverting to the comparison between society and an insurance office (the truest and most complete that can be employed) I say, that we ought to pay the risk in proportion to the amount of property insured. If we insure a house with a 100,000 francs, at a premium of 1 per cent., we shall owe the company 1,000 francs; if the house is insured at a million, we shall owe 10,000 francs. These things are so plain, that they require no discussion.
... they will feel that property is as sacred as liberty, and that certain rules or principles are as requisite for the one as for the other. Proportionality is a principle, but progression is a hateful despotism. The expenses of social protection may be represented by one-tenth of the total income; be it so—the tenth for all. I understand this principle, for then men will pay in proportion to what they have cost society, in the ratio of the services they have received, as in a company whose capital is divided into shares, whenever a call is made, the same amount is paid on each share, whether I have one or one hundred. To exact a tenth from one, a fifth from another, a third from another,—is pure despotism,—it is a robbery. …

Thus, proportional taxation, that is, taxation proportioned to the share of the expenses which society is said to have incurred for you, and to the services you have received; just as in an insurance, the premium is proportionate to the sum insured—here is a principle. But to make one pay more towards these expenses than another, merely because he is thought too rich, is no principle, but a revolting act of despotism. I know what beneficence means; I can understand that society will exact nothing from an indigent man, whom we may find begging in the streets, or starving in his garret. But beyond this, there must be a rule for all those whom society has not declared exempt from taxation on account of their misery. I ask for kindness towards the poor, and justice towards the rich. It is a virtue to love the poor; it is no virtue to hate the rich. After having seen society oppressed up to 1789, by the dominion of the upper classes, I have no wish to see it oppressed now, in 1848, by the government of the lower classes.

[Source:]³⁴

Thiers thought the current level of expenditure by the French government could be maintained if there was a flat rate of 10% imposed on all income and the value of all property owned. He estimated a ballpark figure of 12 billion francs as the gross domestic product of France which would make a 10% flat income tax bring in 1,200 million francs to the government, which was not far off the actual amount for 1848-49 of about 1,400 million francs.35

In his review of Thiers’ book Molinari rejects almost everything Thiers has to say except for this one section quoted above. On this matter he is quite effusive in his praise, both on the justice of a low flat tax on all income and thinking of society as an insurance company.36

Perhaps it was at this moment that Molinari came up with the idea of making literal what Thiers had only thought was a vague “similarity” or perhaps just a metaphor - that of turning the production of security over to a real “compagnie d'assurance mutuelle” (mutual insurance company) which charged its customers a premium for services provided by entering into a voluntary contract.

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35 See the “French Government Budgets 1848-49,” Table 1, in Bastiat, CW3, p. 510.

36 Molinari, CR Thiers, p. 171.
When the Metaphor Becomes Reality: Émile de Girardin (1806-1881) and Molinari

Girardin, "Le Socialisme et l’impôt," (Sept.-Oct. 1849)

Also appearing in 1849 just as Molinari’s book was hitting the bookshops, was a long essay on “Socialism and Taxation” written by the wealthy owner of La Presse magazine, Émile de Girardin, which expressed very similar ideas but from a non-free market perspective. It began as a seven part article which appeared in late September and early October before being printed in book form which went through many editions during the Second Republic. Like Thiers, Girardin wanted a flat rate of tax but in his case levied upon capital at a rate of 1%. But unlike Thiers, Girardin thought the government should be actually reorganised as a real insurance company, albeit with a monopoly and the police powers to enforce the payment of “premiums.” In his view taxes were levied on income and were based upon coercion (“forcé”), whereas insurance premiums were levied on the value of one’s insured capital and were therefore somehow “voluntary” (volontaire). As he succinctly put it in the first version of his plan, “Le propre de l’impôt, c’est d’être forcé. Le caractère de l’assurance, c’est d’être volontaire” (The real feature of taxation is that it is coerced. The character of insurance is that it is voluntary). Girardin’s fuller explanation of what he had in mind came in the revised edition of 1852, where he stated:

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37 Émile de Girardin (1806-1881) was the first successful press baron of the mid-19th century in France. He began in 1836 with the popular mass circulation La Presse which had sales of over 20,000 by 1845.

38 Émile de Girardin, "Le Socialisme et l’impôt," La Presse, 25-30 Sept. and 1-2 Oct. 1849. This was republished as Les 52. XIII. Le socialisme et l’impôt (Paris: Michel Lévy, 1849) and then expanded into a more substantial work on the history of taxation and Girardin’s proposals for reform, L’impôt (Paris: Librairie nouvelle, 1852. 6th edition).

L'impôt est et ne doit être qu'une prime d'assurance payée par tous les membres d'une société, appelée Nation, à l'effet de s'assurer la pleine jouissance de leurs droits, l'efficace protection de leurs intérêts, et le libre exercice de leurs facultés. Dans ce but, ils mettent en commun une portion déterminée de leur force, ce qui constitue la force collective.

La force collective, c'est la puissance publique.

Pour subvenir à l'entretien de la puissance publique qui garantit l'indépendance nationale et la faiblesse individuelle, et assure l'exécution des contrats et des arrêts, les membres de la société payent une quotepart proportionnelle à la protection, sans laquelle aucun d'eux ne serait certain de conserver paisiblement ce qu'il aurait légitimement acquis.

Cette quote part, qui doit être proportionnelle à la valeur des objets déclarés, est donc une prime d'assurance.

Or, toute prime d'assurance doit être exactement proportionnelle à l'étendue et à la probabilité du risque. [1852, p. 229]

A tax is and should only be an insurance premium paid by all the members of a society, called “The Nation,” for the purpose of guaranteeing them the full enjoyment of their rights, the effective protection of their interests, and the free exercise of their faculties. To this end, they place in common a predetermined part of their (own) power (force), which constitutes the collective power.

The collective power is the public power (puissance).

To support the maintenance of the public power which guarantees national independence and individual weakness, and ensures the execution of contracts and legal decisions, the members of society pay a share (quotepart) which is proportional to the protection (they receive), without which none of them would be certain of peacefully preserving what they had legitimately acquired.

This share, which ought to be proportional to the value of the things (they have) declared, is thus an insurance premium.

Now, all insurance premiums ought to be exactly proportional to the extent and the probability of the risk (they are exposed to).
However, there were serious anti-liberal aspects to Girardin’s proposal which Molinari and the other liberals rejected. First of all was the idea of a nation-wide monopoly, which flew in the face of their deeply held criticisms of all state monopolies. Secondly was his idea that every citizen should carry about on their person “une Inscription de vie” (A Record of their Life) (1849, p. 158), much like the hated Worker’s Passbooks or “livret d’ouvrier” which they would have to produce when asked and have their “insurance premiums” entered, stamped, and checked by “l’échiquier social” (social exchequer or treasurer) (1849, pp. 158, 213) who would enter all the relevant information about each citizen and their payments into “une Inscription de vie.” Citizens, now known as “les Assurés” (the Insured), would be regulated or policed by “une Police d’assurance” described by Girardin in these chilling words:

A State ought to be nothing more than a national mutual insurance company (société) (which insures) against all the risks which can be foreseen. Then all the difficulties of the present régime will disappear, all the false/mistaken/wasted expences, (which are like) so many drops of water which are drained away by being thrown into a river. We will no longer have to go looking for the proper limit to what the State can and cannot appropriate; no longer have to debate what meaning and to what extent to give to the great words “distributive justice,” which far too frequently only means “distributed favours.” (Thus) the State will no longer take nor give. As an Insurer, it will no longer have to borrow, (instead) it will lend. Once taxes have been transformed into an insurance policy, there will no longer be rich or poor. Never again will one person be obliged to another. All of those insured will be equal to each other; the only unequal things are the value of the things (being insured).

[Source:]

So it was alongside this rather odd mixture of conservative thinking about the metaphor of government being “like” an insurance company and a flat rate of tax being “like” an insurance premium, and more radical thinking about literally turning society into a giant monopoly insurance company which would transform taxes imposed on all incomes earned into premiums levied on the value of all property owned, that Molinari developed his own classical liberal vision of competitive, private insurance companies run by entrepreneurs who would “produce” security services and sell them to willing customers for a fee, variations of which he would defend for the next 60 odd years.

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Molinari on the “Production of Security”

INTRODUCTION

To track the development of Molinari’s thinking on the private and competitive production of security over the course of his long and productive life I have taken two approaches. The first is to take several key terms and phrases and rhetorical tropes which recur in his writings and to see how they may have changed in meaning over this period. The second approach is to break up his writings into different phases when he returned to the topic at different stages in his long life.

Some Key Terms and Rhetorical Tropes

In this section I will take several key terms and phrases and rhetorical tropes which recur in his writings and to see how they may have changed in meaning over this period. I believe that he had some pet phrases and stories which acted like “code words” which he could use in a way which did not provoke unnecessarily his colleagues who were uniformly hostile to his radical ideas. These phrases and tropes include the following:

Key phrases:

- “la production de la sécurité” (the production of security) with its related terms relating to producers and consumers of security
- “les compagnies d’assurances” (private insurance companies) charging “les primes” (premiums) for protection
- “la liberté de gouvernement” (the liberty of government, or free government, the political analog to “la liberté des échanges” (free trade)), i.e. the competitive provision of security in the free market
- “des gouvernements libres” (free governments, i.e. freely chosen governments (not by free election but by free choice by individual consumers), governments subject to free competition; the opposite of monopoly or communist governments)
• “la concurrence politique” (political competition, or competing governments); the next stage in the spread of competition to every sector of the economy; meant in a positive pro-liberty sense. He would later alter this term to mean “competition between governments for control over territory and taxpayers; meant here in a negative, anti-liberty sense.

• “la libre concurrence” and “pleine concurrence” (free and complete competition): as in “la loi de la libre concurrence” (the law of free competition) - the idea that free and open competition should be applied to all industries and government activities; that it would be universally applied and result in “un régime de concurrence universalisée” (a system/regime of universalised competition) (in the Conclusion to L’évolution économique du XIXe siècle (1880)); also "un régime de pleine concurrence" (a regime of full competition) (in Cours (1855))

Rhetorical tropes:

• Adam Smith and “the fees of court,” as an historical example of how competing courts might provide consumers with choice (this long quote can be found in the Appendix)\(^\text{42}\)

• Adam Smith on the difficult task which lay ahead (from 1776) of organising associations of people who would demand a policy of free trade and successfully lobby governments to do this, thus overcoming the powerful vested interests who defended protectionism (this would happen 70 years in 1846 with the success of the Anti-Corn Law League);\(^\text{43}\) the implication he wanted to draw from this quotation is that the political analog of free trade (free governments) would require similar organisations and possibly a similar time frame in order to achieve their goals

• the “simple hypothesis” of the monopolist grocer (sometimes a baker), that if competition was good for the grocery business it would also be good for the security business (these long quotes can be found in the Appendix)


Terms and phrases describing the final stage of evolution with complete liberty and competition:

- “le régime de la libre concurrence” (the regime or system of free and open competition in all industries)
- “un régime d’entièr/pleine liberté” (a regime of full and complete liberty, a society of complete liberty)
- “les gouvernements de l’avenir” (governments of the future) and “le régime de liberté de gouvernement de la société future” (the regime of the liberty of government in a future society)
- “une système d’absolue propriété et de pleine liberté économique” (a system of absolute property rights and complete economic liberty)
- “la société à la propriété pure” (the society (based upon) pure property rights)
- “un régime de la propriété illimitée” (a society of unlimited property rights)
- “un régime de laisser-faire absolu” (a society of absolute laissez-faire)

**The Stages in his Intellectual Evolution**

In this section I want to break up his writings into different phases when he returned to the topic at different stages in his long life.

1. The first might be called the “metaphor stage” when he first began to think about society and government as being like an insurance company providing security services to its “shareholders” (or taxpayers). During this phase he wrote his article on electoral reform (1846).

2. The second phase was the most radical phase of his thinking when he developed what might be regarded as the purest and most radical version of his ACT concerning the production and consumption of security by private and competing insurance companies (1846-1868). I have called this set of ideas “hard” ACT. This phase lasted about 22 years when he was relatively young (27-49 years of age) and had aspirations to be an academic economist. His writings in this period included the PoS article (1849), S11 (1849), chap. 12 on “Les consommations publiques” in *Cours d’économie politique* (1855, 1863), and his articles in his journal *L’Économiste belge* (1855-68).

3. After gap of 13 years when he left academia and worked as a journalist (1868-1881) he eventually returned to the subject and examined it from a more
historical and sociological approach. This “mature” phase lasted about 7 years from 1884 to 1891. His writings in this period included *L’Évolution politique* (1884) Chap. X. "Les gouvernements de l’avenir"; *Les Lois naturelles* (1887) pt. 4, “La Liberté de gouvernement;” and *Notions fondamentales* (1891), “La Simplification De L’état” with the latter being a kind of turning point in his drift away from his radical ACT.

4. The fourth and final stage was the last two decades of his life (he lived to be 92) from 1893 to 1912 when he seems to have become more pessimistic about the immediate prospects for liberty and the possibility for AC to be implemented. He talked a lot more about “naturally collective” goods and services which had to be provided by some kind of government. Nevertheless, he still has quite radical aspects to his thought such as the right of secession, and the role proprietary communities might play in providing public goods privately. I call this set of ideas “soft” ACT. His writings in this period include *Précis* (1893); *Comment se résoudra la question sociale* (1896), “La révolution silencieuase”; *La Société future* (1899), “La constitution libre des gouvernements”; and *Les Problèmes du XXe siècle* (1901), “Le problème du gouvernent collectif.”

### Three Different Ways of Arguing his Point

Molinari sometimes moved between three different ways of looking at the problem which makes it difficult for the reader to follow the exact train of his thought at times. Sometimes he would be discussing from an historical perspective, where he would discuss how actual European states had evolved over the centuries, how actual markets had evolved often separately or in opposition to the state, and how economic forces like competition changed markets and trade and government services over time. At other times he would discuss the matter from the perspective of current political events, describing how governments and markets functioned in the present, and what options existed realistically for improvement in the here and now. Then at other times, he would talk about the future, about his hopes and predictions about how societies would function in the future if certain conditions were met to allow competition and markets to operate at their best.

If a pattern merges, it might be that towards the end of his life he talked more about current political problems and how they might be alleviated by certain practical reforms in the here and now, and that he pushed further into the more
distant future, as he became more pessimistic about the prospects for liberty in the medium term, his discussion of plans for a completely new “society of the future” which he thought would emerge when competition in all goods and services was giving full reign.
THE FIRST FORMULATION OF THE THEORY: “THE PRODUCTION OF SECURITY” (JDE, FEB. 1849) AND SOIRÉE 11 (SEPT. 1849)

Introduction

So when he came to write the pathbreaking article on “De la Production de la sécurité” in February 1849, Molinari, as had others like Thiers and Girardin, had been reflecting for some time on the similarities between societies, governments, and insurance companies providing services to their citizens. The leap he made was to stop thinking of this similarity as purely a metaphor and to see it as an actual possibility that real insurance companies could sell premiums to willing customers for specific services which could be agreed upon contractually in advance and provided competitively on the free market. This article was his first attempt to explore the possibilities which this new way of thinking about government opened up; the second would be S11 in this book, and the third would be a lengthy section on “La Consommation publique” (Public Consumption) in the Cours d’économie politique which was based upon the lectures he had given at the Musée royale de l’industrie belge in Belgium and published as a book six years after Les Soirées.44

Molinari realised he was exposing himself to criticism by his colleagues of his views about how far “la loi de la libre concurrence” (the law of free competition) could in fact be pushed. We get a sense of their concern that Molinari had gone too far when one observes the quite extraordinary footnote inserted by the editor of the JDE, Joseph Garnier, at the beginning of Molinari’s article where he distances himself (and presumably the other economists) from Molinari’s radical views (which he describes as “utopian”) but justifies printing it because Molinari addresses an important issue, namely the proper functions of government, which too many economists had ignored.45

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45 Joseph Garnier, introductory footnote to Molinari’s essay “De la production de la sécurité,” JDE, T. 22, no. 95, 15 February 1849, p. 277. Molinari’s article and book would spark a lengthy discussion in the PES between November 1849 and February 1850 on this very topic. I have translated the minutes of these meetings in CW4 (forthcoming).
Molinari knew of course that the reaction of his colleagues would be negative (criticism was expressed quite harshly at the October 1849 meeting of the Political Economy Society (a meeting which Molinari perhaps wisely did not attend) and in a review of his book *Les Soirées* with its chapter 11 in the *JDE* (Nov. 1849) but he would have been disappointed that nobody among them came to his defence on this issue. In the PoS article he seems to be genuinely surprised that his colleagues were not willing to face up to the logical consequences of their own strongly held beliefs in the efficiency, innovatory nature, low cost, and morality of competitive free markets. All he wanted to do was to apply “le principe de la libre concurrence” (the principle of free competition) rigorously to the activities of the state as any "un économiste pur" (pure (consistent?) economist) or "un véritable économiste" (a real economist) would do, and he could not understand why his colleagues were reluctant to do this by making “an exception” of the government to this “natural economic law.” He singles out in particular the doyen of the Economists, Charles Dunoyer, who was the permanent president of the PES and who had a formidable

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reputation as a theorist and activist for liberty going back to the 1810s.\textsuperscript{47} It would be Dunoyer who would lead the charge against Molinari’s views at the PES meeting when he accused Molinari of “allowing himself to be carried away by delusions of logic.” In spite (or perhaps because of) the controversy his article aroused among his colleagues the Guillaumin firm published the article as a separate pamphlet in order to promote discussion of it among their circle.\textsuperscript{48} The following passage from the PoS article makes clear his frustration with his colleagues and claims that he might be the only “pure or real economist” among them:\textsuperscript{49}

\begin{quote}

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

Un des économistes qui ont étendu le plus loin l'application du principe de liberté, M. Charles Dunoyer, pense « que les fonctions des gouvernements ne sauraient jamais tomber dans le domaine de l'activité privée. » [Molinari’s footnote: Dans son remarquable livre De la liberté du travail, t. III, p. 353, éd. Guillaumin.]

Voilà donc une exception claire, évidente, apportée au principe de la libre concurrence.

Cette exception est d'autant plus remarquable, qu'elle est unique.

Nevertheless, I must admit that, up until the present, one recoiled before this rigorous implication of the principle of free competition.

One economist who has done as much as anyone to extend the application of the principle of liberty, M. Charles Dunoyer, thinks "that the functions of government will never be able to fall into the domain of private activity."

Now here is a clear and obvious exception to the principle of free competition.

This exception is all the more remarkable for being unique.
\end{quote}

\textsuperscript{47} Charles Dunoyer (1786-1862) was a journalist, an economist, a politician, a member of the Académie des sciences morales et politiques (1832), the author of numerous works on politics, political economy, and history, a founding member and President of the Société d’économie politique (1842), and a key figure in the French classical liberal movement of the first half of the nineteenth century. Dunoyer studied law in Paris where he met Charles Comte (around 1807) with whom he was to edit the liberal periodical Le Censeur (1814-15) and its successor Le Censeur européen (1817-19). His magnum opus was the three volume De la liberté du travail (1845).


\textsuperscript{49} PoS, pp. 279-80.
Sans doute, on rencontre des économistes qui établissent des exceptions plus nombreuses à ce principe; mais nous pouvons hardiment affirmer que [280] ce ne sont pas des économistes purs. Les véritables économistes s'accordent généralement à dire, d'une part, que le gouvernement doit se borner à garantir la sécurité des citoyens; d'une autre part, que la liberté du travail et de l'échange doit être, pour tout le reste, entière, absolue.

Mais quelle est la raison d'être de l'exception relative à la sécurité? Pour quelle raison spéciale la production de la sécurité ne peut-elle être abandonnée à la libre concurrence? Pourquoi doit-elle être soumise à un autre principe et organisée en vertu d'un autre système?

Sur ce point, les maîtres de la science se taisent, et M. Dunoyer, qui a clairement signalé l'exception, ne recherche point sur quel motif elle s'appuie.

Undoubtedly, one can find economists who establish more numerous exceptions to this principle; but we may emphatically affirm that these are not pure economists. True economists are generally agreed, on the one hand, that the government should restrict itself to guaranteeing the security of its citizens, and on the other hand, that the freedom of working and of trade should otherwise be complete and absolute.

But why should an exception be made for security? What special reason is there that the production of security cannot be left to free competition? Why should it be subjected to a different principle and organized according to a different system?

On this point, the masters of economic science are silent, and M. Dunoyer, who has clearly noted this exception, does not investigate the grounds on which it is based.

Molinari makes the same argument in S11 a few months later where he calls himself “un économiste radical, un rêveur” (a radical economist, a dreamer) who dares to point out the logical inconsistency in advocating the liberalization from state control of every branch of production which uses property, except for the one which guarantees the maintenance of property itself, even though it too was an “industry” which had to use scarce resources (property) wisely and economically in order to do this.

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50 S11, pp. 327. See also “The Dreamer (le Rêveur) of Radical Liberal Reforms,” in Further Aspects.

51 Les Soirées, p. 327. Molinari would expand his ideas about how the state should organise itself to be more “economic” in its provision of services to taxpayers in his Cours, vol. 2, pp. 524-25, which is discussed below.
Some Rhetorical Tropes

One of the rhetorical tropes he uses in this article for the first time and then repeatedly over the course of the next 50 or more years is to attempt to persuade the believer in the efficiency and morality of free competition in one area of human activity to make the theoretical jump to applying it to everything including the private and competitive production of security. He does this by asking the reader to join him in making “une simple hypothèse” (a simple hypothesis) or “a supposition/conjecture” (“Supposez qu'un homme ou une association d'hommes …”) which if the reader admits to being logical and morally justified, will lead logically to taking the next step towards full AC. In this article the “supposition” takes the form of imagining a society in which the salt industry was monopolized and to consider the economic consequences this would have on the price, quality, and availability of salt. One option for the consumers of salt suffering under a monopoly system is to rise up in rebellion and seize control of the state and take over the salt industry and run it communally, which also creates serious economic problems, or they can open up the salt industry to free competition between privately owned and run salt companies. Once the reader agrees with the conclusion that neither the monopolistic nor the communal (social) production of a
good or service is satisfactory then the only possible solution is the competitive provision in a free market. As Molinari concluded: “Ce qui vient d'être dit du sel n'est-il pas visiblement applicable à la sécurité?” (Isn't what we have just said about salt obviously applicable to (the production of) security?)

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In many of the later versions of this “simple hypothesis” the argument takes the form of imagining a society which had only ever known the monopolistic provision of a key good such as groceries (S11 (1849), Cours (1853)), bread (L'Évolution politique (1884), Question sociale (1896)), or clothing (La Morale économique (1888)). He even uses the same way of arguing when he had exposed the abuses caused by the monopoly of baking in abc, just “Remplacez la fabrication du pain par la production de a sécurité” (Just replace the making of bread with the production of security).

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Nous citerons comme exemple le sel. ...

Lorsque cette organisation ne s'applique qu'à une seule denrée, on dit que le communisme est partiel.

Lorsqu'elle s'applique à toutes, les denrées, on dit que le communisme est complet.

Mais que le communisme soit partiel ou complet, l'économie politique ne l'admet pas plus que le monopole, dont il n'est que l'extension.

VI.

Ce qui vient d'être dit du sel n'est-il pas visiblement applicable à la sécurité ; n'est-ce pas l'histoire de toutes les monarchies et de toutes les républiques?

Take salt for example ...

When this organization is applied to a single commodity, the communism is said to be partial.

When it is applied to all commodities, the communism is said to be complete.

But whether communism is partial or complete, political economy is no more tolerant of it than it is of monopoly, of which it is merely an extension.

VI.

Isn't what has just been said about salt applicable to security? Isn't this the history of all monarchies and all republics?

In many of the later versions of this “simple hypothesis” the argument takes the form of imagining a society which had only ever known the monopolistic provision of a key good such as groceries (S11 (1849), Cours (1853)), bread (L'Évolution politique (1884), Question sociale (1896)), or clothing (La Morale économique (1888)). He even uses the same way of arguing when he had exposed the abuses caused by the monopoly of baking in abc, just “Remplacez la fabrication du pain par la production de a sécurité” (Just replace the making of bread with the production of security).

52 PoS, end of section V and beginning of section VI, pp. 281-82.

53 Molinari, L'évolution politique et la Révolution, p. 404-10. The full passage can be found in Appendix 2.
There is also a second example of this rhetorical trope in PoS which takes the form of an “hypothesis” (in section X), that is of imagining a newly established community where there is the spontaneous emergence of private providers of security who step forward to offer non-violently their expertise, due to the division of labour and the specialization of skills, to their neighbors to provide protection services for an agreed upon fee. Like any other need, like the need for food or shelter, the need for security gives rise to an “industry” to provide security, with producers of security willing to provide consumers of security with this service; and there will be a “price for security” which emerges from the market for security which will take the form of a “premium” paid to the producer. In this scenario, the security industry emerges “naturally” (i.e. spontaneously and non-violently) like any other industry, thus there is no need for a monopoly supplier. If one did try to establish a monopoly it would violate the liberty and property rights of those who had made their own arrangements for the provision of this service, and this would be unjust and economically inefficient, and would be resisted by the consumers.

Analysis of the PoS article

He begins the article on “The Production of Security” by restating the basic economic principles which lie behind his thinking, which are the following: the world is governed by natural laws which are universal and which cannot be violated or ignored with impunity; conservatives, socialists, and even some economists must accept the fact of these natural laws and adapt their thinking accordingly; exceptions to these natural laws cannot be accepted by economists without overwhelming evidence and sound reasons, which he believes do not in fact exist; that human beings are naturally sociable and co-operate with others by means of the division of labour and free trade to satisfy their needs; that society is “naturellement organisée” (naturally organized, or naturally self-organising if left alone) and that it has evolved gradually under the influence of these laws through the activities of millions of individuals who produce and trade their goods and

services on the free market with freely negotiated prices; that individuals in society have a need to protect their persons and property from attack and hence evolve institutions to do this in the form of governments; that people want goods and services to be provided as cheaply and as efficiently as possible (à bon marché) which is only possible through the law of free competition and the elimination of government protected monopolies; and that these natural laws of political economy do not allow any exceptions.

Having laid out this mini-treatise on political economy, Molinari then proceeds to make his case that the provision of security was just another government monopoly which should be liberalized. He turns the counter-argument on its head by challenging the economists who want to de-monopolize nearly everything the government does to justify why they have made this important exception to the general principle. Why should there be a government monopoly in this case when the theory of political economy shows conclusively that monopolies lead to higher prices, lack of innovation, and high profits for a privileged minority? Molinari distinguished between two different ways in which the production of security (or government broadly speaking) have been organized in throughout history - the “monopolistic” production of security and the “communistic” production of security. By “monopolistic” Molinari means an organisation dominated by a single person, such as a king, or a narrow class, such as the King in alliance with the aristocracy; by “communistic” he means an organisation dominated by society as a whole, or by its elected representatives, such as a parliamentary democracy. Here he is using the word communistic in a very limited way to mean “in common” or “communal” rather than with any reference to the political group known as “Communists,” thus a better choice of word might be “socialist” or “statist” rather than “communist.” He would later not use the term “communist” in this way but refer to all such governments as simply “monopolistic” as in “le monopole gouvernemental.”

The historical example he uses to illustrate what he means by these two different methods of producing security, or any other government good or service, is taken from 17th century English history. Before the Revolution the King and allied aristocrats ran the country like a company for their personal and exclusive
benefit,\textsuperscript{55} or “le monopole de la sécurité” (the monopolistic production of security). During the Revolution when the Commons seized control of the state the company was run for the benefit of a broader group of individuals, nominally in the name of the people, which Molinari describes as “le communisme de la sécurité” (the communistic or communal production of security). An even clearer example of the communistic provision of security was the recent 1848 Revolution in France where:\textsuperscript{56}

In order to avoid the problems of either the monopolistic or the communist (or socialist) provision of security the only alternative solution in his view was “communisme complet ou liberté complète” (complete communism or complete liberty).\textsuperscript{57} How the latter might work he sketched out briefly in Section 10 of the article, to which he would add some interesting new twists to this in S11. Some inspiration came from a passage in Adam Smith’s \textit{Wealth of Nations} where he talks about competing courts in England where litigants could shop around for a court which best suited their needs and which would charge fees according to the type of

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

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

\textsuperscript{55} Later he would refer to the take-over of the state by particular powerful groups which he termed “les sociétés propriétaires des États politiques” (societies or groups which own or control the political state). See the discussion below on \textit{Les problèmes du XXe siècle} (1901).

\textsuperscript{56} “De la production de la sécurité,” Section 6, p. 284.

\textsuperscript{57} This is similar to the stark choice the Economist gives the Socialist and the Conservative at the end of \textit{Les Soirées}, p. 363: “Two systems are before us: communism and property. We have to go in one direction or the other.”
This was a clear historical example of how legal services could be provided on the free market between competing institutions for profit. Molinari prefaces this quote by saying:

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

This option the consumer retains of being able to buy security wherever he pleases brings about continual competition among all the producers, each producer striving to maintain or increase his clientele by attracting them with cheaper prices or of faster, more complete, and better justice.

The Fees of Court Trope

Quoting this passage from Smith was another trope Molinari returned to in his later writings and is another indication of the consistency of his radical thinking about the provision of security over several decades. He would quote a longer version of the passage in S11 where the Economist argues that:

Dans certains pays, où les justiciables avaient le droit de choisir leurs juges, les vices du monopole se trouvaient singulièrement atténués. La concurrence qui s’établissait alors entre les différentes cours, améliorait la justice et la rendait moins chère. Adam Smith attribue à cette cause les progrès de l’administration de la justice en Angleterre. Le passage est curieux et j’espère qu’il dissipera vos doutes.

In some countries, where those due to be tried had the right to choose their judges, the vices of monopoly were greatly alleviated. The competition established in this case by the different courts improves the justice process and makes it cheaper. Adam Smith attributed the progress of the administration of justice in England to this cause. His words are striking and I hope the passage will allay your doubts.

A third and final instance of Molinari quoting this passage would come some 50 years later in *La Société future* (1899) where he again invites the reader to make “a supposition,” this time that the reduction in the threat of armed conflict between nations would allow countries an opportunity to outsource, farm out (affermer), or privatise security and police services and thus to drastically cut their expenditure on defence. He then quotes Smith again on the benefits of competition between judges and their courts (“the fees of court”) and predicts that there will emerge “des compagnies judiciaires pleinement indépendantes et concurrentes” (judicial firms/companies which are completely independent and competitive) to satisfy this market demand.59

The PoS article

To return to the PoS article, here Molinari sets out three conditions for a market in security industry to emerge, and provides a sketch of what this market might look like. He will slightly rephrase these three conditions in S11 (see below for details).

Given the powerful need for protection of person and property felt by consumers (“les consommateurs de sécurité”), and the fact that there were individuals who had the knowledge and skill to provide protection services for a fee (“les producteurs de sécurité”), it was inevitable that an individual or association of individuals would emerge as a producer of security to do just that. This was in fact exactly how the market operated for everything else. Molinari spelled out some of the terms and conditions which a budding security entrepreneur in “l’industrie de la sécurité” (the security industry) would have to offer consumers in order to get their business and to provide an effective service:60

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60 “De la production de la sécurité,” p. 288. This key passage would be changed slightly for S11 where Molinari replaced the terms “le producteur” (the producer of security) with “les compagnies d’assurances” (insurance companies) and “les consommateurs” (consumers) with “les assurés” (the insured). The word “prime” (premium) remained the same in both cases.
Molinari thought that consumers would have the option of providing security themselves if they were not happy with these conditions, or they could seek out “un autre producteur” (another (competing) producer). The market for security services would then take on the following characteristics. Most producers of security would begin by limiting “leur clientèle” (their clientele) to a certain geographic area where it would pay to station their police (une police) and their clients would tend to group around the headquarters of the producer of the service. If the producer tried to “lay down the law” to their clients or raised their prices too much, the consumers would have the right to take their business to another entrepreneur in the same area or more likely go to a neighboring one (“En cas d’une augmentation abusive du prix de la sécurité, ceux-ci auront, en effet, toujours la faculté de donner leur clientèle à un nouvel entrepreneur, ou à l’entrepreneur voisin). He calls this “cette faculté laissée au consommateur d’acheter où bon lui semble la sécurité” (this ability left/allowed to the consumer to buy security wherever it seems good to do
so) and it is here in the argument that he quotes Smith on “fees of court” for first time.

If consumers don’t have this right to go elsewhere then we will see oppressive and arbitrary behavior by the producers and the bad management of security - it will become costly and slow, policing will be frustrating (vexatoire), individual liberty will stop being respected, the price will soar and be levied unequally, and “les assureurs” (this is the first time he uses this term “those who provide the insurance”) will use force or their influence to seize consumers from each other in “des luttes acharnées” (bloody battles). We will have thus returned to the abuses the old system of monopoly and communism in the provision of security.

However, in “le régime de la libre concurrence” (a system where there is free competition) the natural organisation of the security industry will be just like that of other industries. In small cantons a single entrepreneur (un simple entrepreneur) would be enough to provide the service and he would be able to pass it on to his sons in the form of a family business. Molinari likened this form of a single provider of security to “la monarchie sans le monopole” (a monarchy without a monopoly). In larger cantons there would be a company or firm which would be able to organise the resources necessary to provide “cette importante et difficile industrie” (this important and difficult industry). This firm would most likely become a permanent one and would continue over time, like other firms in other branches of production. He likens this form of the provision of security to “la république sans le communisme” (a republic without communism). Molinari believed that firms/companies providing security would most likely replace the family business over time. Both forms of providing security would only have clients if their authority was accepted and respected on the grounds of its utility, and not imposed by force and Terror.

Although he admitted at the end of the article that his daring “hypothesis” could be described as utopian, he concludes that “le problème du gouvernement” (the problem of government) could only be solved, like all other economic problems, by the rigorous and consistent application of economic principles, such as exposing its services to the forces of competition. To achieve this

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61 Much like Say argued in his lectures in 1819. See the discussion above.
end organisations would have to be set up to lobby for it, much like organisations like the English Anti-Corn Law League had been set up in 1838, and the French “l’Association pour la liberté des échanges” in 1846, to lobby for the repeal of the protectionist corn laws and the introduction of “la liberté des échanges” freedom of exchange, or free trade). Only, these new organisations would be lobbying for “la liberté de gouvernement” (the freedom of government).
THE PRODUCTION OF SECURITY IN S11

Introduction

Six months after the publication of the PoS article Molinari returned to the topic in his famous chapter or “Soirée” number 11 in a book called rather matter of factly, Les Soirées de la rue Saint-Lazare; entretiens sur les lois économiques et défense de la propriété (Evenings of Saint Lazarus Street: Discussion about Economic Laws and the Defence of Property). These “soirées” brought together representatives of the three main schools of political and economic thought in France at that time, “a Conservative,” “a Socialist,” and “an Economist” (who was obviously the mouthpiece for Molinari), who argued among themselves over the course of 12 evenings about a large number of economic issues raised by the Revolution of 1848 and the new government of the Second Republic. The title gave no clue about the real content of the book, which was the presentation of Molinari’s proposals to privatise or abolish every government function currently undertaken by the recently installed régime.

The chapter on the private provision of security takes place in a much broader context developed throughout the book concerning the private and competitive provision of many other public goods as well, such as mineral resources, state owned forests, canals, rivers, city water supplies, the post office, public theatres, libraries; and the ending of private monopolies protected by government licences and heavily regulated professions such as bakeries, butchers, printers, lawyers, brokers, funeral directors, cemetery owners, doctors, teachers, and even brothel owners. It was an amazing tour de force in the application of rigorous free market

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62 Molinari, Gustave de. Les Soirées de la rue Saint-Lazare; entretiens sur les lois économiques et défense de la propriété (Paris: Guillaumin, 1849). Online version: <http://oll.libertyfund.org/titles/1344>. I first translated S11 in my 1979 undergraduate Honours Thesis which was later published as an article in the JLS in 1982. It will also be in LF’s translation of the entire book (forthcoming) and can be found in the Appendix below.

63 For a discussion of whom these protagonists may have represented in real life, see the editor’s introduction to Liberty Fund’s translation of Les Soirées (forthcoming). Online: “The Identity of the Speakers” <https://oll.libertyfund.org/pages/gdm-soirees3#toc10>
principles to nearly every aspect of French society. It is also in my view, one of the first, perhaps even the first, one volume survey of the radical classical liberal worldview, along the lines of Rothbard’s *For a New Liberty* (1973/4).\(^{64}\)

As one would expect, there are many similarities between the PoS article of February and the S11 of Sept. 1849. There are references to the same key terms, such as “la liberté de gouvernement” (the freedom of government, which was one of his code words for AC), and the language describing security as an economic industry like any other with terms such as “la production de la sécurité” (the production of security), “le prix de la sécurité” (the price of security), “les producteurs de sécurité” (producers of security), and ”les consommateurs de sécurité” (consumers of security). He also uses the same rhetorical tropes of quoting Adam Smith on “the fees of court”\(^{65}\) and competition between judges, and using a “conjecture” or “hypothesis” to make the case for competition in the provision of security services (here he talks about the “monopolist grocer”).\(^{66}\)

There are also several things which are new to S11, such as his contrast between, on the one hand “gouvernements de monopole et gouvernements communistes” (monopolist governments and communist/socialist governments) and, on the other hand "des gouvernements libres" (free governments, that is to say free in the sense that one is free to say no to their services and go elsewhere if one

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\(^{64}\) Molinari may have been the first person to write a comprehensive one volume statement of the classical liberal worldview which encompassed political and economic theory, history, as well as specific proposals to reform society in a liberal direction. This would become more common in the 20th century with works such as Ludwig von Mises’s *Liberalism* (1929), Milton Friedman’s *Capitalism and Freedom* (1962) and Murray Rothbard’s *For a New Liberty* (1974). In his own day this was much rarer but might include such works as Wilhelm von Humboldt’s *Ideen zu einem Versuch, die Gränzen der Wirksamkeit des Staats zu bestimmen* (Ideas in an Attempt to determine the Limits of the Activity of the State) (1792, 1851); Benjamin Constant, *Principes de politique, applicables à tous les gouvememens représentatifs* (The Principles of Politics) (1815); Herbert Spencer’s *Social Statics: or, The Conditions essential to Happiness specified, and the First of them Developed* (1851); and John Stuart Mill, *On Liberty* (1859).

\(^{65}\) See the Appendix for the full quote of “the fees of court” passage from Smith’s *Wealth of Nations*.

\(^{66}\) See “The Story of the Monopolist Grocer” in *Further Aspects of Molinari’s Thought* in *Les Soirées* (forthcoming) and the long quotes about the monopolist grocer and the baker in the Appendix.
wishes) which will become another of his code words along with “la liberté de gouvernement” for his ACT. He defines “free governments” as "des gouvernements dont je puisse, au gré de ma volonté individuelle, accepter ou refuser les services" (governments whose services I may accept or refuse according to my own free will). Secondly, his “demurral” or his reluctance/refusal to specify in advance what a market for security services would look like exactly in the future; he says that this is not the function of an economist to do this for the security industry or any other industry for that matter. And thirdly, he is now much more specific about what general shape the “producers of security” would assume; he introduces the radically new idea that an actual insurance company might be the type of private company best suited to providing security services for person and property; they are now much larger companies (“vastes compagnies”), perhaps national in scope, more specifically still they are “ces compagnies d’assurances sur la propriété” (property insurance companies) run by entrepreneurs who charge a premium to “les assurés” (those they insure).

The Economist’s Demurral

I think something should be said here about what I am calling “the Economist’s Demurral” to be be specific. Molinari did not believe it was the economist’s job here or in any other area of economic activity to specify in advance exactly how goods and services would be provided at some time in the future, how many companies might be set up to supply these services, at what prices these goods and services would be traded, and so on. An argument he sometimes used in the Soirées and the Cours was the story of the village which had only ever known a single monopoly supplier of groceries. Here uses stories like these in two ways, firstly as a rhetorical trope of “a simple hypothesis” to make the case for competition in all areas of economic activity, and secondly to support his refusal to outline in exact detail what future markets in a good or service might look like. To return to the story of the grocer, if a free market economist suddenly appeared in the town and pointed out the high prices and poor quality of the food which was on sale, and

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urged the deregulation of the grocery business and opening it up to competition, he would be met with disbelief and opposition from the townspeople. They would ask him what the grocery business would look like in 10 years if it were deregulated, how much food would cost, and how many grocers would have set up shop and how could they trust their services? Naturally he would not be able to give them any specific answers to their questions other than to say it was very likely they would have a number of grocers who would compete with each other for the town’s business and that they would be supplied with cheap and abundant food. The only things an economist needed to know is whether or not there is a demand for a good or service, whether or not there are people willing to supply this good or service at a given price, and if there are no legal impediments to these two parties coming together to trade with each other; then the economist can say with some certainty that markets will evolve to satisfy this demand:

This is of course a true statement about many if not most economic activities. As he was writing these very lines Molinari was witnessing the dramatic transformation of shopping in Paris with the emergence of the department store. No economist could have imagined how this new invention of the competitive market for the sale of consumer goods would transform big cities like Paris. An entrepreneur named Aristide Boucicaut founded the first department store named

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

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

This is of course a true statement about many if not most economic activities. As he was writing these very lines Molinari was witnessing the dramatic transformation of shopping in Paris with the emergence of the department store. No economist could have imagined how this new invention of the competitive market for the sale of consumer goods would transform big cities like Paris. An entrepreneur named Aristide Boucicaut founded the first department store named

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68 S11, p. 274.
appropriately enough, “Le Bon Marché” (the cheap or low cost market), in Paris in 1838 which was rapidly evolving into its modern form in the late 1840s and early 1850s with its individual “departments” (or shops within a shop) selling a vast range of goods under one roof, at fixed prices, and offering the customer exchanges or refunds for unwanted purchases.

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

As the 19th century wore on and Molinari witnessed the reversal of economic liberalism with the return of protectionism, the rise of socialism, militarism, and

69 The phrase “un gouvernement à bon marché” (a cheap or bargain priced government) was later adopted by Molinari to describe the kind of government he wanted to see. The phrase is used in S11, p. 258 and dozens of times in Cours d’économie politique (1855, 1863) in relation to government services. It was also a slogan used by Lamartine and adopted by the French Free Trade Association in their propaganda.

70 S11, p. 274-75.
the political class or what he called “le fontionnairisme” (rule by bureaucrats) and “le politicianisme” (rule by professional politicians), this very optimistic view about the shortness of the transition period to a “régime of full competition” changed to one of increasing pessimism. I think he still was convinced that one day complete and full competition would exist for all government services, including the production and consumption of security, but it would might take several decades for the right political and ideological circumstances to appear before this was possible.

Analysis of S11

In S11 Molinari repeats the three conditions he thinks would be needed to create a market for security services as he did in the PoS article, with a couple of significant changes to the wording. He replaces the word “le producteur” (the producer of security) in the singular, with “les compagnies d’assurances” (insurance companies) in the plural (thus suggesting more clearly that they would be competing against each other for business), and “les consommateurs” (consumers) with “les assurés” (the insured). The word “prime” (premium) remained the same in both cases.
1° Que les compagnies d’assurances établissent certaines peines contre les
offenseurs des personnes et des propriétés, et que les assurés consentissent à se soumettre à
ces peines, dans le cas où ils commettraient eux-mêmes des sévices contre les personnes et
les propriétés.

2° Qu’elles imposassent aux assurés certaines gênes ayant pour objet de faciliter la
découverte des auteurs de délits.

3° Qu’elles perçussent régulièrement pour
couvrir leurs frais une certaine prime, variable
selon la situation des assurés, leurs occupations
particulières, l’étendue, la nature et la valeur
des propriétés à protéger.

1. For the insurance companies to
establish certain penalties for offenders against
persons and property, and for those insured to
accept these penalties, in the event of their
committing offences against persons and
property.

2. For the companies to impose on the
insured certain restrictions intended to
facilitate the detection of those responsible for
offences.

3. For the companies, on a regular basis,
in order to cover their costs, to levy a certain
premium, varying with the situation of the
insured and their individual occupations, and
the size, nature and value of the properties to
be protected.

In spite of his demurral to be too specific, Molinari does offer some
"conjectures" about how "des entreprises de gouvernement" (enterprises which
offer the services of government, or governmental services) might emerge and asks
the reader to "Poursuivez cette hypothèse dans tous ses détails" (pursue this
hypothesis in all its details). Like any other company which produces expensive
goods on a large scale, such as the building of roads or docks, there will be
established “des vastes compagnies” (huge firms/companies) to produce security,
which will raise capital and hire trained workers to carry out the tasks. These "ces
compagnies d’assurances sur la propriété” (property insurance companies) will then
go looking for clients. Since this industry will be free (i.e. have free entry) the
number of firms in the security industry will be determined by the price of the
services they provide (whether it is competitive or not), the number of clients they
can attract, how efficiently they are run, and ultimately whether or not they are
profitable.
Molinari also thought there would be economic incentives for firms to cooperate with each other in order to keep their costs down. The firms will cooperate with each by sharing facilities to seize criminals, they will concentrate in certain areas/districts (circonscriptions) in order to have their police force as near as possible to their own clients and offer reciprocal services to firms which are located elsewhere. Ultimately, their behaviour will be controlled by the threat of competition springing up if they do not offer a good service at a good price to their customers.

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

Par la nature même de leur industrie, les compagnies d’assurances sur la propriété ne pourraient dépasser certaines circonscriptions: elles perdraient à entretenir une police dans les endroits où elles n’auraient qu’une faible clientèle. Dans leurs circonscriptions elles ne pourraient néanmoins opprimer ni exploiter leurs clients, sous peine de voir surger instantanément des concurrences.

This industry being free, we would see as many companies set up as could usefully be formed. If there were too few, if, consequently the price of security rose too high, people would find it profitable to set up new ones. If there were too many, the surplus ones would not take long to be dissolved. The price of security would in this way always be led back to the level of its costs of production.

They would reach agreement as do monopoly or communist governments today, because they would have an interest in so doing. The more, in fact, they agreed to share facilities for the apprehension of thieves and murderers, the more they would reduce their costs.

By the very nature of their industry, these property-insurance companies would not be able to venture outside certain prescribed limits: they would lose by maintaining police in places where they had very few clients. Within their district they would nevertheless not be able [p. 332] to oppress or exploit their clients, on pain of seeing competition spring up immediately.
There is also an interesting discussion of how they would handle the threat of a foreign invasion. Molinari’s suggestion is that they would charge an additional premium (un supplément de prime) on their insured customers for the added risk which has appeared. Their customers would have the right to refuse payment if they thought the risk was low; or if they thought they could defend themselves better than the insurance company, or if they wished to move to some place safer and thus escape or avoid (échapper) their would be conquerors.

A final point which shows how deeply Molinari had thought about this issue was the discussion of war breaking out between competing security companies (a topic Robert Nozick seized upon in his critique of Rothbard’s defence of AC in Anarchy, State, and Utopia (1974). He thought it would only be possible, given the growing costs of waging a war in the industrial era, if the shareholders of the insurance company advanced more funds to the company to undertake the war. He was convinced they would not do this because of the high cost and the risks of retaliation and damages. The Economist (i.e. Molinari) concludes rather optimistically that "la guerre serait matériellement impossible sous ce régime, car aucune guerre ne se peut faire sans une avance de fonds." (war would be physically impossible under this system, for no war can be waged without an advance of funds.) Molinari at this time obviously had no idea how the public debt would make this kind of war funding possible later in the century by the centralized nation states such as the “Great Powers” of Europe. He didn’t make this error again in his later writings in the 1890s and 1900s when this kind of open-ended funding of state activities worried him greatly.

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

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

Bien que cet article puisse paraître empreint d'utopie dans ses conclusions, nous croyons, néanmoins, devoir le publier pour attirer l'attention des économistes et des publicistes sur une question qui n'a encore été traitée que d'une manière accidentelle et qui doit, néanmoins, à l'époque où nous sommes, être abordée avec plus de précision. Tant de gens exagèrent la nature et les attributions du gouvernement, qu'il est devenu utile de formuler strictement la circonscription hors de laquelle l'intervention de l'autorité cesse d'être tutélaire et profitable pour devenir anarchique et tyrannique. (Note du rédacteur en chef.)

Although this article may bear the imprint of being utopian in its conclusions, we nevertheless believe that we ought to publish it in order to draw the attention of economists and journalists to a question which has hitherto been treated only in passing and which should, nevertheless, in our present time, be approached with greater precision. So many people exaggerate the nature and functions of government that it has become useful to define exactly the boundaries outside of which the intervention of authority ceases to be protective and profitable and becomes anarchical and tyrannical. [Note by the editor].

[Source:73]

In spite of, or perhaps because of, the opposition it provoked, Guillaumin republished it as a standalone 16 page pamphlet which would have given it wider circulation, so he must have some supporters within the group of economists.74 At

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

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

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

This was the first of three meetings of the Political Economy Society on the proper limits to the power of the state which Molinari’s book provoked and it was followed by similar discussions in January and February 1850. The first meeting was followed in November by a critical review by Coquelin in the JDE. The minutes of these meetings have been translated and will appear in CW4 (forthcoming). See Part 1 in “Chronique,” JDE, T. 24, no. 103, Oct. 1849, pp. 315-16; Part 2 in “Chronique,” JDE, 15 Jan. 1850, T. XXV, pp. 202-205; and Part 3 in “Chronique,” JDE, T. XXV, no. 107, 15 fev., 1850, pp. 202-5.
observing that to allow competition between private companies providing
government services would lead to “des luttes violentes” (violent battles). He
concluded that therefore it would be better to leave the exercise of force where
history had placed it, namely in the hands of the state. There was, he argued,
already “véritable concurrence” (genuine competition) in politics in the form of the
jostling for power by groups or parties who sought control of the government by
offering their services to voters who exercised “real choice” (qui choisit bien
réellement) every time they voted.

The consensus view was summed up by Coquelin in his review of *Les Soirées* the
following month in the *JDE* where Coquelin objected to the fact that Molinari put
into the mouth of “the Economist” views about the private provision of security
which no other economist held.76 This is certainly true and it probably
embarrassed the other political economists. The result was that none of his friends
or colleagues took up any of his ideas, leaving Molinari as the sole advocate of
these ideas for the rest of the century.

The economists though were forced by Molinari’s challenge to the orthodox
view of the functions of the state to think about this question in a more formal way,
which they did in a series of articles which appeared shortly afterwards: the 3rd
version of Bastiat’s essay on “L’État” which appeared as a pamphlet in 1849 and
which Coquelin slightly edited for the entry in the *DEP* on the state;77 a lengthy
essay by Ambroise Clément in the February 1850 issue of the *JDE*;78 and most
importantly a series of article by the President of the PES Charles Dunoyer over
the course of the following few years.79

76 Charles Coquelin reviewed *Les Soirées* in November 1849. See, [Unsigned], Compte-rendu par
M. CH. C. [Coquelin], “Les Soirées de la rue Saint-Lazare, Entretiens sur les lois


February, 1850), pp. 228-250.

79 Charles Dunoyer, “Les limites de l’économie politique et des fonctions du
gouvernement” (*JDE*, December, 1852), pp. 217-231; “Gouvernement,” *DEP* (1852) , vol. 1,
pp. 835-841; and “Les limites de l’économie politique et la nature des richesses,” (*JDE*,
February, 1853), pp. 223-237.
THE ECONOMICS OF SECURITY AND THE ROLE OF GOVERNMENT IN HIS ARTICLES IN THE DICTIOnaire DE L’ÉCONOMIE POLITIQUE (1852-53)

Introduction

As part of the Guillaumin firm’s anti-socialist campaign during 1848-49 it published a series of both popular and more academic works pointing out the theoretical and moral problems of the policies being advocated by various groups who were contending for power in the Second Republic. Bastiat wrote a series of 12 important anti-socialist pamphlets which were heavily promoted by Guillaumin;\(^8^0\) Molinari wrote his “conversations” between a Socialist, a Conservative, and an Economist in the book Les Soirées (1849); and the firm under Charles Coquelin’s editorial control undertook a massive publishing project in the form of a dictionary or encyclopedia of political economy.\(^8^1\) This was being planned in 1849 when Molinari wrote Les Soirées and he was asked to write a total of 29 articles for it as well as act as a kind of junior assistant editor to the project. Not surprisingly there was some overlap between what he said in his book and the articles which wrote for the DEP.

However, it is a little surprising that he made no reference to the PoS in any of his articles in the DEP so soon after 1849 when these radical ideas would still be fresh and important to him. Perhaps he felt unable to express his true thoughts because he was part of a team writing a reference work for a broader audience under someone else’s editorial control. He had been criticised by Coquelin (the first editor of the DEP) in his review of S in JDE for speaking on behalf of “all

\(^{80}\) See “Bastiat’s Anti-Socialist Pamphlets,” in Further Aspects of Bastiat’s Thought in CW4 (forthcoming).

\(^{81}\) The DEP is a two volume, 1,854 page, double-columned, nearly two million word encyclopedia of political economy which was published in 1852-53. It is unquestionably one of the most important publishing events in the history of mid-century French classical liberal thought and is unequalled in its scope and comprehensiveness. The project was undertaken by the publisher Gilbert-Urbain Guillaumin (1801-1864) with the assistance of Charles Coquelin (1802-1852), and Molinari was a co-editor.
economists” even though he alone opposed eminent domain laws and supported the private PoS.

The closest he came to referring to PoS was in three articles on “Nations” (Nations), “Paix -Guerre” (War - Peace), and “Villes” (Towns) where he talked about the proper size of governments, the benefits of having more and smaller nation states which competed against each other for inhabitants, the need to remove governments which had become “ulcerous,” the need to overcome “the spirit of monopoly” which infected all governments, the need to have within the nation as well, small and smaller jurisdictions like municipalities which also competed against each other for inhabitants by offering lower taxes and better services than their neighbors, and the ultimate threat to government monopoly which was the “right to exit” and leave a highly taxed town in order to build a new lower cost one somewhere else. Only if the reader knew of his real views and the specific vocabulary he used to describe them might one be able to read into his articles a more radical interpretation.

Taken as a whole, the 25 major articles he wrote for the DEP are a fascinating collection of examples where the young economist applied economic reasoning and analysis to a large range of topics which did not normally receive this kind of attention. In addition to his regular fare of writing on the grain trade, free trade, protection, and customs duties he also wrote original and insightful articles on such unusual and diverse topics such as the economics of fashion, fine art, public monuments, the growth of cities and towns, the class analysis of slavery, serfdom, and the nobility, the economics of theatres, and travel.82

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The first article to note is that on “Nations.” Molinari had briefly discussed nationalism at the end of S11 where he had criticized the common practice of states to acquire or dispose of new territory with little regard to the nationality of the populations involved. He called this practice “ce morcellement barbare et cet antagonisme factice imposés à un même peuple” (this barbarous fragmentation and artificial antagonism imposed on a single people) and predicted that with the privatisation of security and the radical reduction in the size and power of states there would be much greater opportunities for people with a common language or national identity to get into contact with each other. He returned to this topic in the article “Nations” were he reiterated his argument that “le morcellement” (the fragmentation) or the “le fractionnement” (the breaking up) of societies into much smaller autonomous units based upon nationality, language, or shared economic interests would aid in reducing the size and power of states and would introduce a very useful element of competition between these small states to attract more people with offers of lower taxes and better public services. He concluded that:


When it came to the question of the proper functions of government in any given nation Molinari seems to toe a rather precarious line in the way he presented his argument. On the one hand, he asserts that even though it criticizes

En résumé, l'économie politique reconnaît que le fractionnement de l'humanité en nations a son utilité, sa raison d'être; elle reconnaît qu'aucune nation, à moins de la supposer composée d'anges, ne saurait se passer de gouvernement; mais, en même temps, elle démontre que les nations ont intérêt à baser leur politique extérieure sur la paix et leur politique intérieure sur l'économie; elle démontre que les nations ont intérêt à entretenir les unes avec les autres des relations libres et amicales, comme à se laisser gouverner aussi peu que possible.

To sum up, political economy recognizes that the fragmentation of humanity into nations has its utility and its raison d'être; it recognizes that no nation, unless it be composed of angels, would be able to do without government; but, at the same time, it demonstrates that nations have an interest in establishing their foreign policy upon peace, and their domestic policy upon economy; it demonstrates that nations have an interest in maintaining free and friendly relations with one another, and to be governed as little as possible.
government intervention in the economy “Political economy is not therefore an-
archic” and admits that “governments play a necessary part in society, and it is
precisely because they appreciate all the importance of this part, that they consider
that governments should be occupied with nothing else.” Yet on the other hand, he
quotes Jean-Baptiste Say, who was perhaps the next most “anarchistic” political
economist after Molinari, who thought governments were “a veritable ulcer”
which should be cut out by economists using “the coolness of a surgeon who
removes a cancer.” He also inserts the sly comment that “the same practices of
scrupulous economy, which are the rule in private industry, should be the rule also
in the government of nations” (les mêmes pratiques de scrupuleuse économie dont
l'application est de règle dans l'industrie privée doivent être appliquées aussi au
gouvernement des nations), which attentive readers would have recalled also
included one of his unbreakable natural laws of economics, that of the need for
free and open competition even for government services.

Peace - War

We can find another two-edged sword in his article on “Peace - War” where he
blames much of the conflict between nations on “l’esprit de monopole” (the spirit
of monopoly) whether in political, religious, or economic matters. When one
recalls his criticism of “monopoly governments” for exercising a monopoly
amongst many other things in the provision of security, and his desire to see the
introduction of “la liberté de gouvernement” (which was one of his code words for
AC), then the following passage might also be seen to have a double meaning:

84 For a convincing argument that Say in his private and unpublished lectures was a near
anarchist, see Amadeus Gabriel, “Was Jean-Baptiste Say a Market Anarchist?” Mises Daily, 28

530.

A third example can be found in his article on "Towns" where he discusses the important part the provision of security for their inhabitants played in their growth and development during the middle ages. Following the collapse of the Roman Empire and the external threat posed by barbarian invaders towns grew and prospered (or not) depending on the level of security the local lord could provide, firstly within the town itself, and then gradually spreading to the outer suburbs. Towns which provided good protection at a reasonable cost flourished and grew in size, while those who did not stagnated. Towns also competed with each other to attract productive citizens to their territory and made deals with local lords to regularize or even decrease the cost of security for their people. As he would later argue in more detail he thought that these competing municipalities were much better able to provide these services at lower cost and at higher standards than remote and usually profligate central states ruled by rapacious aristocrats and

Le même esprit de monopole se retrouve au fond de toutes les guerres politiques et civiles. Comme dans les cas précédents, il a encore pour infaillible antidote l'esprit de liberté. S'agit-il, par exemple, de contestations relatives à la possession d'un territoire ou d'une couronne? Laissez les hommes adopter librement le gouvernement qu'ils préfèrent, au lieu de disposer d'eux sans les consulter, comme s'il s'agissait de vils troupeaux, et la principale cause des guerres politiques cesserait d'exister. De même, qu'au sein des États la liberté devienne de plus en plus la base des institutions politiques, religieuses et économiques, et les occasions de conflits intérieurs disparaîtront peu à peu. La liberté amènera la paix entre les partis comme entre les nations.

The same spirit of monopoly is found at the bottom of all the political and civil wars. As in the preceding cases, the infallible cure/antidote is the spirit of liberty. If it is a matter, for example, of disputes over the possession of territory or a crown, (then) leave people free to adopt the government which they prefer instead of disposing of them without any consultation as if they were a worthless flock (of sheep). Thus, the principle cause of political wars would cease to exist. Furthermore, as liberty becomes more and more the foundation within states of their political, religious, and economic institutions the occasion for internal conflicts will gradually disappear. Liberty will lead to peace between the parties as it will between states.

Towns

88 *In L’Évolution politique* (1884) discussed below.
monarchs, and as time progressed these services would be more and more provided by private groups, which meant that the central and municipal governments could be eventually “dispensed with.”

As to the course to pursue in order to govern a city well, it does not differ from that which should be pursued in the government of a nation. A city administration, like a national one, should exercise only such functions which, by their nature, cannot be left to competition between private individuals. Now these functions are not numerous, and they become less and less so, as progress causes the obstacles to disappear which either prevent or obstruct the action of competition. In fact, whatever the zeal or the devotion of a municipal administration, it is not in the nature of things that the services which are organized in common in the city should be of as much importance as those which are left to private individuals. Doubtless the desire to merit public esteem should press the administrators to do well: but does this motive ever prove as powerful as the interest which stimulates private industry? We may prefer the intervention of municipalities to that of the government for the organization of certain services, and the establishment and maintenance of certain regulations of public utility; but it is well, as far as possible, to dispense with both.

One way they could be “dispensed with” was by people “voting with their feet” and relocating to other lower cost places or by building entirely new towns outside of expensive jurisdictions. This would become a topic of considerable interest to Molinari in his later works when he discussed the right to secede and “property

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89 In L'Évolution politique (1884) and on the “double right of secession” in Les Lois naturelles (1887) discussed below.
development companies” providing these services in late 19th century France. In this article he predicted that towns which exercised a kind of “natural monopoly” would gradually lose this as people became wealthy enough to build new towns and suburbs where the taxes were lower:

Ces circonstances réunies attribuaient aux villes existantes, considérées comme lieux d'habitation, un véritable monopole naturel. Mais, sous l'influence des progrès que nous avons déjà signalés, ce monopole s'efface de plus en plus, et il en résulte que les populations peuvent chaque jour plus aisément se soustraire au fardeau que leur impose une mauvaise administration. Elles ne manquent point de le faire, et on les voit abandonner les villes où la vie est trop chère, en commençant par les quartiers les moins favorablement situés, pour aller grossir les faubourgs ou créer plus loin de nouveaux centres d'activité et de richesse C'est ainsi qu'en puisant magnifiquement dans la bourse des contribuables et en tirant sans scrupule force lettres de change sur les générations à venir, les administrateurs prodigues, loin d'ajouter à la prospérité de leurs cités, finissent par les précipiter dans une inévitable décadence. L'économie dans les dépenses, voilà donc quelle doit être la règle suprême du gouvernement des villes, aussi bien que du gouvernement des nations.

Circumstances combined to give existing towns, considered as places of residence, a veritable natural monopoly. But, influenced by the progress already mentioned, this monopoly is disappearing more and more, and as a result, it daily becomes easier for the people to rid themselves of the burden which a bad administration imposes upon them. Nor do they neglect to do so; for we see them abandoning towns where the expenses of living is too great, (commencing in the quarters less favorably situated), and enlarging the faubourgs (suburbs) or creating, farther away, new centres of activity and wealth. Thus, by drawing largely on the wallets of taxpayers and unscrupulously issuing any number of bills of credit on future generations, high spending city administrators, far from adding to the prosperity of their cities, end by precipitating them into inevitable ruin. Economy in expenditure should be the supreme rule in the government of cities, as well as in the government of nations.

Conclusion

At the end of 1852 Molinari moved from Paris to take up a teaching position in Brussels. Part of his motivation was also to get away from what he thought was the increasingly authoritarian and interventionist rule of the soon to be proclaimed “Emperor” Napoleon III. In the final chapter of the economic treatise Cours d'économie politique (1855) which would emerge from his lectures he would return to
the issue of “the production of security” in a lengthy chapter on the general problem of “public consumption.”
THE COURS D’ÉCONOMIE POLITIQUE (1855, 1863), “LES CONSOMMATIONS PUBLIQUES” (PUBLIC CONSUMPTION) (TO EXPAND)

Introduction

This two volume work on economic theory was published six years after his article on PoS and S11 were published so it is is part of the early, most radical phase in Molinari’s ACT. He had begun giving lectures at the private Athénée royal in Paris in 1847 (as Bastiat had also done which resulted in his treatise Economic Harmonies (1850, 1851)) but these were interrupted by the outbreak of revolution in February 1848 and he turned to other more pressing matters - he worked almost full-time on writing articles for the JDE covering the events of the revolution and then between 1849 and 1852 he worked on the massive DEP project under Charles Coquelin, for which he became virtually the assistant editor. With the rise to power of President Louis Napoléon after the elections of December 1848 and his gradual shift to more authoritarian government, Molinari decided to leave Paris and move back to his native Belgium at the end of 1852 where he thought the political climate was more liberal and where he was able to get a teaching position at the Musée belge de l’industrie. It was here that he was able to continue working on his lectures and eventually turn them into the book Cours d’économie politique (1st ed. 1855, 2nd. revised ed. 1863).

The 40 page chapter in volume 2 of the Cours (1855, 1863), the Twelfth Lesson on “Les consommations publiques” (Public Consumption) and the final 63 page chapter of his later book L’Évolution politique (1884), Chap. X on "Les

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91 While in his voluntary exile in Belgium Molinari wrote two books criticising the illiberal interventionist Bonapartist state, beginning with this important work of classical liberal class analysis, Molinari, Gustave de. Les Révolutions et le despotisme envisagés au point de vue des intérêts matériel; précédé d’une lettre à M. le Comte J. Arrivabene, sur les dangers de la situation présente, par M. G. de Molinari, professeur d’économie politique (Brussels: Meline, Cans et Cie, 1852); and on his economic and political thought, Molinari, Gustave de. Napoleon III publiciste; sa pensée cherchée dans ses écrits; analyse et appréciation de ses œuvres (Bruxelles: A. Lacroix, Van Meenen, 1861).
gouvernements de l’avenir” (The Governments of the Future) provide the most extensive discussion of the production of security and the proper role of the state in Molinari’s writings.

His Radical Terminology

The most detailed discussion of his ideas about the proper functions of government can be found in the final chapter of the second volume, “Les consommations publiques” (public consumption), but throughout the book we can find the telltale vocabulary and rhetorical tropes of his ACT, such as “la production de la sécurité” (the production of security (p. 503)), producers and consumers of security, insurance companies and premiums, political competition (in the favorable ACT sense), “un régime de pleine concurrence” (a regime of full/complete competition (p. 503)), and the most important one “la liberté de gouvernement” (the freedom of government, or free government, or competing government).

We also have the rhetorical tropes of the “simple hypothesis” of the monopolist grocer (p. 512-13), direct references to his earlier radical work (the PoS article and S11 (p. 532)), and a quotation from Adam Smith on his optimism about ending economic monopolies and protectionism in a hundred years, but not, interestingly, his quote about “the fees of court” (p. 533).


93 Cours, vol. 2, p. 532.

94 Not quoting “the fees of court” passage here might suggest a weakening in Molinari’s ACT, but it should be noted that he did quote it again 40 years later in La société future (1899) which would suggest the opposite. In this late work he quotes Adam Smith again on “the fees of court” and predicts the emergence of “des compagnies judiciaires pleinement indépendantes et concurrentes” (judicial companies which are fully independent and competitive) which will solve the problem of keeping legal costs down in the future. This term is probably the most radical AC one he used in all his writings, so it is interesting to see him using it in this supposedly more “conservative” work. See, La Société future, p. 83.
We should note one important change in the terminology he uses. Here he dropped the phrase “communist government” which he used in the the PoS article and S11 and now refers to “un gouvernement de monopole” (monopoly government). In fact, he dropped all reference to “communist” (except for one reference to Proudhon) and made very few to “communism” (which he now defined cleverly as “le monopole retourné” (a back to front monopoly, which impoverishes people instead of enriching them) (p. 444)). And he now contrasts this monopoly form of government with “la concurrence politique” (political competition (p. 532)) or “la liberté de la gouvernement” (competing gouvernement).

We should also note the range of derogatory names he calls the government which indicates his great hostility to it as an institution, the immorality of its conduct in violating individuals’s rights to life, liberty, and property, and its economic inefficiency. He calls government “un monstreux polype” (a monstrous polyp or growth (p. 443)), “un véritable monstre” (a veritable monster (p. 523)), “les ulcères des sociétés” (ulcers on society (p. 530)), a parasite (vol. 1, p. 187), “la pompe aspirante des impôts et des emprunts” (a suction pump to suck out taxes and loans from society (p. 531)), and perhaps most damning coming from an economist, that it was “anti-économique” (anti-economic (p. 513)) in its very nature.

What is New: An Overview of his Theory of Political and Economic Evolution

What is new in this work is a more extensive analysis of the “economics of government” as an institution. Some of the issues he addresses are the following:

- that the very nature of “le monopole gouvernemental” (the monopoly of governing, or the governmental monopoly (p. 441)) spawns all the other kinds of monopoly (industrial, trading, educational, money, etc.) and if you want to get rid of these other monopolies you have to get rid of the original monopoly upon which all the others came from, as well.
- that all government activities can and should be analyzed from an economic perspective (p. 515); he thought there was nothing special (or “sublime” as he put it) about government which exempted it from this kind of analysis.
• that governments and societies have evolved over time through three historical phases or periods of economic development, that of the era of community or the commune, the era of monopoly, and the era of competition, which dictated how a society’s political and economic institutions were structured

  • in the communal phase there was a union or association of families for mutual protection and assistance

  • in the monopoly phase a powerful family or aristocracy seizes control of the state; increasing specialization and division of labour leads to the creation of privileged corporations or monopolies which control different industries; the government becomes a coalition or hierarchy of privileged corporations which rules by regulations and price controls

  • that both the “natural” and “artificial” monopolies which were either inevitable or useful in the early stages of economic development (given the small size of the market and limited external trading opportunities) were costly and inefficient (anti-économique) in the final stage and could and should be replaced by private and competitive organisations/businesses which became possible as the market grew in size and international trade expanded

• that the end result of this economic and political evolution would be “un régime de pleine concurrence” (a regime where there would be full/complete competition) in which both economic and political sectors would be free, open, competitive, cheap, peaceful, productive

  • the conditions for the realization of this third and final stage of full competition were that the market and trade had increased dramatically (both domestically and internationally), that there was growing competition in the production of more and more goods and services, and that the threat of war (and the need for expensive standing armies) had been diminished by international treaties and arbitration

• that there is a close relationship between the government and the broader economic and social framework in which it operated; that when the economic activities and relationships in the broader society changed this immediately puts pressure on the government to change likewise, if not, there develops “la discordance” or (discordance or disharmony (p. 484)) and tension between the two sectors which needs to be resolved

• that European societies in the mid-19th century were going through the transition from the era of monopoly (for both governments and the economy (or “industry”)) to the era of competition, with industry having made considerable
progress in this direction (with the abolition of the English Corn Laws in 1846 and the Anglo-French Free Trade Treaty of 1860) but not so with government which still remained firmly in the era of monopoly (where the provision of many goods and services remained highly regulated or a government monopoly); this disparity caused a certain tension or “la discordance” (disharmony)\textsuperscript{95} between the two sectors as the “anti-economic nature” of the more backward institution (government) became a drain on the further growth of the economy and the broader society;

• this disharmony could only be resolved when “l’Unité économique” (economic unity or parity) had been reached when both political and economic sectors were either both monopolistic or both competitive

• this could be achieved if both sectors either went back to the previous method of organisation (such as monopoly in both economics and politics) or moved forward to the next stage of competition in both economics and politics

• Molinari’s ideal was a political sector which had reached “parity” with the more advanced economic sector which surrounded it, when “un gouvernement de monopole” (monopoly government) was transformed into “la concurrence politique” (political competition) or “la liberté de la gouvernement” (competing gouvernement)

• that in violating several fundamental “natural laws of economics” (especially the law of competition) governments become increasingly “anti-economic” in their behavior and operation; this leads to them becoming a drain on society’s resources which means that governments increasingly become parasitical, “ulcerous,” and “monstrous.”

• that the solution to “the problem of government”\textsuperscript{96} and its economic cost and inefficiency was to force it to become “economic” by exposing it to the force of competition for the production of all its services (including security); if this proved to be too difficult consumers had other options which they could pursue in the meantime, such as secession (elsewhere he talks about competition between

\textsuperscript{95} Cours, vol. 2, p. 484. This is a very Bastiat-like term to use. See “Disturbing and Restorative Factors,” in appendix 1, CW4 (forthcoming).

\textsuperscript{96} Molinari first used the expression “le problème du gouvernement” at the end of the PoS article and then again through the mouth of the Socialist at the end of S11.
local government jurisdictions (communes) and the building of private fully autonomous communities (towns and cities)).\footnote{These topics are both raised in L’Évolution politique (1884) and discussed below.}

**The Production of Security**

**Introduction**

His discussion of the production of security begins with the observation that the need to protect oneself from harm (les nuisances) gives rise to a special form of insurance known as the “production of security,” the purpose of which is to eliminate or control these sources of harm (la destruction ou la police des nuisances).\footnote{Cours, vol. 1, p. 121, where he also cites S11 and the PoS article.} Government’s most basic function is to act as an insurance company to protect individuals against the harms and risks they face which they should do by charging a premium to cover these risks. Unfortunately, governments historically have “bundled” the payment of the premium with other, usually unnecessary, taxes, thus hiding it from the plain view of consumers, and they have attempted more to reduce risk (at least for some but not all “consumers”) and have not provided the other essential function of an insurance company, which is to spread the risk among the policy holders and to reimburse the policy holder for their losses.\footnote{Cours, vol. 2, p. 311. Molinari cites again here his article on the PoS.}
The production of security is the essential function of governments by providing laws courts and police for internal security, and an army for eternal security. However, in contrast to this purely protective function, the army can also be used to benefit “la classe gouvernement” by conquering other countries and bringing more land and taxpayers under their control. Thus, in addition to there being an “l’industrie de la sécurité” (industry producing security) there also grows insurance considered in relationship to credit has the effect of sharing (diviser) the risks and, as a result, reducing the premium necessary to cover them. They can be applied to all the causes of destruction or loss which threaten capital used in (business) enterprises, whether these causes of destruction or loss caused by exposure to these risks are general or specific. Thus all enterprises are subject to the risk of destruction, pillage, theft or dispossession as a result of violence or fraud, and governments are nothing other than insurance associations (des mutualités) established to combat these general risks. Taxes, in whatever form they may be levied, are only, at least in a good part, an insurance premium (une prime d’assurance). Only this kind of insurance reduces the risks rather than sharing them. For example, by creating a good police (force) a government lowers the level of risk of being murdered, pillaged, or robbed, but without sharing/splitting/spreading (the risks) which remain, in the sense that it does not reimburse the damages caused by the action (échéance) of these risks. Insurance properly understood has, on the contrary, the goal of sharing/spreading the risk without reducing them at least in a direct way. This (sharing the risk) happens with insurance against shipping accidents, shipwreck, spoilage; insurance against fire, hail, and other bad weather; against disease, the causes of death or accidents which threaten the human race.
up in parallel “l’industrie de la spoliation” (industry for plundering). (See below for a discussion of this other kind of industry.)

Molinari notes that the economic costs and benefits of security can be provided badly or well. When the security of person and property is well provided the cost of capital is kept low and the profits of economic activity can be enjoyed without the considerable threat of being destroyed or stolen. He gives the examples of the relatively successful and prosperous countries of Holland, England, Switzerland where this is the case. He contrasts this with the increased risk to capital when governments do not provide security adequately.

He also restates an observation which he first made in his entry on “Nations” in the DEP where he discusses how increased security in and around towns

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100 Cours, vol. 2, p. 483.


attracted citizens from neighboring districts and increased the value of the surrounding land which benefited more and more people.\textsuperscript{103}

Actual Insurance Companies or “like” Insurance Companies?

A significant difference in the \textit{Cours} is that he no longer talks explicitly about private insurance companies run by entrepreneurs providing security services to their premium paying customers as an immediate possibility. He now couches the argument in more general terms, in much the same way as he did in his 1846 article on “Electoral Reform,” that governments are “like” an insurance company which insure against risk, that this is how they have evolved “naturally” over time, but with the proviso that soon, in the coming “un régime de pleine concurrence” (regime of full competition), all governments will be exposed to competition in the provision of these services and be reduced to acting like, and possibly actually being, private insurance companies, which he will explain in more detail in later works such as \textit{L’Évolution politique} (1884) and \textit{Les Lois naturelles} (1887).

He also begins to take more heed of the notion that there are some goods and services which are “naturally collective” which need to be supplied on a different basis to those goods and services which are “naturally individualistic.” This becomes more noticeable in some of his later writings (such as \textit{La Société future} (1899)), although it is not always clear to what extent these “naturally collective” goods have to supplied by a government monopoly, by the government outsourcing this to private suppliers by means of competitive bids, or through voluntary but still “communal” means such as private “property development companies.”

The Production of Security in the era of monopoly

During the “era of monopoly” although the government provided some essential security functions it increasingly fails to do this for a number of reasons. Part of the reason, is that it cannot keep up with the changes which are taking

\textsuperscript{103} \textit{Cours}, vol. 1, TREIZIÈME LEÇON. la part de la terre, vol. pp. 365 ff.
place in the more progressive parts of the economy as trade and the division of labour continue to increase output, prosperity, and the complexities of the trading relationships which spring up. Another problem arises when powerful groups seize control of the state and use it for their own benefit. In the era of monopoly it is common for a powerful family or aristocracy to seize control of the state and for the increasing specialization and the division of labour to lead to the creation of privileged corporations or monopolies which control different industries. The government then becomes a coalition or hierarchy of privileged corporations which rules by regulations and price controls:  

Le gouvernement apparaît comme une corporation ou une réunion de corporations superposées à celles qui ont monopolisé les autres branches de travail. Ces corporations gouvernantes non seulement repoussent la concurrence des intrus qui essayent d’entrer en partage avec elles, mais encore elles repoussent, autant qu’elles le peuvent toute tentative de limitation de leur monopole par voie de réglementation et de maximum.

Government looks like a corporation or a union of corporations superimposed upon those which have monopolized the other branches of labour. These governing/ruling corporations not only repel the competition of the intruders/interlopers who try to enter (the market) and share it with them, but in addition they repel as much as they can any/all attempts to limit the monopoly by means of regulations and price controls (maximum).

Like every other industry, “l’industrie du gouvernement” (the industry of government or governing) will undergo increasing specialization and division of labour as economies develop and expand. It is unable to do this properly if it remains stuck with the practices it acquired in the era of monopoly:

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104 *Cours*, vol. 2, p. 497.

105 *Cours*, vol. 1, DEUXIÈME LEÇON. la spécialisation des industries et l’Échange, p. 65.
Enfin, dans l’industrie qui pourvoit à la sécurité publique, dans l’industrie du gouvernement, les forces productives se trouvent ordinairement rassemblées par masses considérables et les travaux divisés à l’infini. Il y a des administrateurs, des juges, des agents de police, des soldats, qui contribuent, chacun dans la mesure de ses aptitudes et de ses forces, à la production de la sécurité.

Finally, in the industry which provides public security, in the industry of government/governing, the productive forces are usually found gathered together in considerable quantity and labour is divided to an (almost) infinite extent. There are administrators, judges, policemen, and soldiers who contribute, each according to their aptitude and their strength, to the production of security.

In the communal and monopolistic phase of economic development some industries will be expanded beyond the needs of consumers in order to suit the needs of the monopolist producers and will thus become “parasitic” on other productive activities in that society. Such is the case with the production of security which has many “anti-economic” aspects to it. Yet he believes those who work in the security industry can be as productive as other members of the “liberal professions” who also provide services to their customers, as Destutt de Tracy and J.B. Say argued as well (see above):¹⁰⁶

¹⁰⁶ Cours, vol. 1, SEPTIÈME LEÇON. la classification et les formes de la production, p. 192.
Unfortunately, the governments in his day were in no position to satisfy these new, expanded, and more sophisticated needs for personal security and the protection of contracts and property rights for a number of reasons.¹⁰⁷

- they continue to be controlled by powerful vested interests who used them to further their own personal and class interests at the expense of other consumers of security
- they ignored the effect of powerful “natural laws of political economy” and so were in essence “anti-economical” in the way they were organized and functioned (see below for further details)
- they violated “les lois de l’unité des opérations et de la division du travail” by undertaking too much to do any one thing efficiently:

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¹⁰⁷ Cours, vol. 2, p. 523.
Au point de vue des lois de l’unité des opérations et de la division du travail, un gouvernement qui entreprend la production de la sécurité et de l’enseignement, le transport des lettres et des dépêches télégraphiques, la construction et l’exploitation des chemins de fer, la fabrication des monnaies, etc., n’est-il pas un véritable monstre?”

From the point of view of the laws of the unity of operations and the law of the division of labour, a government which undertook the production of security and education, the delivery of letters and telegraph messages, the construction and administration of railways, the coing of money, etc. wasn’t it a veritable monster?

- they didn’t know how to measure the true demand for protection since they did not operate in a market for security; elsewhere he talked about the inadequate amount of policing; here he talks about “too much” being produced, especially of “military services,” which then became “parasitical” on other more productive economic activities.

As societies gradually moved from the era of monopoly into the era of competition these defects in the government’s production of security should lessen as it becomes exposed to economic forces such as competition and the need for greater specialization as the economic system becomes more sophisticated. When society finally enters “un régime de pleine concurrence” (a regime of full or complete competition) and “la monopole gouvernementale” (the monopoly of governing) comes to an end these defects, he believed, should completely disappear.

**The Economic Analysis of Government**

Introduction

One of the most interesting aspects of Molinari’s economic and political theory is the way in which he applied economic analysis to institutions and behavior which

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108 He discusses the high cost and poor efficiency of government police and law courts in “De l’administration de la Justice,” *L’économiste belge*, No. 11, 5 Juin 1855, pp. 1-3; and is still doing the same 40 years later in *La Question sociale* (1896, p. 338 and *Les Problèmes du XXe siècle* (1901), p. 283.
most other economists had not. We see the beginning of this in his book Les Soirées where he applied economic analysis to show how every so-called “public good” could be better provided on the free market by private “entrepreneurs” seeking profit opportunities by satisfying the needs of customers. He did something very similar in the articles he wrote for the DEP where he provided economic analysis of things like fine arts, theaters, emigration, fashion, public monuments, the growth of towns and cities, and travel.109 In the long chapter on “Public Consumption” in the Cours Molinari applies and extends his economic analysis of government which he began in these earlier works in new and very interesting ways.

The important insight Molinari had, with interesting similarities to the Public Choice approach to understanding politics, was to treat the state in the same way he would treat a firm or a company, that the people who owned or ran the firm had goals which they wanted to achieve with limited resources, that they responded to changing relative costs and benefits, and that they had to adjust to technological and other systemic changes. The terminology Molinari used to describe the state is quite instructive. The following is a sample: "les entreprises gouvernementales" (government enterprises), "les entreprises politiques" (political enterprises), "l'industrie du gouvernement" (the industry of government), "une vaste entreprise, exerçant des industries et des fonctions multiples et disparates" (a vast enterprise which carried out multiple and various enterprises), and "ateliers de production de la sécurité" (workshops which produced security). He was even working on a public choice-like notion of "le marché politique" (the political marketplace) in which politicians bought and sold favours in order to get or to stay in power.

The difference between the state treated in this economic fashion and a true firm was that the state had access to coercive powers which were denied most firms, except for those “rent-seeking” firms which could get government privileges or monopolies of some kind. Nevertheless, Molinari thought it was very important to

use economics to analyse the operation of the state, especially the “anti-économique” aspects of state activity which led to waste, corruption, and the poor provision of services like security. It was a mistake he thought to exempt the state from the economists’ scrutiny:

The disastrous failure of all the attempts which have been made to improve public services, just as much with regard to their production as with their distribution, without having any consideration for the economic laws which govern the production and distribution of other services, clearly demonstrates in our view that one deceives oneself by putting governments beyond the reach of political economy. Political economy, as the science of what is useful, is alone competent to determine the conditions in which all enterprises ought to be established, just as much for those enterprises monopolized by the government, as those which are left to private activity.

From the moment when this essential part of its domain has been restored to political economy, without allowing it (this process) to be halted by any prejudice which is too respectful towards the powers (of the state) which the fear of some and the pride of others have deified, the solution to the problem of a useful government becomes not only possible but even easy. In the first place, it is sufficient to discover if the government enterprises are constituted in conformity with the economic laws which govern all other enterprises, whatever the particular nature of each one may be, and in the second place, if this is not the case, how one could make them conform to them (economic laws).

L’échec désastreux de toutes les tentatives qui ont été faites pour améliorer les services publics, tant sous le rapport de leur production que sous celui de leur distribution, sans avoir égard aux lois économiques qui président à la production et à la distribution des autres services, démontre suffisamment, croyons-nous, que l’on se trompait en plaçant ainsi les gouvernements dans une région inaccessible à l’économie politique. Science de l’utile, l’économie politique est seule compétente, au contraire, pour déterminer les conditions dans lesquelles doivent être établies toutes les entreprises, aussi bien celles que les gouvernements accaparent que celles qui sont abandonnées à l’activité privée.

Du moment où l’on restitue à l’économie politique cette partie essentielle de son domaine, sans se laisser arrêter davantage par un préjugé trop respectueux pour des puissances que la crainte des uns, l’orgueil des autres, avaient divinisées, la solution du problème d’un gouvernement utile devient non seulement possible mais encore facile. Il suffit de rechercher, en premier lieu, si les entreprises gouvernementales sont constituées conformément aux lois économiques qui président à la constitution de toutes les autres entreprises, quelle que soit la nature particulière de chacune, en second lieu, comment, dans la négative, on peut les y conformer.

[Source:110

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What Molinari is doing here is similar to what James Buchanan and Gordon Tullock, and Douglas C. North did in the 1960s and 1970s with their theory of the economics of political decision-making and the history of the emergence of political institutions from an economic perspective, respectively.\footnote{James M. Buchanan and Gordon Tullock, \textit{The Calculus of Consent} (1962) in \textit{The Collected Works of James M. Buchanan} (Indianapolis: Liberty Fund, 1999), vol. 3; and Douglass C. North and Robert Paul Thomas, \textit{The Rise of the Western World: A New Economic History} (1973).} Political and religious leaders as well as other producers and consumers make decisions based upon the economic and political options which are available to them, and these options are limited by things such as the extent of the division of labour, the depth and breath of the market, the productivity of economic activity at that time, and the amount of surplus they can extract from the workers and taxpayers. As these things change over time, especially as technological change introduces new possibilities for economic activity, institutions change in order to take advantage of them.

We can see an interesting precursor to this way of thinking in his 1852 \textit{DEP} article on “Villes” (Towns)\footnote{Molinari, “Villes,” \textit{DEP}, T. 2, pp. 833-38. Translated as “Cities and Towns” in Lalor’s \textit{Cyclopaedia of Political Science, Political Economy}, vol. 1, pp. 468-73. A modified and corrected version of this translation can be found in the Appendix below.} in which Molinari discusses the evolution of towns as the security needs of the people living in them and the near vicinity change over time. When the threat of barbarian invasion was high, towns built expensive walls around their town, which was often located on a more defensible hill or other higher ground. People accepted the high cost of moving in and out of the protective town walls everyday since the threat of attack was high. Overtime the townspeople paid off the “roving bandits” to leave them alone and this turned into regular payments of feudal dues to the more powerful “bandits” who settled down among the people and became “stationary bandits” or feudal lords. Once greater security was established, people could move beyond the town walls to create the “faubourgs” (suburbs) where land was cheaper and where they could spread out.
All Governments must be subject to economic laws

His key insight was that he believes that the behavior and constitution of all governments can be explained and understood through economic analysis and, in another provocative step, argued that they should be subject to the same economic laws as every other industry.

He argues that the traditional view that government activity is somehow “above” economic analysis must be abandoned. There is nothing “sublime” (p. 515) about government which puts it outside or above other institutions. It too is subject to economic laws and we need an economic analysis of the way governments are formed, the way they function, and how they share features and problems with other “enterprises.” He notes that the people who make the argument that governments are “above” the laws of economics are themselves usually part of the government (and its protected monopolies) and want it to remain outside of economic scrutiny for their benefit; these areas include the government provision of security, money, transport, religion, and education:113

En revanche, ces mêmes esprits qui appartenaient presque sans exception, notons-le bien, au personnel des anciennes corporations gouvernantes, étaient convaincus que les fonctions qui avaient jusqu’alors formé le domaine de ces corporations supérieures, la sécurité, le monnayage, les transports, le culte, l’enseignement, etc., devaient être nécessairement réservées, en vertu de leur nature propre, au gouvernement; à quoi ils ajoutaient que l’économie politique n’avait point à s’en occuper. Cela étant, il s’agissait de constituer le gouvernement, sans avoir égard aux données de la science économique, [517] mais de manière cependant à ce qu’il pût remplir, aussi avantageusement que possible pour la société, les fonctions nombreuses et importantes qu’on lui attribuait.

On the other hand, these same people (esprits) who belong, let us note well, almost without exception to the personnel (employees) of these old government corporations, were convinced that the functions which had up until then formed the domain of these higher corporations, such as security, money, transport, religion, education, etc., ought to be necessarily reserved, by virtue of their very nature, to the government; to which they added that political economy had nothing to do with it. That being the case, it was a matter of establishing the government, without any regard to the facts of political economy, but in a way however in which it would be able to carry out, as advantageously as possible for society, the numerous important functions that were given to it.

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113 Cours, vol. 2, pp. 516-17.
In the era of monopoly all these protected “corporations” are fused into one giant “régie” (public company, body, organisation) of publicly run services, which he calls this “une lourde et monstrueuse machine” (a heavy and monstrous machine) and which is run by a staff of experts who make up “une classe gouvernante” (a governing/ruuling class).¹¹⁴

Individually these old corporations of the old regime would have been gradually forced by growing competition to open up to the market, but by forming this “une corporation colossale” (colossal corporation) they have been able to fend this off for the time being. In reaction to this, historically consumers have sought to regulate and mitigate this giant monopoly by means of a constitution and government regulation and price controls. This has been what has happened since the French revolution.

La compétence de l’économie politique en matière de gouvernement étant ainsi récusée, on ne doit pas s’étonner, si, pour résoudre le problème de la constitution utile de la production des services publics, on prit d’abord la voie qui en éloignait le plus. Que fit-on en effet? On commença par fusionner tous les services qui formaient, sous l’ancien régime, le domaine de corporations séparées, service de la sécurité, service de l’enseignement et des cultes, service du monnayage, service des transports, etc., et l’on constitua ainsi une énorme “régie” des services publics; ensuite, on essaya de remettre cette régie aux mains d’une démocratie communautaire, dont les institutions étaient empruntées à celles de la phase embryonnaire de l’existence des sociétés. Mais s’il était possible, à la rigueur, — quoique ce fût visiblement une œuvre rétrograde, — de fusionner des services de nature diverse dans une régie unique, il était impossible de faire manœuvrer cette lourde et monstrueuse machine autrement que par un personnel spécial. En conséquence, on vit se reconstituer une classe gouvernante dans laquelle l’ancien personnel gouvernemental se fondit avec l’élément nouveau que la révolution avait fait surgir.

Since the competence of political economy (to judge) in the matter of government has been ejected one shouldn’t be surprised if, in order to resolve the problem of the (most) useful structure for the production of public services, if first up the path which has been put off the longest is the one taken. Indeed, what would one do? They begin by “fusing together” (fusionner) all the services which comprised under the ancien regime the domain of the separate corporations, such as the security service, the education and religion service, the money service, the transport service, etc. and so one builds an enormous “administration” (régie) of public services; then one would try to return this administration into the hands of a communitarian democracy (une démocratie communautaire), whose institutions had been borrowed from those of the first embryonic phase of the existence of societies. But if it were possible, at a push - although this would be quite clearly/obviously a retrograde step, - to fuse all these services, which by their nature are divers/different, into a single administration, it would be impossible get this heavy and monstrous machine managed/run other than by specialized personnel. As a result one would see the reconstruction of a governing/ruling class in which the ancien/old government personnel gets fused with the new element which the revolution has pushed forward.
Since this new system does not work well there is a demand to incorporate all of society into the government in order to regulate it “englober la société dans le gouvernement” (to incorporate (all of) society into the government), as the socialists wanted to do. But this is the exact opposite of what must be done to fix the problem. The people must recognize the power of economic laws and expose all government activities to these laws. Public services cannot be reformed/improved either in their production or distribution, but must be opened up to private activity.\(^\text{115}\)

Ces utopies et bien d’autres ont leur source dans l’erreur que [521] nous avons signalée plus haut, savoir que la constitution des gouvernements n’est point, comme celle des autres entreprises, du ressort de l’économie politique, d’où il résulte que la solution du problème d’un bon gouvernement doit être cherchée ailleurs. L’échec désastreux de toutes les tentatives qui ont été faites pour améliorer les services publics, tant sous le rapport de leur production que sous celui de leur distribution, sans avoir égard aux lois économiques qui président à la production et à la distribution des autres services, démontre suffisamment, nous croyons, que l’on se trompait en plaçant ainsi les gouvernements dans une région inaccessible à l’économie politique. Science de l’utile, l’économie politique est seule compétente, au contraire, pour déterminer les conditions dans lesquelles doivent être établies toutes les entreprises, aussi bien celles que les gouvernements accaparent que celles qui sont abandonnées à l’activité privée.

These and even other utopias have the origin in the error which we have mentioned above, namely that the nature of governments is not at all, like other enterprises, the responsibility of political economy, from which it results that the solution to the problem of good government has to be found elsewhere. The disastrous failure of the attempts which have been made to improve public services, as much in regard to their production as with their distribution, without any regard to the economic laws which govern production and distribution of other services, sufficiently shows we believe, that one deceives oneself by soplacing governments in a place/region which is inaccessible to political economy. On the contrary, as being a useful science, political economy alone is competent to determine the conditions under which all enterprises ought to be established, as well as those that governments have monopolized and those which have been left for private enterprise (l’activité privée).

The “Anti-Economic” Nature of Government

\(^{115}\) *Cours*, vol. 2, pp. 520-21.
One of the most interesting sections of this chapter is his long discussion of what he called the “anti-économique” nature of all government activity, which he believed violated (or “sinned against,” in rather Catholic terminology) economic principles/laws. He listed four such economic laws which governed both the production and distribution of goods and services, the violation of which would inevitably make government provided services inefficient, more expensive, and unresponsive to consumer needs. They were “contre les lois de l’unité des opérations et de la division du travail, des limites naturelles, de la concurrence, de la spécialité et de la liberté des échanges” (against the laws of the unity of operations and the division of labour, of the natural limits (to their size), of competition, and of principles of specialization and free trade). Given all these reasons for the “uneconomic” (or anti-economic) nature of governments they were, to borrow an expression from Jean-Baptiste Say, “les ulcères des sociétés” (ulcers on society).

For example, government monopolies tended to overproduce goods or services beyond the needs of the consumers (what he called “ce développement parasite” (this parasitical development)) because, in the absence of prices and freely negotiated contracts, the government monopoly did not know how much production is optimal. Molinari thought that defence was an excellent example of this tendency to overproduce a good or service:116

La production de la sécurité est l’une de celles où l’on peut observer, le plus fréquemment, ce développement parasite, où il présente, en même temps, le caractère le plus anti-économique.

The production of security is the example of this parasitical development which is most frequently observed, and where at the same time it demonstrates the most anti-economic character.

Another reason was that government had become too big and complex and had become “un véritable monstre” (a veritable monster) which was active in too many fields to be expert in all of them. This also suggests he had an inkling of

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116 *Cours*, vol. 1, p. 192.
Hayek’s problem of knowledge\textsuperscript{117} which was faced by monopolists and central planners in the absence of adequate information provided to planners by the wishes of consumers and suppliers by means of price signals. Molinari thought that running a very large government supplier of any good or service was like chasing too many hares at once (“chasser plusieurs lièvres à la fois”):\textsuperscript{118}

Comment d’ailleurs des gouvernements qui exercent plusieurs industries ou plusieurs fonctions se conformeraient-ils à la loi des limites naturelles? Chaque industrie a les siennes, et telle limite qui est utile pour la production de la sécurité cesse de l’être pour celle de l’enseignement. Cela étant, un gouvernement ne peut évidemment observer une loi qui lui imposerait autant de limites différentes qu’il exerce d’industries ou de fonctions.

By the way, how could governments which carry out many industries or many functions conform to the law of natural limits (to the size of enterprises)? Each industry has its limits, and such a limit which is useful for the production of security ceases to be (the limit) for that of education. That being so, a government evidently cannot observe a law which imposes upon it as many different limits as the number of industries or functions which it carries out.

A third reason he gave was that firms had a natural size limit (la loi des limites naturelles) beyond which they could not operate effectively. In an insight that suggests thinking along the lines of Ronald Coase’s theory of the firm,\textsuperscript{119} Molinari gave as an example the dream of some rulers to build “la monarchie universelle” (the universal monarchy)\textsuperscript{120} which would govern huge territories, with millions of people, and supply them with myriads of services. Molinari thought

\textsuperscript{117} Friedrich August von Hayek, “The Use of Knowledge in Society,” \textit{American Economic Review}, XXXV, No. 4; September, 1945, pp. 519–30.

\textsuperscript{118} \textit{Cours}, vol. 2, p. 524.


\textsuperscript{120} Molinari criticised the idea of a “universal monarchy” or a “universal republic” as utopian dreaming and called for the break up human societies into smaller and smaller units (“le morcellement de l’humanité” and “le fractionnement des sociétés”) in his article “Nations” in the \textit{DEP} (1852), T. 2, pp. 259-62. He also likened universal monarchy or any similar state structure to “un seul troupeau gouverné par un berger omniparc” (a single flock of sheep ruled by an omnipotent shepherd). This article can be found in the Appendix.
that the market should determine the optimal size of firms which would best be able to satisfy the needs of its consumers as well as make a profit for its owners: 121

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In many areas of government activity, especially the production of security, competition was banned outright. This meant that these activities are not required to cover their costs of operation (or go out of business if they did not), or get the standard rate of return for most industries, or to improve their service or products. As he noted: 122

For certain public services, like security, the delivery of lettres, and money for example, the absolutely prohibit competition within the borders of their domain.

By ignoring the division of labour, the proper size of the firm, and avoiding competition, government services like security are higher priced and of lower quality, unlike those sectors of the economy which are exposed to competition and

121 Cours, vol. 2, p. 524.

122 Cours, vol. 2, p. 524.
have to constantly improve and diversify their goods and services as the economy advances:123

S’agit-il de la sécurité? Elle doit être nécessairement plus complète et plus diversifiée dans une société riche et civilisée, où les propriétés à protéger se sont multipliées et ramifiées à l’infini, que dans une société pauvre et barbare.

Is it a matter of security? Unavoidable it has to be more complete and more diversified in a rich and civilised society, where the property which needs to be protected has multiplied and branched out into infinity, that a poor and backward/barbarous society.

Molinari summed up his objections to the “anti-economic” nature of government activity with a list of four acts of government “sining” against (pécher) or violating the natural laws of political economy concerning the production and distribution of services. The only way he thought this problem could be reversed was to apply these laws to “les entreprises gouvernementales” (government enterprises/businesses), especially that of security:124

I. Les gouvernements pèchent visiblement contre les lois de l’unité des opérations et de la division du travail.

II. Les gouvernements ne pèchent pas moins contre la loi des limites naturelles.

III. Les gouvernements pèchent contre la loi de la concurrence.

IV. Les gouvernements pèchent, enfin, dans la distribution de leurs services, contre les principes de la spécialité et de la liberté des échanges.

I. Governments visibly sin against (violate) the laws of the unity of operations and the division of labour.

II. Governments sin no less against the law of natural limits (to their size).

III. Governments sin against the law of competition.

IV. Finally, governments sin in the distribution of their services against the principles of specialization and free trade.

123 Cours, vol. 2, p. 527.

124 Cours, vol. 2, pp. 524-25.
Molinari was still railing against the economic inefficiency of government monopoly police services in the 1890s which he described as “le plus arrière de tous” (the most backward of them all) and modern governments in general as “monsters”: 125

En revanche, le service non moins nécessaire de la sécurité intérieure, qui se trouve entièrement à l’abri de la concurrence, est le plus arriéré de tous. La justice n’a pas cessé d’être coûteuse, lente et incertaine, la police insuffisante et vexatoire, la pénalité tantôt excessive et tantôt trop faible, le système pénitentiaire plus propre à développer la criminalité qu’à la restreindre. Comment en serait-il autrement? Comment les fonctions naturelles des gouvernements ne souffriraient-elles pas de l’accroissement incessant de leurs fonctions parasites? Quelle entreprise particulière pourrait subsister si elle était constituée et gérée comme un gouvernement, et accaparait, à son exemple, des industries multiples et disparates? Au point de vue économique, les gouvernements modernes sont-ils autre chose que des « monstres »?

On the other hand, the no less necessary service of internal security, which is completely protected from any competition, is the most backward of them all (government services). Justice is still costly, slow, and uncertain; the police are inadequate and persecutory; penalties are sometimes excessive and at other times too weak; and the prison system is more suited to developing criminality than controlling it. How could it be otherwise? Why wouldn’t the natural functions of government suffer from the incessant expansion of their parasitic functions? What individual enterprise could survive if it were structured and run like a government and, following its example, monopolized multiple and disparate industries? From the economic point of view, aren’t modern governments nothing more than “monsters”? 125

The Parasitical and Destructive effects of Governmental Monopoly

Because these economic laws (especially that of competition) were ignored out of ignorance or deliberately violated by vested interests who benefited from the old ways, government remained stuck in the practices of an earlier and less developed economic state, that of monopoly. Thus governments were quite backward concerning their own economical organisation and in satisfying the needs of the consumers. When surrounded by other sectors of the economy which were being reformed, improved, and made more efficient, this contrast between an inefficient

state and an increasingly efficient economy produced “la discordance” or disharmony - “cette discordance qui se manifeste de nos jours entre l’état des gouvernements et celui des autres branches de l’activité sociale” (this disharmony which is visible in our day between the state of government and the state of the other branches of social activity)\(^\text{126}\) - which had to be resolved in some way.

As other sectors advanced economically the “disharmony” between the two became worse with the result that in Molinari’s view governments had become disruptive and dangerous “monsters,” “ulcers,” “cancerous growths,” “tumors,” “parasites,” “sucking pumps,” and “plunderers” which had to removed if societies were to progress further in their development.

**Governments as ulcers**

One of Molinari’s most colorful expressions was “government as an ulcer” which he borrowed from Jean-Baptiste Say and used several times in his writing.\(^\text{127}\) In this angry passage he combines Say’s medical metaphor of an ulcer eating away the healthy tissue of society with a mechanical one of a suction pump sucking out taxes and loans from the economy.\(^\text{128}\)

\(^{126}\) *Cours*, vol. 2, p. 484.

\(^{127}\) See for example his article on “Nations” in *DEP*, vol. 2, p. 261. See also “Ulcerous, Leprous, and Tax-Eating Government” in *Further Aspects of Molinari’s Thought* in Liberty Fund’s forthcoming translation of *Les Soirées*.

\(^{128}\) *Cours*, vol. 2, pp. 530-31.
Another kind of “industry”: “l’industrie de la spoliation”

Molinari thought that the opposite of “l’industrie de la sécurité” (the security industry) was what he called “l’industrie de la spoliation” (the industry of plundering) which could be undertaken by individuals (such as thieves and highway robbers) or organized by bands of pirates or by governments - “les industries du vol, du brigandage, de la piraterie, de la conquête, exercées soit individuellement, soit par voie d’association” (the industries of theft, brigandage, piracy, and conquest, whether exercised by individuals or by means of (some) association). The latter form of this “industry,” plunder organised and protected by governments, was the main cause of the impoverishment of societies and the inequality in incomes. It increased in scope as the wealth of society increased and there was
more goods and services upon which it could prey. The methods used by the state have become less brutal over time (there is less outright plunder by force and less slavery) but it has become more widespread and indirect in the form of taxes and tariffs.129 Like his older friend and colleague Frédéric Bastiat, Molinari wanted to see economists produce a deeper study of the phenomenon of plunder and called for “une histoire analytique et raisonnée de la spoliation” (an analytical and well thought out history of plunder).130 He summarized his views as follows:131

129 Molinari probably had in mind the idea of “la spoliation légale” (legal plunder) which Bastiat had developed in the late 1840s. See “Bastiat on Enlightening the ‘Dupes’ about the Nature of Plunder,” in the Introduction to CW3, pp. lv-lviii. Molinari also borrows Bastiat theory of “the seen” and “the unseen” in his critique of indirect taxes (which are largely unseen by those who have to pay them). he does this in La Morale économique (1888) “une tendance naturelle à multiplier ces taxes qu’on ne voit pas de préférence à celles qu’on voit” (pp. 356-57); and in La Société future (1899) “des impôts indirects qu’on ne voit pas, relativement aux impôts directs que l’on voit.” (p. 108).

130 Cours, vol. 2, pp. 434-35. Bastiat had planned to write a “History of Plunder” after he had finished his treatise Economic Harmonies but did not live to finish it.

131 Cours, vol. 2, pp. 434-45.
Mais on peut affirmer que la violence et la ruse ont, de tout temps, exercé une influence considérable sur la formation des revenus et il ne paraît pas malheureusement que cette influence perturbatrice ait sensiblement diminué de nos jours. Les moyens dont on se sert pour s'emparer du bien d'autrui sont peut-être moins brutaux qu'ils ne l'étaient jadis, mais sont-ils moins nombreux et moins productifs? Comme toutes les autres industries, la [435] spoliation a perfectionné ses procédés et ses méthodes; à mesure que les moyens de créer de la richesse se développent, ceux de la détourner de ses destinations légitimes et utiles semblent se développer d'une manière parallèle; en sorte qu'en considérant l'industrie de la spoliation dans la multitude de ses branches, on ne saurait affirmer qu'elle occupe dans les sociétés modernes une place moindre que celle qu'elle s'était faite dans les sociétés anciennes. La seule différence à l'avantage de notre époque, c'est qu'on commence à mieux étudier les procédés que la spoliation met en œuvre, comme aussi la nature, l'étendue et l'incidence des dommages qu'elle cause. Un jour viendra peut-être où, en analysant ses opérations et en faisant ses comptes, en montrant clairement ce qu'elle coûte et à qui elle coûte, on parviendra à soulever contre elle la masse des intérêts aux dépens desquels elle s'exerce,

However, one can state that violence and fraud have in all times exercised a considerable influence on the way revenue is collected and unfortunately it does not appear that this disturbing influence has visibly diminished in our day. The means used to seize the goods of another person are perhaps less brutal that they once were but are they less numerous and less productive? Like all other industries plunder has perfected/improved its processes and its methods: as the means of creating wealth have developed those for diverting it from its legitimate and useful purposes have developed in a parallel manner; so (to the point) that when one thinks about the industry of plunder in all its multitude of branches, one would have to agree that it only occupies a smaller place in modern societies than that which it had in ancient societies. The only difference in favor of our own time is that we have begun to better understand the processes that plunder uses, as well the nature, extent, and impact of the damage it causes. One day perhaps will come when, in analyzing its operation and in drawing up the total costs (faire see comptes), in clearly showing what it costs and to whom costs, one will manage to arouse the mass of interests at whose expense it is exercised.

It was upon this “industry of plundering” that “le monopole gouvernemental” was both based and which in turn made all the other forms of plunder possible in the modern world.

**Monopoly Governments as polyps/growths**
Molinari explored the problem of plunder and its relationship to monopoly government in the Eleventh Lesson on “Revenue and Useful and Harmful Consumption.”\textsuperscript{132} When government is a monopoly and has a monopoly of the use of force it becomes what he called “un monstrueux polype” (a monstrous polyp or growth/tumor) which is dangerous in its own right but also because it gives rise to all the other forms of monopolies because of the legal privileges it can confer on some at the expense of others.\textsuperscript{133} This monopoly of government not only spawns other monopolies such as trading and industrial companies, banks, the issuing of money, etc., which provide many lucrative sources of income to the upper and middle classes at the expense of ordinary working people. Like a polyp or growth which spreads, the main governmental monopoly creates “branches” which in turn create other monopolies which behave like subordinates or dependents on the main source of monopoly.\textsuperscript{134}

\textsuperscript{132} Cours, vol. 2, pp. 427-79.

\textsuperscript{133} Cours, vol. 2, p. 443.

\textsuperscript{134} Cours, vol. 2, pp. 441-42.
Mais la spoliation conserve encore bien d’autres forteresses. A mesure qu’on la chasse de ses vieux repaires, on la voit même s’en creuser de nouveaux, plus vastes et plus redoutables. A peine les corporations privilégiées ont-elles été démolies et au moment où l’édifice de la protection commence à s’écrouler, nous voyons, par exemple, le monopole gouvernemental se développer partout, comme un monstrueux polype, aux dépens des industries de concurrence. Or, ce monopole qui se trouve, partout aussi, en droit ou en fait, entre les mains des classes supérieures ou moyennes, embrasse une multitude de fonctions et fournit, par conséquent, une multitude de revenus. Au premier aspect, ces revenus ne paraissent pas dépasser le niveau général; mais si l’on considère l’insuffisance du travail fourni en échange, sous le double rapport de la quantité et de la qualité, la nullité même de ce travail quand il s’agit de sinécures, on s’aperçoit qu’ils contiennent, en comparaison des revenus fournis par les industries de concurrence, une rente considérable. Au monopole gouvernemental proprement dit viennent se rattacher, à titre de dépendances ou d’annexes, une multitude croissante d’autres monopoles, en matière de crédit, d’industrie, de commerce, etc., qui ont uniformément pour objet, — quels que soient du reste les prétextes invoqués en faveur de leur établissement, — une augmentation artificielle des revenus de ceux qui ont eu le pouvoir de les faire établir. Ces monopoles, institués au moyen d’une limitation quelconque de la concurrence, contiennent nécessairement une spoliation, d’abord en ce qu’ils obligent les consommateurs des produits ou des services monopolisés à les payer à un prix supérieur à celui de la concurrence, en fournissant aux monopoleurs une rente proportionnée à la différence des deux prix; ensuite, en ce qu’en ralentissant les progrès naturels des branches de travail monopolisées, ils retardent l’abaissement de leurs frais de production, toujours au détriment de la masse des consommateurs.

But plunder still keeps many other fortresses. Just as one chases it out of one of its old lairs we see it dig itself a new one, even bigger and more formidable. Scarcely had the privileged corporations been demolished and at the very moment when the edifice of protection began to collapse, we see for example the monopoly of government growing everywhere, like a monstrous polyp (cancerous growth), at the expense of the competing industries. Now this monopoly is found everywhere as well both in law and in fact in the hands of the upper or middle classes, and embraces a multitude of functions and supplies as a result a multitude of revenue. At first glance, these revenues do not appear to exceed the general level; but if one thinks about the inadequate amount of labour provided in exchange, in the double amount of the quantity and the quality, even the uselessness of this labour when it is a matter of sinecures, one realizes that they contain, in comparison with competitive industries, a considerable rent. Attached/connected to the actual governmental monopoly there arise a growing multitude of other monopolies which are dependent or attached to it, in areas such as credit, industry, commerce, etc., which all have the same goal - whatever might be the other pretexts invoked for their establishment - and artificial increase in the revenue of those who had the power to ge them established. These monopolies, created by means of whatever limit placed on competition necessarily contains some plunder, in the first place in that they oblige the consumers of the monopolized goods or services to pay a higher price for them than they would if there were competition, thereby supplying the monopolists with a rent proportional to the difference in the two prices; then, by slowing down the natural progress in the branches of labour which have been monopolized, they delay the lowering of their cost of production, always to the detriment of the mass of the consumers.
As Molinari says elsewhere\textsuperscript{135} he thought the function of the economist was to act like a surgeon saving his patient from cancerous or ulcerous growths, by cutting it out from the social body in order to save its economic health. Fortunately, Molinari could save himself this trouble because he thought the forces of history would do the job for him when societies entered the third and final phase of economic development, namely “the era of full competition.”

\textit{Governments in the Third Phase of Economic Development: the Era of Full Competition}

Introduction

The steady growth and expansion of markets leads to greater competitive production; leading on to “l’ère de la concurrence” (the era of competition) in spite of the interests of those with monopolies to protect\textsuperscript{136}

\begin{quote}
C’est l’agrandissement successif du marché de la consommation qui détermine le passage de la société de la production embryonnaire et communautaire, à la production spécialisée et monopolisée d’abord, à la production de concurrence ensuite.
\end{quote}

\begin{quote}
It is the steady enlargement of the market for consumption which determines the passage/transition from the society of/with embryonic and communitarian production, to first of all one with specialized and monopolized production, and then to one competitively supplied production (la production de concurrence).
\end{quote}

In this new stage of competition the government will be exposed to the full array of the natural laws of economics. It will have to grow and improve in order to satisfy the rapidly changing needs and demands of a more advanced economic system; it will no longer be able to run efficiently and economically all the functions which it now undertakes because of the needs of specialization in certain tasks and


\textsuperscript{136} \textit{Cours}, vol. 2, p. 449.
the division of labour (if it tries to do everything it will become “un véritable monstre” (a veritable monster)); it will also run into the problem of the optimal size of an organisation if it tries to do too much. One example is:137

Au point de vue des lois de l’unité des opérations et de la division du travail, un gouvernement qui entreprend la production de la sécurité et de l’enseignement, le transport des lettres et des dépêches télégraphiques, la construction et l’exploitation des chemins de fer, la fabrication des monnaies, etc., n’est-il pas un véritable monstre?

From the point of view of the “law of the unity of operations” and the division of labour, isn’t a government which undertakes the production of security and education, the delivery of the mail and telegraph, the construction and management of the railways, the printing of money, etc. a veritable monster?

Governments now come under strong pressure to follow the progress of economic development as they enter the era of full competition; there has to be “unité” (unity or parity) between the production of public goods and private goods otherwise there is “dissonance” (disharmony) between the two ways of organizing society.138

137 Cours, vol. 2, p. 523.

Si, grâce à l’agrandissement progressif des marchés de consommation, les entreprises qui fournissent les produits ou les services nécessaires à la consommation privée passent d’un régime de monopole plus ou moins limité à un régime de concurrence, il y a apparence que la constitution des gouvernements producteurs des services publics devra inévitablement subir une transformation analogue; qu’ils passeront de même du régime du monopole à celui de la concurrence, et que l’unité économique finira ainsi par s’établir dans la troisième phase du développement des sociétés comme elle s’est établie dans les deux précédentes.

If, thanks to the steady growth of markets for consumption, the enterprises which supply these goods or services which are necessary for private consumption pass from a regime of more or less limited monopoly to one (regime) of competition, then it seems to follow (il y a apparence que) that the constitution/nature of the governments which produce public services ought to inevitably follow a similar transformation; that they will pass/move in the same way from the regime of monopoly to that of competition, and that economic parity (l’unité économique) will thus result in being established in the third phase of the development of societies as it has been established in the two preceding ones.

He argues that this “economic parity” has not been achieved at the present time; and this results in a situation where things become increasingly “anti-économique”: 139

139 *Cours*, vol. 2, pp. 509-10.
“Ad hoc” justice in the regime of competition

A growing and more sophisticated market economy also required more sophisticated ways of “producing security,” including new kinds of law and justice. He recognized that in “l’ère de la concurrence” (the era of free competition) as he called the future fully deregulated laissez-faire society where security was provided by the market, the law would adapt in order to meet the needs of a rapidly growing economy which was undergoing technological change and globalization of markets. As new kinds of property emerged new means would be required to protect it from force, fraud, or loss. He talks about the multiplication and diversification of new legal “appareils” (devices, apparatuses, structures)\(^\text{140}\) which would spring up to solve “les contestations continuelles” (perpetual disputes)

\(^\text{140}\) His friend and colleague Frédéric Bastiat had developed a theory of the “apparatus of exchange or commerce” to describe the complex system of interconnected institutions, beliefs, and practices which made commerce possible. Molinari had a similar notion in mind concerning the “legal apparatus” and “the machinery of government.” See, “The Apparatus or Structure of Exchange” in Further Aspects of Bastiat’s Thought, CW4, pp. 000.
involving property rights. He describes this legal process of dispute resolution “une justice ad hoc” (ad hoc justice, or law created as needed) which he does not describe in any detail but which suggests a kind of common or customary law developed by the parties involved in disputes. These expanded markets require better and more sophisticated security for the new types of contracts and extended trading relationships which have emerged.  

Governments could now withdraw from many economic interventions needed in the previous stage and allow competition and private economic activity to take over in what he now calls “un régime de pleine concurrence” (a regime of full or complete competition) (p. 503). In fact, governments would be exposed to full competition and will thus see its monopoly of security finally removed as the demands of consumers of security strengthen and grow in sophistication.

There is a passage here which is one of the few places in his writings where Molinari talks about “the production of law” as part of “the production of security,” thus attempting to complete the missing part of his ACT. He refers to the idea of market created laws, or what he calls “une justice ad hoc,” (p. 502) appearing to satisfy this new and more demanding “clientele for security.” The specific passage is:

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141 Cours, vol. 2, p. 503.

142 The other is in Précis de l’économie politique (1893) where he talks about positive law.
Il faut pour résoudre ces questions litigieuses une justice *ad hoc*. En d’autres termes, la justice devra s’étendre et se diversifier en raison de l’extension et de la diversification du débouché que l’accroissement et la multiplication de toutes les branches de la richesse ouvrent à la fraude et à l’injustice.

It is necessary in order to resolve these litigious matters to have a justice (system) which is *ad hoc* (*une justice ad hoc* = flexible and created for special purposes?). In other words, justice ought to be extended and diversified because of the extension and diversification of the market which the growth and multiplication of all the sources of wealth opens up to fraud and injustice.

The whole section where he discusses his ideas of what this future fully competitive legal and security system might look like is important and needs to be quoted at length:143

Quelles sont, dans cet état nouveau, les attributions et la constitution naturelles du gouvernement?

In this new stage, what will be the natural functions and structure of government?

143 *Cours*, vol. 2, pp. 502-3.
Nous connaissons les attributions naturelles du gouvernement dans les deux phases précédentes du développement économique des sociétés. Dans la phase de la concurrence, où nous commençons à nous engager, elles subissent de nouvelles modifications en plus et en moins. Dans cette phase, les sociétés, croissant rapidement en nombre et en richesse, ont besoin par là même d'une sécurité plus parfaite, mieux assise et plus étendue. Pour faire naître et maintenir l'ordre au sein d'une multitude d'intérêts incessamment en contact, il faut à la fois une justice plus exacte et une puissance plus grande pour la faire observer. En outre, les propriétés se multipliant et se diversifiant à l'infini, il faut multiplier et diversifier les appareils qui servent à les défendre. La production des inventions et la production littéraire, par exemple, donnent naissance, en se développant, à un nombre considérable de propriétés d'une espèce particulière, dont les limites soit dans l'espace soit dans le temps, engendrent des contestations continues. Il faut pour résoudre ces questions litigieuses une justice ad hoc. En d'autres termes, la justice devra s'étendre et se diversifier en raison de l'extension et de la diversification du débouché que l'accroissement et la multiplication de toutes les branches de la richesse ouvrent à la fraude et à l'injustice. Enfin, la sécurité doit s'allonger, pour ainsi dire, dans l'espace et dans le temps. Si le développement des voies de communication et les progrès [503] de l'industrie permettent aux hommes et aux produits de se transporter aux extrémités du globe, ils devront y trouver des garanties de sécurité suffisantes, sinon ils ne se déplaceront point. Si des contrats ou des engagements sont effectués à longue échéance ou même sans limites de temps, comme dans le cas des rentes perpétuelles, l'exécution de ces contrats ou l'accomplissement de ces engagements devra encore être assuré, sinon on ne les conclura point. La "production de la sécurité" doit donc se développer et se perfectionner dans cette nouvelle phase de l’existence des sociétés, sur charge de la production de la sécurité.
The Private Provision of Security and the Hypothesis of the Monopolist Grocer

We know from the other times when Molinari broaches the radical topic of competing legal and police services that a rhetorical trope he liked to use to defuse his readers’ opposition to the concept is his “simple hypothesis” of the monopolistic grocer (or baker). The idea was to give the standard economic arguments for why a monopoly supplier of groceries (or bread) is bad for individual customers as well as for society as a whole, and then to turn the argument on its head and say, “if this is true for the grocery (or bakery) industry, why isn’t it also true for the security industry?” [We should note here that later, when his support for ACT was weakening in the 1890s, he would reverse this story about the baker to make the opposite argument, that there were some goods and services which were “naturally collective” and thus needed to be only one supplier. See, La Société future (1899), p. 75, which is discussed below.]

In the Cours he introduces one of his hypotheses, (“notre hypothèse”) about the monopolist grocer (l’épicier monopoleur), in an industry which “everybody” believes has to be provided by a private monopoly for the sake of the community’s well-being, even though the economy as a whole was moving towards open and free competition in all other areas of business activity. Most of the villagers, and the grocer too of course, believed in “quelque antique superstition” (some ancient superstition) that groceries could only be supplied by a monopoly and that their supply of groceries would break down if the business were to be opened up to competition. Molinari then proceeds to show how the villagers are mistaken, how free and open competition by grocers would lead to greater variety in the choice of

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145 It should be remembered here that Molinari got quite angry in the PoS article and S11 because his economist colleagues couldn’t or wouldn’t accept the logic of his arguments about monopolies and competition. Perhaps this is why he reverted to the trick of using this rhetorical trope to try to get around this reluctance. See the discussion above.

food, lower prices, and even more work for people in the grocery business. He then asks the reader to “poursuivons jusqu’au bout notre hypothèse” (follow us to the (very) end of our hypothesis.”

He turns the saga of the people’s struggle to control this monopolist grocer into a story about the rise of the state monopoly of the provision of security and its inevitable fall as all industries begin to enter “le domaine de la concurrence” (the domain of competition). According to this story, the people quickly realize that the private monopolist grocer provides poor service at a high price and so the people demand that the government impose price controls to prevent the grocer exploiting the people. A battle then breaks out between the people’s representatives and the representatives and lobbyists of the grocer on how the grocery industry should be regulated. Sometimes a “revolution” breaks out (as in 1789) and the people seize the grocery business for themselves and run it as a government supplied monopoly. A constitution is drawn up to determine who pays what and how much, how the grocery business is to be run, and a bureaucracy is set up to supervise it. Given the chronic economic inefficiencies of a government run grocery monopoly there is pressure to either increase taxes to pay for it, or to increase the number of taxpayers by “annexing” new territory to acquire new consumers. Then national rivalries emerge among the consumers of groceries and there is pressure to break up the state so that each nationality can run its own grocery monopoly within their own territory. Eventually the different peoples learn that their own national monopolies are also inefficient and, as they see how the break-up of other industrial monopolies leads to more choice and lower prices for goods and services, there is pressure to break up the state monopoly of security as well and to expose everything to the “domain of competition.” Molinari concludes this sad story by stating that:148

147 See “The Story of the Monopolist Grocer” in Further Aspects of Molinari’s Thought in Les Soirées (forthcoming) and the long quotes about the monopolist grocer and the baker in the Appendix.

One will discover, not without some surprise, that it is not true, as the monopolists have attempted to make us believe and as they themselves moreover believe, that monopoly is the necessary and god-given form for the grocery business. As a result, instead of attempting the impossible task of creating a better “organisation” of this monopoly, they will work to demolish/destroy it, by making each of the different branches of government which are part of this agglomeration, to move one by one into the domain of competition. Once this unnatural agglomeration (“cette agglomération contre nature”) has been dissolved, each branch will become free to develop under its normal conditions, in proportion to the needs of the market, and once society has got rid of a monopoly which has held it back and exhausted it, will grow more rapidly in number and in wealth.

C’est là l’histoire des gouvernements depuis que la société a commencé à passer de la phase du monopole dans celle de la concurrence. This is the history of governments since society began to move out of the phase of monopoly into that of competition.

Including of course "la production des services publics" (the production of public services) like security and other public goods.

As he elsewhere says about the “simple hypothesis” of the monopolist baker, replace the bakery business with the security business to understand what his solution to the problem of government would be. Molinari seems to be a bit coy here as he does not make this statement at the conclusion of his story. Perhaps he thought it was not necessary in this more theoretical work in which he was trying to lay the foundations of his economic theory rather than make too many specific

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149 *L’Évolution politique* (1884), pp. 404-10. This long quote on the “simple hypothesis” about the monopolist baker can be found in the Appendix.

150 “Remplacez la fabrication du pain par la production de a sécurité” (Just replace the making of bread with the production of security), in *L’Évolution politique* (1884), p. 407-8.
policy statements. Perhaps by quoting his earlier works (the PoS article and S11) he thought this was sufficient to make his point.

We should mention here some of the solutions he would put forward in later works which were of a transitional nature before the final regime of complete completion could be implemented. He does this in his next major work on the evolution of the state and the production of state, *L’Évolution politique* (1884), where he mentions the following very interesting suggestions to begin exposing the monopoly state to various forms of competition: a government “farming out” (contracting out) security to a private company, using a constitution to define the terms of the contract with a private security firm, competition between the communes and the provinces for consumer/taxpayers, and most radically private “property development companies” which would create new towns and suburbs supplied with all “public goods” including security. Three years later he would also advocate what he called the “double right of secession” (that of the commune from the province, as well as the province from the central state) in *Les lois naturelles* (1887).

The Solution to the Problem of Government

Molinari believed that the solution to the problem of “la constitution antiéconomique des gouvernements” (the anti-economic nature of governments) was to make them function according to the standard economic rules which governed other business entities, i.e. to make them function in a truly economic manner, or “economically” (à la rendre *économique*). This could be done by firstly, removing all functions not related to their natural function of being “producers of security,” and then gradually subjecting all governments, in all their activities, to the law of competition.  

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151 *Cours*, vol. 2, p. 531.
Si, comme nous avons essayé de le démontrer, le mal provient de la constitution antiéconomique des gouvernements, le remède consiste évidemment à conformer cette constitution aux principes essentiels qu’elle méconnaissait, c’est à dire à la rendre économique. Il faut pour cela, en premier lieu, débarrasser les gouvernements de toutes les attributions qui ont été annexées à leur fonction naturelle de producteurs de la sécurité, en faisant rentrer l’enseignement, le culte, le monnayage, les transports, etc., dans le domaine de l’activité privée; en second lieu, soumettre les gouvernements, comme toutes les autres entreprises, à la loi de la concurrence.

If, as we have endeavored to show, the harm coming from the anti-economic nature of governments, the remedy consists obviously in (making) this nature conform to the essential principles of which it is ignorant/does not understand, the is to say to make it “economic/economical.” To achieve that it is necessary/requires in the first place to remove from governments all the functions which have been added to their natural function as producers of security, by making them return education, religion, money, transport, etc. the the private sector (to the domain of private activity); in the second place to submit government, as all other enterprises, to the law of competition.

We can get a better appreciation of his continued support for his earlier radical position by carefully reading his footnotes which accompany this discussion. He has an explicit reference to his most radical writings, Les Soirées and his collection of articles in Questions d’économie politique et de droit public (1861) (which included his “production of Security” article) and the magazine he edited and wrote while he was living in Brussels, L’Économiste belge, which suggests he is still as radical in his thinking as he was then.

One of these footnotes reads:

Nos deux précédents ouvrages, les Soirées de la rue Saint-Lazare et les Questions d’économie politique et de droit public, auxquels nous prenons la liberté de renvoyer nos lecteurs, sont presque entièrement consacrés à la démonstration des nuisances de l’intervention gouvernementale. Nous avons fondé, dans le même but, le journal l’Économiste belge.

Our two previous works, the Soirées de la rue Saint-Lazare and the Questions d’économie politique et de droit public, to which we take the liberty of referring our readers to, are almost entirely devoted to demonstrating the “harm” (nuisances) (caused by) government intervention. We have (also) founded the journal l’Économiste belge for the same end.

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152 Cours, vol. 2, p. 532.
Further proof if this is another footnote which comes slightly later, which contains an explicit reference to the supposedly “chimérique” (fanciful, idealistic) idea of subjecting governments to the regime of competition which he defends in his earlier writings - “cette prétendue chimère” (this so-called pipe dream):\textsuperscript{153}

Nous n’en croyons pas moins devoir revendiquer, hardiment, la priorité de cette prétendue chimère. Voir les Questions d’économie politique et de droit public. La liberté du gouvernement. T. II, p. 245, et les Soirées de la rue Saint-Lazare. 11e soirée. P. 303. Consulter encore, pour les développements, L’Économiste Belge, le Sentiment et l’intérêt en matière de nationalité, no du 24 mai 1862, polémique avec M. Hyac. Deheselle sur le même sujet, nos des 4 et 21 juin, 5 et 19 juillet, le Principe du sécessionisme, 30 août; Lettres à un Russe sur l’établissement d’une constitution en Russie, 2 et 30 août; 19 septembre 1862; la Crise américaine, 17 janvier 1863; un nouveau Crédit Mobilier, 14 février; une Solution pacifique de la question polonaise, 9 mai, etc., etc.

We think we should claim responsibility, (perhaps) courageously, for first putting forward this so-called “fantasy” (pipe-dream). See Questions d’économie politique et de droit public. La liberté du gouvernement. T. II, p. 245, and Soirées de la rue Saint-Lazare. 11e soirée. p. 303. See also for further developments, L’Économiste Belge, le Sentiment et l’intérêt en matière de nationalité, no du 24 mai 1862, the polemic with M. Hyac. Deheselle on the same subject, issues 4 and 21 juin, 5 et 19 juillet, le Principe du sécessionisme, 30 août; Lettres à un Russe sur l’établissement d’une constitution en Russie, 2 et 30 août; 19 septembre 1862; la Crise américaine, 17 janvier 1863; un nouveau Crédit Mobilier, 14 février; une Solution pacifique de la question polonaise, 9 mai, etc., etc.

Interestingly (since the second edition of the Cours was published in 1863, so while the American Civil war was underway), he makes a passing reference to a topic he would return to in later works such as L’Évolution politique (1884) and Les lois naturelles (1887),\textsuperscript{154} namely the right of secession. He regards this as another possible solution to the problem of monopoly government, which he believes will lead eventually to “la liberté de gouvernement,” which you will remember is one of his code words for AC):\textsuperscript{155}

\textsuperscript{153} Cours, vol. 2, p. 534.

\textsuperscript{154} His support for secession is discussed below.

\textsuperscript{155} Cours, vol. 2, pp. 531-32.
Another rhetorical trope he uses here is to quote a passage from Adam Smith. Not the “fees of court” passage which one might have expected, but another one on Smith’s optimistic hope in the dark mercantilist days of 1776 that the vested interests who benefited from trade policy (des monopoleurs furieux) and the widespread ignorance about free trade might eventually be overcome:

Side bar: Private interests are too strong to allow of the restoration of freedom of trade in Great Britain.

To expect, indeed, that the freedom of trade should ever be entirely restored in Great Britain, is as absurd as to expect that an Oceana or Utopia should ever be established in it. Not only the prejudices of the public, but what is much more unconquerable, the private interests of many individuals, irresistibly oppose it. Were the officers of the army to oppose with the same zeal and unanimity any reduction in the number of forces, with which master manufacturers set themselves against every

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law that is likely to increase the number of their rivals in the home market; were the former to animate their soldiers, in the same manner as the latter enflame their workmen, to attack with violence and outrage the proposers of any such regulation; to attempt to reduce the army would be as dangerous as it has now become to attempt to diminish in any respect the monopoly which our manufacturers have obtained against us. This monopoly has so much increased the number of some particular tribes of them, that, like an overgrown standing army, they have become formidable to the government, and upon many [436] occasions intimidate the legislature. The member of parliament who supports every proposal for strengthening this monopoly, is sure to acquire not only the reputation of understanding trade, but great popularity and influence with an order of men whose numbers and wealth render them of great importance. If he opposes them, on the contrary, and still more if he has authority enough to be able to thwart them, neither the most acknowledged probity, nor the highest rank, nor the greatest public services, can protect him from the most infamous abuse and detraction, from personal insults, nor sometimes from real danger, arising from the insolent outrage of furious and disappointed monopolists.

Molinari confidently concludes from this passage that if the “furious monopolists” of the 1770s could be defeated in 70 years (the Corn Laws were repealed in 1846) and protectionism comes to seem like a bad memory, then why shouldn’t there be an end of “les monopoles politiques” (political monopolies) within a similar time frame? It should be noted that the time frame he was thinking about in S11 (when he was a youthful and optimistic 30 years old) for the transition to a regime of full competition and privately provided security was only one year!157

157 Les Soirées, p. 329.
In the 1860s he had given up the hope of a one year transition to the new era but he was still optimistic that it was coming as “economic parity” between the political and economic spheres continued to draw closer. He concluded the book with this optimist paragraph:\(^{158}\)

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\(^{158}\) This is the closing paragraph of the book, *Cours*, vol. 2, p. 534.
Cependant, la liberté commerciale a fini par avoir raison des “monopoleurs furieux” dont parle le père de l’économie politique, et l’on peut aujourd’hui, sans s’abandonner à des rêves utopiques, espérer qu’avant un siècle le système protecteur n’existera plus qu’à l’état de mauvais souvenir dans la mémoire des hommes. Pourquoi les monopoles politiques ne disparaîtraient-ils pas à leur tour comme sont en train de disparaître les monopoles industriels et commerciaux? S’ils disposent d’une puissance formidable, les intérêts auxquels ils portent dommage grandissent aussi, chaque jour, en nombre et en force. Leur heure suprême finira donc par sonner, et l’Unité économique se trouvera ainsi établie dans la phase de la concurrence comme elle l’a été dans les phases précédentes de la communauté et du monopole. Alors, la production et la distribution des services, enfin pleinement soumises, dans toutes les branches de l’activité humaine, au gouvernement des lois économiques, pourront s’opérer de la manière la plus utile.

However, commercial freedom came about because it got the better (of the argument?) with the “furious monopolists” of which the father of political economy spoke, and today one can hope, without giving into/surrender to utopian dreams that before a century is out/over (avant un siècle) the protectionist system will exist as nothing more than a bad reminder in the memory of mankind. Why wouldn’t political monopolies (les monopoles politiques) disappear in their turn as industrial and commercial monopolies are in the process of disappearing (now)? Even if they have enormous power, the interests which they are harming are also growing in power and in number every day. Their final hour will come and “economic unity/parity” with thus come to be established in the phase of competition, as it has been the preceding phases of community and monopoly. Then the production and distribution of services, finally fully subjected to in all branches of human activity to the government of economic laws, will be able to operate/function in the most useful manner.

Molinari would not return to the problem of the production of security and the end of government monopoly in all its forms for another 20 years, when he published the second volume of his history of the economic and political evolution of society, L’Évolution politique (1884) which will be discussed below.


**Introduction**

This two volume collection of some of his articles from the previous 15 years (1846-1861) shows that Molinari is still very much in his radical AC phase. He compiled the collection in between editions of his *Cours* (the revised second edition was announced in the list of new books at the back of the volume) and after his trip to Russia where he had been advising the government on their policy of freeing the serfs, on which Molinari had become something of an expert).

There are eight sections in which he covers two theoretical topics (on economic equilibrium and intellectual property) and six on various aspects of “liberty” such as labour, credit, money, education, charity, religion, theatre, commerce, and most importantly “the liberty of government.” In this latter section he reprints his 1849 PoS article along with the minutes of the meeting of the PES which discussed his ideas, and his early essay on “Electoral Reform” from 1846. What should be noted here are his comments in the introduction to the collection.

He states quite clearly that these essays comprise his political “credo” which he summaries in the words “la Liberté et la Paix” (Liberty and Peace) which he says is the cause to which he has dedicated his life and to which he has been able to recrute “a few converts” (prosélytes).\textsuperscript{160}

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\textsuperscript{160} *Questions d'économie politique*, vol. 1, p. vi.
La liberté embrasse, en effet, toute la vaste sphère où se déploie l’activité humaine. C’est le droit de croire, de penser et d’agir, sans aucune entrave préventive, sous la simple condition de ne point porter atteinte au [vii] droit d’autrui. Reconnaître les limites naturelles du droit de chacun, et réprimer les atteintes qui y sont portées, en proportionnant la pénalité au dommage causé par cet empiétement sur le droit d’autrui, telle est la tâche qui appartient à la législation et à la justice, et la seule qui leur appartienne.

Liberty embraces in effect the entire vast sphere in which human activity takes place. It is the right to believe, to think, and to act without any preventive shackle/hindrance, on the simple condition of not infringing upon the rights others. To recognize the natural limits of the rights of others, and to repress attacks which are made against them, and by making penalties proportional to the damage caused by this infringement on the rights of others, such is the task which belongs to legislation and justice, and (these are) the only one which belongs to them.

Some New Concepts

As one has come to expect with Molinari’s fertile imagination, there are a number of new concepts he raises in this introduction. He introduces the idea of “l’interventionisme” (interventionism) which he distinguishes from socialism, in that socialism provided a body of doctrine about what a future society might look like, while the policies or practices of interventionism provided the specific means of putting socialist ideas into practice. Thus interventionism provided the road or the pathway to full-blown socialism:

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According to this way of looking at the problem, liberal reformers like himself now faced three groups who were opposed to the free market and deregulation of the economy, “les privilégiés, les socialistes et les interventionistes, tels sont donc les adversaires que nous avons à combattre” (privileged elites, the socialists, and the

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161 *Questions d’économie politique*, vol. 1, p. ix.
interventionists, these are the adversaries we have to fight).\footnote{162 Questions d’économie politique, vol. 1, p. xi.} What he could see taking place in Paris at the time he was writing was the replacement of the radical socialist threat “from below” (for the time being at least) by the perhaps more insidious threat of “socialism from above” in the form of Bonapartist economic planning and interventionism.

Another very interesting distinction he raises for the first time in his writing is the choice reformers faced between using force or persuasion to covert people to their cause, the choice of being part of “l’école de la force” (the school of force) or “l’école de la persuasion” (the school of persuasion). Molinari states he is firmly in the latter camp which is partly a result of his moral objections to the use of force and partly a result of his belief that economists needed to be “the bookkeepers of society” who could produce a cost-benefit analysis of the use of force such as wars, revolutions, and interventionist economic policies, which he concluded cost much more in the long run than than any benefits they may have provided. He had first made this argument in his work on the class analysis of Bonapartist despotism in Les Révolutions et le despotisme envisagés au point de vue des intérêts matériel (1852) shortly after his relocation to the safety of Brussels. His preferred method of changing the minds of people was the one adopted by the early Christian church before it became the official religion of the Roman Empire and switched to using coercion to establish itself. Molinari instead believed in what he called “cette libre conquête des âmes” (the free conquest of minds).\footnote{163 Questions d’économie politique, vol. 1, p.xiii.}

Nous appartenons pour notre part, exclusivement, à l’école de la persuasion. Nous répudions, de la manière la plus absolue, le concours de la force pour la réalisation de nos idées. Nous condamnons, en conséquence, à priori, toute révolution, toute guerre entreprise en vue d’accomplir un progrès, si légitime et si nécessaire que ce progrès puisse paraître.

On our part, we belong exclusively to the school of persuasion. We repudiate/renounce in the most absolute manner the use of force to realize our ideas. As a result, a priori we condemn all revolution, all war undertaken with the purpose of achieving (any) progress/improvement, as legitimate and as necessary as this progress might appear/seem.
The Production of Security

However, since he was republishing two of his three breakthrough pieces on the production of security, his comments about this aspect of his thought are especially interesting for us here. He admits that some of his thoughts about the freedom of religion and “la liberté de gouvernement” (the liberty of government) are not as well thought out as other aspects of his thought. He would expand considerably his theory of the latter in the chapter on “Les consommations publiques” in the second edition of his *Cours* (1863) and then the chapter "Les gouvernements de l’avenir” in his work on political sociology some twenty years later *L’Évolution politique* (1884).

Here he makes an indirect reference to security in a warning he gives about people who end up violating the rights to property and liberty of others under the pretext of defending and protecting those very rights; a charge he leveled against any government monopoly in the production of security:164

> Cela étant, en quoi doit consister l’œuvre des amis du progrès? Elle doit consister uniquement à détruire les entraves que des intérêts étroits et égoïstes, des passions aveugles ou des préjugés à courte vue ont opposés depuis des siècles à la liberté et à la propriété. Restituer aux hommes la liberté de travailler, de s’associer, d’échanger, de prêter, de donner, la libre jouissance et la libre disposition de leurs propriétés, en empêchant simplement les uns d’empiéter sur la liberté et sur la propriété des autres, et pour éviter d’attenter à la liberté et à la propriété sous prétexte de les garantir, en se bornant à réprimer les atteintes qui y sont portées, voilà ce qu’il y a à faire aujourd’hui, rien de moins, mais aussi rien de plus!

That being the case, what should the task of the friends of progress be? It should consist simply in destroying the shackles which the narrow and egotistical interests, the blind passions or the short sighted prejudices have placed on liberty and on property over the centuries. To restore to mankind the liberty of working, of associating, of exchanging, of lending, of giving; and the enjoyment and free disposal of their property, by simply preventing some from violating the liberty and property of others, and to avoid infringing upon liberty and property under the pretext of defending them, and in limiting themselves to repressing attacks which are made upon them; here are the things it must do today, nothing less, but also nothing more! (emphasis added).

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164 *Questions d’économie politique*, vol. 1, pp. xxv-xxvi.
He describes any and all restrictions on liberty, including restrictions on the production of security, as essentially plunderous in nature which hamper its production and distribution. It was costly to do this to key industries like agriculture and manufacturing, but it was even more dangerous to do this to "cette industrie spéciale" (this special industry) which was what he called "le « couronnement de l’édifice » du progrès politique et économique" (the crowning achievement of political and economic progress) which made all other economic activity possible. He was convinced that sooner or later this industry of security, like all other industries, would move out of the régime of monopoly and into the "régime de la liberté pure et simple" (the regime of pure and simple liberty) where it will become "l’organisation volontaire" (a voluntary organisation) like every other:165

Comme résultats de cet examen, [xxvii] nous avons constaté que partout les restrictions ou les interventions artificielles dans le domaine de la production et de la distribution des richesses, ont ralenti l’une et faussé l’autre, soit qu’il s’agisse de l’industrie agricole ou manufacturière, soit qu’il s’agisse encore de l’enseignement, des cultes et des arts, soit enfin même qu’il s’agisse de cette industrie spéciale qui a pour objet de procurer à toutes les autres branches de la production la sécurité qui leur est indispensable. Nous sommes convaincu que cette industrie, qui est la branche essentielle des attributions gouvernementales, est destinée à passer, tôt ou tard, du régime du monopole ou de la communauté forcée au régime de la liberté pure et simple, et que tel sera le « couronnement de l’édifice » du progrès politique et économique. En un mot, nous croyons que tout ce qui est organisation imposée, rapports forcés, doit faire place à l’organisation volontaire, aux rapports libres. [pp. xxvi-xxvii]

As a result of our investigations (in this book) we have stated that everywhere restrictions or artificial interventions in the domain of the production and distribution of wealth have slowed down the former and distorted the latter, (this is true) whether it is a matter of the agricultural or manufacturing industry, or furthermore education, religion, and the arts, or even finally a matter of this special industry which has as its purpose to provide for all the other branches of industry of production (that/the) security which is indispensable for them. We are convinced that this industry (the production of security) which is the essential branch of governmental functions, is destined to pass sooner or later from the régime of monopoly and coerced community to the régime of liberty pure and simple, and that it will be “the crowning achievement” of political and economic progress. In a word, we believe that that everything which is based upon imposed organisation and violent relations must make way to voluntary organisation and free relations.

**L’ÉVOLUTION POLITIQUE (1884), "LES GOUVERNEMENTS DE L’AVENIR" (GOVERNMENTS OF THE FUTURE)**

**Introduction**

A quarter of a century after publishing the first edition of the treatise *Cours d’économie politique*, after he had left academia and returned full-time to journalism (becoming editor of the prestigious *Journal des débats* in the early 1870s) and writing a series of books about his travels in the Americas, Molinari returned to defending the private production of security in a long series of articles first published in the *JDE* between 1877 and 1883. These articles were published as a pair of books in which he developed an historical and sociological analysis of the evolution of the state and the market. The first volume, *L’évolution économique du XIXe siècle. Théorie du progrès* (1880), is more concerned with economic evolution, and the second, *L’évolution politique et la Révolution* (1884), with political evolution, culminating in a long chapter on his vision of “les gouvernements de l’avenir” (governments in the future). With this pair of volumes Molinari was doing something very similar to what his contemporary counterpart in England, Herbert Spencer, was doing with his volumes on *The Principles of Sociology* (beginning in 1876).

I describe this roughly 10 year period in his career between 1880 and 1891 as the second part of his “radical phase” in which he still strongly defends the AC ideas he first presented in 1849 (the PoS article and S11). Whereas the first part of

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166 One of the things he did was to visit the U.S. for the centennial celebrations which produced two books: *Lettres sur les États-Unis et le Canada adressés au Journal des débats à l’occasion de l’Exposition Universelle de Philadelphie* (Paris: Hachette, 1876) and *Charleston - la situation politique de la caroline du sud* (Paris: Librairie Hachette et Cie, 1876).


his radical phase, between 1846 and 1863, looked at the state and the production of security primarily from the perspective of economic analysis, in the second part of his radical phase he now adds a sociological dimension to his economic analysis. The main works in which he argues for ACT during this period are *L'évolution politique* (1884), *Les Lois naturelles* (1887), and *Notions fondamentales* (1891).

In *L'Évolution politique* we can see the continued use of his key terms, such as producers and consumers of security, the price of security, insurance companies and insurance premiums, and most importantly “la liberté de gouvernement” (freedom of government). In fact, he becomes quite specific in a short section which he entitles “La liberté de gouvernement,” where he states unequivocally that security will be provided by “des sociétés d’assurances libres sur la vie et la propriété, constituées et organisées comme toutes les sociétés d’assurances” (free life and property insurance companies, established and organized like all other insurance companies) and other services by “l’entreprise par actions avec marché libre” (the joint stock enterprise/company in a free market).

There is also discussion of the greater economic efficiency and lower costs of free market alternatives to government, and the need for governments to obey the economic laws which govern all enterprises, especially living within its means and paying its debts. Only when governments adhered to these economic laws, Molinari thought, could governments avoid becoming what J.B. Say described as “les ulcères des nations” (the ulcers of nations) or “l’administrative gangrène’ (administrative gangrene).

We also find in the book another example of the “simple hypothesis,” this time of a monopoly bread maker (not a grocer); and a direct reference to the PoS article, the section in *Questions d’économie politique* (1861 on “la liberté de gouvernement”; and the important 12th lesson in *Cours* on “Public Consumption.”

However, he also introduces a few new terms which can cloud the issue somewhat, such as the distinction between “des gouvernements

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d’entreprise” (governments run as a business enterprise) vs. “les gouvernements
communautaires” (governments run by the community or the commune), where
the former seem to be an alternative to replacing governments with competing
private firms, and the latter are a way of introducing competition between the
smaller jurisdictions within France; there is a new historical distinction between
periods when politics and the economic system are dominated by “la petite
industrie” (small-scale industry) which is followed by more competitive “la grande
industrie” (large-scale industry); a new kind of political competition which is used
in an historical and very negative sense, “la concurrence politique et
guerrière” (political and martial/military competition) where states compete
against and fight each other for control of territory and resources; the introduction
of the English word “self-government”; and the quite troublesome word “la tutelle”
or tutelage by which he means that some less well developed or mature individuals
need be looked after by a “tutor” or “guardian” until such time as they are capable
of exercising full “self-government.”

There is also a new discussion on how the law might evolve and change to meet
the needs of a growing economy. This is significant because this important aspect
of ACT had been largely ignored by Molinari up until now and was a major gap in
his theory in my view. This will be discussed in more detail in the final section of
this paper.

We also see a new interest in the right of secession which Molinari believed was
a right both individuals and communities had, as well as being a useful mechanism
to introduce competition between jurisdictions both within and between states.

Transitional Stages on the Path to “the liberty of government”

Farming out Security to a Private Company

In this more complex evolutionary theory of the development of the state,
Molinari argues that the state is controlled in the pre-Revolutionary period by a
“maison” or family run business (like a royal family or aristocratic ruling class)
which uses the state and its ability to produce security to get and keep benefits for
themselves at ordinary taxpayers’ expense, and who regard the state as their personal property which is held in perpetuity. (Later in Les Problèmes du XXe siècle (1901) he would use the phrase “les sociétés propriétaires et exploitantes des États politiques” (societies which own and exploit the political state) to describe this phenomenon. (pp. 188-89)) As society gradually enters the era or stage of large-scale industry competitive and other economic forces begin to be felt more strongly, the domination of the state by a “maison” is replaced by “une société” or “une compagnie” (a privately owned company or a firm). Here the state may “farm out” (affermer) or contract out security and other services to a private monopoly which will be run like a profit making firm. Although this is not ideal (that will come later) this new arrangement is better than the previous one, Molinari argues, because economic pressures force the company to keep costs down, satisfy their consumers, and make profits. In a very curious and very long footnote Molinari cites the example of the East India Company’s rule of India (1757-1858) as a model of how this transitional political arrangement might work.\footnote{Molinari, \textit{L'évolution politique et la Révolution}, “Les gouvernements de l’avenir,” § 2. Forme de gouvernement adaptée au régime de la grande industrie,” pp. 364-70.} He called the East India Company “un modèle de bonne gestion politique et d’administration économique” (a model of good political and economic administration), “une « compagnie de gouvernement »” (a ‘government company’ or perhaps “private government”?), and “cette compagnie concessionnaire du service gouvernemental” (this company with a concession to provide government services).

Using a Constitution to Define the Terms of the Contract

A second transitional stage on the path to full “la liberté de gouvernement” (free government) is for those who are living under “la servitude politique” (political servitude or slavery) to attempt to mitigate their burdens by using constitutions to negotiate the conditions under which they are ruled, in other words to create a kind of “political contract” which more clearly defines their rights.
and duties vis-à-vis the state.\textsuperscript{172} This is what happened in Europe and America in the late 18th and 19th centuries when constitutional governments first emerged, but admittedly with mixed and imperfect results as far as Molinari was concerned:\textsuperscript{173}

En attendant, les « consommateurs politiques » devront se résigner à supporter les défectuosités naturelles du vieux régime de l’appropriation des marchés, sauf à recourir aux moyens, malheureusement toujours imparfaits et insuffisants, de limiter la puissance du monopole auquel ils se trouvent assujettis. Le système adapté actuellement à cet état de choses est celui du gouvernement constitutionnel ou pour mieux dire contractuel, monarchical ou républicain, se résolvant dans un contrat débattu et conclu librement entre la « maison » ou la « société » productrice des services politiques et la nation qui les consomme.

While waiting (for the arrival of “la liberté de gouvernement”), “political consumers” will have to resign themselves to supporting the natural defects of the old regime (resulting) from the appropriation of these markets (monopolies of all kinds), unless they resort to some means, unfortunately always imperfect and insufficient, of limiting the power of the monopoly to which they find themselves subject. The system which has been modified to the present state of affairs is that of constitutional government, or rather contractual government, whether monarchical or republican (in nature), which solves (the problem) with a contract which is freely negotiated and concluded between the “maison” or the “company” which provides the political services, and the nation which consumes them.

Unfortunately this “solution” is far from perfect for many reasons, such as the inevitable corruption of the people’s representatives who draw up the contract. Molinari asks rhetorically, wouldn’t it be better to let individuals do this for themselves instead of doing it through intermediaries? An argument which suggests on AC perspective on the issue. Or if this proved to be too difficult, then perhaps “des associations librement formées entre eux” (associations freely formed among

\textsuperscript{172} See “V. La souveraineté individuelle et la souveraineté politique,” \textit{L’évolution politique} , pp. 365-383.

\textsuperscript{173} Molinari, \textit{L’évolution politique et la Révolution}, p. 379.
them (the people) could do it for them. He expressed his skepticism about the “constitutional or contractual’ form of government in the following passage:174

However, given the more or less inevitable corruption of the representative regime, one could ask oneself if the guarantees that one believes to be there are not, most often illusory; if it wouldn't be preferable to leave to the consumers themselves the task of negotiating the conditions of the contract, to modify it, and to supervise its execution, without imposing on them any formula for representation. Without doubt, political consumers are individually incapable of carrying out this task, but couldn't associations freely formed among them accomplish this with the assistance of the press? In countries where the mass of the population possesses neither the capacity nor the leisure necessary to busy themselves with political matters, this free representation of consumers, recruited from those who do possess this capacity and leisure, wouldn't it be an instrument/tool to control and improve the administration of the state which is more efficient and less subject to being corroded or tainted than the official representation of an ignorant multitude or a privileged class?

Competition between the Communes and the Provinces

In a separate section of this long chapter Molinari discusses the role that local governments (la commune, and the provinces) or what he calls “le petit État” (the little state) might play in the evolution towards a fully free and competitive

174 Molinari, L’évolution politique et la Révolution, p. 381.
This is the third transitional stage he envisages on the path to complete “liberty of government.” One possibility is for “competition” to emerge between existing communes and provinces to attract people by lowering their costs by leaving local services to private firms to provide or to outsource them to private firms, which would enable them to drastically lower local taxes and charges and thereby compete with neighboring communes or provinces in attracting new inhabitants. Thus there would emerge a new industry for providing such services, “les industries immobilières” (a land or property services industry) which would replace local town governments and provide services such as roads, sewers, sidewalks (footpaths), lighting, and water for which they would charge a fee. Molinari thought that “il n’y a pas un seul service municipal qui ne puisse être abandonné à l’industrie privée” (there not a single municipal service which could not be left to private industry (to supply/provide).\textsuperscript{176}

\textsuperscript{175} Molinari, \textit{L’évolution politique et la Révolution}, Section IV. “La commune et son avenir,” pp. 382-394.

\textsuperscript{176} Molinari, \textit{L’évolution politique et la Révolution}, pp. 388-89.
Later he would expand this idea to include the right of secession of groups who were dissatisfied with the services they were getting from their government. According to Molinari, there was what he called a “double right of secession,” that of the commune from the province, as well as the the province from the central state.\footnote{See the discussion in \textit{Les lois naturelles} (1887) below.}

Another “simple hypothesis”: Private “Property Development Companies”

His fourth transitional arrangement was even more radical than the others which is probably why he introduced it as another “simple hypothesis” to hide this initially from his readers.\footnote{Molinari, \textit{L'évolution politique et la Révolution}, p. 389.} It is also probably a hint to the reader that he considered it to be part of his ACT. In this hypothesis Molinari argued that private
firms could build entirely new towns (like modern American “gated communities” perhaps) in which all the so-called “public goods” would be “built in,” as it were, and charged for with an annual fee or rent by those who bought residences in the new community. The terms he used to describe were “des industries immobilières” (real estate development companies), “la compagnie propriétaire” (company owning the land), l’industrie du logement” (the housing or accommodation industry), and “les compagnies immobilières” (companies in the land business).

In these “new towns” even highways and public buildings like schools, churches, theaters, and public halls, trams and railways, and even security, would be designed and built by “la compagnie propriétaire” (company owning the land) also called “l’industrie du logement” (the housing or accommodation industry) or subcontracted out to companies which specialized in offering these services.

As more privately run and operated communities came into existence there would be competition between them for residents which would force the communities to keep their prices competitive. In addition, these private communities would form associations (syndicat) in order to settle any disputes which might arise as their cities expanded or if gas, streets, and lighting had to be connected between them. Failing that, there would also emerge private arbitrators or tribunals to settle any differences that the associations could not resolve themselves.\textsuperscript{179}

\textsuperscript{179} Molinari, \textit{L'évolution politique et la Révolution}, pp. 391-92
Poursuivons maintenant notre hypothèse. Supposons que la situation favorable de la nouvelle cité, la bonne gestion des services urbains et la modicité du taux des loyers agissent pour attirer la population et qu’il devienne avantageux de construire un supplément d’habitations. N’oublions pas que les entreprises de tous genres ont leurs limites nécessaires, déterminées par la nature et le degré d’avancement de leur industrie, et qu’en deçà comme au delà de ces limites, leurs frais de production vont croissant et leurs bénéfices diminuant. Si la compagnie qui a construit et qui exploite la cité estime que ces limites se trouvent atteintes, elle laissera à d’autres le soin de l’agrandir. On verra donc se former d’autres compagnies immobilières qui construiront et exploiteront des quartiers nouveaux, lesquels feront concurrence aux anciens, mais augmenteront cependant la valeur de l’ensemble, en accroissant le pouvoir d’attraction de la cité agrandie. Entre ces compagnies exploitantes celle-là du noyau de la cité, celles-ci de nouvelles rues ou quartiers, il y aura des rapports nécessaires d’intérêt mutuel pour le raccordement des voies, des égouts, des tuyaux du gaz, l’établissement des tramways etc. ; elles seront, en conséquence, obligées de constituer une union ou un syndicat permanent pour régler ces différentes questions et les autres affaires résultant de la juxtaposition de leurs propriétés, et la même union devra s’étendre, sous l’influence des mêmes nécessités, aux communes rurales du voisinage. Enfin, si des différends surgissent entre elles, elles devront recourir à des arbitres ou aux tribunaux pour les vider.

Now let us pursue our “hypothesis” (further). Let us imagine that there is a location suitable for (building) a new city, a good administration of city/urban services, and a modest level of rent which attract (a number of) people. It would then become attractive to build additional housing. Let’s not forget that (business) entreprises of all kinds have their necessary limits which are determined by the nature and level of development of their industry, and that below or above these limits their cost of production are going to increase and their profits decline. If the company which has build and runs the city calculates that these limits have been reached, it will leave the task of increasing the size of the city to other companies. Therefore one will see other property development companies (d’autres compagnies immobilières) be established which will build and run these new sections of the city (quartiers) which will compete with the older ones, but will however increase the value of the city as a whole (la valeur de l’ensemble) by increasing the attractive power of the enlarged city. Between the companies running the old sector of the city (noyau de la cité) and those running the new streets and sectors (quartiers) there will be essential relationships of mutual interest to link up the streets, sewers, gas pipes, the creation of tram lines, etc. As a result, they will be obliged to create a permanent union/association or syndicat to regulate these various matters and other business arising from the proximity of their properties; and this same association will have to be extended, under the influence of the same requirements, to the rural communes in the neighborhood. Finally, if disagreements arise among them they will have to resort to arbitration or to tribunaux in order to resolve them.
The question of the production of security naturally came up as a problem these private communities would have to solve. His discussion of this was brief but still in keeping with his ACT. He argued that these associations of property owners - “cette union, composée des propriétaires, individus ou sociétés, ou de leurs mandataires” (this union/association of property owners, whether individual owners or corporate (sociétés) or their representatives (mandataires)) - would settle (régler) all their common interests in advance, and make similar settlements or arrangements with neighboring property associations for things like roads, lighting, public health (water?) as well as the important matter of security. The latter he now believes could be paid for “par abonnement ou autrement” (by subscription or otherwise), so not insurance premiums, which is a very interesting new twist to his theory. This is slightly different from his earlier notion of playing an annual premium to a property insurance company but still close enough to qualify as in keeping with what we would consider to be ACT in my view. There is also the extra added notion that these proprietary communities would be rather fluid in that they would have the right to leave the association they belonged to initially in order to run their affairs independently (a form of secession) or to join another neighboring association that could provide them with better terms.\footnote{Molinari, \textit{L'évolution politique et la Révolution}, pp. 392-93.}
This association, made up of property owners, whether individual owners or corporate owners (sociétés) or their representatives (mandataires) would regulate all the business/matters concerning highways, footpaths, lighting, and public health (water?), and security by (charging) subscriptions or by other means, and it would (also) establish relations with neighboring associations for the common regulation/administration of these same matters, always to the extant that the necessity of this understanding/agreement is felt by both parties. These associations would always be free to dissolve themselves or to join with others, and they would be naturally interested in forming groupings/associations which were the most economical in providing the requirements essential to their industry (pourvoir aux nécessités inhérentes à leur industrie).

The Liberty of Government

The Sovereignty of the Individual

In a section on “La souveraineté individuelle et la souveraineté politique” (Individual and Political Sovereignty)\textsuperscript{181} he discusses the history of the development of the production of security through three historical stages, but this time he adds a further consideration, that of “sovereignty,” in particular the sovereignty of the individual vis-à-vis the state. An important part of his evolutionary theory is the transition from a condition of “individual servitude” (slavery) and its institutional counterpart “political servitude” to one of “individual sovereignty” and its institutional counterpart “political sovereignty.”

\textsuperscript{181} Molinari, \textit{L'évolution politique et la Révolution}, V. La souveraineté individuelle et la souveraineté politique” pp. 365-383.
He defines individual sovereignty in much the same way as Spencer did with his “law of equal liberty” in *Social Statics* (1851),\(^{182}\) that each individual has a right to their own property and liberty but this right is limited by the equal rights others have to their property and liberty. It is the purpose of the “industry” which he calls “the production of security” to protect these rights. As he stated in the opening to this section in very clear terms of Lockean-style self-ownership and first acquisition of property via labour,\(^{183}\) which I think is worth quoting at length:\(^{184}\)

\(^{182}\) Spencer define this “law of equal freedom” as the principle that “every man has full liberty to exercise his faculties, provided always he does not trench upon the similar liberty of any other.” Spencer, *Social Statics*, p. 80.

\(^{183}\) Molinari was very taken with an essay by Louis Leclerc on Victor Cousin’s theory of “le Moi” (the Self) which appeared in the *JDE*. See Louis Leclerc, “Simple observation sur le droit de propriété,” *JDE*, T. 21, no. 90, 15 October 1848, pp. 304-305.

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

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

Man appropriates for himself the collection of elements and physical and moral forces which constitute his being. This appropriation is the result of the labour (undertaken) to discover or recognise these elements and these forces, and to apply them to satisfying his needs, in other words their utilization. This is personal property. Man appropriates and possesses himself. He appropriates in addition, by other labour (undertaken) to discover, occupy, transform and adapt the soil, the materials and the forces of the surroundings where he lives, to the degree that they are ownable ("appropriable"). This is property in land and things (la propriété immobilière et mobilière). These elements and resources (agents) that are appropriated in his person and his immediate surroundings (le milieu ambiant), and which constitutes "valuable things" (les valeurs), man constantly takes action under the driving force of his self-interest to preserve and to increase them. He works on them, transforms them, modifies or exchanges them as he wills, as he judges it useful to him. This is liberty. Property and liberty are the two factors or the two components of sovereignty.

What is the interest of an individual? It is to be the absolute owner of his person and of the things which he has appropriated outside of himself, and to be able to dispose of them as he wills; it is to be able to work either in isolation or by freely associating his forces and his other property, in whole or in part, with those of other people; it is to be able to exchange the products which he draws/gets from using (exploitation) his personal property, whether in land or things, or furthermore to consume them or keep them: it is in a word, to possess "individual sovereignty" to its fullest extent (dans toute sa plénitude).
In the first stage of historical development the individual is sovereign within the tribe or small community and security is provided by the group in the form of “une mutualité d’assurance” (a mutual insurance association). The individual “consommateurs de sécurité” in such a community are sovereign because they can withdraw at any time from the insurance association and go elsewhere or provide it for themselves.

In the second stage, specialization and the division of labour have taken place and have been applied to the production of security along with every other industry. There is now a defined group of specialists who become the “producers of security” for another group who are now purely “consumers of security.” The former group, an “oligarchy,” form a government which they now control and impose their “services” on the latter who no longer have the opportunity to withdraw and go elsewhere. This state of affairs Molinari calls “la servitude politique” (political servitude or slavery) which lasted until the French Revolution broke out in 1789 and gave sovereignty back to the people instead of the previous group who controlled the state for their own benefit. However, the French citizens who seized control of the state were faced with the difficult choice when it came to deciding how security was to be provided: they could either return to the system
under the old regime of heavily regulated corporations and monopolies; or they
could return to the original primitive system of a communal “mutualité” or
insurance association which they, the citizens, would run for themselves as a
community; or the most radical solution preferred by Molinari, they could break
entirely with political servitude and allow competition between protection providers
to be able to protect “individual sovereignty.” He suggested they should have
“supprimer purement et simplement la servitude politique, et laisser à la
concurrence le soin de pourvoir à la garantie de la souveraineté individuelle.
(purely and simply abolish (their) political servitude and leave to competition the
task of providing the protection of individual sovereignty).” 185

Unfortunately, Molinari thought, the French chose the second alternative where
“the nation” or its political representatives would decide how security was to be
provided, and thus foolishly exchanged one form of political servitude for
another. 186

The Simple Hypothesis of the Monopolist Baker

It was in the course of defending the right of individuals to seek protection of
their personal sovereignty outside of the state’s or nation’s monopoly that he
returned to his favored trope of the “simple hypothesis,” this time about the
monopolist baker of bread. 187 Just as each individual has the “primordial right” to
bake their own bread or choose another baker to do it for them if they don’t like
the local monopolist bakery, 188 so the French people had the right to seek alternate
“producers of security” if they wished, and competition between security providers
would ensure its high quality and low price. As Molinari rather sweepingly put it,

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187 Molinari, *L’évolution politique et la Révolution*, pp. 399 ff. The long quote about this can be found
in the Appendix.

“Remplacez la fabrication du pain par la production de a sécurité” (Just replace the making of bread with the production of security).\textsuperscript{189}

In the end, Molinari is not confident that this “agreement” between monopolist producers of security and the consumers of security as regulated and controlled by the political representatives of the consumers is stable or even able to be achieved in practice. The benefits of “cheating,” especially by the holder of the monopoly and the politicians who are supposed to be policing it on behalf of the consumers, are too great to resist. And the simulacrum of competition which this agreement is supposed to provide is not “real” competition. That will only appear in the coming era of “full and complete” competition “un régime de pleine concurrence (liberty),” or “the government of the future.”\textsuperscript{190}

\textit{L’expérience atteste malheureusement que cette conciliation n’est pas facile à accomplir dans la pratique. Il en sera ainsi, selon toute apparence, aussi longtemps que la production de la sécurité s’opérera sous le régime du monopole et que subsistera la « servitude politique ». Seule, la concurrence peut établir une exacte délimitation de la souveraineté politique.} 

Unfortunately, experience attests to the fact that this agreement is not easy to achieve in practice. It will remain this way, according to all appearances, as long as the production of security operates under the regime of monopoly and as long as “political servitude” survives. Only competition can establish a precise limit to political sovereignty.

The Evolution of Law in the Era of Full Competition

In a chapter on “Évolution et révolution” Molinari argued that no matter what state of economic and political development a society might be in, whether the communitarian, monopoly, or competitive phase or régime, legal and political institutions evolve in order to achieve “concordance” or equilibrium between them and the level of complexity of the economy in that stage of development (such as the extent of the division of labour and the size and scope of trading relationships).

\textsuperscript{189} Molinari, \textit{L’évolution politique et la Révolution}, p. 404-10. The full passage can be found in Appendix 2.

\textsuperscript{190} Molinari, \textit{L’évolution politique et la Révolution}, p. 412.
In a very Spencerian way of arguing he hinted that the evolution of institutions, such as government, or what he called in English “the machinery” of government and the law itself would have to be modified in order “to bring them into concordance with the new state of mankind and of (material) things.” This was another of the few times Molinari spoke about law in this fashion:

Les institutions qui régissent les sociétés sont le produit d'une série d'inventions et de découvertes, c'est-à-dire d'une industrie particulière, laquelle apparaît et se développe, comme toute autre industrie, lorsque le besoin et, par conséquent, la demande de ses produits ou de ses services viennent à naître et à grandir. On trouve profit alors, — soit que l'on ait en vue une rétribution matérielle ou simplement morale, — à découvrir ou à inventer les institutions et les lois qui répondent à ce besoin. Ce travail se poursuit jusqu'à ce que la société, — troupeau, tribu ou nation, — soit pourvue de l'ensemble d'institutions et de lois qui sont ou qui lui paraissent le mieux adaptées à sa nature et à ses conditions d'existence. Lorsque ce résultat est atteint, lorsque la machinery du gouvernement approprié à la société est achevée, la production des inventions et découvertes politiques et économiques, après s'être ralentie, finit par s'arrêter. Cependant ce ralentissement et cet arrêt ne sont que temporaires, car chaque fois que les éléments et les conditions d'existence de la société viennent à se modifier, il devient nécessaire de modifier aussi ses institutions et ses lois, de manière à les mettre en concordance avec le nouvel état des hommes et des choses.

The institutions which govern societies are the product of a series of inventions and discoveries, that is to say, of a particular industry which appears and develops like any other industry, when the need for, and thus the demand for its products or services arise and grow. Profits can be then found, whether one has in mind material or simply moral rewards, in discovering or in inventing institutions and laws which respond to this need. This work is pursued until society - whether a band, a tribe, or a nation - is provided with the ensemble of institutions and laws which are or appear to be the best adapted to its nature and to its conditions of existence. When this result has been achieved, when the machinery of government (GdM uses the English word “machinery” here) appropriate to (that) society has been achieved, the production of political and economic inventions and discoveries comes to an end. However, this slowing and stopping are only temporary, because each time that the elements and conditions of existence of society are modified it becomes necessary to also modify its institutions and laws in such a way as to bring them into concordance with the new state of mankind and of (material) things.

[Source:191]

Part of the Bundle of Liberties

However, in spite of his proposed transitional stages listed above, it appears that his ideal solution was still “la liberté de gouvernement” (his code word for AC), which was also the title he gave to a short section in the chapter. He predicted that in a not too distant future, monopoly government would be replaced by “free” life and property insurance companies and joint stock companies which would provide services such as protection. “La liberté de gouvernement” would then become part of the “faisceau” (bundle) of other liberties all people would be able to enjoy. As further proof of his continued radicalism he also directly cited in a footnote here his three previous defenses of ACT in PoS, S11, and the Cours.192

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Un jour viendra toutefois, et ce jour n’est peut-être pas aussi éloigné qu’on serait tenté de le supposer en considérant la marche rétrograde que la révolution a imprimée aux sociétés civilisées; un jour viendra, disons-nous, où la servitude politique perdra toute raison d’être et où la liberté de gouvernement, autrement dit la liberté politique, s’ajoutera au faisceau des autres libertés. Alors, les gouvernements ne seront plus que des sociétés d’assurances libres sur la vie et la propriété, constituées et organisées comme toutes les sociétés d’assurances. De même que la communauté a été la forme de gouvernement adaptée aux troupes et aux tribus des temps primitifs, que l’entreprise patrimoniale ou corporative, avec monopole absolu ou limité par des coutumes, des chartes, des constitutions ou des contrats, a été celle des nations de l’ère de la petite industrie; l’entreprise par actions avec marché libre sera, selon toute apparence, celle qui s’adaptera aux sociétés de l’ère de la grande industrie et de la concurrence.[It is here where Molinari quotes S11, the PoS article, and the Cours.]

However, a day will come, and this day is perhaps not as far away as one might be tempted to think when considering the retrograde steps/march which the Revolution has imprinted on civilized societies. We say that a day will come when political servitude will lose all its reason for being (raison d’être) and when the liberty of government, otherwise known as “la liberté politique” (political liberty) will be added to the bundle of the other freedoms. Then, governments will be nothing more than free life and property insurance companies, established and organized like all other insurance companies. Just as “la communauté” (the community) has been the form of government suited to the bands and tribes in primitive times, just as the patrimonial (family??) or corporative enterprise, with an absolute monopoly or one limited by custom, carters, constitutions, or contacts has been the form of government suited to nations in the era of small-scale industry; “l’entreprise par actions” the joint stock enterprise/company in a free market will be, according to all appearances, suited to the societies in the era of large-scale industry and competition. [It is here where Molinari quotes S11, the PoS article, and the Cours.]

Conclusion

Molinari concluded from this analysis that traditional monopoly political organisations like the commune or the central state would eventually be melted or dissolved (fonder) into the broader society and would for all practical purposes disappear and there would be at last “l’État libre dans la Société libre” (a free state in a free society). This is a very similar notion to that of Charles Dunoyer in 1825 who argued for what he termed “munipaliser le monde” (the municipalisation of
the world)\textsuperscript{193} which seems to be thread which runs through French radical liberal thought.\textsuperscript{194}

Thus, instead of absorbing the organisation of society, according to the revolutionary and communist notion, the Commune and the State will be dissolved into this organism. Their functions will be divided up and society will be made up of a multitude of (business) enterprises, under the control/ sway of the common/shared necessities which come from their particular nature, associations or free states (des unions ou des États libres) each of which will exercise/carry out a special function. Thus the future will belong not to the absorption of society by the state, as the communists and the collectivists claim, and not to the abolition of the state as the anarchists and nihilists dream of, but to the diffusion of the state within society. This, to recall/remember the famous saying, is “l’État libre dans la Société libre” (a free state in a free society).

\textsuperscript{193} Dunoyer, \textit{L’Industrie et la Morale}, p. 366.

\textsuperscript{194} Molinari, \textit{L’évolution politique et la Révolution}, pp. 393-94.


**Introduction**

This work is a book length treatment of ideas he first expressed in his book *Les Soirées* (1849) which had as its subtitle “entretiens sur les lois économiques et défense de la propriété” (conversations about economic laws and the defense of property). In summary, he thought there were six “natural laws” which operated regardless of any individual’s hopes or desires to act counter to them:

1. “la loi naturelle de l’économie des forces ou du moindre effort” (the natural law of the economising of forces, or (the exertion) of the least effort)
2. “la loi naturelle de la concurrence” (the natural law of competition) or “la loi de libre concurrence” (the law of free competition)
3. “la loi naturelle de la valeur,” sometimes also expressed as “la loi de progression des valeurs” (the natural law of value, or the progression of value)
4. “la loi de l’offre et de la demande” (the law of supply and demand)
5. “la loi de l’équilibre” (the law of economic equilibrium)
6. “Thomas Malthus’ law of population growth”

In the course of this work he also discussed the production of security in similar terms to those in *Les Soirées* which suggests his radical ACT has not waned much at this stage. In fact, one might describe it as the last of the books of his radical AC phase before he began to compromise and “backslide” in the early 1890s. He was 68 years old when he published it. We see here references to “liberté de gouvernement,” “les compagnies d’assurances” (insurance companies), and another “simple hypothesis” concerning private “property development

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195 The book was first published as four articles in the *JDE* between December 1884 and July 1885.

196 There is a small chapter devoted to this in Molinari, *Les Lois naturelles*, Part IV, chap. 15 “La liberté de gouvernement,” pp. 260-68.
companies.” We also have references to his speculations about “l’organisation politique de l’avenir” (the political organisation in the future) and some of the intermediary steps that will have to be taken in order to break out of “political servitude” in order to reach that future society, namely radical decentralisation of politics to the communal level, competition between communes for “political consumers” (i.e. inhabitants and taxpayers), and the right of individuals to secede. The latter he now decides is a ”double right” in that communes have the right to secede from a province they do not like living under, and the province has the same right to secede from the central state if it is not happy the quality and price of the services it receives.

If there are any indications of his wavering a little from his most radical formulation of ACT it is in the acknowledgement that there are things which are “naturally collective” (like certain public goods like streets, gas, water, and security which cannot be provided “individually,” but the uncertainty comes about from the fact that he still does not think that these services should be provided coercively by the central nation state in the form of a government monopoly; and the notion that in the progress to a regime of full and complete liberty and competition in which there would be “la liberté de gouvernement” he admits that “Mais nous n’en sommes pas là” (but we are not there yet), thus leaving the possibility open that one day “we” will be there.

*The raison d’être of governments*

In a chapter on obstacles to achieving peace and liberty he talks about the the tendency of individuals to engage in theft which gives rise to what he terms “la nécessité et raison d’être des gouvernements” (the necessity and raison d’être of governments). He explicitly rejects “anarchism” by name for the first time (probably in reaction to the emergence of explicitly anarchist left wing groups in Europe at the time, especially in Russia). Left wing anarchists, he argues, do not understand the nature of the division of labour and the specialization of functions which takes place in a market society and so cannot conceive of a cheap and efficient economic way to insure against theft and damage to life and property. The
function of “government” is to act as an “insurance company” to protect the three different forms of property - personal property, landed property, and moveable property. Unfortunately, Molinari argues, all governments do this in the most crude and clumsy manner (d’une manière plus grossière) by mixing the “premium” component for providing this essential service with other impositions on the citizens in the form of taxes which are unjust and unnecessary. He describes these taxes as “barbares et compliquées” (barbaric and complicated).\textsuperscript{197}

\textsuperscript{197} Molinari, \textit{Les Lois naturelles}, p. 44.
D’abord, quand on veut garantir une
propriété contre un risque quelconque, risque
de vol ou risque d’incendie, on doit avant tout
la reconnaître, la délimiter et l’évaluer. C’est ce
que font les compagnies d’assurances en vue
de savoir ce qu’elles assurent, de connaître
l’importance des risques qu’elles se chargent
de couvrir, et de fixer le montant de la prime
qu’elles doivent exiger pour compenser leurs
frais et réaliser un bénéfice. C’est ce que font
aussi les gouvernements, quoique d’une
manière plus grossière. Ils « reconnaissent » la
propriété, et c’est là ce qui a porté les
juriconsultes, étrangers à l’économie politique,
to déclarer qu’ils la créent. Est-il nécessaire de
remarquer que les gouvernements ne créent
pas plus les valeurs dont ils garantissent la
propriété et l’usage contre le vol et la
destruction que les compagnies d’assurances
ne créent les valeurs qu’elles assurent contre
l’incendie? De même encore que les
compagnies d’assurances, les gouvernements
imposent des règles et des restrictions ou des
servitudes à l’usage de la propriété, afin de
faciliter leur tâche et de diminuer leurs risques;
seulement ces règles et ces servitudes sont plus
complications et plus étendues, en raison de la
plus grande complexité des risques et de la
difficulté de les couvrir. Enfin, comme les
compagnies d’assurances, les gouvernements
exigent une prime destinée à pourvoir aux
frais de la production de la sécurité des
personnes et des propriétés. Cette prime a été
perçue jusqu’à présent sous les formes
barbares et compliquées de l’impôt et elle est
trop souvent sans aucun rapport avec le service
rendu, mais, telle quelle, elle n’en constitue pas
moins une prime d’assurance.

First of all, when one wishes to insure
one’s property against some kind of risk of
theft or fire, above all one has to acknowledge
what it is), to define it (precisely), and to have
it evaluated. This is what insurance companies
do in order to know what it is they are insuring
and to understand the importance/nature of
the risks that they are responsible for covering,
and to set the amount of the premium they
will have to charge to cover their costs and to
make a profit. This is what governments do,
although they do it in the crudest way. They
“recognize” property (rights), and this had led
jurists, who are strangers to political economy,
to declare that the government creates
property (rights). Do we have to note that
governments do not create the value (les
valeurs) of the property and the use of that
property which they protect against theft and
destruction, any more than the insurance
companies create the value of the things they
insure against the risk of fire? And in addition,
just like insurance companies, governments
impose rules and restrictions or (a form of
servitude on the use of (one’s) property in
order to facilitate their task and to reduce their
risks; only these rules and “servitude” are more
complicated and more extensive because of
the greater complexity of the risks (involved)
and the difficulty of covering them. Finally,
like insurance companies, government
demand/impose a premium which is designed
to cover the cost of the production of security
of both persons and property. This premium
has been imposed up until now in the barbaric
and complicated form of taxes and it (the
premium) too often has no relationship to the
service which it renders/provides, but which,
such as it is, constitutes none the less an
insurance premium.
The Hypothesis of Privately Built Towns

In Part 4, chap. 14 “La Constitution naturelle des gouvernements. La Commune. La Province. L’État” he explores in more detail the kinds of services local governments like communes have traditionally provided, what he calls “les services collectifs” (collective services), and how they might lower their costs and improve the quality of their services by privatizing or outsourcing them. He tentatively even goes so far to say that “under a regime of political liberty” the communes might even do this for police services. It is here where he introduces another one of his speculative “hypotheses,” this time returning to his idea of private companies building new cities and towns for which they provide all “collective services” in exchange for a fee or annual dues (cotisation) or which is part of the “rent” they charge to live there. He imagines a situation where there would be two sources of competition for the provision of these services (la double concurrence), private companies which specialize in providing these individual services, as well as the property development companies which would build “gated” or private communities from the ground up. But he draws back a little from this vision by saying that, “mais nous n’en sommes pas là” (we are not there yet).\(^{198}\)

Cependant, parce qu’il y a des services ayant un caractère naturel de collectivité ou de communauté, il ne s’ensuit pas que la commune soit obligée de les établir et de les gérer elle-même; elle peut trouver et elle trouve, dans les pays où l’industrie est suffisamment avancée et spécialisée, des entreprises qui se chargent de construire et d’entretenir les égouts, de paver, de [249] balayer et d’éclairer les rues; elle pourrait en trouver de même, sous un régime de liberté politique, qui se chargeraient de faire la police. En admettant que ces entreprises spéciales puissent se multiplier de manière à se faire une pleine concurrence, le gouvernement de la commune trouverait avantage à leur confier les services dont la réunion constitue ses attributions naturelles. Ces services, il les rétribuerait en gros, et s’en rembourserait en détail, au moyen d’une cotisation spéciale pour chaque service, prélevée sur tous les habitants de la commune, et c’est ainsi en effet que les choses se passent dans les communes bien constituées et gouvernées.

However, because there are services which have a natural characteristic of being collective or communal (un caractère naturel de collectivité ou de communauté), it doesn’t follow that the commune is obliged to establish them and administer them itself. It can find and does find, in countries where industry is sufficiently advanced and specialised, business enterprises which are responsible for building and maintaining sewers, sidewalks, sweeping and lighting the streets. It could even find, under a regime of political liberty, (business enterprises) which would be responsible to provide police (services). In admitting that these “specialized” business enterprises (enterprises which specialise in this - ces entreprises spéciale) could multiply in such a way to provide/create complete/full competition (for these services) (se faire une pleine concurrence), the government of the commune would find it beneficial to entrust to them all the services which combined constitute its natural functions. It (the government) would pay the firms for these services in a lump sum (en gros) and would be reimbursed (from the citizens) individually (en détail), by means of a special fee (cotisation) for each service, leved/imposed upon all the inhabitants of the commune, and thus this is in effect how things happen in the communes which are well established and governed.
En supposant, — et cette hypothèse deviendra une réalité à mesure que l’industrie progressera et se développera sur un plan plus vaste, — en supposant, disons-nous, que des sociétés particulières se constituent pour fonder et exploiter des villes ou de grands domaines agricoles, pourvu des habitations nécessaires au personnel, la rétribution des services ayant un caractère collectif cesserà d’être perçue sous la forme d’une cotisation spéciale; elle s’ajoutera simplement au prix du loyer, librement débattu entre la société propriétaire et le locataire [tenant??]. Le poids de la servitude naturelle qu’impliquent les services collectifs se trouvera alors réduit à son minimum, grâce à la double concurrence des entreprises ayant pour spécialité la production de ces services et de celles qui fonderont et exploiteront les villes et les domaines agricoles.

Mais nous n’en sommes pas là, …

But let us imagine (en supposant), and this hypothesis would become a reality to the degree that industry will (have) progressed and developed on a much larger scale, let us imagine, we say again, that individual firms (des sociétés particulières) are established to found and run towns or large rural areas (grands domaines agricoles), to provide the required housing to its staff/personnel, the payment for the services which have a collective nature will cease to be levied in the form of a special/separate fee (cotisation). It will simply be added to the price of the rent which will be freely negotiated between the propriety owning company (la société propriétaire) and the tenant. The burden of the natural “servitude” which these collective services entail will thus be reduced to its minimum (amount) thanks to the double competition between business enterprises which specialise in the production of these services and those (enterprises) which found and run towns and rural estates/territories.

But we are not yet there …

Not the Role of the Economist to Predict the Shape of the Future

There is also another defence of the idea that it is not up to the economist to predict in advance how exactly all these services will be provided once a free market and competitive system has been established. All that can be predicted is that if there is a demand for a good or a service, and if there are people willing to satisfy this demand for a profit, the goods and services will be provided.199

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Peut-on concevoir cependant un état de choses différent de celui que nous venons de décrire? Peut-on admettre qu’un gouvernement soit capable de rendre les services en vue desquels il est institué s’il ne possède point le droit exclusif de les imposer dans toute l’étendue du territoire soumis à sa domination ? Nous avons remarqué que ce régime était autrefois commun à la généralité des industries et qu’on ne concevait pas alors la possibilité d’un autre régime. Il est assez naturel qu’on ne conçoive pas aujourd’hui que les hommes puissent être pourvus de sécurité s’ils renoncent à s’assujettir à la servitude politique, de-même qu’on ne concevait pas qu’ils pussent être nourris, vêtus et logés s’ils commettaient l’imprudence de s’affranchir de la servitude économique.

Essayons donc de rechercher ce qui arriverait si la servitude politique venait à être abolie, si la «liberté de gouvernement » venait à être établie comme un complément logique et nécessaire de la liberté de l’industrie. [261] Que seraient les gouvernements et comment fonctionneraient-ils sous ce nouveau régime?

However, could one conceive of a state of things different from those which we have just described? Could one admit that a government could be capable of providing the services for which it was created, if it did not possess the exclusive right to impose them throughout the full extent of the territory under its domination/control? We have remarked (previously) that at one time this regime (of monopoly) was common to most industries and that then one could not conceive of the possibility of any other regime. It is quite natural that today one can’t conceive how men could be provided with security if they give up being subjected to political servitude, just as one could not conceive (then) they they might be fed, clothed, and housed if they committed the folly (imprudence) of freeing themselves from economic servitude

So let us explore what would happen if political servitude came to be abolished, if “la liberté de gouvernement” came to be established as the logical and necessary complement to the liberty of industry. What would governments (be like) and how would they function under this new regime?
Les prévisions que l’on peut formuler sur l’avenir de la liberté de gouvernement ont, à certains égards, un caractère hypothétique. À l’époque où la servitude économique a été abolie, on pouvait bien affirmer avec certitude que les articles de nécessité ou de luxe dont la production était rendue libre continueraient à être produits, et qu’ils seraient même livrés au consommateur en plus grande abondance et à meilleur marché, mais quelle serait l’influence de la liberté de l’industrie sur la constitution des établissements industriels et quel serait le mode d’action de la concurrence devenue libre, voilà ce que l’expérience seule pourrait révéler. De même, nous pouvons affirmer qu’après l’abolition de la servitude politique, les services dont les gouvernements ont aujourd’hui le monopole continueront à être rendus aux individus et aux sociétés et qu’ils le seront en plus grande abondance et à meilleur marché, ce qui, à tout prendre, est l’essentiel, mais nous ne pouvons pas plus prédire ce que sera l’organisation politique de l’avenir que nos devanciers ne pouvaient prévoir, à l’époque de l’établissement de la liberté industrielle, l’avenir de l’industrie. Nous ne pouvons faire à cet égard que de simples conjectures.

The “Double Right” to Secede

There is an interesting discussion of the problem of exit faced by most “political consumers.” Those who are not happy with the Communal services they receive find it very difficult to leave. The usual practice is that the wealthy seize control of the government for their own benefit, “la minorité gouvernante ,” and impose the costs on the less well off. The same situation applies to the provinces. The examples he cites are the Poles who are subject to the Russian Empire, and the
southern agricultural states under the control of the protectionist northern states in America. Molinari hints at the right of secession but concludes that in the short term emigration is the most likely solution for most people who are subject to these kinds of “political servitude.”

He then goes on to discuss how overtaxed and under-serviced inhabitants of a commune might go about freeing themselves from their political servitude, which brings him to the question of the right to secede. He discusses the plight of a wealthier region in a commune resenting the fact that they are being overtaxed to subsidize the services provided to a poor part of the commune. If the region is relatively small, they can emigrate to another lower taxed commune (which is a right they currently have). If the region is larger he thinks they should have the right to secede and form their own independent commune or to merge with a neighboring adjacent and lower taxed commune (this is a right they do not have under the current regime). Molinari argues that they should have this right and that this right is a double edged sword, that it is “un double droit de sécession” (double right of secession) where the commune can secede from the province, and the province can secede from the central state. This double threat of secession he believes would be a powerful force to keep the costs of government down to a minimum as each level of government would be most reluctant to lose too many of its taxpayers, and it would force each one to provide better services by contracting out to private companies (as described above) to attract more people to its locality. The costs of government overall - communal, provincial, and national - would be reduced by these multiple competitive forces to a single user fee or subscription (cotisation) which would be the bare minimum necessary to proved these “naturally collective” or public goods and services. This “double right of secession” would create “a double form of competition” (cette double concurrence) which would be brought to bare on the provision of services. These competitive forces would come from two directions, “la concurrence des collectivités” (competition between collective government bodies) which results from communes and provinces competing to attract more inhabitants to their respective territory, and “des entreprises spéciales” (business enterprises which specialized in the provision of public goods).
On “un double droit de sécession” (double right of secession) commune from province, province from state:

If the individual receives services from the commune, the latter in its turn receives them from the province, and the province from the central state, services (such as) the means of communication by land and water, and internal and external/foreign security. These services from the province and the state end with the individual, just as the product of a factory ends with consumer, by passing through (the hands of) wholesale and retail stores, who reimburses them in the price he pays to the retailer all the costs of production and the intermediaries. The natural organisation of collective services implies the sharing of the costs of state services among the provinces, that of the costs of provincial services (after adding those of the state) among the communes, and finally the costs of communal services (adding them to those of the province and the state) among the individual (citizens). But, under the present regime, the communes have no effective means of protecting themselves against the poor quality or the excessive price of the services provided by the provinces, any more than (they have) against the unwarranted multiplication of these services, and the province is disarmed/exposed in the same way vis-à-vis the central state. It would be otherwise under a regime of the liberty of gouvernement (un régime de liberté de gouvernement). The commune, having freed itself from political servitude would have the right to separate from the province and the province (would have the right to separate) from the central state.

Les conséquences de ce double droit de sécession sont faciles à apercevoir. Si les services que la commune reçoit de la province, augmentés de ceux que la province reçoit de l’État et qu’elle reporte sur la commune sont surabondants, s’il en est qui n’aient point le caractère de collectivité et que les individus aient par conséquent le droit de refuser, la commune refusera de payer sa quote-part de leurs frais de production; si les services collectifs qu’elle est obligée de recevoir sont de mauvaise qualité ou à trop haut prix, elle se séparera de la province pour se joindre à une autre et les provinces en useront de même vis-à-vis de l’État. Sans doute, des circonstances locales pourront faire obstacle à l’exercice de ce droit de sécession, mais si l’on songe [266] que la contiguïté des territoires n’est point—l’expérience l’atteste—nécessaire à la constitution d’une province et d’un État, qu’une commune ou une province peut subsister comme une enclave, on se conviendra que le droit de sécession communal ou provincial suscitera une concurrence suffisante entre les États et les provinces pour améliorer la qualité de leurs services et en abaisser le prix. En tous cas, ce droit aurait pour résultat de déterminer la suppression de tous les services qui n’ont point, dans l’État ou la province, un caractère de collectivité, en même temps que tous les impôts ayant ce caractère, les douanes et les monopoles par exemple, soit que ceux-ci se trouvent établis au profit de l’État ou de la province, ou des particuliers. La spécialité s’imposerait pour la rétribution des services des provinces et de l’État comme pour celle des services des communes, et l’antique et barbare appareil de la fiscalité, avec la multiplicité des impôts et des entraves que leur perception nécessite serait remplacé par la perception annuelle d’une simple cotisation dans laquelle seraient compris, avec les frais des services communaux, ceux de la province et de la commune, divisés et spécialisés.

The consequences of this double right of secession (ce double droit de sécession) are easy to see. If the services which the commune receives from the province, augmented by those which the province receives from the state and which it passes on to the commune are excessive, and if they are not of a collective nature (le caractère de collectivité) which individuals as a result have the right to refuse, the commune will refuse to pay its share of the costs of production; if the collective services which it is obliged to pay are of poor quality or too high in price, it will separate from the province in order to join another one, and the provinces will do the same vis-a-vis the central state. No doubt, local circumstances can create obstacles to the exercise of this right of secession (ce droit de sécession), but if one thinks that the contiguity of territory is not necessary for the creation of a province or a state - and experience attests to this fact - that a commune or a province can exist as an exclave, one will be convinced that the right of communal or provincial secession will stimulate sufficient competition between the states and the provinces to improve the quality of their services and lower their price. In any case, this right would have the result of causing the abolition/ending of all services in a state or province which do not have a collective nature, at the same time (bringing to an end) all taxes which also have this character, such as customs and monopolies for example, whether they were established for the profit of the state or the province or particular individuals. Fee for service (la spécialité = individual/separate payment??) would be imposed to pay for the services of the provinces and of the state, as they would be for those of the communes, and the ancient and barbaric apparatus of the tax department (la fiscalité), with its multiplication of taxes and the burdens which their imposition requires would be replaced by an annual payment (perception) of a simple fee (cotisation) which would be made up of, along with the costs of communal services, those of the province and the state, divided up and itemised (divisés et spécialisés).
And just as there is a “double” right to secede, there is also a “double” source of competition which comes into play to reduce the costs of governing. The costs of running a Commune fall as as communes contract out to private companies for services such as water, light, gas, tramways), and revenue for these more efficient and cost effective communes increases as a result of “la concurrence des collectivités” (competition between these collective organisations) which allows taxpayers/consumers from high tax jurisdiction to migrate to low tax jurisdiction.\footnote{Molinari, \textit{Les Lois naturelles}, p. 267.}
A ces premières conséquences, savoir la réduction des attributions de la commune, de la province et de l’État aux services naturellement collectifs, et la suppression des impôts qui frappent, également en vertu de leur nature particulière, la généralité de la population d’un territoire, sans qu’il soit possible de s’y soustraire individuellement, tels que les monopoles et les douanes, s’en joindraient d’autres, non moins advantageuses aux consommateurs de services collectifs. Ces services, les collectivités de consommateurs ne se chargeraient point nécessairement de les produire elles-mêmes. Déjà, dans les pays où l’industrie et l’esprit d’entreprise sont suffisamment développés, les gouvernements municipaux ne se chargent pas eux-mêmes du service des eaux, de l’éclairage au gaz, de l’établissement des tramways. Ils trouvent plus d’économie à les confier à des entreprises spéciales. Ce qui est avantageux pour certains services communaux pourrait l’être en vertu du même principe pour les services de la province et de l’État, et notamment pour le service essentiel de la sécurité intérieure et extérieure. Cela étant, les consommateurs de ces services profiteraient, d’une part, de la concurrence des collectivités dont ils feraient partie à titre de consommateurs, d’une autre part de celle des entreprises spéciales qui se chargerait de la production des services collectifs; ils bénéficieraient en un mot de tous les progrès que susciterait cette double concurrence appliquée à des services, dont le monopole augmente continuellement le prix sans en améliorer la qualité.

To these initial consequences, namely the reduction in the functions of the commune, the province, and the state to (only) those services which are naturally collective, and the abolition of taxes which hit the entire population of the territory equally because of their special nature since it is impossible to avoid paying them, such as monopolies and customs duties; can be added others no less beneficial to the consumers of collective services. These “collectives” of consumers (les collectivités de consommateurs) would not necessarily have to be responsible for producing these services themselves. Already, in countries where industry and the spirit of enterprise are sufficiently developed, municipal governments are not themselves responsible for (providing) the services of water supply, gas lighting, and the building of tramway. They find greater economy (it more economical to) in entrusting them to business enterprises which specialize in this (des entreprises spéciales). What is beneficial for certain communal services could also be beneficial for the same reason for services of the province or the central state, notably for the essential service of internal and external security. That being the case, the consumers of these services would profit, on the one hand from “la concurrence des collectivités” (competition between the collectives, groups) of which they form a part as consumers, and on the other hand from that (compétition) by “des entreprises spéciales” (business enterprises which specialize in this) which would be responsible for the production of collective services; they would benefit in a word from all the progress which “cette double concurrence appliquée à des services” (this double competition which is applied to services) would stimulate, the monopoly of which constantly increases the price without improving the quality.
He then repeats his claim first expressed in S11 about the impossibility of wars and conquests in this new radically decentralized society which would view any attempt by a group to seize territory and incorporate it into their “state” as an act of “piracy” which would be vigorously opposed by a coalition of free political states:

Une autre conséquence ultérieure de l’abolition de la servitude politique serait l’impossibilité des guerres de conquêtes entre les peuples civilisés. Du moment où le droit de sécession serait appliqué et entré dans les moeurs de la civilisation, du moment où la commune serait toujours libre de se séparer de la province et de la province de l’Etat, il ne serait plus possible à un gouvernement de s’emparer d’une population comme d’un troupeau pour l’annexer à son domaine politique. Cette infraction au droit public des peuples civilisés serait considérée comme un crime analogue à la piraterie, et réprimée, comme l’est déjà la piraterie, par l’accord général des Etats. Au besoin, tous se réuniraient pour châtier le gouvernement pirate qui entreprendrait de rétablir, sous un régime de liberté, la servitude politique.

Another later consequence of the abolition of political servitude would be the impossibility of wars of conquest between civilized people/nations. From the moment when the right of secession was applied and became part of the culture/values (moeurs) of civilisation, from the moment when the Commune was always free to separate from the Province and the Province from the (central) state, it would no longer be possible for a government to seize a group of people (population) like a flock (of sheep) in order to annex them to its political domain. This violation of the public right of civilized nations would be regarded as a crime analogous to piracy and would be repressed as piracy now is by the general agreement of states. If needed, all of them would join together to punish the pirate government which was attempting to reestablish political servitude in a regime of liberty.

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202 In Les Soirées Molinari showed a certain sympathy for another form of “piracy,” that of the “interloper” or the privateer who flaunts government restrictions to trade such as illegal private mail delivery or unregulated prostitution. See “Interlopers and Pirates” in Further Aspects of Molinari’s Thought in Les Soirées (forthcoming).

Introduction

This late work (Molinari was 72 when he published it) is interesting because it is the last work in which he cites in a footnote a reference to his book *Les Soirées* but this time makes no specific mention of S11 or the PoS article, which suggests that he was gradually drifting away from the very radical views he expressed in those works some 42 years previously. Nevertheless, he does explicitly say he has not changed his views in those 40 years, although he might be just referring to the general idea of privatizing the provision of public goods and not that of security in particular. The book is also an example of his growing pessimism about the future of liberty as he thinks “le politicianisme, le militarisme, et le protectionnisme” (rule by politicians, militarism, and protectionism) are on the rise and if left unchecked will undermine the liberal gains of the 19th century (see his two essays on this from 1901).204 It also contains one of the few examples of the kind of political and economic program he wanted to see implemented in order to avoid this calamity. He summarized his program as “free trade, a guarantee against war, and a reduction in the size of the state.”205 The third part of the book contains a lengthy critique of socialist plans for the future and his own ideas about how to limit the size of the state, expanding the extent of markets, and the nature of self-government.

He is also very concerned about the new arms race which was beginning to get underway and which he predicted would impose an intolerable burden on taxpayers and provoke a new war between the great powers of Europe. He concedes that building powerful militaries might have been necessary at one time to protect nations from barbarian invasions but this danger was well passed and


205 See, see his “Programme Économique” in *Notions fondamentales* (1891), section III, chap. 3, pp. 381-96.
“l’énorme et coûteux appareil” (the enormous and costly (military) apparatus) which had been built now had to be abolished.

Cette œuvre accomplie, l’objectif du progrès politique et économique des nations se trouve changé. L’énorme portion de forces et de ressources qu’elles appliquaient à la conservation et au développement de leur puissance destructive peut être pour la plus grande part, économisée, car le monde barbare n’envahit plus, il est envahi, et la sécurité intérieure n’exige qu’une faible dépense; les servitudes que nécessitait la défense des populations, la sécurité de leurs approvisionnements et de leur travail peuvent être supprimées, bref, la propriété et la liberté de chacun peuvent être assurées au prix d’un minimum de charges et de servitudes.

Dans ce nouvel état de choses, la tâche des hommes de progrès consiste à démolir ce que leurs devanciers avaient construit, c’est-à-dire à démanteler des forteresses devenues inutiles, à supprimer les charges et les servitudes nécessaires à leur défense, enfin à abattre l’informe et lourd édifice d’exploitation que les intérêts engagés dans l’ancien régime se sont efforcés d’élever dans ces vieux abris de la civilisation.

Now that this task has been accomplished, the goal of the political and economic progress of nations has been changed. The enormous share of energy and resources that (nations) devoted to the preservation and development of their destructive power can for the greatest part be saved (économisée), because the barbarian world no longer is invading (us), it has been invaded, and internal security now only demands/requires low/meagre (faible) expenditure; the (political and economic) servitude which the defence of the population, the security of their for supplies and their labour, required, can be abolished, in short, the property and liberty of each person can be assured at a minimum price in terms of cost and servitude.

In this new state of affairs, the task for men of progress consists in demolishing what their ancestors have built, that is to say in dismantling the armed fortresses which have become useless, in abolishing the (financial) charges and servitude required for their defence, and finally in knocking down the misshapen and heavy edifice of exploitation which the (vested) interests who were active in the old regime were forced to erect in these old bunkers (abris) of civilisation.

Still a Believer after 40 Years

In the section dealing with his program for the future he has a section on reducing the size of the state in which he states that it is no longer necessary for “the consumers of security” to have to submit to political and military servitude in order to be provide with the “indispensable” item which is the “production of security.” He still argues that the functions of the state can be reduced to the bare minimum of providing “insurance” against risks to life and property, both internal and external, by charging “insurance premiums,” and that this premium can be kept to a modest amount through competition between insurance providers, once the condition of political servitude had ben abolished for good. In the meantime, he despairs that police and justice services remain everywhere in “un état d’imperfection grossière” (a state of gross imperfection) because of the inherently “anti-economic” nature of the state and everything it does. Nevertheless, he still quotes for the last time in his writings his book Les Soirées with its explicitly AC chapter 11 on the private production of security. My reading of this is that even though things look bleak for AC at the end of the 19th century he still believes in it as his ultimate goal. As he states in the footnote “Nous avons esquissé cette démonstration dans les Soirées de la rue Saint-Lazare, et nous n’avons cessé de la poursuivre, depuis plus de quarante ans dans la série de nos publications.” (we have sketched this demonstration (on the inferiority of publicly provided services compared to privately provided ones) in Les Soirées and we have not stopped pursuing this for more than 40 years in the collection of our publications.)

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208 See his discussion of the “anti-economic nature of the state” in Cours, p. 759, discussed above.

209 Molinari, Notions fondamentales économie politique (1901), pp. 394-96.
Mais du moment où la sécurité du monde civilisé s’est trouvée assurée, cet appareil de protection pouvait être successivement réduit. Il n’était plus nécessaire de soumettre les « consommateurs de sécurité » aux servitudes politiques et militaires qu’exigeait la production de cet article indispensable, puisqu’ils n’étaient plus exposés au risque de destruction ou d’asservissement que leur faisaient courir les invasions du monde barbare. On pouvait encore renoncer à les soumettre aux servitudes économiques, qui assuraient leurs approvisionnements et leurs moyens d’existence, aux règlements et aux coutumes qui réfrénaient des monopoles que l’extension de la sécurité et le développement des communications faisaient disparaître. Tout cet appareil lourd et compliqué devenait nuisible en cessant d’être nécessaire. Les fonctions de l’État pouvaient être simplifiées et réduites à l’assurance de la vie et des biens des individus contre les risques intérieurs et extérieurs, ceux-ci diminués sinon annulés; en même temps la multitude des impôts et charges qu’exigeait la vieille machineriedu gouvernement, pouvaient être remplacés par une prime d’assurance que la concurrence entre les assureurs, la servitude politique ayant disparu, aurait fini par abaisser au niveau minimum des frais de production de la sécurité.[Here he inserts his footnote referring his book Les Soirées.] Nous avons analysé les causes qui ont empêché la réalisation de cette réforme d’un régime qui avait perdu sa raison d’être. Nous avons vu comment les intérêts engagés dans ce régime ont réussi à en conserver les parties essentielles, comment ils ont prolongé artificiellement l’existence de l’état de guerre, maintenu et développé l’appareil de la paix armée, accru au lieu de les réduire les attributions et les fonctions des gouvernements. Mais, nous avons constaté aussi que l’accroissement du nombre des fonctions et des attributions des gouvernements est en opposition avec la loi naturelle de l’économie des forces, que les services publics, l’enseignement, la poste, le télégraphe, etc., etc., sont incapables de soutenir la concurrence des services privés. Non seulement les gouvernements produisent à plus grands frais et en moindre qualité les articles qu’ils ont annexés à celui qui est l’objet naturel de leur industrie, mais la dispersion anti-économique de leurs forces a pour résultat d’enrayer les progrès de cette industrie, les services de la justice et de la police demeurant partout dans un état d’imperfection grossière*; enfin, les impôts croissants que nécessite cette prolongation et cette aggravation d’un régime qui a cessé d’avoir sa raison d’être, infligent aux nations civilisées une double charge: celle du tribut qu’ils prélèvent et celle des servitudes fiscales auxquelles ils les assujettissent et qui dépassent fréquemment le poids même du tribut. But from the moment when the security of the civilized world was assured, this apparatus of protection could be gradually reduced. It was no longer necessary to subject the “consumers of security” to political and military servitude which the production of this indispensable item demanded/required, since they were no longer exposed to the risk of destruction or enslavement which the invasions by the barbarian world would have exposed them to. Furthermore, one was able to give up being subjected to the economic servitude which assured them of their supplies and their means of existence, to give up the regulations and customs which restrained the monopolies which the extension of security and the development of the means of communication caused to disappear. This entire heavy and complicated apparatus had become harmful when it ceased to be necessary. The functions of the state could be simplified and reduced to insuring the life and possessions of individuals against internal and external risks, the latter having been reduced if not annulled. At the same time the multitude of taxes and charges which the old “machinery” of government demanded could be replaced by an insurance premium which competition between insurance providers (les assureurs), once political servitude had disappeared, would have resulted in lowering to the minimum level of the cost of production of security. [Here he quotes Les Soirées and how he has continued arguing these ideas for the last 40 years] We have analyzed the causes which have prevented the realization of this reform of the regime which has lost its raison d’être. We have seen how the (vested) interests committed to this regime have succeeded in preserving its essential parts, how they have artificially prolonged the existence of the state of war, maintained and developed the apparatus of the armed peace, increased instead of decreased the activities and functions of governments. But we have also stated that the increase in the number of functions and activities of governments is in opposition to “the natural law of economizing one’s energies/forces” [la loi naturelle de l’économie des forces], that public services, education, the post office, the telegraph, etc. etc. are incapable of holding up under the competition of private services. Not only do governments produce at greater cost and lower quality the items which they have added to that which is the natural purpose of their activity (industrie), but the anti-economic dispersion of their energies/forces has the result of blocking the progress of that industry, (so that) the services of justice and police remain everywhere in a state of gross imperfection. Finally, the increasing taxation which the prolongation and worsening of this regime which has ceased to have (any) its raison d’être requires, imposes on civilized nations a double charge, that of the tribute which they levy and that of the fiscal servitude to which they subject them, a charge which frequently even surpasses the weight of the tribute.
What he is offering here is an explanation of why his ideal way of providing security is still not possible in the short term. The private production of security should have become possible once a number of factors came into play:

1. the threat of war from barbarian nations came to an end which allowed a drastic cut in the size of the military and expenditure on it

2. the old system of industrial and trading monopolies had come to an with the opening up of both internal and foreign markets to free trade; this would also allow the dismantling of the entire system of bureaucratic regulation of economic activity and result in further drastic cuts to government spending

3. once the size of the state had been cut to the bone “taxes” could be transformed into a “contribution” in the form of an insurance premium to cover the cost on insuring each person’s life, liberty, and property; and this insurance policy could be provided by insurance providers who competed on the free market for this business

He seems to have thought that these conditions were well on the way to being realized by the middle of the 19th century with the growth of the free trade movement in Britain and France, and partially put into practice in 1846 and 1860
respectively. However, the old elites were able to regather their forces in the 1870s and later and prevent further liberalization from taking place. As Molinari notes:\textsuperscript{210}

Nous avons vu comment les intérêts engagés dans ce régime ont réussi à en conserver les parties essentielles, comment ils ont prolongé artificiellement l'existence de l'état de guerre, maintenu et développé l'appareil de la paix armée, accru au lieu de les réduire les attributions et les fonctions des gouvernements.

We have seen how the (vested) interests committed to this regime have succeeded in preserving its essential parts, how they have artificially prolonged the existence of the state of war, maintained and developed the apparatus of the armed peace, increased instead of decreased the activities and functions of governments.

He will go into this in more detail in a later book, \textit{Les Problèmes du XXe siècle} (1901), which is discussed below. He provides more detail about the shifting class relations which were appearing in the late 19th century which left the groups who might have supported further liberal reforms caught between the “law and order” offered by a coalition between the old elites and the new wealthy commercial and industrial elites on the one hand, and the turmoil and potential confiscation of private property threatened by the socialists and their supporters among the working class, on the other hand. Molinari’s only hope seems to be that the “natural laws of political economy” would still continue to function and that the inefficiency, high cost, and lack of innovation caused by government monopolies and regulation would be exposed for all to see. Eventually …

In the meantime, the choice faced by Europeans was either the “étatiste” status quo, “ l'État socialiste” (the socialist state) promised by the socialist and labour parties, or limited “l'État-Gendarme” (the gendarme state) advocated by a diminishing number of liberals like him.

\textsuperscript{210} Molinari, \textit{Notions fondamentales économie politique} (1901), p. 395.
Précis d’économie politque et de morale (1893) “Les Droits et la Lois positive” (Rights and the Positive Law)

Introduction

In many ways this is one of Molinari’s oddest books. It should be seen alongside his two books on religion written at much the same time. They seem to show a man who has become increasingly pessimistic that economics alone will be able to stem the tide of socialism and protectionism which seems to be threatening France at this time. As many conservatives and liberals were arguing at the time it appeared that “moral values” (such as respect for property rights and belief in free markets and free trade, and what Molinari also called individual “self-government”) had not kept up with progress in the areas of technology and what is now called “globalization”; that those who were increasingly prepared to vote for socialist or labour parties on the one hand, or more “conservative” regimes like Bismarck’s on the other, did not understand that by doing so they were undermining the moral and economic principles upon which their increasing prosperity depended; and that this would ultimately lead to a new form of political servitude under what he called “le politicianisme” (politicianism, or rule by politicians and the new political class of bureaucrats). As he noted in the resume at the end of the book:

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213 Précis, chap. XII, p. 263.
These works written in the early 1890s were his attempt to understand the moral foundations which underlay a free society, especially the way in which religion had historically provided that foundation, and to make a plea for their protection.

The format of this relatively short book (278 pages) suggests that it was a kind of primer or introduction to classical liberal and economic ideas; it contained an introductory overview of his ideas about the natural laws of political economy and how they related to human nature, followed by a brief outline of the basic principles of political economy itself, and concluded with a section on “la morale” (morality or moral philosophy). It was in the latter section that Molinari discussed the role religion had played in originally establishing the moral and legal foundations for a free and prosperous society, how this was gradually taken over by the state during the era of monopoly (where it interestingly took over the church’s dubious claim to infallibility in matters moral and legal), and then how in the modern period a more secular moral and legal foundation emerged to create a new moral support for a free society. This new moral foundation was a mixture of utilitarianism (it was in our self-interest to support free markets because each party to an exchange benefited, history showed the great benefits of the division of

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214 In the Précis, chap. IV he states that “son infaillibilité prétendue ne résiste pas à l’examen” (its so-called infallibility does not stand up to examination), p. 192.
labour, etc.), traditional natural law and natural rights theory (the right to individual liberty and the right to own property), and historicist inevitability (his idea that society was moving from the era of monopoly into a new and better age of competition). Although religion continued to a play an important part in providing this moral foundation, most particularly for the less educated individuals who were still not ready for full “self-government” and thus still needed some form of “tutelage,” there were two other forces at work helping to provide this moral foundation, the emergence of “public opinion” as a new force in the modern era, and the rule of law.

The Rule of Law and Positive Law

The “Fees of Court” and “ad hoc justice”

Although Molinari did not use this latter expression he develops at some length for the first time in his writing the part played by “la loi positive” (positive or manmade law) and “des droits conventionnels” (conventional or customary laws, or agreed upon law) in both creating the conditions which make a free and market-based society function and also how it could adapt to the ever changing legal needs of a growing, expanding, and developing world. I want to discuss the latter as it addresses what I think is the weaker and much less developed part of Molinari’s ACT, namely “the private production of law.”

Molinari was not trained as a lawyer but was a self-educated economist. This might explain his neglect of the legal dimension to his ACT. We have mentioned above two earlier examples of his foray into legal matters where he quoted with approval more than once Adam Smith on “the fees of court”215 where litigants could “shop around” for a court or judge to hear their case and would thus voluntarily pay whatever they were charged for the service, the fees of course being subject to market and competitive forces and thus quite reasonable. That Molinari would quote this important and key passage at the beginning and near the end of

215 In the PoS article and in S11 (both 1849), and in the late book Esquisse (1899).
his career strongly suggests that he hadn’t changed his mind on this key aspect of ACT.

Secondly, he discussed the idea of judge made law which he called “ad hoc justice” which was his term to describe how courts would create laws or rulings on their own when necessary to solve any new legal problems which had emerged. You could call this Molinari’s version of English common law. (See above in the discussion of his Cours.)

The discussion of law in the Précis is the third occasion for Molinari to deal with this matter.

The Code of Law and the Positive Law


Molinari believed that an individual’s natural rights existed prior to any form of society and that these rights were “carried over” (apporter) by individuals when they entered into any association whether private (such as a family or economic enterprise) or political in nature. And it was the task of any government which might arise to protect these pre-existing natural rights (interestingly he does not stipulate that it had to be “un gouvernement monopole” only that it was “une association spéciale” which was unlike other associations in that it was “au-dessus” (above) the other associations in society).

It was the task of government to recognize these natural rights of individuals in “un code des lois positives” (a code of positive law) and to create the legal institutions which were needed to enforce them, such as “une armée, des tribunaux...

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216 Précis, Chap. V, p. 199.

217 It is interesting that here Molinari has adopted the very expression used by his critics at the PES meeting in October 1849, where his old nemesis Dunoyer and even his friend Bastiat argued that government exists “above” every other organisation and its function is ensure law and order for everything “below” it.
et une police, qui forment la machinerie nécessaire pour opérer cette sorte
d’assurance” (an army, courts, a police force, which form the machinery which was
required to carry out this kind of insurance).\textsuperscript{218} Although the natural rights of
individuals were universal and unchangeable (immuable)\textsuperscript{219} the code of positive law
which was needed to protect them varied according to time and place, local
customs, and the level of economic development, and were thus diverse and
changeable (mobilité).\textsuperscript{220} He does not say this explicitly, but it seems that Molinari
thinks that no positive law should ever violate these natural rights.\textsuperscript{221}

\begin{quote}
Il faut donc encore que la loi positive garantisse la propriété que chacun a acquise
en usant de sa liberté dans les limites de son droit, sauf les restrictions et les charges
nécessaires pour opérer cette garantie.
\end{quote}

Furthermore it therefore necessary that the positive law protects the property that each
individual has acquired while exercising his liberty within the limits of his rights, except for
the restrictions and charges necessary to provide this guarantee.

He describes how individuals might go about forming such a government
which he somehow believes could both be in accord with the pre-existing natural
rights of individuals and preside “above them” (much like Dunoyer and Bastiat had
argued in 1849):\textsuperscript{222}

\begin{quote}
Précis, Chap. VI, p. 204.
\end{quote}

\begin{quote}
See Précis, chap. IX, p. 223.
\end{quote}

\begin{quote}
In the Précis, chap IX he says that “les lois positives soient diverses et variables” (positive laws
are diverse and variable), p. 224. He also refers to “un code de lois, de coutumes ou
d’usages” (a code of laws, customs, and common usage/practice) in Précis, chap. 2, p. 177.
\end{quote}

\begin{quote}
Précis, chap VI, p. 197.
\end{quote}

\begin{quote}
Précis, pp. 199-200.
\end{quote}
What is not clear from this account is whether Molinari is speaking historically, politically (what is possible in the here and now), or prescriptively (what he thinks should be the case). Is he being deliberately vague or has he really changed his mind? It is hard to tell.
The Development of Contractual or “Conventional” Rights

In addition to the codification of abstract individual natural rights in a formal code of law, Molinari thought “une foule” (a multitude) of other rights emerged out of the commercial transactions which were entered into in a large and complex modern economy. These types of laws and “rights” were the product of the contracts and agreements that individuals and voluntary associations drew up with each other and were thus “librement stipulées et consenties” (freely stated and agreed to). Molinari thought the formal legal code should act as a kind of “filter” (my word) to ensure that these contractual or conventional rights or laws (that is “agreed to” rights) were consistent with the natural law:223

Dans les associations de production et de consommation, elle (la loi positive) intervient pour définir et assurer les droits de l’association vis-à-vis de chacun de ses membres et de ceux-ci vis-à-vis d’elle. Ces droits dérivent de la nature de l’association, et ils sont déterminés par son objet. Ils résultent de conventions faites entre les associés; mais ces conventions ont beau être librement stipulées et consenties, elles sont soumises à des règles générales; la loi positive ne doit les reconnaître et les garantir qu’au moment qu’elles sont conformes aux droits naturels de l’individu, qu’elles n’augmentent pas la liberté et la propriété de certains associés en diminuant celles des autres, enfin qu’elles ne portent point atteinte aux droits des tiers.

In the associations (made) for production and consumption, it (the positive law) intervenes in order to define and guarantee the rights of association concerning each of its members and those regarding itself. These rights come from the nature of the association and they are determined by its purposes. They are the result of agreements (conventions) made between the members of the association; but (even thought) these agreements may well have been freely stipulated and consented to, they are (still) subject to general rules; the positive law ought to only recognize and guarantee those agreements to the extent that they conform to the natural rights of the individual, that they do not increase the liberty and property of certain members of the association at the expense of the others, and finally that they do not infringe upon the rights of third parties.

There were also other rights and laws which sprang out of the relations between individuals and their associations which were created by the ever

223 Précis, pp. 200-1.
deeper division of labour and the growing extent of trading relationships. These “conventional laws” governed the relationships between every buyer and seller, every lender and borrower, and every property owner and renter, and although these emerged in an infinite variety of forms they too were subject to the confirmation of the positive law in order to ensure conformity to the natural rights of those engaged in the transactions.²²⁴

Thus, in Molinari’s idea of a legal system suitable for a modern, advanced, and competitive economy there were three tiers of law which had to be taken into account. The first and most basic were the abstract natural rights of the individual to life, liberty and property. The second was the codification of these natural laws into a form specific to certain times, places, and local customs, which also called the “positive law.” And the third were the mass of laws and rights created by all the individuals who entered into economic relations with each other. The role of the code or positive law was to act as a kind of referee between the myriad of laws and agreements thrown up by the economy and the underlying natural laws and rights of individuals.

²²⁴ Précis, p. 201.
Law and the Production of Security

In chapters VI “Les droits politiques” (Political Rights) and IX “Les servitudes” (Different Types of Servitude/Slavery) Molinari turns to the production of security and it here that he appears to make several concessions to the government monopoly provision of security for the first time, although the matter is somewhat clouded by other statements he makes about the “rights of consumers of security” which might suggest he has not fully gone down this path yet.

In order to protect the rights of citizens guaranteed in the legal code of positive laws there needs to be certain institutions set up up to protect them, which in turn requires the production of security. He returns to the idea that security cannot be produced by an individual (individuellement) since it is a “collective good” but only by an association which is called “the government.” The relationship between the government which produces security and the consumers of security is now for the first time described in terms of “les droits politiques” (political rights) which are the product of a “convention” (agreement) or “un marché” (a deal), the conditions of which could not be negotiated (débattues). This was a major reversal of his long standing belief that the conditions of any contract between producers and consumers of security could and should be openly discussed, negotiated, and consented to by both parties. He did prevaricate to some degree by stating that in its “essence” this agreement or deal was no different from any other agreement to satisfy one’s other “material or moral needs” but this is a spurious claim which he probably did not entirely accept himself.225

Cette association, dont l’industrie principale, sinon unique, consiste à produire de la sécurité, c’est le gouvernement.
Les gouvernements sont des producteurs de sécurité; les individus auxquels ils fournissent cet article de première nécessité sont des consommateurs de sécurité. Leurs droits respectifs sont des droits politiques.

This association, whose principle industry, if not its only industry, exists to produce security, is the government.
Governments are the producers of security; the individuals for whom they supply this article/good of the first necessity are the consumers of security. Their respective rights are political rights.

225 Précis, pp. 204-5.
Ces droits résultent d’une convention ou d’un marché dont les clauses peuvent n’être point débattues, mais qui, dans son essence et son objet, ne diffère point des conventions ou des marchés auxquels donnent lieu les autres besoins matériels ou moraux.

These rights are the result/product of an agreement or deal the clauses/conditions of which cannot be negotiated, but which in its essence and its goal, does not differ from the agreements or the deals produced by (the provision production) of all the other material or moral needs (of people).

But this seems to be contradicted a few lines later when he appears to revert to his previously held belief that consumers of security did have the right to negotiate the terms of any “deal” with a producer:226

Mais, en regard de ce droit du producteur de sécurité apparaît le droit du consommateur. De même que celui-là a le droit de produire et d’offrir ses services, celui-ci a le droit de les accepter ou de les refuser, d’en débattre le prix et d’en contrôler la qualité, exactement comme s’il s’agissait de toute autre marchandise.

But alongside the right of the producer of security there is the right of the consumer. Whereas the former has the right to produce and to offer his/these services, the latter has the right to accept them or to refuse/reject them, to negotiate the price and to monitor the quality, exactly as if it were a matter of any other good/product.

And then again at the close of the chapter where he reminds the reader that historically consumers of security have always suffered at the hands of the government monopoly provision of this important service, to point of consumers being “enslaved” by the producer:227

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226 Précis, p. 206.

227 Précis, p. 208. See also his discussion of political servitude in L’Évolution politique et la Révolution and Les Lois naturelles de l’Économie politique, 4e partie, “La Servitude politique.”
One explanation for this confusion might lie in the tension the sometimes arises between Molinari’s description of what has historically happened and what is the current practice today, and what should the ideal at sometime in the future. He appears to oscillate back and forth between the two thus producing some confusion for the reader.

Another troubling and confusing passage is where he attempts to explain how the government comes to have this exclusive right to produce security for its “clients” or “consumers.” After a brief discussion of the various groups which historically have made and enforced the law he asks the pertinent question, where did they get this right? His rather weak conclusion is that their right comes from the quite abstract “right one has to work in order to satisfy one’s needs,” the “need” of the government being understood as the need to provide security hence they have a right to do so - which sounds rather circular to me: 228

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228 Précis, pp. 205-6.
This statement seems to beg the question completely of where governments get the right to exercise the production of security as a monopoly against the will of the consumers of that service, and is one of the weakest arguments the usually hard hitting and uncompromising Molinari ever put forward.

After these confusing passages Molinari then returns to setting out the conditions for security to be produced in similar but not identical terms to those he first set out in the PoS article 44 years previously, although he does not cite this directly in a footnote which was had been his customary practice. The producers needed to cover their costs and make the industry standard profit in doing so, and so for this they needed to be able to charge appropriately. The producers also needed to be able to have “le droit de rechercher” (the right to search, investigate) to find the violators of the law and punish them, and for this to happen the consumers had to submit to certain restrictions on their liberty. But once again, he slips in a comment at the end which undermines what he had previously said about NOT allowing the consumers of security to refuse to enter into a contract against their will since they reserved the right to seek out an “autre producteur de sécurité” (another producer of security) if they were unhappy:229

229 Précis, p. 207.
Si nous examinons les conditions auxquelles la sécurité peut être produite et fournie à ceux qui en ont besoin, nous trouverons que ces conditions sont de deux sortes:

1° Il faut que l’association spéciale qui la produit couvre ses frais de production avec un profit en harmonie avec ceux des autres industries. Ses frais consistent dans la constitution et l’entretien de l’appareil qu’elle met en œuvre, dans la répartition de son personnel militaire et civil, dans l’établissement et l’entretien de son matériel de forteresses et d’armements, de ses tribunaux, de ses prisons, etc. Il est indispensable que le prix de la sécurité couvre ces frais, et, en conséquence, que le producteur ait le droit de le fixer, de le percevoir sous une forme ou sous une autre, enfin d’en assurer le recouvrement, sauf à s’accorder sur ces différents points avec le consommateur;

2° En vertu de la nature même de la sécurité, il faut que l’association qui la produit ait le droit de rechercher ceux qui portent atteinte à la liberté et à la propriété individuelle ou collective, et de leur infliger des peines dépassant la jouissance que peut leur procurer cette nuisance. De là l’obligation, pour le consommateur, de se soumettre aux restrictions à sa liberté, autrement dit aux servitudes que nécessitent la recherche et la répression ou la prévention des atteintes à sa liberté et à sa propriété, mais toujours sous la réserve de son droit d’accepter ou de refuser ces conditions ou d’en réclamer la modification, enfin de s’adresser à quelque autre producteur de sécurité.

If we examine the conditions under which security can be produced and supplied to those who need it, we will find that these conditions are of two kinds:

1. It is necessary that the specialized industry which produces it (be able) to cover its cost of production and (makes) a profit similar to those in other industries. Its costs consist in building and maintaining the apparatus which it uses to pay its military and civil employees, in the creation and maintenance of its equipment like fortresses and armaments, courts and prisons, etc. It is essential that the price of security cover these costs and, as a result, the producer should have the right to set (this price) and to collect it (percevoir) in one form or another, and finally to insure its collection, unless it has made other agreements with the consumer on some of these points.

2. Given the very nature of security, it is necessary that the association which produces it should have the right to investigate those who violate the liberty and property of individuals or the collective/group, and to impose penalties which exceed the benefits which they can get from this harm (they cause others). From this comes the obligation on the consumer to submit to restrictions on their liberty, in other words to the servitude which the investigation, the suppression, or the prevention of these attacks on one’s liberty and property necessitate, but always subject to one’s right to accept or to refuse these conditions, or to request a modification of them, and finally to turn to some other producer of security.

Once again, the reader is left confused about what Molinari really thinks about the private and competitive versus government monopoly provision of security in this rather unsatisfactory discussion in this book. It seems to be a bit of one and a
bit of the other. The final sentence seems to suggest he is still his old radical AC self: “but always subject to one’s right to accept or to refuse these conditions, or to request a modification of them, and finally to turn to some other producer of security.”
COMMENT SE RÉSOUDRA LA QUESTION SOCIALE (1896) “LA RÉVOLUTION SILENCEUSE” (THE SILENT REVOLUTION)

Introduction

In this late work (Molinari was 77 years old) he is becoming rather repetitious and more concerned with the growing threat of socialism. This book has a first section which summarizes his thoughts on the natural laws of political economy; a second section on his theory of political and economic evolution; a third section on the present “crisis,” a critique of the socialist solutions to “the social question,” and his counter proposals; but its fourth and final section contains some new content on “the silent revolution” by which competition is radically changing the world, in both economics and politics. How he thought the law of competition applied to government and its functions is what concerns us here.

On the Eve of the Regime of Competition

As he had stated several times previously, Molinari believed that the coming “le régime de concurrence” (the regime or system of competition) would appear when a number of conditions had been satisfied. Firstly, that the market had become so extended that it was world wide and “universal;” secondly, that competition had become generalized and applied to everything (first in the economic realm and then increasingly in the political); thirdly, that all industries were increasingly obliged to adapt and improve as these competitive forces swept over them. The main question Molinari wanted to answer was why this “silent revolution” of competition had not had the same effect on government as it had had on other sectors of the economy.

His answer was that the application of competition to “le gouvernement collectif de la société” (the collective government of society) was still at a very early stage (suggesting it had much further to go); that there was still widespread popular

ignorance of economic laws and how the market economy worked; and perhaps most importantly that the vested interests of those in power worked hard to prevent this from happening. The greatest obstacle came from “les intérêts à courte vue de la classe en possession de la machinerie du gouvernement collectif” (the short term interests of the class in possession of the machinery of the collective government), yet he was still confident that “the silent revolution” would continue to eat away at these vested interests and the costly and inefficient political system that they had constructed:\textsuperscript{231}

\begin{quote}
Elle agit cependant, et son action, quoique silencieuse et lente, devient tous les jours plus efficace pour contraindre la société et l’individu à adapter leur gouvernement aux nouvelles conditions d’existence que les progrès de la puissance destructive et productive leur ont faites.
\end{quote}

\begin{quote}
However, it does act, and its action, although silent and slow, becomes every day more effective in forcing society and individuals to adapt their government to the new conditions of existence which progress in the destructive and production powers have done/made for them.
\end{quote}

\textit{Associations of Consumers of Public Goods}

He thought it was inevitable that “political consumers” would gradually come to feel the growing burden of the state, what he called “le triple government” of the central state, provinces, and communes, as it steadily grew into what he feared might become “le communisme d’État” (state communism). The political consumers would be driven to put up some resistance by forming “associations of consumers.” Since governments seemed to be pushed by some “une impulsion irrésistible” (irresistible force) to expand their power and seize control of more and more sectors of the economy, and since politicians seemed willing or unable to stop this, it was up to private associations of consumers to take matters into their own hands, to bypass the official representative body (Parliament or the Chamber of Deputies) and organised political parties, and force local governments to reduce their functions and lower their costs. How he expected them to do this is not clear, but the force of public opinion and local lobbying seems to be what he had in

\textsuperscript{231} Molinari, \textit{La question sociale} (1896), pp. 281-82.
mind. These associations would perhaps be modeled on the powerful British Anti-Corn Law League which had forced parliament to repeal the protectionist corn laws in 1846 with their mass demonstrations, collections of signatures, press campaigns, and lobbying parliament. Parts of his program seem genuinely revolutionary in that he is suggesting that “consumers” (especially of security) step outside the normal political institutions in order to achieve greater choice and lower costs in the provision of these public goods. He pointed out with some irony “l’inefficacité du constitutionnalisme pour remédier aux effets du protectionnisme politique” (the uselessness of constitutionalism to remedy the effect of political protectionism), as if one political problem could be used to solve another. On the other hand, it seems a bit naive and desperate since it was a strategy which was most unlikely to have been taken up by French “consumers” in the late 19th century, given their political and economic views about the proper role of government. This curious passage needs to be quoted at length for it to be appreciated:


Selon la nature des services qu’elles consomment, ces associations doivent être plus ou moins nombreuses et s’étendre sur un territoire plus ou moins vaste. S’il s’agit de la sécurité extérieure, elle doit comprendre la totalité de la population et du territoire. S’il s’agit de besoins d’un caractère local, tels que ceux de la viabilité, du pavage, de l’éclairage, de l’écoulement des immondices, c’est l’espace dans lequel ces besoins se font sentir qui constitue la sphère naturelle de l’association. De là les associations nationales, provinciales, communales, correspondant chacune à des catégories particulières de besoins collectifs. L’association des consommateurs des services propres à pourvoir à ces besoins, peut en entreprendre elle-même la production, de même que l’individu peut produire les articles propres à la satisfaction de ses besoins individuels de nourriture, de vêtements, de logement. Mais, comme l’individu, elle peut aussi s’adresser à des entreprises spéciales en se bornant à conclure avec elles des contrats pour la fourniture de la sécurité, de la construction et de l’entretien des digues, du pavage, de l’éclairage, des égouts, et des autres services naturellement collectifs. Que ce second système soit plus conforme que le premier à la loi de l’économie des forces, l’expérience le démontre pour la satisfaction des besoins collectifs comme pour celle des [306] besoins individuels. Toutefois, c’est dans l’un et l’autre cas à la condition que l’échange s’opère ou que le contrat se conclut sous un régime de concurrence. Si la concurrence n’existe point ou est insuffisante, il pourra être plus avantageux pour l’association des consommateurs, aussi bien qu’au consommateur isolé, de produire le service que de subir les conditions d’une entreprise de monopole. Seulement, il peut arriver que les consommateurs de ce service soient incapables de le produire, et s’il s’agit d’un service indispensable, tel que celui de la sécurité, ils seront à la merci du producteur investi d’un monopole. Dans ce cas, leur seule garantie efficace contre l’abus réside dans l’intérêt du producteur lui-même. Mais, en supposant que la concurrence existe ou soit possible entre les producteurs de services naturellement collectifs, les consommateurs trouveront plus de profit à les demander à une entreprise spéciale qu’à les produire eux-mêmes, comme le consommateur individuel trouve plus de profit à se pourvoir de pain chez un boulanger dans une localité où il existe des boulangeries concurrentes qu’à le fabriquer lui-même. Dans ce cas, enfin, et dans les autres analogues, la fonction de l’association de consommation se réduira à conclure des contrats pour la fourniture des services naturellement collectifs et à en surveiller l’exécution, ou pour mieux dire, à nommer des délégués auxquels elle confiera les pouvoirs nécessaires pour remplir cette fonction, en se réservant seulement le droit de contrôler leurs actes. [307]
What Molinari is pointing out here is the growing tension between “economic liberty” (which in many cases was still growing though more slowly than before) and “political subjection” which remained firmly in place and was getting worse. This was something he had first pointed out in the *Cours* about the problem that arises when there was no longer “harmony” between the political and the economic realms of human activity.\(^{234}\)

The tension, he thought, could only be resolved if governments were forced to endure the curative pressure of competition in some way. Until his “associations of consumers” could show some positive results, there was still the possibility of emigration and secession. The free movement of people to the Americas and Australia, and the movement of capital to less restrictive jurisdictions were still powerful forces for European states to contend with, but he was frustrated that it

\(^{234}\) *Cours*, vol. 2, p. 484.
was taking so long to have an impact. So, perhaps the threat of secession could hasten things along a bit:\footnote{Molinari, \textit{La question sociale} (1896), pp. 313-14}
services. The government’s monopoly here was total and unbreachable. The end result was that governments were nothing more than “monsters.”

Molinari’s solution was to turn to his friend and colleague from the 1840s, Frédéric Bastiat, who thought the French state could be cut so drastically that it could do all it needed to do on a budget of only 200 million francs out of total level of expenditure of about 1,600 million francs. Molinari agreed with this figure, even though the French population and economy had considerably increased in the

On the other hand, the equally necessary service of internal security, which is completely shielded from (any) competition, is the most backward of all. Justice has not stopped being costly, slow, and uncertain; the police inadequate and troublesome; penalties are sometimes excessive and at other times too weak; the prison system is more suited to increasing criminality than in reducing it. How could it be otherwise? Why wouldn’t the natural functions of government suffer because of the constant increase in the parasitic functions (leurs fonctions parasites)? What private enterprise could survive if it were constituted and run like a government, and monopolized, by following its example, multiple and disparate industries? From the economic point of view, aren’t modern governments nothing other than “monstres”?

En revanche, le service non moins nécessaire de la sécurité intérieure, qui se trouve entièrement à l’abri de la concurrence, est le plus arriéré de tous. La justice n’a pas cessé d’être coûteuse, lente et incertaine, la police insuffisante et vexatoire, la pénalité tantôt excessive et tantôt trop faible, le système pénitentiaire plus propre à développer la criminalité qu’à la restreindre. Comment en serait-il autrement? Comment les fonctions naturelles des gouvernements ne souffriraient-elles pas de l’accroissement incessant de leurs fonctions parasites? Quelle entreprise particulière pourrait subsister si elle était constituée et gérée comme un gouvernement, et accaparait, à son exemple, des industries multiples et disparates? Au point de vue économique, les gouvernements modernes sont-ils autre chose que des « monstres »?

Molinari, La question sociale (1896), p. 338. See also a similar argument in his magazine L’Économiste belge: “De l’administration de la Justice,” L’Économiste belge, No. 11, 5 Juin 1855, pp. 1-3.

Bastiat gave this low figure in a couple of places: in “The Utopian” and in a speech on the tax on alcohol in the Chamber of Deputies in December 1849. See, ES2 11 "The Utopian" (LE, 17 Jan., 1847), in CW3, pp. 187-98; “Speech on the Tax on Wines and Spirits” (12 Dec. 1849), in CW2, pp. 328-47.
and even though he expected “le gouvernement assureur” (the government as insurer) should reimburse citizens for losses caused by theft and the destruction of life and property out of this amount as well. He thought a low premium proportional to the value of the property the citizens wanted to insure would be sufficient to keep the government functioning as it should.\textsuperscript{239}

\textbf{Supposons maintenant que les gouvernements soient réduits à leurs attributions naturelles, que le gouvernement national ait seulement à pourvoir à la sécurité intérieure et extérieure des individus et de la nation, et qu’une assurance internationale contre la guerre réduise les armements des peuples civilisés au minimum nécessaire pour les préserver des agressions des peuplades ou des hordes barbares pour lesquelles la guerre n’a pas cessé encore d’être une industrie productive, les frais de cette assurance de la vie et de la propriété ne dépasseraient pas sensiblement ceux des assurances contre l’incendie. Il y a un demi-siècle à peine que Bastiat ne les évaluait pas à plus de 200 millions pour la France, et ce chiffre suffirait encore aujourd’hui, même en admettant que le gouvernement assureur fût, comme il est juste, tenu au remboursement des pertes, et dommages causés par le vol et la destruction de la vie et de la propriété. Il suffirait alors d’une faible contribution, proportionnée à la valeur de la propriété immobilière, mobilière et personnelle des assurés pour y pourvoir, et cette contribution pourrait être prélevée directement et à peu de frais.}

\textsuperscript{238} In 1895-96 the budget for the French government was about 3.4 billion francs, so more than double what it had been in Bastiat’s time. A total expenditure of only 200 million francs would have been only 1/17 of what as actually spent that year. See \textit{The Statesman’s Year-Book: Statistical and Historical Annual of the State of the World for the Year 1896}. Ed. J. Scott Keltie (London: Macmillan, 1896), pp. 481-82.

\textsuperscript{239} Molinari, \textit{La question sociale} (1896), p. 341-42.
Thus, Molinari concluded, once the full force of competition was applied to all government services France could have its true utopia:240 “le gouvernement à bon marché, qui est demeuré jusqu’à présent une utopie, deviendrait une réalité” (cheap government, which has remained up until the present a utopia, would become a reality).241

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240 He would return to the topic of utopia in his essay “Où est l’utopie?” (Where is Utopia?) (JDE, 1904) reprinted in Questions économiques (1906), pp.377-80. This is discussed below.

LA SOCIÉTÉ FUTURE (1899) "LA CONSTITUTION LIBRE DES GOUVERNEMENTS" (THE FREE CONSTITUTION OF GOVERNMENTS)

Introduction

This work\footnote{Molinari, Gustave de. *Esquisse de l’organisation politique et économique de la Société future* (Paris: Guillaumin, 1899).} was only the second of Molinari’s many books (44 whole books and 12 other book-length works for a total of 56 by my last count) to be translated into English. The first was *Religion* (published in 1892 and translated in 1894) and *Esquisse de l’organisation politique et économique de la Société future* (1899) which was translated as *The Society of Tomorrow: A Forecast of its Political and Economic Organization* (1904).\footnote{Religion, translated from the second (enlarged) edition with the author’s sanction by Walter K. Firminger (London: Swan Sonnenschein, 1894); and The Society of Tomorrow: A Forecast of its Political and Economic Organization, ed. Hodgson Pratt and Frederic Passy, trans. P.H. Lee Warner (New York: G.P. Putnam’s Sons, 1904). OLL < http://oll.libertyfund.org/titles/228 >.} This a pity as they were not representative of Molinari’s lifetime work and did not show him at his most radical.

The book needs to be seen alongside his other “turn of the century” pieces in which he attempted to summarize the achievements of the 19th century and his hopes and fears for the coming century: *Grandeur et decadence de la guerre* (1898); *Esquisse de l’organisation politique et économique de la Société future* (1899); *Les Problèmes du XXe siècle* (1901); and his articles “Le XIXe siècle,” *Journal des Économistes*, 5e série, T. XLV, Janvier 1901, pp. 5-19; and ”Le XXe siècle,” *Journal des Économistes*, 5e série, T. XLIX, Janvier 1902, pp. 5-14.\footnote{See my unpublished paper “Gustave de Molinari and the Future of Liberty: ‘Fin de Siècle, Fin de la Liberté?’” A paper presented to the Australian Historical Association 2000 Conference on "Futures in the Past.” The University of Adelaide, 5-9 July, 2000.}

The book (which is relatively short - 205 pages of text and 40 pages of appendices) is divided into three parts; the first is yet another survey of his theory of the “Natural Laws” which governed political economy; the second a summary of his theory of evolution in which “The State of War” played an important and initially positive role (e.g. in warding off barbarian invasions); and the third is a
discussion of the kind of state and society which would emerge in the next phase, if it were to come about, which would be “The State of Peace,” which in earlier versions of his theory had been called "the era of competition." In this latter, future phase of societal development political subjection would be replaced by individual sovereignty (la souveraineté individuelle), destructive competition (“la concurrence destructive,” or “la concurrence politique et guerrière”) would be replaced by the life-giving competition (la concurrence vitale) of the free market (la concurrence productive ou industrielle), and compulsory and coercive taxes would be replaced by “la contribution” (voluntary payments, fee for service) or an insurance premium (la prime d’assurance).

Because of its differences to the views he expressed in his youthful and more radical PoS article of 1849 Rothbard was convinced Molinari had “backtracked” significantly in Société future. He first made this point in the foreword he wrote to Huston McCulloch’s translation of the PoS article published by The Center for Libertarian Studies in May, 1977 (which incidentally was my introduction to Molinari’s writings when I first came to the US in 1978 to attend the second ever Cato Summer Seminar in Political Economy at Stanford University) and singled out La Société Future (1899) as the work in which he had “partially retreated to an advocacy of a single monopoly private defense and protection company, rather than allowing free competition.” The full quotation is:

Four decades later, in his Les Lois Naturelles de l’Economie Politique (1887), Molinari was still a firm believer in privately competitive police companies, public works companies, and defense companies. Unfortunately, in his only work to be translated into English, La Société Future (The Society of Tomorrow, New York: G.P. Putnam’s Sons, 1904), Molinari had partially retreated to an advocacy of a single monopoly private defense and protection company, rather than allowing free competition.

Rothbard made a similar statement twenty years later as this passage from his *History of Economic Thought* makes clear:246

Molinari only backtracked on his anarchistic views in his very late works, beginning in his *Esquisse de l'organisation politique et économique de société future* (1899). Here he retreated to the idea of a single monopoly defence and protection company, which service would be contracted out by the central state to a single private corporation.

However, as he often does, one can point to some backtracking on the one hand, as well as some other arguments which are radical and original which complicates or qualifies any assessment of his ultimate position.

*The Production of Security in the "Society of the future"

The Functions of the State are now "Naturally Collective"

In this work Molinari reiterates his earlier argument that the state has a number of "natural functions" (attribution naturelles) which it alone can provide because they are "naturellement collective" (naturally collective) in nature and cannot be supplied "individuellement." They are internal and external security and a handful of local public services such as roads, water, and sewers. These "collective goods" were a combination of "general" or national services and local ones which needed to be paid for "collectively" by the consumers but with the interesting proviso that the level of the payment had to be determined "en proportion de la valeur des biens garantis" (in proportion to the value of the goods being protected) which was a return to the ideas he had first expressed in his 1846 article on the reform of "The Electoral Law."247

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Les services qui constituent les attributions naturelles des gouvernements sont de deux sortes : généraux et locaux. Les premiers sont du ressort du gouvernement proprement dit, les seconds appartiennent aux administrations provinciales et communales. Le service principal qui incombe au gouvernement consiste dans l’assurance de la sécurité extérieure et intérieure de la nation et de l’individu. Ce qui caractérise ce service et le différencie de ceux de l’industrie privée, c’est qu’il est naturellement collectif. Un appareil de guerre assure toute la population d’un pays contre le péril d’une invasion étrangère, et un poste de police garantit la sécurité de tous les habitants d’un quartier, comme une digue protège contre l’inondation tous les riverains d’un fleuve. Cela étant, il est juste et nécessaire que les consommateurs de ces services naturellement collectifs en paient, collectivement aussi, les frais, en proportion de la valeur des biens garantis. Si l’un d’entre eux se refusait à fournir sa quote-part de ces frais, ce serait aux dépens des autres assurés dont la contribution devrait être augmentée d’autant. Mais nous n’avons pas besoin de dire que ce caractère de collectivité n’appartient qu’à un petit nombre d’articles. Tandis qu’un poste de police procure de la sécurité à l’ensemble des habitants d’un quartier, il ne suffit pas d’établir une boulangerie pour apaiser leur faim. C’est que le pain, comme les autres aliments, les vêtements, etc., etc., est un article de consommation naturellement individuelle, et la sécurité un article de consommation naturellement collective.

The services which constitute the natural functions of government are of two kinds: general and local. The first are the responsibility of real governments; the second belong to provincial and communal administrations. The principal service which falls to the government is that of assuring external and internal security for the nation and for the individual. What characterises this service and differentiates it from those of private industry is that it is naturally collective. The apparatus for (fighting) a war protects (assure) the entire population of a country from the danger of a foreign invasion, and a police station protects the security of all the inhabitants of a town district (quartier), as/like a dike protects all the inhabitants alongside a river. This being the case, it is just and necessary that the consumers of these services which are naturally collective pay for their costs also collectively in proportion to the value of the goods being protected. If one of them refuses to provide his share of these costs, this would be at the expense of the other insured/protected parties whose contribution would have to be increased by this amount. But we shouldn’t have to say that the characteristic of collectivity (being a collective good) only belongs to a small number of goods. While a single police station provides security for a group of inhabitants of a town district it is not enough to have one bakery to satisfy their hunger. This is because like other food and clothing etc., bread in a consumption good which is naturally individual and security is a consumption good which is naturally collective.
He illustrates this in the above passage with an interesting example, it is interesting because he reverses one of his earlier "simple hypotheses" of the monopolist grocer or baker which he had used to argue the very opposite.\textsuperscript{248}

Thus by implying that the external security of civilised nations should be assured by their associated forces (leurs forces associées) instead of being assured by their isolated/individual forces, the natural and essential functions of their governments will be reduced (to the following): 1. to participate in the common defence of the association and in maintaining the peace between its members; 2. to provide a guarantee of internal security and the other naturally collective services.

He pairs this apparent backdown from his earlier position by arguing that these services will be be paid for not by compulsory taxes but by voluntary "contributions" (which sometimes sounds like paying a "fee for service") which would vary "en proportion de la valeur des biens garantis" (according to the value of the property which is being protected), so more like an individual insurance premium than a collectively imposed tax.\textsuperscript{249}

\textsuperscript{248} \textit{La Société future}, chap. III, p. 75.

\textsuperscript{249} \textit{La Société future}, chap. III, p. 75.
The Conditions necessary for the Production of Security

In chapter IV in which he continues his discussion of "La constitution libre des gouvernements" (the free constitution of governments) Molinari returns to the list of three conditions for the proper production of security which he had first put forward in his PoS article - which suggests his continued radicalism - however, he adds a fourth proviso at the end - which suggests a weakening of that radicalism. This proviso reads:

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A quoi il faut ajouter l'interdiction de juger dans sa propre cause et de se faire justice soi-même to which must be added the prohibition of judging in own's own cause and of carrying out justice oneself

He also adds to these conditions a number of other requirements which previously he had not mentioned, namely "l'institution d'une justice" and "l'institution d'une police" (a system of justice and police).252

L'exécution de ces lois et conditions de la production d'un service indispensable à la conservation de toute société, nécessite encore: Furthermore, the execution/carrying out of these laws and conditions for the production of a service which is indispensable for the preservation of the entire society, requires the following:

250 He quotes the passages from the PoS article where he talks about "le producteur" in the singular and "les consommateurs" in the plural. pp. 77-78; but not the S11 where he talks about private insurance companies.

251 La Société future, chap IV, p. 78.

252 La Société future, chap IV, pp. 78-79.
As he had also done in the *Précis* (1893) he argues that this system of providing security required a Code of laws which would define the nature of the crimes against person and property and specify the nature of the punishments. He does not say who or what should draw up this legal Code.

Problems with the current system and the need for improvements

Unfortunately, government providers of security are responsible for the considerable problems which exist today (1899). A major cause of these problems is that the powerful elites who control or even "own" the state use the powers of the state to further their own interests not those of the ordinary "consumers of security." This ownership and control of the state is getting worse and it is something he discussed in more detail in his quite pessimistic book *Les Problèmes du XXe siècle* (1901) (discussed below).

In addition, the return of the arms race between the major European powers and the creation of a costly "armed peace" during the 1890s meant that governments were reluctant to cut the size of their military and thus allow cuts in
taxes and other burdens (like conscription or the national debt) on their own citizens. This dangerous state of an armed peace meant that further progress in reducing the size and functions of the state had become frozen/stalled, which I think was a major source for Molinari's growing pessimism and "backtracking" from his earlier more radical position. He thus had to keep pushing his ideal future free society further and further into the future.

Then there was the high cost of justice and police due to the inherent inefficiencies of a market without competition between suppliers to keep prices low and the quality high. Like most advocates of government provided services Molinari had to resort to a quasi-political solution to this intractable economic problem, which was the appointment by consumers of "les mandataires" (representatives, delegates) who would choose the private supplier of security, sign the contract, and see that the conditions of the contract were fulfilled. It is not made clear whether these representatives are elected or appointed in some way. By excluding individual consumers of security from making these decisions themselves directly was a major step backwards in his ACT.

It was also clear that his hope for the "smaller states" (or sub-governments) of the communes and the provinces to compete against each other to attract new "clients" or inhabitants by lowering the cost of public goods and hence the taxes and charges they imposed, was fading since they were doing the opposite, expanding their activities and raising taxes. This was a major blow to his theory as well.

What might the government of the future look like

Another Hypothesis

As he often did when he had something more radical to say and wanted to disguise it for the reader he introduces "a supposition" or conjecture about the future provision of the PoS. Here the supposition is based upon the idea that the "state of war" and the armed peace which Europe had been experiencing had finally come to an end. International agreements were now in place to ensure the
peace, the size of the armed forces could be reduced dramatically and taxes as well as a consequence. States could then start looking for a cheaper alternative to state provided security by shopping around the private firms which would have entered the security industry as a result of the inexorable spread of competition. The end result would be progress in the future production of security which would have seemed unimaginable in the present.\footnote{La Société future, Chap. IV, p. 83-84.}

But let us suppose/imagine that a state of peace follows that of the state of war, that the external security of nations is assured by a collective association among them, and that they can as a result set themselves/arrange themselves freely, that governments have been limited/cut down to their natural functions, one will then witness/see under the force of competition progress in the production of this essential service (security) which today would seem "chimériques" (utopian, fancifull, hard to believe).

In this new state of affairs the first question to be asked would be to know if it were more advantageous to engage a "House" or a firm which had the resources and the technical capacity which this kind of industry required. Since experience has sufficiently demonstrated the economic inferiority of production done by a state run entity (la production dite en régie), one could predict that the nation will prefer to contract (it) out via delegates or otherwise, with the House or company which offered the most advantageous conditions and the best guarantees for the supply of this naturally collective article of consumption.

Dans ce nouvel état des choses, une première question se posera, celle de savoir s’il est plus advantageous pour une nation d’entreprendre elle-même la production de la sécurité dont elle a besoin ou d’en charger une « maison » ou une compagnie possédant les ressources et la capacité techniques qu’exige ce genre d’industrie. L’expérience ayant suffisamment démontré l’infériorité économique de la production dite en régie, on peut prévoir que la nation contractera de préférence, par l’entremise de délégués ou autrement, avec la maison ou la compagnie qui lui offrira les conditions les plus avantageuses et les garanties les plus sûres pour la fourniture de cet article de consommation naturellement collective.
Two Improvements that need to be made

Molinari stresses two such hard to imagine improvements in the future production of security. The first would be a shift away from the traditional practice of merely discouraging crime by having a police presence on the streets and frightening would-be criminals with criminal punishment like prisons. Molinari imagined that when producers of security began behaving more like insurance companies they would do what most insurance companies did, namely to reimburse the person insured with a monetary payment or replace the property which was stolen or damaged. Thus restitution for the victim rather than just punishment of the criminal would become the normal practice:254

These conditions will only differ, theoretically at least, from those of the present regime for the production of security, only on one point, but one which is essential, namely an obligation would be placed on the insurer to pay to those they insured, who were victims of attacks on their life or property, compensation which was proportional to the damage caused, without any reference to (??) the perpetrators of these attacks. ...

This would result in a radical change in the nature of criminal justice where the victim would be immediately compensated by his insurance company for any losses or damages from any criminal act and it would then be the job of the insurance company to claim damages from the perpetrator in order to cover their costs. This is quite a remarkable argument Molinari was making, one which Rothbard himself would take up in his own critique of the criminal justice system.255

254 *La Société future*, Chap. IV, p. 84.

A second important cost saving would come about as a result of the introduction of one of Molinari's pet solutions to the high cost and slowness of criminal justice via the court system. He again uses the rhetorical trope of quoting Adam Smith's "fees of court" passage from *The Wealth of Nations* about competing courts and litigants "shopping around" for the "best court with the best judge" to have their cases speedily and efficiently heard. This was the third and last time Molinari would do this and in the past it had been an indicator of his radical AC perspective. What is unusual in this version is the addition of an explanatory paragraph in which he inserts one of his most radical AC descriptions of these competing courts. He predicts that “des compagnies judiciaires pleinement indépendantes et concurrentes” (fully independent and competitive judicial companies) will solve the problem of the high cost and slow service provided by the court system.

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Quant aux conditions qui concernent le prix de la sécurité et les servitudes qu'elle nécessite, elles différeront d'un pays à un autre, selon le degré de moralité et de civilisation de la population, selon encore les difficultés plus ou moins grandes de la répression. En ce qui concerne le jugement des délits et des crimes, l'assureur et la collectivité assurée seront également intéressés à ce qu'il émane d'une justice éclairée et impartiale. Comme le constatait Adam Smith, la concurrence a déjà résolu ce problème. Il n'est pas douteux que des compagnies judiciaires pleinement indépendantes et concurrentes le résoudront de même dans l'avenir.

As for the conditions concerning the price of security and the servitude (restrictions) which it requires/imposes, these differ from country to country according to the level of morality and civilisation of the populations, according as well to the more or less greater difficulty of repressing (crime). Concerning the judgement against offences and crimes, the insurer and the group which is insured will be equally interested that there be enlightened and impartial justice. As Adam Smith stated, competition has already solved this problem. There is not doubt that fully independent and competitive judicial companies will solve the problem again in the future.

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A Weakening of the Right of Communes to Secede

What seems to have dropped out of his discussion in this 1899 work are the many innovative ideas he presented in *Les lois naturelles* (1887) concerning the vigorous competition between various levels of government (the "double right of secession") such as commune vs. commune and province vs. province; the pressure which might be brought to bear on domestic governments by the threat and the reality of exit by both populations (emigration to the Americas or to Australia) and capital (to anywhere in the world); and the prospect on entirely privately built new cities and towns springing up in the "interstices" as it were within French and European societies. The driving force behind these kinds of secession was largely economic in his view, people fleeing high tax jurisdictions for lower ones. When he spoke of secession in this work it is in the context of the "nationalities problem" rather than the "tax problem." Again, as a result of the new era of peace which states would be entering in the future, there would be less need for them to jealously guard the integrity of the national state (for taxing or conscription purposes) so he thought they would be more relaxed about allowing ethnic or national minorities to split away from the central state. The examples he gave were the Poles in Russia, the Irish against the English, and within France there were the Belgians, Nice, Savoy, and in the empire, Arab north Africa and Indochina.258

Although he drops the idea of communes and provinces seceding from the national state (his "double right of secession") he continues to argue that increasing competitive pressures will apply to these “sous-gouvernements” (the provinces and communes) which will be driven to become more efficient and cheaper by privatizing their activities “par des entreprises spéciales” (enterprises which specialize in this). However, with the rise of democracy and the increasingly centralised nation state the hands of these “sous-gouvernements” were increasingly tied by the veto power of the central state which was hampering this competitive process from going as far as it might. He cites his earlier work on this matter: *Les lois

naturelles de l'économie politique, (1887), chap. xiv. La constitution naturelle des gouvernements. La commune. La province. L'État.259

A ces services qui sont du ressort du gouvernement de l'État se joignent ceux qui appartiennent aux sous-gouvernements des provinces et des communes. Comme le gouvernement de l'État, et sous la pression des mêmes influences, ces sous-gouvernements augmentent continuellement leurs attributions aux dépens de l'activité privée, et le fardeau de leurs budgets locaux s'ajoute à celui du budget général. Ils ne possèdent point, à la vérité un pouvoir illimité sur la liberté et la propriété individuelles, mais les limites de leur pouvoir ne sont point marquées, et son extension n'est arrêtée, dans quelque mesure, que par le veto du gouvernement de l'État qui les tient dans une dépendance plus ou moins étroite. Seulement, ce veto, il ne l'applique guère que lorsqu'il juge que le pouvoir local empiète sur le sien, et ce que l'on désigne sous le nom de « libertés communales » n'est autre chose que la latitude qu'il laisse aux sous-gouvernements de réglementer la liberté et de taxer la propriété individuelle. En réalité, le domaine des gouvernements locaux est fort étroit, il ne s'étend qu'à un petit nombre de services naturellement collectifs, tels que l'établissement et l'entretien de la voirie, le pavage, l'éclairage, l'enlèvement des immondices, etc., (on n'y doit même pas comprendre la police qui est plutôt du ressort du gouvernement de l'État), et ces différents services locaux, comme les services généraux de la sécurité intérieure et extérieure, peuvent être effectués avec plus d'efficacité et d'économie par des entreprises spéciale* que par le gouvernement provincial ou communal lui-même1.

To these services which are the responsibility of the State are added those which belong to the "sous-gouvernements" (lower level governments) of the provinces and the communes. Like the government of the (central) state, and under the pressure of the same forces, these sub-governments also are constantly increasing their functions at the expense of private activity, and the burden of their local budgets is added to that of the general (national) budget. It is true that they do not possess unlimited power over individual liberty and property, but the limits of their power are not specified, and its extension is to some degree only stopped by the veto of the government of the central state which keeps them in a more or less dependent state. However, this veto is only used when it (the central government) thinks that local power encroaches upon its own, and what is called "communal liberty" is nothing more than the latitude it gives to the sub-governments to regulate the liberty and tax the property of individuals. In reality, the domain of the local governments is quite narrow and it only extends to a small number of services which are naturally collective, such as the building and maintenance of roads, footpaths, lighting, the collection of rubbish, etc. (one shouldn't even include among them the police which is rather the responsibility of the central government), and these different/various local services, like the general/national services of internal and external security, can be carried out with greater efficiency and economy by businesses which specialise in this (des entreprises spéciales) than by the provincial or communal government itself.

There will still be Competition between Nation States

One of the main reasons why competition between the different levels of government within France was in decline in Molinari's view was the rise of democracy, mass political parties, and socialism. There was little support for smaller and cheaper government within the country, quite the contrary, so he turned his hopes outward to competition between states on the international level. He still thought this was possible once the immediate threat of war had been lifted by the signing of various international peace treaties and when mechanisms for international arbitration to resolve disputes had been set up. This international peace would permit competition between nation states for citizens and capital by offering low taxes, reduced economic regulation, and good and reliable protection of property and commercial contracts. If states did not offer this then individuals and companies would literally vote with their feet and go elsewhere in order to avoid living under what Molinari called "ce système de renchérissement" (this system of increasing costs). Competition even at this level of government was inevitable, Molinari thought perhaps naively, because the influence of the natural laws of economics were unavoidable and impossible to resist.

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260 He had been active in trying to raise awareness of the need for international arbitration in an article he wrote for the Times of London In July 1887 the London Times published his scheme to eliminate war by organizing a "Ligue des neutres" (League of Neutrals). This league had as its aim the combination of the armies of the smaller, neutral nations of Europe in order to discourage the larger, more warlike nations from threatening them with invasion or attack. His hope was that "the more aggressive powers would ultimately disarm if, every time they menaced the peace, they were confronted by a greater force determined to defend it." See, "Projet d'association pour l'etablissement d'une ligue des neutres," initially published by the Times (July 28, 1887), was reprinted in Molinari, La Morale économique, p. 438.

The Rise of Individual Sovereignty and their Mandataires

If a more secure situation of international peace could be established, the European powers would gradually be able to leave "the state of war" they had been in for centuries and begin to enter the new "state of peace" which would usher in an opportunity to drastically cut the number of state functions and the costs of providing those functions. This would also make possible the bringing to an end of "la servitude sans limites" (unlimited servitude) which had been the condition of humanity for most of its existence and the evolution of which he had described in his two volume work of historical sociology some twenty years previously. Unlimited servitude would be replaced at first/initially by "une servitude limitée" (limited servitude) as governments began to lower the cost of government and thus the level of taxes they imposed on their citizens. This form of servitude in turn would be replaced in the future society with a condition of full "la souveraineté individuelle" (individual sovereignty) in which every individual would have complete economic liberty to do what they liked, and where the tax burden of paying for government services would be dramatically lifted and replaced by voluntary contributions, fee for services rendered, and low insurance premiums.262

262 La Société future, chap. VI, pp. 96-97.
However, compared to the kind of individual sovereignty Molinari envisaged in the PoS article and S11 in 1849 the kind of individual sovereignty put forward 50 years later is more limited. Instead of being exercised literally by each and every individual on their own behalf, security and other public goods are now mediated...
through "des mandataires" (representatives or delegates) the method of selection of which is left unclear to the reader. He seems to have in mind a variation of the "consumer associations" he discussed elsewhere who would behave like advocacy groups at the local and national level to put pressure on the security and other public goods companies to live up to their contractual obligations to provide these services. It is also not clear in this work how large or small these companies would be (at the communal, provincial, national level). He does however revert to using the older terminology of consumers, producers, and entrepreneurs of security. (The latter term "entrepreneurs" - note that it is in plural - is a term he hasn't used in connection with the production of security for some time).

What he has in mind here is the following: consumers of security (les consommateurs de sécurité) will join together to form a collective body which will choose representatives ("les mandataires") who will choose from among the competing firms the best one to provide them with this insurance service (la production de ce service d’assurance); the representatives will negotiate with "les entrepreneurs de cette sorte d’assurance" (entrepreneurs in this kind of insurance industry) for the best price and conditions. The provision of security is the only such service they negotiate as a collective; everything else would be done individually.

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263 In Comment se résoudra la question sociale (1896).

264 La Société future, chap. VI, pp. 97-98.
Cependant, quelques-uns d’entre ces besoins ne peuvent, en raison de leur nature particulière, être satisfaits isolément, tel est le besoin de sécurité. Que font les individus, consommateurs de sécurité? Ils s’associent et forment une collectivité assez nombreuse pour y pourvoir d’une manière à la fois économique et efficace. Ils choisissent des mandataires qu’ils chargent de traiter, en faisant appel à la concurrence, avec une entreprise, — maison ou société, — réunissant les aptitudes et les capitaux nécessaires à la production de ce service d’assurance. Comme toute autre assurance, celle de la vie, de la liberté et de la propriété individuelles implique des conditions de deux sortes : conditions de prix (paiement d’une prime destinée à couvrir les frais de avec adjonction d’un profit), conditions techniques (imposition aux assurés des servitudes indispensables à la production de ce service). Ces conditions sont librement débattues entre les mandataires de la collectivité des consommateurs et les entrepreneurs de cette sorte d’assurance. Lorsque l’accord se fait avec l’un d’entre eux, les conditions du marché sont spécifiées dans un contrat, conclu pour un terme plus ou moins long, à la convenance des parties. Il en va de même pour les autres besoins naturellement collectifs, besoins locaux de voirie, de salubrité, etc. La collectivité qui éprouve ces besoins contracte elle-même, si elle est peu nombreuse, ou élit des mandataires qui contractent en son nom, avec une entreprise capable de produire le service dont elle a reconnu la nécessité. Dans ces différents cas, l’individu exerce collectivement sa souveraineté, soit par des mandataires, soit par lui-même, tandis qu’il l’exerce isolément pour la généralité de ses autres besoins.

However, some of these needs cannot, because of their particular nature, be satisfied in an individual manner (isolément), such as the need for security. What do the individual consumers of security do? They join together and form a collective group which is numerous enough to provide them with this (service) in an economical and efficient way. They choose representatives/delegates which they entrust with negotiating, by calling upon competition, with a business enterprise - a house or a firm - which combines the skills and the capital required to produce this service of insurance/assurance. Like any other form of insurance, whether for life, liberty and individual property, (this) implies conditions of two kinds: that of price (the payment of a premium intended to cover their costs and provide a profit), that of a technical nature (the imposition on those they insure of some servitude which is required for the production of this service) [FN: These are very similar to the conditions he first set out in the PoS article and S11.] These conditions are freely negotiated between the representatives of the group of consumers and the entrepreneurs of this kind of insurance. When an agreement has been reached between both parties, the conditions of the deal are set down/specified in a contract and agreed to for a longer or shorter period of time. The same thing applies to the other needs which are naturally collective, such as local roads, public health, etc. The group which has these needs will contract out for them themselves, if it (the group) is not very numerous, or elects/chooses (élit) representatives/delegates who will contract out in their name, with an enterprise which is capable of producing this service which the groups recognises as necessary. In these different cases, the individual exercise his sovereignty in a collective manner, whether by means of representatives or by himself, while he exercises it individually for the majority of his other needs.
However, it seems that this indirect way of choosing a security firm from among the competition becomes a bit complicated, as one might expect when the direct connection between the individual consumer and the market for goods and services gets broken. Once the representatives or delegates of the group of consumers of security have fulfilled their duties their mandate expires. Now all that is necessary Molinari believes is for a sub-committee of "permanent delegates" to remain on hand to supervise the activities of the company contrasted to supply these collective goods to the community. Furthermore, Molinari is naive to think that such a company with a monopoly, even if it is for the short time, will behave "like" other companies which are exposed to competitive forces every day. It is here that Molinari seems to fulfill Dunoyer's old criticism that he had been "swept away by illusions of logic" and has forgotten his own skepticism about the “anti-economic nature” of governments.

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265 La Société future, chap. VI, pp. 99-100.

266 Dunoyer remarked in the October 1849 meeting of the PES that “Molinari s'est laissé égarer par des illusions de logique; et que la concurrence entre des compagnies gouvernementales est chimérique, parce qu'elle conduit à des luttes violentes” (Molinari let himself be mislead by illusions of logic, and that competition between companies exercising government-like functions was utopian, because it would lead to violent struggles). See the Appendix below.
Compulsory Taxes will be replaced by Fee for Service

Molinari is very clear that there is a fundamental difference between "taxes" which are collectively and coercively imposed on individuals and "contributions," "abonnements" (subscriptions), or "premiums" which are specific charges or fees for services which are provided to citizens. It was Molinari's hope that coercive and all-purpose taxes would be replaced by these very specific fees for service as society moved out of the state of war (elsewhere what he called the era of monopoly) into the state of peace (or era of full competition). These fees or premiums were the
result of kind a "reciprocal contract" between the government and its citizens the exact details of which are not specified. He hints at times that there might be some individuals who might refuse to pay their "fair share" of these obligatory "contributions" but he is never clear on what he thought the state or local government would do if they refused to pay their share. He never says outright that the state or local government should use force to enforce compliance. He seemed to be confident that when the functions of government had been drastically cut and when the costs of providing these essential services had been cut to the bare minimum individual consumers wouldn't mind paying them. He thought that in the middle ages such fees for service had been more common but the rise of the modern nation state had changed these into coercively imposed taxes of a more general nature:267

C'était la « contribution » et elle était caractérisée par une obligation réciproque ou un contrat synallagmatique (bilateral??) entre la société représentée par son gouvernement et chacun de ses membres : la société fournissait aux contribuables les services de sécurité, etc., dont ils avaient besoin; les contribuables lui fournissaient, en échange, les moyens de production de ses services. Mais où la contribution était-elle puisée? Pour la plus grande part dans l’impôt.

This was a "contribution" and it was characterised by a reciprocal obligation or a bilateral contract between society represented by its government and each of its members: society would provide those who contributed with the services they needed such as of security and so forth.; in return (exchange) those who contributed would provide it with the means for the production of its services. But where did this contribution (fee for service) come from? For the most part from taxes.

Molinari thought that this shift from paying "taxes" to making "contributions" for specifically contracted services was one of the "greatest revolutions" which had been introduced in the 19th century, the full effects of which were still to be felt by consumers. This revolution would eventually be applied to "toutes les branches de l’activité humaine" (all branches of human activity), including eventually that of the production of security.268


268 *La Société future*, chap. VII, pp. 112-13
Est-il nécessaire de rappeler que la production directe disparaît à mesure que le progrès rend, en comparaison, plus économique la production divisée et spécialisée ; que celle-ci se constitue naturellement sous forme d’entreprises ; que les entreprises se multiplient et se développent en raison de l’étendue de leur débouché, qu’elles se font concurrence, et, lorsque aucun obstacle naturel ou artificiel ne s’y oppose, que cette concurrence presse sur chacune et l’oblige à réduire incessamment ses frais de production. Sous un régime où l’impôt sera remplacé par la contribution, les obstacles artificiels qu’implique la perception des impôts, perçus soit au profit de l’État, des provinces et des communes, soit au profit des particuliers privilégiés (tarifs protectionnistes), ces obstacles non moins nuisibles que les impôts eux-mêmes disparaîtront. Quant aux obstacles naturels, l’extension de la sécurité, la multiplication et le perfectionnement des moyens de communication de toute sorte ont commencé à les supprimer. De toutes les révolutions qui se sont accomplies au xixe siècle, la plus importante et la plus féconde en résultats a été celle qui a agrandi les marchés d’échange et étendu ainsi l’aire de la concurrence. En supposant que rien ne vienne arrêter eu progrès, que dans toutes les branches de l’activité humaine la concurrence puisse se développer sans entraves et acquérir son maximum utile d’intensité et de pression, les entreprises devront, sous peine de ruine, réduire au minimum leurs frais de production, par conséquent s’établir et fonctionner de la manière la plus conforme à la loi de l’économie des forces. Non seulement elles devront employer la machinerie la plus perfectionnée et le personnel le plus capable, mais encore être constituées sous la forme la plus économique et la mieux appropriée à leur destination.

We need to remember that direct production disappeared as progress made production more economical in comparison by the division and specialisation of labour; that this specialisation was established naturally by business enterprises; that these enterprises multiplied and developed as a result of the extent of the market in which they competed and when there was no natural or artificial (man-made) obstacle which got in their way; that this competition pressed down on each (enterprise) and obliged them to constantly reduce their costs of production. Under a regime where taxes will be replaced by contributions the artificial obstacles which the levying of taxes implies, whether levied for the benefit of the State, the provinces, of the communes, or whether for the profit/benefit of particular privileged groups (such as protectionist tariffs), these obstacles which are no less harmful than the taxes themselves will (also) disappear. As for natural obstacles, the spread of security, the multiplication and improvement of the means of communication of all kinds have started to remove/abolish them. Of all the revolutions achieved in the 19th century, the most important and the most productive of results has been that which expanded the markets for trade and thus extended the sphere of competition. If we imagine/suppose than nothing will appear/ arise to stop this progress, that in all branches of human activity competition will be able to develop without restrictions and will acquire its useful maximum of intensity and pressure, business enterprises will have to, under threat of being ruined reduce to a minimum their costs of production, and as a result be established and run in a manner which is in most conformity with the law of economizing on (scarce) resources. Not ony will they have to use the most improved machinery and the most capable personnel, but also be set up in the most economical and most suitable form for their purpose.
The question the reader must ask is whether or not Molinari believed these strictures, conditions, and predictions also applied to the production of security. I think ultimately he did, in the long run, but not in the immediate future given the dire situation for liberty in the early 20th century. One clue that this might be the case can be found in a section in chap. XIII "On Consumption" dealing with the way the modern state has inherited the taxation practices of the old regime and mixed together things which can and should be produced competitively on the market and purchased by individual consumers, alongside collective goods which should be provided collectively but also competitively and paid for specially by the local communities in which consumers lived and worked. Untangling this mess of taxation was something Molinari advocated. In this particular passage he claims that in the cost of "la consommation obligatoire" which was that part of consumption which was collective, could be cut by 90 per cent or even more when there was "la liberté de gouvernement de la société future" (the freedom of government in the society of the future). This is the only use of this important term in this book and we need to recall that it was one of the phrases he used as part of his theory of AC. The relevant passage reads:  

Under the new/current regime, taxes are on the contrary (compared to the ancient regime), in law and in fact, payment for a service. But governments have maintained the unlimited right to tax the consumers of security because of the unlimited risk which the state of war creates, and because the constitutional and parliamentary mechanisms only pose an illusory break on the abuse of this right, when they (governments) are not in favour of it, the proportion of an individual's income which has been absorbed by taxes of all kinds which have been imposed as much for the profit of the State as for those whom it protects, is equal to, if it does not exceed, that which was taken by the authorities under the old regime.

I would also like to express as a side note, that Molinari expressed his opposition to indirect taxes compared to direct taxes in a manner which used the terminology made famous by Bastiat in his distinction between "the seen" and "the unseen" (this was in relation to opportunity costs):  

Car, sous l'influence de l'augmentation continue des dépenses de guerre, il a fallu élever partout la proportion des impôts indirects qu'on ne voit pas, relativement aux impôts directs que l'on voit.

Because under the influence of the continued increase in the expence of war it was necessary to increase everywhere the share of indirect taxes which are not seen, relative to the direct taxes which are seen.

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Conclusion

In the concluding paragraphs of the book Molinari expresses his confidence that the "life-giving force of competition" (la pression de la concurrence vitale) will continue to stimulate the invention of new mechanisms and structures of government (and for many other things as well). The other natural law of economics which he thought would drive this process was that of "la loi de l'économie des forces" (the law of economizing on scarce resources). The two together would transform he believed both "le gouvernement collectif" (collective government) as well as "le gouvernement individuel" (individual government, or the self-government of individuals) which would ultimately drive the size of government down to its absolute minimum size or its "ses limites naturelles" (its natural limits). A figure he believed which would be so small it would be practically negligible - one tenth or less of a government which was relatively small already by late 20th century standards.

Conclusion

What we can see in this book which supports Rothbard’s argument about Molinari’s “backtracking” is the disappearance of the some of the key phrases and rhetorical tropes he used in his more radical phase - but not all, which complicates matters when trying to assess Molinari’s position. There is also his increasing use of the problematical term “la tutelle” or tutelage or guardianship of those individuals or group who are not yet “ready” to exercise “self-government.”

For example, as evidence he has “backtracked” we can see

- the unequivocal statement that the natural functions of the state are to provide “naturally collective goods” like security and some other public goods (with security provided by the central state and the others provided by local and provincial governments) - unlike his book Les Soirées (1849) where

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271 An entire chapter was devoted to “Tutelage and Liberty” in See section in L’Évolution politique (1884), pp. 424-85.
he argued that every public good could and should be provided privately and competitively

- that although there might be competition among private security producers for a government contract, there will be only one company which will be awarded the contract - not multiple entrepreneurs competing for consumers’ business at the same time

- that instead of consumers of security contracting individually for a security producer/provider, this will be done on their behalf by their representatives or delegates (mandataires); the terms and fulfillment of the contract will be not be monitored directly by the consumers but indirectly (perhaps more "politically") by their representatives (mandataires); this is a serious weakening of the supposedly greater efficiency of the free market where consumers make their own decisions by buying and selling (or by refusing to buy) goods and services, and his earlier arguments about the inherent and unavoidable “anti-economic” nature of governments

- there is no more mention of privately owned property development companies building communities which are fully supplied with privately provided public goods as an alternative to the state

On the other hand, evidence that he still retained many aspects of his more radical theory come from the following:

- his use of key terms such as the production of security, consumers of security, and producers of security; insurance companies and premiums

- his quoting the important Adam Smith trope of the “fees of court” passage about competing judges and courts

- his extension of this idea of Smith to refer to “des compagnies judiciaires pleinement indépendantes et concurrentes” (legal or judicial companies which are fully independent and competitive) (trans. by Warner as “competition between fully independent judicial “companies””) [Link](https://oll.libertyfund.org/titles/228#Molinari_0200_169)
• his quoting the list of the three conditions which he first drew up in the PoS article, but where he admittedly he adds a new and more conservative proviso at the end

• his approximation of his “simple hypothesis” trope which here becomes a “supposition” (conjecture) or “let us imagine” a state of peace has been achieved on earth when “the society of the future” can be constructed

• his use (admittedly only once) of one of his key AC terms, “la liberté de gouvernement” (liberté de gouvernement de la société future) and this has been relegated to some undefined future

• his continued support (though admittedly more moderate) for the right of secession

• his continued support for competition on price and quality of services between local and provincial government, and internationally between nation states

• and his closing hope that once society enters the era of peace the “la pression de la concurrence vitale” (the pressure of life-giving competition) will continue to transform and improve governments and then the societies will enter the era of "full and complete competition"; also this statement in Chap. XIII “La consommation” which is his only use of the key AC phrase “la liberté de gouvernement” but which is now linked unequivocally to the future not the present:272

Sous le régime de paix assurée et de liberté de gouvernement de la société future, cette part de la consommation obligatoire pourra certainement être réduite des neuf dixièmes et davantage; mais, si grande que soit la portion du revenu, qui restera disponible pour la consommation libre, celle-ci n’en devra pas moins être réglée.

Under the regime of guaranteed peace and of the liberty of government in the society of the future, this part of compulsory consumption will certainly be reduced nine tenths or more; but however large the share of revenue might be, that which will remain available for free consumption will be much less regulated.

What can we conclude from this? I would argue that his vision of a fully free and competitive society had become pushed much further into the future as he realized what advances socialism, protectionism, and militarism were making; that he now admitted that a single producer of security was necessary at the national level (since it was a collective good), but that this service would be put out to competitive bids by private firms and whose provision of security would be monitored by representatives of the consumers of security (so politically rather than economically) - much like he thought the East India Company did;\(^{273}\) that there would be competition at the national, provincial, and communal level to attract consumers of security to the lowest cost and most efficient jurisdictions; that even if police and national defense could no longer be provided by competing firms the provision of legal services (judges and courts) could still be provided competitively; and that in the far distant future societies might be ready for the next stage of competition which was the “hypothesis” he had first put forward 50 years previously. This would happen he thought when the natural laws of political economy would eventually come together with individuals' insatiable desire for liberty and work towards achieving a common and achievable goal:\(^{274}\)

\[\text{It remains for us to explore what has been the role played by the natural laws of political economy and human liberty in this "great work" which is civilization; and what is the end towards which this "great work" has striven, which has gradually lifted the human race above that of the animals of which the human race at its beginning was part.}\]

\[\text{Il resterait à rechercher quelle a été dans ce grand travail de la civilisation la part des lois naturelles et celle de la liberté de l'homme; enfin, quel est le but en vue duquel s'est accompli ce travail qui a élevé successivement l'espèce humaine au-dessus de l'animalité avec laquelle elle était, à l'origine, confondue.}\]

\(^{273}\) See \textit{L'évolution politique et la Révolution}, pp. 364-70.

Que la part des lois naturelles ait été prépondérante, en ce qu'elles ont déterminé les progrès dont l'ensemble se résume dans ce mot : civilisation, en les imposant sous peine de décadence et de mort, aux différentes sociétés entre lesquelles s'est partagée l'humanité, que la pression de la concurrence vitale, sous ses formes successives, ait provoqué l'invention et l'application de mécanismes et de procédés de gouvernement, de destruction et de production de plus en plus efficaces et puissants, c'est-à-dire de plus en plus conformes à la loi de l'économie des forces, cela ne saurait être contesté, mais il ne s'ensuit pas qu'aucune part n'ait été laissée à la liberté de l'homme dans l'œuvre de la civilisation. Il en est, à cet égard, des lois économiques comme des lois physiques. L'homme est libre de se conformer ou non à la loi physique de la pesanteur dans la construction de ses habitations, mais s'il contrevient à cette loi naturelle, elles ne tarderont pas à s'écrouler. De même, il est libre d'observer ou non les lois économiques; mais les sociétés qui se dérobent à la pression de la concurrence, et au sein desquelles les hommes usent de leur liberté, dans leur gouvernement collectif comme dans leur gouvernement individuel, pour gaspiller leurs forces au lieu de les conserver et de les accroître, ces sociétés tombent en décadence et font place à celles qui ont mieux obéi aux lois économiques. Il en a été ainsi dans le passé, il n'en sera pas autrement dans l'avenir. Seulement, dans l'ascension de l'humanité, la part de la liberté de l'individu sur la destinée de la société dont il est membre et de l'espèce tout entière, cette part s'est continuemment accrue. Dans les anciennes sociétés, l'intelligence et la volonté d'une minorité dirigeante, seules, étaient à l'œuvre, la multitude obéissait passivement à l'impulsion qu'elle en recevait et suivait les règles qui lui étaient imposées sans user de sa liberté pour les contrôler. Il en est encore trop souvent de même dans les sociétés actuelles; mais, lorsque les servitudes nécessitée par l'état de guerre auront disparu, lorsque le gouvernement collectif sera réduit à ses limites naturelles, lorsque l'individu aura acquis toute sa liberté d'action, la part du libre arbitre de chacun sur les destinées de la société et de l'humanité ira grandissant; seulement l'obligation s'imposera aussi, plus rigoureusement que jamais, de connaître les lois dont l'observation est nécessaire à l'existence de la société, et de s'y conformer.

That the part played by natural laws has been predominant in that they have determined the progress of many things, which is summarised in the word "civilisation," by imposing upon them under pain of decline and death, in the different societies into which humanity is divided; and that the pressure/force of life-giving competition in its various successive forms have stimulated the invention and application of mechanism and processes of government, of destruction and production which are more and more efficient and powerful, that is to say more and more in conformity with the law of economising on scarce resources (la loi de l'économie des forces), this would not be contested. But it does not follow that no part was played by human liberty in (building) the work which is civilisation. Concerning this liberty there are economic laws just like physical laws. Man is free to conform to/follow/obey or not the physical law of gravity (weight) in the construction of his buildings, but if he contravenes this law they will sooner or later fall down. Similarly, he is free to observe or not economic laws, but societies which try to hide from the force of competition, societies in the heart of which men use their liberty, in both their collective government and their individual government, to waste their energies instead of preserving and increasing them, these societies will decline and make way for those societies which have better obeyed these economic laws. It has been thus in the past and it will not be otherwise in the future. Only, in the rise of mankind the part played by the liberty of the individual in the fate of the society of which he is a member and of the species as a whole, has steadily increased. In ancient societies the mind and the will of the ruling minority alone worked at doing this, while the multitude of people passively obeyed whatever they received/ resulted from this, and followed the rules which were imposed upon them without being able to use their liberty to influence this (process). It is still too often the same in our society today; but when the servitude required by the state of war have disappeared, when collective government has been reduced to its natural limits, when the individual has acquired all of his freedom of action, the part played by the free will of each person on the fate of society and of the human race will grow; then the only obligation (which) will be imposed, more rigorously than ever (is) to recognise the laws the observation of which is necessary for the existence of society and to act in conformity with them.
**LES PROBLÈMES DU XXE SIÈCLE** (1901) “**LE PROBLÈME DU GOUVERNEMENT COLLECTIF**” (**THE PROBLEM OF COLLECTIVE GOVERNMENT**)

**Introduction**

This late work is part of his summing up of the achievements and failures of the 19th century and his hopes and fears for the coming 20th century. It needs to be read alongside the two articles he wrote for the *JDE* at the turn of the century in which he summarises the achievements of the 19th century and warns of the serious problems liberty will have to face in the coming century.

The problems he discusses are religious, moral, economic, colonial, and that of “individual government” and of “collective government.” For our purposes here it is his changed view of the production of security which should be noted. He has adopted the very pessimistic idea that societies are now dominated by powerful groups who literally “own” the state and use it for their own purposes at the expense of ordinary taxpayers and consumers. He still talks about governments being a kind of insurance company which is designed to reduce internal and external risks, but this insurance company is now owned and controlled by these powerful groups who use it to control the risks they face from below from their own citizens who might rise up in revolt and reform the political system to ease their burden of taxes and regulations which have been imposed upon them by these ruling classes. It is as if the entire structure of government has been turned upside down and has become the plunderer and oppressor of “the consumers of security” instead of their protector.

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Security now only for the Owners of the Political State

In his view, what appears to have happened is that “les sociétés propriétaires des États politiques” (societies which own or control the political State) have emerged to control and dominate in a more organized way those who are engaged in productive activities. This creates a serious risk of exposing “cette société à un risque de destruction et de dépossession, provenant des révoltes de ses esclaves ou de ses sujets” (this society to the risk of destruction and dispossession coming from revolts by its slaves or its subjects). Government then becomes nothing more than a special kind of insurance company (sui generis) designed to control this risk of revolt faced by certain of its members, rather than protecting the entire population of its citizens.277

Comme tous les organismes, le gouvernement des sociétés a sa constitution naturelle déterminée par son objet. Cet objet, c’est la conservation de la société, impliquant celle du domaine qui lui fournit ses moyens de subsistance. Or, les sociétés propriétaires et exploitantes des États politiques ont été, comme nous venons de le voir, exposées dès l’origine à des risques de deux sortes, extérieurs et intérieurs, auxquels il a été nécessaire de pourvoir sous peine de destruction de l’État et de la société. C’est par l’institution d’un gouvernement qu’il y a été pourvu. Un gouvernement n’est donc autre chose qu’une entreprise d’assurance sui generis. Like all organisms the government of society has its nature determined by its purpose. This purpose is the preservation of society and by implication the preservation of the domaine which provides it with its means of subsistence. Now, societies which own and exploit political states (les sociétés propriétaires et exploitantes des États politiques) have been, as we have seen, exposed from their beginning to risks of two kinds, external and internal, which it has had to address under pain of the destruction of the state and of society. It is by the institution of a government that it has been above to address /deal with (this problem). A government is nothing more than an insurance company (une entreprise d’assurance) of a unique kind (sui generis).

However, most frequently “la machinerie de cette sorte d’assurance” (the machinery for this kind of insurance) has been designed and used to preserve the state rather than to protect individuals. And as the number of functions of the state

277 Molinari, Les Problèmes du XXe siècle (1901), pp. 188-89.
has dramatically increased over the past century billions of francs and millions of
government employees are now needed to run “les grands États modernes” (the
large modern states):278

Dans les grands États modernes, c’est par milliards que se comptent les capitaux investis
dans un gouvernement, et par millions les individus qui constituent son personnel,
surtout depuis que les gouvernements ont joint à leurs fonctions primitives d’assureurs de la
sécurité de l’État une foule d’autres fonctions et attributions.

In the large modern states it is in the billions that are counted the capital invested in
a government, and in the millions the individuals who make up its personnel,
especially since governments have added a multitude of other functions and duties to
their original function as insurers of the security of the state (d’assureurs de la sécurité
de l’État).

Even in countries with written constitutions designed to limit the power of the
state, such as the United States, powerful vested interests have been able to “own”
the state and work it to their advantage as the widespread corruption there
suggests:279

… aux États-Unis même le régime républicain et démocratique n’a pas été un prélèvement plus efficace de la corruption du
personnel politique et administratif que le régime autocratique en Russie

… even in the United States the republican and democratic regime has not been able to more effectively prevent the
corruption of political and administrative personnel than the autocratic regime in
Russia.

In France, Molinari argues that a new constellation of classes are fighting for
control of the government with dire consequences for ordinary taxpayers and
consumers. They are the descendants of the old governing aristocracy from the old
regime; the new, wealthy class which draws its membership from finance, industry
and commerce; and a new third group made up of the small urban bourgeoisie


and workers in industry. These three groups contend for control of the newly powerful modern state and seek to become “la caste propriétaire de l’Etat” (the caste which owns or controls the state). At the moment the first two classes are in control of the French state but he does not think it will be long before the third class is able to seize control of the law-making machinery of the government and turn it to their own purposes. The people are promised economic and political improvements by democratic reformers and revolutionaries (such as cutting the cost of government services and improving their quality) but they fail to deliver when they seize control of the state machine. The response of the ruling elites is to impose even greater control on the people to prevent them rising up in rebellion and “assurer la sécurité des détenteurs de cette machine” (in insure the security of those who hold the machinery of government) not the people:\footnote{Molinari, \textit{Les Problèmes du XXe siècle} (1901), pp. 212-13.}
Les conspirateurs excitaient le peuple à la révolte, en lui promettant une amélioration des services du gouvernement, lorsqu’il serait entre leurs mains, et surtout, une diminution du prix dont il les payait, mais ils oubliaient volontiers leurs promesses après qu’ils avaient réussi à s’emparer de la machine à légiférer et à taxer. De là, tout un appareil de restrictions et de pénalités destinées à assurer la sécurité des détenteurs de cette machine, restriction et réglementation de la liberté de s’associer, d’écrire, de parler, de circuler, autorisation préalable, imposée aux associations et même aux simples réunions, censure, passeports, institution d’une police politique et d’un “cabinet noir”, lois et pénalités draconiennes, comminées en vue de prévenir ou de réprimer les crimes contre la sûreté de l’État, en y comprenant la critique des tactes du gouvernement et jusqu’au simple défaut d’approbation. De là, encore, l’imperfection/insuffisance des services destinés à assurer la sécurité des gouvernés, le gouvernement se préoccupant avant tout d’assurer la sienne.

The political conspirators excite the people to revolt, by promising them an improvement in government services when they are in charge and most importantly a reduction in the amount they have to pay; but they willingly/are happy to forget their promises once they have managed to seize control of the law-making and taxing machine. As a result of this, (we see) an entire apparatus of restrictions and punishments (erected) designed to insure the security of those who control this machine; restrictions and controls on the freedom to associate, to write, to speak, to circulate newspapers, the need for prior authorization (by the police) is imposed on associations and even simple meetings, censorship, work passports, the creation of a political police and a “cabinet noir” (mail inspection), laws and draconian penalties, which are judicial threats designed to prevent or repress crimes against the security of the state, which crimes include criticism of the actions (tactes??) of the government up to simple lack of agreement. Furthermore, as a result of this, (we see) the gross imperfection/insufficiency of services intended to insure the security of the governed, (since) the government is preoccupied above all to insure its own.

Molinari calls this “les abus du monopole gouvernemental” (the abuse of the monopoly of government). Even in so-called representative regimes, like France was under the Third Republic, power was only nominally in the hands of the people as “the industry of government” was tightly controlled by a powerful elite and the “consumers” of government services were prevented by this monopoly from carrying out/performing this industry themselves:\footnote{Molinari, Les Problèmes du XXe siècle (1901), pp. 213-14.}
One of the worst offenders in the new, powerful French state was the military which, in Molinari’s view, was no longer a producer of security for the citizens of France but had become a “plunderer” of the consumers of security in its own right.282

Paying Taxes instead of Premiums

Since the functions of government had increased so dramatically, and since taxes had risen so much to pay for them, the insurance or security “premium” part of what they paid had become lost in the mass of new taxes and had become just another payment made under threat of government coercion. It was no longer seen as a voluntary contract between the producer of security and the consumers of security for a freely negotiated service at an agreed upon price. And since the law of competition was not allowed to function in this industry, the provision of this service was poor or inadequate and the cost higher than it should be:\textsuperscript{283}

\textsuperscript{283} Molinari, \textit{Les Problèmes du XXe siècle} (1901), p. 283.
He notes the change which had taken place from a system in which “une contribution” (a tax, but it could also mean something like a fee for service) was made based upon a set fee for a specific service (like security) to one where coercively imposed general taxes were levied for many services, transfer payments, and subsidies to special interests. This change, he laments, broke “le contrat d’échange” (the exchange contract, or contract for an exchange) which had existed between the government (the producer of security) and the consumers of security:

The Need for a New Group of Liberal Reformers

In order to remedy this situation Molinari wants to see the emergence of another more liberal group of political “reformers” who will put pressure on the government to drastically limit its functions to its “natural ones” of internal and external security, and to contract out these security services to a suitable private firm “une maison ou une société” with clearly specified conditions and terms for all the parties involved. In other words he wants to see “l’application du principe de l’échange libre” (the application of the principle of free trade) to the security industry so that “l’individu, consommateur de sécurité, aurait pu désormais obtenir cet article comme tous les autres, au meilleur marché possible” (the individual consumer of security could from then on be able to get this good like all the others at the best possible price).

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285 Molinari, Les Problèmes du XXe siècle (1901), p. 293. I have changed the tense to make it easier to follow.
We do not see any reference here to individual insurance companies competing among themselves to get customers for their security insurance policies, as we once did in 1849, but instead to a government contracting out to one firm for these services (presumably after some kind of a bidding process among competing firms, although this is not made clear). Clearly this is somewhat of a compromise from his earlier more radical position, but it is still very radical compared to the ideas his contemporaries were putting forward.

Qu’avaient à faire les réformateurs? Ils avaient à appliquer pleinement, puisqu’ils en étaient les maîtres, le procédé de l’échange libre aux services du gouvernement. Et cette application ne se heurtait à aucune difficulté insurmontable. Il s’agissait simplement de limiter les attributions du gouvernement aux services naturellement collectifs de la sécurité intérieure et extérieure de la nation, et de contracter pour la fourniture de ces services avec une maison ou une société réunissant les aptitudes et les ressources nécessaires, en spécifiant les conditions d’un contrat librement débattu et accepté des deux parts, et en délégant des mandataires chargés d’en surveiller l’exécution, après en avoir réglé les conditions. Par cette application du principe de l’échange libre, l’individu, consommateur de sécurité, aurait pu désormais obtenir cet article comme tous les autres, au meilleur marché possible.

What do these reformers have to do? They have to fully apply, since they have become the masters (of the state), the method of free trade to government services. And this application will run into no insurmountable obstacle. It is simply a question of limiting the functions of the government to the naturally collective services of the internal and external security of the nation, and to contract (out) for the supply of the services with a “House” or a firm which brings together/combine the necessary skills and resources, and specifying the conditions of the contract which has been freely negotiated and accepted by the two parties, and by delegating (the task) to representatives who have been charged with looking after its execution, after having set the condition (for it). By the application of the principle of free trade, the individual consumer of security will henceforth be able to get this good (article) like all the others, at the best possible price.
WHERE IS THE CLASSICAL LIBERAL UTOPIA? (1904): A FINAL “FANCIFUL” HYPOTHESIS

Where is Utopia? (1904)

In this late work from 1904 (an article written when he was 85 and still the editor of the JDE) Molinari returns to one of his favorite rhetorical devices which he uses when he wants to make a radical point but doesn’t want to shock his reader immediately - “faisons maintenant une hypothèse” (let me now put forward an hypothesis (for you to consider)). Here he wants the reader to imagine a world in which the natural laws of economics, which he had first defended 55 years ago in Les Soirées (1849) and then again 17 years previously in an entire book Les Lois naturelles (1887), have been acknowledged by people and given free rein to operate without government restrictions. In this “régime of complete and free competition” all artificial (i.e. government imposed) obstacles to universal, world-wide trade have been abolished/removed; there is complete freedom of movement of people, goods, and ideas (information) across this “seul et vaste march” (single and vast market); that no industry in any country is exempt from “l’opération propulsive et régulatrice de la concurrence” (the driving and regulating force of competition); and the threat of war has been eliminated by international agreements and disarmament has reduced the size of the parasitical military establishments to the bare minimum.

In such a system the three most important natural laws of political economy would be able to finally work their magic for the benefit all mankind: “la loi naturelle de la concurrence” (the natural law of competition) would force producers to lower the cost of their goods and services and increase the choice and quality of these goods and services for consumers; “la loi naturelle de l’économie des forces” (the natural law of economizing on (scarce) resources), would force producers to innovate and constantly reduce their costs; and “la loi naturelle de la valeur” (the natural law of value) would force producers to reduce their prices to

286 “Où est l’utopie?” (Where is Utopia?) (JDE, 1904) reprinted in Questions économiques (1906), pp. 377-80.
the bare minimum, which was the cost of production, and their profits to the industry average.

As the following rousing quotation shows, there is no hint here that the production of security would be exempt from these powerful and universal competitive and economic forces. In addition, his admission that this “hypothesis” might appear to be “chimérique” (wild, fanciful, utopian) seems to me to be a direct rebuke to the hurtful charge leveled against him by Dunoyer in the October 1849 meeting of the Political Economy Society, the he had been “carried away by delusions of logic.” This suggests that, whatever minor compromises he might have made in the meantime, he still fervently believed in the final goal of the private and competitive production of everything:
Faisons maintenant une hypothèse. Supposons que cette action de la concurrence puisse, un jour, s'opérer sans obstacles sur toute la surface du globe et dans toutes les branches de l'activité humaine ; que tous les marchés, maintenant encore séparés par des barrières naturelles ou artificielles, ne forment plus qu'un seul et vaste marché, dont toutes les parties seront éclairées à giorno et mises en communication instantanée par des instruments et des agents de mobilisation des produits, des capitaux et du travail, supposons encore qu'aucune des industries qui, dans chaque pays, fournissent les produits ou les services nécessaires à la satisfaction des besoins de l'homme ne soit soustraite à l'opération propulsive et régulatrice de la concurrence, que tous les obstacles qui entravent cette opération monopoles, douanes, règlements restrictifs du travail et de l'échange, viennent à être levés ; enfin que l'expérience ayant suffisamment démontré que la guerre a cessé d'être un mode avantageux d'acquisition de la richesse, les nations civilisés réduisent leurs armements au quantum nécessaire pour se préserver des invasions des peuples arriérés qui continuent à demander leurs moyens d'existence à la conquête et au pillage, quel sera le résultat de cette élimination des obstacles que le protectionnisme, l'étatisme et le militarisme opposent au développement naturel de la production et de l'échange, et des charges dont ils les grèvent ? Ce sera, dans un marché élargi jusqu'aux limites de notre globe, et débarrassé de l'énorme fouillis des lois artificielles, dictées par des intérêts égoïstes et aveugles, la loi naturelle de la concurrence vitale, désormais libre de ses mouvements et en possession de toute sa puissance qui assurera la conservation et le progrès de l'espèce humaine, comme elle assure ceux de toutes les autres espèces vivantes.

Let me now put forward a hypothesis. Let us suppose that one day this process of competition is operating across the entire surface of the globe and in all areas of human activity without any obstacles in its way; that all the markets which are currently separated by natural or artificial barriers now make up one single vast market, in which all parties will be enlightened “à giorno” (with the most up to date information) and be put in immediate communication (with each other) by means of the tools and methods used to organise (mobilise) goods, capital, and labour; let us further imagine that none of the industries, which in every country supply the products/goods and services which are necessary for satisfying men’s needs, were exempt from the driving and regulatory effect of competition, that all the obstacles which hamper this effect, such as monopolies, customs duties, restrictive regulations on labour and trade, are eventually lifted/removed; finally, that when experience has sufficiently demonstrated that war has ceased to be a beneficial way to acquire wealth, the civilised nations will reduce their armaments to the amount necessary to protect themselves from invasion by backward nations who continue to get their means of existence/ livelihood by conquest and pillage, what will be the result of the elimination of these obstacles which protectionism, statism, and militarism place in the way of the natural development of production and exchange, and (the elimination) of costs with which they burden them? In a market which has been enlarged up to the limits (the four corners) of our globe and rid of the enormous hodgepodge of artificial laws imposed by egotistical and blind (vested) interests, it will be the natural law of (life giving) competition, henceforth free to act and in full possession of its power, which will insure the preservation and progress of the human race, as it insures these things for all other living species.
Or, nous avons vu comment procède cette loi pour multiplier la production des matériaux de la vie et en déterminer la distribution utile. D’une part, associée à une autre loi naturelle, la loi de l’économie des forces, elle oblige tous les producteurs, sous peine de ruine, à réaliser incessamment les progrès qui augmentent la puissance productive de l’industrie et abaissent les frais de la production.

D’autre part, associée à la loi de la valeur, elle fait graviter par une impulsion irrésistible les prix des matériaux de la vie vers le niveau des moindres frais, et en détermine la répartition utile entre les coopérateurs de la production.

En supposant donc que les hommes, après avoir supprimé les obstacles naturels qui entraînent l’opération propulsive et régulatrice de la concurrence, cessent de les remplacer par des obstacles artificiels, le résultat final sera l’accroissement continu de leur puissance productive jusqu’à la limite marquée par la nature, l’acquisition de la plus grande somme possible des matériaux de vie en échange de la moindre somme de travail et de peine et la distribution de ces matériaux la plus utile, partant la plus conforme à l’intérêt général et permanent de l’espèce humaine.

Nous convenons volontiers que cette hypothèse peut sembler chimérique, mais lorsque nous considérons l’avenir que nous prépare le régime protectionniste, étatiste et militariste actuellement en vigueur dans toute l’étendue du monde civilisé, et celui par lequel le socialisme se propose de le remplacer, nous nous demandons si cet avenir ne serait point par hasard encore plus utopique que le nôtre.

Now, we have (already) seen how this law operates to increase the production of the material things needed for life and causes them to be usefully distributed. On the one hand, when is it is associated with another natural law, that of the law of economizing on resources (la loi de l’économie des forces), it (competition) obliges all producers, under penalty of financial ruin, to constantly make progress in increasing the productive power of industry and in lowering the costs of production.

On the other hand, when it is associated with the law of value, it makes, by an irresistible force, the prices of material things needed for life gravitate towards the level set by the least cost (of production), and causes them to be usefully distributed among those who cooperated in their production.

So, imagine that mankind, after having abolished the natural obstacles which hinder the driving and regulating force of competition, does not replace them with artificial obstacles, (then) the final result will be the continued growth of their productive power up to the limit established by nature, the acquisition of the greatest amount possible of the material things needed for life in exchange for the least amount of labour and pain, and the distribution of the most useful of these material goods/things, therefore being most in accordance with the general and permanent interests of the human race.

We readily agree that this hypothesis might seem fanciful, but when we consider the future being prepared for us by the protectionist, statist, and militarist regime which is at present in power throughout the entire civilised world, and that which the socialists plan to put in its place, we have to asks ourselves if this future wouldn’t end up being even more utopian than ours.
Another point that should be made is that in his last years Molinari seemed to pepper his writings with flashes of both considerable optimism along with flashes of pessimism, as if he were not sure exactly where he stood at any given moment. When he was thinking of the short to medium term he was very pessimistic about the prospects for liberty. However, when he was thinking about the long term (many decades or even a century or so into the future) he was more optimistic about the inevitable triumph of “the natural laws of political economy” over protectionist, statist, militarist, and socialist folly. The above quotation is definitely one of his more optimistic. Perhaps to rephrase Lord Keynes, in Molinari’s view “in the long run we will all be free (eventually).”

The hope for an “Association pour la liberté de gouvernement”

It was at moments like this that Molinari liked to remind his readers of Adam Smith's pessimism in 1776 about the chances of free trade being introduced in Britain against the prejudices of the general public and the powerful self-interest of politically well connected lobby groups who benefited from protection. In spite of these obstacles the Corn Laws were repealed some 70 years later:

To expect, indeed, that the freedom of trade should ever be entirely restored in Great Britain, is as absurd as to expect that an Oceana or Utopia should ever be established in it. Not only the prejudices of the public, but what is much more unconquerable, the private interests of many individuals, irresistibly oppose it. Were the officers of the army to oppose with the same zeal and unanimity any reduction in the number of forces, with which master manufacturers set themselves against every law that is likely to increase the number of their rivals in the home market; were the former to animate their soldiers, in the same manner as the latter enflame their workmen, to attack with violence and outrage the proposers of any such regulation; to attempt to reduce the army would

287 “Où est l’Utopie?” Questions économiques (1906), pp.377-80
be as dangerous as it has now become to attempt to diminish in any respect the monopoly which our manufacturers have obtained against us. This monopoly has so much increased the number of some particular tribes of them, that, like an overgrown standing army, they have become formidable to the government, and upon many [436] occasions intimidate the legislature. The member of parliament who supports every proposal for strengthening this monopoly, is sure to acquire not only the reputation of understanding trade, but great popularity and influence with an order of men whose numbers and wealth render them of great importance. If he opposes them, on the contrary, and still more if he has authority enough to be able to thwart them, neither the most acknowledged probity, nor the highest rank, nor the greatest public services, can protect him from the most infamous abuse and detraction, from personal insults, nor sometimes from real danger, arising from the insolent outrage of furious and disappointed monopolists.288

If the powerful and entrenched interests which had benefited from mercantilism and tariff protection could be overcome only 70 years after Smith wrote these despairing lines, in 1846 when Cobden and the Anti-Corn Law League were successful in having the lynch pin of the protectionist regime repealed, then perhaps Molinari likewise might have thought that his dream of a society based upon competitive markets in everything could be achieved in an other 70 years after he wrote his essay “Where is Utopia?” in 1904. That would mean he might have expected to have seen a new Cobden or a new Bastiat emerge at the head of an “Association pour la liberté de gouvernement” (the Association for Freedom of Government) sometime in 1974. His calculations are obviously incorrect, but he was partly right in that it was in the late 1960s and early 1970s that a new generation of libertarians in the United States rediscovered his ideas and began to discuss them in earnest.

**Conclusion: Was Molinari a True ‘Anarcho-Capitalist’?**

**INTRODUCTION**

I would like to return to an earlier discussion of the intellectual stages through which Molinari moved over the course of his long life, "The Stages in his Intellectual Evolution." There I identified four stages which I termed the “metaphor stage” (1846-49), the early most radical phase in the exposition of his ACT which lasted nearly 20 years (1849-68), a gap brought about by a change in career and then a second more mature radical phase which lasted about 7 years (1884 to 1891), and then the fourth and final stage where he "backtracked" (to use Rothbard's term) on a number of key issues, but not all, during the last two decades of his life (1893-1912).

The turning point seems to have been sometime after the publication of *Les Lois naturelles* (1887) when he stopped using a couple of key phrases in his ACT, such as "la liberté de gouvernement" by which he meant I think "competing governments,” and the "les companies d'assurances" (private insurance companies) which would contract security services directly with consumers. Henceforth he would talk about "insurance" as being a core function of governments which would do the contracting out and supervise the provision of services on behalf of the consumers who would now play only an indirect role in the proceedings. In addition, *Les Lois naturelles* (1887) is the last time he used the "simple hypothesis" argument to imagine what a society which had introduced true "la liberté de gouvernement" would look like, along with the demurral of the economist to predict in any detail what such a market would look like when it eventuated.

The reasons for his change of mind are hard to determine exactly. Perhaps after 40 years of being the only defender of AC he had become tired (he was now in his seventies) and began to make some compromises; perhaps he was losing hope about the chances of his "utopia" coming to fruition in the near future given the rise of protectionism, socialism, colonialism, militarism, and statism; perhaps he had become disillusioned that ordinary people were capable of exercising "self-government" and that therefore they needed a form of "tutelage" to guide them; or
perhaps he had really become convinced by the other economists that there really were some goods and services like police and national defence which were "naturally collective" which had to provided by a government monopoly.

There are also some aspects of his thought which he did not compromise which still made him overall much more radical than his colleagues and contemporaries, which I will discuss below.

THE DIFFERENT COMPONENTS OF MOLINARI'S ACT

Introduction

I think we can identify four different aspects of Molinari's ACT:

1. the (private) production of security, such as police and national defence
2. the (private) production of law, especially de facto justice, conventional law, and private fee charging courts
3. competing governments both within and without the nation state; in other words a theory of political polycentrism
4. the voluntary vs. the compulsory payment for services rendered

I would also argue that the first two comprise what I call "hard" ACT along the lines first put forward by Murray Rothbard, and that the last two comprise what I will call "soft" ACT. At different times Molinari seemed to fluctuate between the two forms. He supported "hard" ACT in his younger more radical phase, and drifted toward a softer form later in life. However, it should be noted that even in his "softer" form Molinari was very hostile towards the state and wanted to see it cut drastically in size and cost, to a level which I would describe as "ultra-minimal limited government," not just "limited government" which most classical liberals advocated. One might say he drifted from being a "Rothbardian" AC in his younger days to being an ultra-minimalist classical liberal like Bastiat in his old age - which is not something to be sneered at!
The (private) production of security

One can summarize the range of Molinari's thinking on this topic as follows, that:

1. competing private property insurance companies run by entrepreneurs offer security services to individual consumers who pay a premium (first argued in 1849 and maintained until about 1887)
2. a single company competes for a government contract which is supervised by representatives of the consumers (post 1888)
3. privately owned property development companies build new towns, cities, and suburbs outside of existing cities and towns and bundle security with other public goods which are charged for in an annual fee to home owners or renters (1884)
4. all government agencies are "anti-economic" by their nature and must be subjected to the discipline of the market (he lists six natural laws of political economy; especially competition and the economising of scarce resources); Molinari wanted to apply the discipline of the market to every government activity, even ones in which it had a monopoly like security (1855 onwards)
5. all individuals retained their natural right to provide security for themselves, and they can refuse to agree to a security contract if they wish

Items 2 and perhaps 4 are not part of a "hard" ACT.

The (private) production of law

The idea of the private "production of law" (the counterpart to the private "production of security") was the weakest aspect of Molinari's ACT. He was not trained as a lawyer and neglected the law in favour of treating the economic aspects of government in general and the production of security in particular. Nevertheless, he did make reference to the law on several occasions, which can be summarized as follows; that:
1. the cost in money and time of getting judicial services could be kept low when judges and their courts competed for business among would-be litigants. This was his rhetorical trope of "the fees of court" which he quoted from Smith's *Wealth of Nations*. He did this three times, twice in 1849 (PoS article and S11) and very surprisingly for a third and last time in *La Société future* (1899). If in the latter he had abandoned his idea of competing private producers of security, he still believed that the production of judicial services could and should remain free and competitive. He even wrote one of his most radical descriptions of this service in the 1899 work, calling them "des companies judiciaires pleinement indépendantes et concurrentes" (fully independent and competitive judicial companies/firms).

2. as economic relations expanded and became more competitive this would create a demand for new kinds of what he called "de facto justice," or what we might call "judge made law" to solve these new legal disputes and adjudicate new kinds of contracts (1855)

3. there would also be the emergence of "conventional" law which would be based upon the private contracts and legal agreements made between individuals (1893)

4. there needed to be a "Code of laws" which would turn the abstract notions of the natural law into specific laws required by particular societies in a specific place, time, and stage of economic development. It is not clear what role governments would play in this, but it seems that they would set the "ground rules" as it were and step back and let the economy take its course (1893)

Only item 4 is not compatible with a "hard" version of ACT.

*Competing governments*

This aspect of Molinari's thought I have called part of a "soft" theory of AC because it does not technically advocate the replacement of government by competing private agencies (as a "hard" AC like Rothbard would), but the drastic reduction in size and the increase in the number of "states" which might compete with each other for inhabitants or taxpayers (consumers) by offering lower taxes
and better services. The idea is that by making states smaller they could be made less powerful, more accountable to their inhabitants, and less likely to be oppressive if their citizens can flee to a neighbouring jurisdiction (the right of exit). One might describe this as wanting to return to something like the complex and fragmented political system of the middle ages before the rise of the modern nation state; or perhaps something like Dunoyer’s notion of “the muncipalisation of the world.” Molinari, to his great credit, kept coming up with new and interesting ways in which this might happen, perhaps as an interim measure before the coming of the new "era of full competition" made true "la liberté de gouvernement" possible. His suggestions for this included the following, that:

1. large nation states needed to be broken up or "fragmented" (1853)

2. there should be competition between nation states in the form of the emigration of citizens (to freer countries like the Americas or Australia) and the movement of capital to lower tax jurisdictions. States which refused to lower taxes and improve services would suffer a loss in population and capital to other nations. (1887, 1896, 1899)

3. there would be competition between communes and between provinces to attract inhabitants/taxpayers by offering lower costs and better services. This was what Molinari called the "double right to secede" - the right of the commune to secede from the province and the right of the province to secede from the central state (1887)

4. there would spring up privately owned property development companies which would create new communities which would compete with nearby communes for inhabitants (1884) (see above, as these would also provide security services to their inhabitants)

It is not clear which of the above a "hard" AC would support as an ideal: possibly all as transitional steps towards full AC.

The voluntary vs. the compulsory payment for services rendered

Even later when he had given up his idea of privately owned individual insurance companies contracting with individual customers for security services
Molinari still believed as he had done in 1846 that governments should function "as if they were" insurance companies and only charge their citizens the equivalent of a very low "premium" for a limited number of their services which he regarded as being "naturally collective." This premium should be variable according to the amount of property the insured wanted to have covered. All other activities of the government should be abolished, as should all forms of compulsory "taxation." If premiums were not appropriate for the service rendered by the government they should charge users with a fee for service or a subscription of some kind. What is not clear, unlike in the case of Émile de Girardin who came up with a similar scheme in the early 1850s (see above), what Molinari would have the government do if a citizen refused to pay their "fair share" of these collective services. The range of views Molinari held include the following, that:

1. a premium be paid for a freely negotiated insurance policy with a private insurance company with the premium based upon the amount of property insured or the amount of protection required (1849)

2. a similar premium be paid to the insurance company selected by the government as the (perhaps temporary) monopoly provider, where the terms of the contract and the amount of the premium have been negotiated by representatives of the consumers (1884)

3. a fee for service (la contribution) or subscription (abonnement) be paid to a private firm or local government (monopoly) for local public goods such as streets, lighting, sewers, trash collection (1887, 1899)

A "hard" AC would support item 1 and the first part of item 3 but not item 2 and the second part of item 3.

Conclusion

My conclusion is that Molinari was indeed a "hard" AC in his youth and for much of the rest of his life. He backtracked slightly when he reached his 70s when it came to the production and sale of security, but not when it came to the production and sale of justice, a position which he held to the day he died. He also
did not have a well thought out theory of private law, only a few scattered ideas which were nonetheless very suggestive. He is thus deficient in this aspect of ACT.

Another view he held until the end was his belief that there would one day be an "era of full competition," one in which his "fanciful hypothesis" would become a reality and there really would be on earth "la liberté de gouvernement de la société future" (the freedom of government in the society of the future).

**WHY MOLINARI IS SOMETIMES HARD TO PIN DOWN**

Molinari's exact thoughts on what he called “le problème du gouvernement” (the problem of government) are sometimes hard to pin down. This is partly because he lived so long and wrote so much and it would be churlish to expect him to remain perfectly consistent in his thinking over this period. It is also partly a methodological problem, in that he would switch between three different ways of looking at this problem, sometime as an historian looking at the past evolution of states and economies, sometimes as a political scientist looking at the present and its problems, and sometimes as a futurist attempting to describe his hopes for the future and the likelihood of these hopes actually coming to pass. Perhaps some (but probably not all) of his inconsistencies and seeming changes of mind might be explained by these different way of looking at things.

When he was wearing his historian's or sociologist's hat he explored how actual European states had evolved over the centuries, how actual markets had evolved, how political classes arose to exploit productive workers, and how economic forces like competition and the division of labour changed the nature of markets, trade, and government services. Like his English counterpart Herbert Spencer in these works there is a sense that "progress" is inevitable and this progress is moving towards his radical ideal of a fully free and competitive society. The best examples of this way of looking at the world can be found in his books on historical sociology:
1. Les Révolutions et le despotisme envisagés au point de vue des intérêts matériel (1852)
2. L'évolution économique du XIXe siècle: théorie du progrès (1880)
3. L'évolution politique et la Révolution (1884)
4. Grandeur et decadence de la guerre (1898)
5. Économie de l'histoire: Théorie de l'Évolution (1908)

When he was wearing his political theorist or critic's hat he was examining current political and economic events, describing how governments interfered with markets in the here and now, trying to determine which groups benefited from this intervention and which ones suffered, and what options existed realistically for improving the situation. The policies he was most interested in were free trade and protection, the abolition of slavery and serfdom, the rise of socialism and other forms of economic interventionism, and the problem of armaments and war. Except for his early book Les Soirées de la rue Saint-Lazare (1849) his books in this genre tended to be pessimistic and more realistic in their proposals for change, especially as his pessimism deepened in the 1890s with the return of protectionism, and the rise of socialism and militarism. On this approach, see:

1. Études économiques. L'Organisation de la liberté industrielle et l'abolition de l'esclavage (1846)
2. Histoire du tarif (1847)
3. his three collections of "conversations": Les Soirées de la rue Saint-Lazare (1849); Conservations familières sur le commerce des grains (1855); Conversations sur le commerce des grains (1886)
4. La République tempérée (1873)
5. Comment se résoudra la question sociale (1896)

When he was wearing his economic theorist's hat he explores where the logic of economic theory and the laws like competition and free trade take him no matter
what the consequences. His youthful radicalism began when he was a budding economic theorist and continued into his late 60s, in works like:

1. *Les Soirées de la rue Saint-Lazare* (1849)
2. *Cours d’économie politique* (1855, 1863)

There was a period in his life when he did not appear to be wearing a hat at all. There was a hiatus in his own intellectual evolution during the 1870s when he returned to full-time journalism writing for the prestigious *Journal des débats* (he was in his fifties). For the *Journal* he reported on the socialist movement in Paris during the Commune and then became its travel writer, reporting on his visit to North America for the Centennial celebrations held in Philadelphia in 1876. I am not sure why he abandoned economic theory at this stage of his life. Perhaps it had something to do with the death of his wife Edmée in 1868. He returned to theoretical and historical matters in January 1877 when he began publishing a series of articles in the *JDE* which later became his first book on evolution, *L’évolution économique du XIXe siècle*, which was published in 1880. It seems he had nothing to say about the production of security until he wrote a second series of articles for the *JDE* in August 1881 which became his second book on evolution, *L’évolution politique et la Révolution* which was published in 1884. On this approach, see:

1. *Les Clubs rouges pendant le siège de Paris* (1871).
5. *Charleston - la situation politique de la caroline du sud* (1876).
When he was wearing his futurist's hat he tried to predict the direction in which societies will move given the current power relations between the different classes and the inevitable impact the violation of economic laws will have on societies and economies (a source for short term pessimism) and his hopes and/or predictions about how societies would function in the future if certain conditions were met to allow competition and markets to operate at their best (his long term optimism). It was as a futurist that he seem to fluctuate the most between radical idealism, pessimistic realism, historical inevitablism, and optimistic futurism, in works such as:

1. *L'Évolution politique* (1884) in the final Chap. X. "Les gouvernements de l'avenir"

2. *La Société future* (1899)

3. the pair of articles written at the turn of the century: “Le XIXe siècle” (*JDE*, Jan. 1901, and “Le XXe siècle” (*JDE*, Jan. 1902)

4. *Les Problèmes du XXe siècle* (1901)

5. “Où est l’utopie?” (*JDE*, 1904)

A good example of how wildly his hopes for the future fluctuated can be seen in his two predictions, separated by over 50 years, about how soon a "fully free and competitive" society might be implemented: in S11 (1849) he was confident that if the state abolished its monopoly of the production of security, new police forces and court systems would spring up in the free market by the end of the year; by 1904 he was not so confident and was talking about a century being needed to sweep away all the false old ideas about protectionism, socialism, and interventionism, before a new liberal world might be built. But he was confident that one it would be.
HOW MUCH DID THE "FOUNDING FATHER OF ACT" REALLY "BACKTRACK"?

Whatever he finally thought about the proper role of government, Molinari is still one of the most radical and consistent classical liberals the world has ever seen. He certainly deserves the honour of being called "the founding father of ACT" for his work during a very productive 40 year period of his life (1849-1887) when he was clearly an advocate of "hard" ACT. This included both the private production of security (police and defence) and the private production of law, although the latter was less developed in his thinking. From the early 1890s onwards he wavered in his support for the private production of security, now seeing it as a "naturally collective good" which should be a monopoly of some kind (nominally private but put out to contract by the government). However, he continued to advocate the private production of law to the end of his life, by which he meant competition between courts and judges which charged fees for their services. Given how radically liberal (libertarian) he was in so many areas this "backsliding" needs to be seen as relatively minor, especially when one remembers that he is still giving us hints at the very end of his life that he still believed in a future in which there would be complete and full freedom and competition in all things, that there would be "la liberté de gouvernement de la société future" (the freedom of government in the society of the future), which in my view is his "code word" for AC.

So, in spite of his "backtracking" on the private production of security he remained more radical than any of his colleagues right up to the end. We will admit that the 80 or 90 year old Gustave was not as radical as the 30 year old Gustave - but who could be? We can support this claim by looking at several aspects of his thought in his later decades which belie the outward appearance that he had become more "conservative" with advancing years. This includes his idea of what a "community" in fact meant; his strong support for the right of secession; his support for competing courts and judges; and his long term optimistic vision of the future.

1. what he meant by the word “community” or "collective" was variable - he thought the group which could negotiate a contract with a security
provider (a firm) to supply this collective good might be a province, or a commune (municipality), or most radically perhaps, a real estate or property development company which would sell a “bundle” of collective goods (such as roads, lighting, selectivity, gas, sewers, as well as security) to those who bought into the community (when they bought a house and presumably paid some kind of annual maintenance fee for these services). As late as 1899 he was still talking about the need for these “collective” consumers of security “affermer” (outsourcing) the provision of security services to a “maison” or private company to keep costs down.

2. his strong support for the principle of secession which would allow “consumers of security” to break away from a political community (like a large nation state, or even a province - his theory of “the double right of secession” (i.e. the province from the state, and the commune from the province) to form their own separate community which would provide them with collective goods at a better price and with better service. He also advocated competition between nation states for citizens and capital in order to put pressure on them to liberalize their societies.

3. his late reference to his radical rhetorical tropes in favor of his AC ideas, namely quoting Adam Smith's "fees of court" passage. He quoted Smith on fees of court in PoS and S11 in 1849, and in La Société future (1899), interestingly a full 50 years apart. In this book he also gives another version of his "simple hypothesis" - this time a “supposition” or conjecture - where he supposes that a state of peace has replaced that of war, thus allowing progress to be made in the production of security, namely the outsourcing (“affermer”) of security services to “une maison” (family owned business) or “une compagnie” (private firm) which will lead to competition between security providers and thus economic “progress.” He comments that competition will allow a much better service to be provided at a better cost than the security previously provided by “la production dite en régie” (regulated or controlled production (of security)). When he again quotes Adam Smith on the fees of court he predicts the appearance of “des compagnies judiciaires pleinement indépendantes et concurrentes” (judicial
companies which are fully/completely independent and competitive). It would be hard to find a clearer statement of the AC principle than this.

4. His repeated and continuing references to a much freer, competitive, and market-oriented “society of the future” in which the old “machinery of government” (i.e. monopoly governments) would finally give way to his ideal of “la liberté de gouvernement” (the political equivalent of “la liberté des échanges” (free trade)). I think he still believed in the AC ideal but was obliged to push its ultimate realization further into the future as he realized that the rise of socialism, statism, protectionism, colonialism, and militarism which were appearing the 1890s and 1900s made any kind of liberal reform impossible in the short term. Related to this was his increasing “historicism” in his sprawling works of historical sociology where he saw societies locked into an historically determined path of development from the era of monopoly to the era of competition. True “liberty of government” could not be achieved until certain requirements had been met (expansion of the free market, a more extensive division of labour and specialization, a state of peace, and the moral development of individuals to the point that they would increasingly reject the use of violence and defend private property). His long term optimism thus contained within it a realization that there were grounds for short term pessimism (much like Rothbard as well I think) and perhaps some compromise. Nevertheless he would cheer himself up by quoting Adam Smith on the eventual inevitability of a free trade movement rising up to defeat the centuries old policy of mercantilism. Given the fact that for Molinari the expression “la liberté de government” was a political version of “la liberté des échanges” (free trade) I think his quoting Smith on this was his way of making a similar point about how “free government” would eventually replace “monopoly government” just as free trade had replaced mercantilism tariffs and monopolies.
Appendix 1: Adam Smith and the “Fees of Court”


The fees of court seem originally to have been the principal support of the different courts of justice in England. Each court endeavoured to draw to itself as much business as it could, and was, upon that account, willing to take cognizance of many suits which were not originally intended to fall under its jurisdiction. The court of king’s bench, instituted for the trial of criminal causes only, took cognizance of civil suits; the plaintiff pretending that the defendant, in not doing him justice, had been guilty of some trespass or misdemeanor. The court of exchequer, instituted for the levying of the king’s revenue, and for enforcing the payment of such debts only as were due to the king, took cognizance of all other contract debts; the plaintiff alleging that he could not pay the king, because the defendant would not pay him. In consequence of such fictions it came, in many cases, to depend altogether upon the parties before what court they would choose to have their cause tried; and each court endeavoured, by superior dispatch and impartiality, to draw to itself as many causes as it could. The present admirable
constitution of the courts of justice in England was, perhaps, originally in a great measure, formed by this emulation, which antiently took place between their respective judges; each judge endeavouring to give, in his own court, the speediest and most effectual remedy, which the law would admit, for every sort of injustice. Originally the courts of law gave damages only for breach of contract. The court of chancery, as a court of conscience, first took upon it to enforce the specifick performance of agreements. When the breach of contract consisted in the non-payment of money, the damage sustained could be compensated in no other way than by ordering payment, which was equivalent to a specifick performance of the agreement. In such cases, therefore, the remedy of the courts of law was sufficient. It was not so in others. When the tenant sued his lord for having unjustly outed him of his lease, the damages which he recovered were by no means equivalent to the possession of the land. Such causes, therefore, for some time, went all to the court of chancery, to the no small loss of the courts of law. It was to draw back such causes to themselves that the courts of law are said to have invented the artificial and fictitious writ of ejectment, the most effectual remedy for an unjust outer or dispossession of land.
Appendix 2: “Our Hypothesis” about the Monopolist Grocer (*Cours* version 1855, 1863)

**French Version**

*Source*

Full quote *Cours*, vol. 2, pp. 512-15.

Cependant, à mesure que le marché de consommation s’agrandit et se diversifie, l’établissement de l’épicier monopoleur se trouve placé dans des conditions de production moins économiques. Tandis que les autres branches de travail se séparent en vertu du principe de la division du travail, se développent dans leurs limites naturelles et se perfectionnent sous le stimulant de la concurrence, celles qu’il monopolise grandissent artificiellement, en dehors de ces conditions organiques de la croissance économique. Qu’en résulte-t-il? c’est que les industries de concurrence livrent à la consommation des produits de plus en plus parfaits et à des prix décroissants, tandis que le commerce monopolisé demeure chaque jour davantage en retard sous ce double rapport. Néanmoins, si ce commerce porte sur des articles indispensables à la consommation, les bénéfices du monopoleur croîtront quand même, par le seul fait de l’agrandissement progressif du marché.

Poursuivons jusqu’au bout notre hypothèse. A mesure que les progrès des industries de concurrence rendront plus sensible et plus dommageable le retard de perfectionnement du commerce monopolisé, les consommateurs murmureront davantage contre ce monopole. Cependant, s’il est sauvegardé par quelque antique superstition, si l’on est universellement convaincu qu’il est dans la nature du commerce de l’épicerie d’être exercé sous forme de monopole, on se bornera d’abord à le réglementer, en imposant au monopoleur l’obligation d’approvisionner convenablement le marché qui lui est inféodé, comme aussi peut-être en soumettant ses marchandises à un *maximum*. Peut-être enfin, les consommateurs chargeront-ils des délégués de veiller [513] à ce que cette
réglementation préservatrice de leurs intérêts soit strictement observée. Le monopoleur s’efforcera naturellement de repousser une semblable immixtion dans ses affaires, et il emploiera pour s’en débarrasser tantôt la violence et tantôt la corruption. En admettant qu’il réussisse à remettre les consommateurs complétement à sa merci, il aura le choix entre deux partis: 1° Il pourra interdire, sous des peines rigoureuses, toute plainte au sujet de la qualité et du prix de ses marchandises, et jouir ainsi de son monopole avec quiétude. Mais alors la société retardée et épuisée par un monopole sans frein ira s’affaiblissant, et elle finira par périr en entraînant le monopoleur dans sa ruine. 2° Il pourra donner satisfaction à ses consommateurs mécontents, en améliorant ses marchandises sous le double rapport de la qualité et du prix, mais l’assiette antiéconomique de son commerce l’empêchera quoi qu’il fasse, d’opérer cette amélioration d’une manière suffisante et durable. Le mécontentement renaîtra bientôt, et si les consommateurs ont cru en nombre et en puissance, ils réussiront peut-être, à leur tour, à mettre le monopoleur à leur discrétion. Quelles seront les conséquences de cette “révolution?” De deux choses l’une, ou les consommateurs se borneront à imposer au monopoleur un ensemble de règles et de garanties destinées à assurer la bonne qualité et le bas prix de ses marchandises, en d’autres termes, ils l’obligeront à accepter une constitution, ou ils voudront exploiter pour leur propre compte le monopole de l’épicerie en constituant une gérance et un conseil de surveillance ad hoc, avec diverses précautions pour en assurer la bonne gestion, mais l’un et l’autre remèdes seront presque également inefficaces. De quelque façon qu’il soit organisé et géré, le monopole de cette multitude de branches dans lesquelles se [514] ramifie maintenant le petit commerce de l’épicier primitif n’en demeurera pas moins antiéconomique, et, chaque jour même il le deviendra davantage; chaque jour, en conséquence, il causera à la société des nuisances plus nombreuses et plus sensibles. Peut-être cherchera-t-on alors des remèdes d’une autre nature à ce mal chronique. On s’imaginera, par exemple, que le débouché ouvert au commerce monopolisé est insuffisant, et l’on s’efforcera de l’agrandir par “l’annexion” de nouveaux consommateurs, ou bien encore on se persuadera que le mal vient de ce que ceux qui vendent les épiceries et ceux qui les achètent n’appartiennent pas tous à la même race, et l’on s’appliquera à réorganiser le monopole de l’épicerie
conformément au “principe des nationalités.” Mais l’expérience ne
tardera pas à démontrer que ces soi-disant panacées aggravent le mal au
lieu de le guérir. Enfin, en désespoir de cause, la série des remèdes
empiriques étant épuisée, on aura recours aux procédés de l’observation
et de l’analyse pour remonter à la source du mal, et l’on découvrira, non
sans surprise, qu’il n’est pas vrai, ainsi que les monopoleurs s’étaient
appliqués à le faire croire, le croyant du reste eux-mêmes, que le
monopole soit la forme nécessaire et providentielle du commerce de
l’épicerie. En conséquence, au lieu de poursuivre l’œuvre impossible
d’une meilleure “organisation” de ce monopole, on travaillera à le
démolir, en faisant passer successivement les différentes branches de
commerce qui s’y trouvent agglomérées, dans le domaine de la
concurrence. Cette agglomération contre nature étant dissoute, chaque
branche devenue libre pourra se développer dans ses conditions
normales, en proportion des besoins du marché, et la société débarrassée
d’un monopole qui la retardait et l’épuisait croîtra plus rapidement en
nombre et en richesse.

[515]
C’est là l’histoire des gouvernements depuis que la société a
commencé à passer de la phase du monopole dans celle de la
concurrence.

ENGLISH VERSION (TO DO)
Appendix 3: The “Simple Hypothesis” of the Monopolist Baker (*L’évolution politique* (1884) version)

*Source*

*L’évolution politique et la Révolution* (1884), pp. 399 ff. **pp. 404-410**

**French and English versions**
Reprenons l’exemple dont nous venons de nous servir. J’ai besoin de pain. Si la localité que j’habite n’est pas assez populeuse et riche pour fournir un débouché à un boulanger, je serai obligé de le fabriquer moi-même, — je serai à la fois producteur et consommateur de pain. Si la population s’enrichit et s’accroît, ce débouché s’ouvrira, une boulangerie pourra s’établir et je trouverai avantage à lui acheter mon pain plutôt qu’à continuer à le fabriquer. Mais qu’advient-il alors de mes droits de producteur et de consommateur? Je cesse d’exercer mon droit de producteur de pain, mais je continue à le posséder, et même il s’est étendu au lieu de décroître : à mon droit, dont je puis continuer à user, de fabriquer du pain pour ma consommation, s’est joint celui d’en produire pour autrui, en fondant une boulangerie ou en contribuant à la fonder et à la mettre en œuvre par mes capitaux et mon travail. Mon droit de consommateur s’est étendu de même; car je puis demander le pain dont j’ai besoin à deux producteurs au lieu d’un : au boulanger et à moi. Si je m’adresse de préférence au boulanger, c’est parce que son pain est meilleur et me revient moins cher que celui que je produisais moi-même. Je bénéficie de la différence, et, en admettant que l’industrie soit libre et la concurrence possible, cette différence de prix représentera celle d’une production isolée et d’une production spécialisée. p. 404-5 quote continues

Let us take up again the example we have just given. I need bread. If the region where I live is not populous or wealthy enough to provide a market for a baker I will be obliged to make it myself, and I will be at the same time a producer and a consumer of bread. If the population becomes wealthier and grows this market will open up, a bakery will be able to be set up and I will find it to my advantage to buy my bread from him rather than to continue to make it myself. But what hen happens to my rights as a producer and as a consumer? I cease to exercise my right as a producer of bread, but I continue to possess it, and it (may)even have been extended instead of reduced : added to my right to make bread for my own consumption which I can continue to exercise, is that (the right) of producing it for another person, of starting (my own) bakery or of contributing to its foundation, and putting it in operation with my capital and my labour. My right as a consumer has been extended in the same way; because I can buy (demandeur) the bread I need from two producers instead of one; from the baker and from me. If I show a preference for the baker it is because his bread is better than mine and is supplied to me less expensively than I can produce it myself. I benefit from the difference and, granting that industry is free and that competition is possible, this difference in price represents the difference between production done in isolation and production which is (more) specialised.
Supposons cependant que l’industrie ne soit pas libre. Une boulangerie s’est établie, et celui qui l’exploite m’interdit à la fois de fabriquer mon pain moi-même et de m’adresser à d’autres qu’à lui pour me procurer cet article de première nécessité. Aussi longtemps qu’il me fournira du pain de bonne qualité et à un prix modéré, il y a apparence que je ne réclamerai point; mais que la qualité vienne à baisser et le prix à s’éléver, — et il peut, dans ces conditions, s’élèver bien au-dessus des frais de la production, — je m’efforcerai soit de limiter cette servitude, soit de m’y dérober. Si le monopole auquel j’ai affaire est “naturel”, s’il ne peut être supprimé sans compromettre l’alimentation et l’existence de la société dont je fais partie, je ne revendiquerai point, à titre de producteur, mon droit primordial de fabriquer mon pain moi-même ou de fonder quelque boulangerie concurrente, mais je réclamerai en échange le droit d’être admis à participer à l’exercice de l’industrie de la boulangerie, si je possède les aptitudes et les connaissances techniques nécessaires. Je ne revendiquerai pas davantage, à titre de consommateur, le droit de me pourvoir chez moi ou à une autre boulangerie: mais en compensation de ce droit, j’exigerai celui de contrôler la qualité du pain et d’en limiter le prix jusqu’au niveau moyen où l’abaisserait la concurrence, en supposant qu’elle fût possible. Si, des deux parts, nous entendons bien nos intérêts, et si nous sommes animés d’un esprit d’équité, l’accord pourra s’établir sur ces bases. Le boulanger continuera d’exercer son industrie et de gouverner son établissement à sa guise, mais sans exclure de son personnel les membres de sa clientèle, et il acceptera (sic) de bonne grâce la création et la mise en vigueur d’un système plus ou moins exact de contrôle de la qualité et de limitation du prix, sans entreprendre d’intimider ou de corrompre les mandataires que les consommateurs auront chargés de ce contrôle et de cette limitation.

However, let us suppose that industry is not free. A bakery is established and he who runs it forbids me both from making my bread myself and turning to others who can provide me with this item of prime necessity. As long as he supplies me with bread of good quality and at a moderate price, there are no grounds for me to complain; but if the quality is lowered and the price increased - and it can in these conditions be increased well above the cost of production - I will try to limit this servitude or to evade it. If the monopoly in which I am tangled up is "natural," if it cannot be abolished without jeopardizing the food supply and the existence of the society of which I am a part, I cannot/will not claim/demand, as a producer, my primordial right to make bread myself or to establish some competing bakery; but I can claim in exchange the right to be allowed to participate in carrying out the industry of a bakery if I possess the skills and necessary technical knowledge. However, I will not demand the right, as a consumer, to provide it for myself or get it from another bakery; but in compensation for this right I will demand that he control/mediate the quality of the bread and to limit its price to the average level at which competition would set it, supposing that this were possible. If both sides understand properly their interests, and if they are animated by a spirit of justice, an agreement will be reached on this basis. The baker will continue to carry on his industry and to run his business as he sees fit, but without excluding from his staff members of his clientele, and he will accept with good grace the creation and the putting into practice a system which more or less closely controls the quality and limits the price (of bread), and without attempting to intimidate or to corrupt the representatives that the consumers will have charged with this quality and price control.
Si l’accord ne s’établit point ou s’il vient à se rompre, soit par la mauvaise foi du producteur ou son impatience à subir un contrôle, soit par les exigences excessives et déraisonnables des consommateurs ou de leurs mandataires, avides de popularité; et si l’on a recours à la force pour vider ce procès, qu’arrivera-t-il? Si le propriétaire exploitant du monopole l’emporte, il ne manquera pas de supprimer le contrôle des consommateurs, et même de les exclure de son personnel. Si les consommateurs ont le dessus, ils confisqueront l’établissement investi d’un monopole pour l’exploiter eux-mêmes ou le faire exploiter à leur profit, en se réservant de plus le droit exclusif de faire partie du personnel exploitant. Mais, dans l’un et l’autre cas, les deux parties auront dépassé les limites de leur droit : le propriétaire exploitant d’un monopole excède le sien et empiète sur celui des consommateurs, en supprimant l’appareil qui tient lieu du régulateur naturel de la concurrence pour maintenir la qualité et modérer le prix de ses produits ou de ses services. Les consommateurs excèdent, de même, leur droit en confisquant la propriété et l’industrie du producteur, et en s’emparant de son établissement pour l’exploiter à leur profit. Les « nuisances » que produisent ces dérogations au droit, ne se font, au surplus, pas attendre. L’absence d’un contrôle efficace engendre l’abus inévitable du monopole, et expose le monopoleur à de nouvelles revendications plus violentes des consommateurs; la confiscation de la propriété de l’établissement politique crée un risque qui met en péril toutes les autres propriétés.

If an agreement is not reached or if it gets broken, whether by the bad faith of the producer or his reluctance to submit to control, or whether by the excessive and unreasonable demands of the consumers or their representatives who are greedy for more popularity, and if someone uses force to void this process, what will happen then? If the owner running the monopoly removes/gets rid of (this process) he will bring an end to control by the consumers and even exclude them from his staff. If the consumers get the upper hand they will confiscate the business which has the monopoly in order to run it themselves or have it run for their own benefit, by keeping for themselves furthermore the exclusive right to be part of the staff running the business. But in either case, both parties will have crossed the limits of their rights; the owner running the monopoly exceeds his and encroaches upon those of the consumers, by removing the apparatus which takes the place of the natural regulator of competition which maintains the quality and regulates the price of his goods or his services. The consumers exceed, as well, their rights by confiscating the property of the industry of the producer, and in seizing his business in order to run it for their own profit. Furthermore, the "harms" (nuisances) which these violations of rights produce do not take long to reveal themselves. The absence of effective controls creates the inevitable abuse of monopoly and exposes the monopolist to new and more violent demands of the consumers; the confiscation of the property of the political business (l’établissement politique) creates a risk which places in peril/danger all other property.
Remplacez la fabrication du pain par la production de sécurité et vous aurez l'explication de tous les conflits et de toutes les luttes entre les gouvernants et les gouvernés, depuis l'époque où la concurrence politique et guerrière a commencé à s'affaiblir entre les premiers et où les seconds ont commencé à entrer en possession de la souveraineté individuelle. Vous connaîtrez aussi l’origine et les limites de la souveraineté politique.

Replace the making of bread with the production of security and you will have the explanation for all the conflicts and all the struggles between governments and the governed since the period when political and military (guerrière) competition between the former (governments) began to grow weaker and when the latter (the governed) began to gain possession of (their) individual sovereignty. You will also understand the origin and the limits of political sovereignty.
Appendix 4: “La Lois électorale” (1846)

LA LOIS ÉLECTORALE (1846)

Source


Text

[271]

Les hommes se réunissent en société dans le but de garantir la sécurité de leurs personnes et de leurs biens. Un État n'est autre chose qu'une grande compagnie d'assurances mutuelles.

Tout homme qui consent à faire partie d'une société, tout homme qui veut jouir des avantages que la société assure à ses membres doit naturellement contribuer aux charges de l'association; il doit contribuer à l'entretien du gouvernement chargé par la société d'établir la sécurité au profit de tous.

Tous les membres de l'association ont droit à une égale protection de la part du gouvernement. Tous cependant ne contribuent point d'une manière égale aux dépenses publiques.

L'inégalité qui existe dans la répartition des charges dérive de l'inégalité qui existe dans les facultés humaines et dans l'inégalité des fortunes, qui en est la conséquence naturelle.

[272]
Tous les hommes n'étant point doués de facultés égales, tous n'obtiennent point par le travail de ces facultés des valeurs égales. Dans une société où rien ne viendrait troubler le libre emploi des facultés humaines, la richesse des divers membres de l'association serait proportionnée à l'étendue et à la puissance des facultés de chacun.

Les richesses ou propriétés étant inégales, l'État consacre naturellement à leur protection des sommes inégales. En général, il dépense pour la protection de chaque propriété une somme proportionnée à la valeur qu'il protège ou qu'il assure.

De là, la combinaison du principe de la proportionnalité des charges publiques avec le principe de l'égalité de protection.

Maintenant il s'agit de savoir dans quelle mesure les citoyens également protégés par le gouvernement, mais inégalement grevés pour contribuer à l'entretien du gouvernement, doivent prendre part à la gestion des affaires publiques.

Tout citoyen qui paie une part dans les charges publiques est un *actionnaire* de la société. Il contribue au maintien de la société dans la proportion de la valeur de son action, dans la proportion de l'impôt qu'il paie.

Dans toute association bien organisée, les droits d'un actionnaire sont proportionnels à la valeur de sa mise de fonds. Une mise de fonds représente en effet une certaine quantité de travail dont l'actionnaire se dessaisit volontairement, mais à la condition d'en diriger et d'en surveiller l'emploi. Si ce pouvoir de direction, de surveillance ne répondait pas à la mise de chacun, si, par exemple, les actionnaires dont la mise est égale à deux ne possédaient point un pouvoir de direction et de surveillance plus considérable que ceux dont la mise ne vaut que [273] un, évidemment il y aurait injustice, inégalité; il y aurait d'une part diminution, et d'une autre part augmentation irrationnelle de droits; il y aurait spoliation des travailleurs plus intelligents et plus actifs au profit des travailleurs moins intelligents et moins actifs.

En suivant cet ordre d'idées, on arrive irrésistiblement à cette conclusion : que le droit électoral, le droit de prendre part à la gestion des affaires de cette grande compagnie d'assurances mutuelles que l'on nomme une société est proportionnel et
par conséquent doit être proportionné à la mise de chaque actionnaire, c'est à dire à l'impôt prélevé sur chaque citoyen.

Cette proportionnalité du droit électoral, bien loin de nuire à l'égalité politique, comme on l'a affirmé à tort, en est la plus sûre, la plus forte garantie.

En dehors de cette proportionnalité équitable et nécessaire, il n'y a en effet que deux systèmes également contraires à l'égalité politique.

Le premier consiste à refuser tout droit électoral aux plus faibles actionnaires de la société, aux citoyens qui paient la plus faible somme d'impôt. Sous l'empire d'un tel système, on sait ce qui arrive : les gros actionnaires, les censitaires pourvus du droit électoral, gouvernent la société uniquement à leur profit; les lois qui devraient protéger également tous les citoyens servent à grossir la propriété des forts actionnaires au détriment de la propriété des faibles; l'égalité politique est détruite.

Le second système consiste à universaliser et à uniformiser le droit électoral. Dans ce système, un inconvénient opposé à celui qui vient d'être signalé se produit : les propriétés des hommes d'intelligence et de travail se trouvent à la merci de la masse des incapables et des paresseux. Aucun respect des droits acquis, aucune protection efficace pour la vie et la propriété de chacun ne peut subsister sous un tel régime. Or, quand les droits des citoyens cessent d'être efficacement protégés, quand le caprice des masses prévaut sur la loi, quand il arrive, comme aux États-Unis, par exemple, que la crainte de déplaire au peuple paralyse le libre exercice du droit des individus, que devient l'égalité politique?

Conséquence naturelle de la proportionnalité des charges publiques, la proportionnalité du droit électoral est donc, nous le répétons, la véritable garantie de l'égalité politique et, par conséquent, la seule base rationnelle du gouvernement chargé de la maintenir.

Il nous reste maintenant à examiner les moyens d'appliquer ce système.

Sans doute, il est impossible aujourd'hui d'évaluer la quotité de l'impôt payé par chaque citoyen; mais, en revanche, on peut évaluer le revenu de chacun. Tout citoyen disposé à jouer du droit électoral peut faire connaître et faire vérifier la quotité de son revenu. Or, en principe du moins, l'impôt représentant une fraction
proportionnelle du revenu de chacun, il est indifférent de prendre pour base du droit électoral le revenu ou l'impôt.

Nous savons bien que dans la pratique l'impôt n'est pas exactement proportionnel au revenu de chacun, mais c'est là un vice de notre machine fiscale dont nous croyons qu'il est inutile de tenir compte, en présence du résultat général que donnerait l'application de ce système.

On évalue le revenu de la France à 8 ou 9 milliards. Le revenu total de la classe actuelle des censitaires (en prenant pour moyenne un revenu de 10,000 fr., somme évidemment exagérée) ne dépassant pas en conséquence la somme de 2 [275] milliards 500 millions, si le droit électoral se trouvait à la fois universalisé et proportionné, les censitaires actuels ne nommeraient plus qu'un quart de la représentation nationale.

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

**THE ELECTORAL LAW (1846)**

Men join together in a society with the goal of guaranteeing the security of their persons and their goods. The state is nothing more than a big mutual insurance company.289

Every person who consents to be part of society, every person who wishes to enjoy the benefits that society provides its members ought naturally to contribute to the costs of the association; every person ought to contribute to the support of the government which is charged by society to establish security for the benefit of all.

289 “Une grande compagnie d’assurances mutuelles.”
All members of the association have a right to equal protection by the government. However, everybody does not contribute in an equal manner to the public expenses.

The inequality which exists in the distribution of the charges is a result of the inequality which exists in human abilities and in the inequality of wealth, which is a natural consequence of the former.

Since all humans beings are not endowed with equal abilities, they do not receive equal value for the use of their faculties. In a society where one does not intend to interfere with the free employment of human faculties, the wealth of the various members of the association would be in proportion to the extent and the strength of each person’s faculties.

Wealth and property thus being unequal, the state will naturally devote unequal amounts to their protection. In general, it will spend for the protection of each piece of property a sum which is proportional to the value of the thing which is being protected or insured.

From this we get the combination of the principle of the proportionality of the public charges paid with that of the principle of the equality of the protection provided.

Now it is a matter of determining to what degree the citizens who are equally protected by the government but unequally burdened to contribute to the maintenance of the government, ought to participate in the management of public affairs.

Every citizen who pays a share of the public expenses is a shareholder in society.\footnote{“Un actionnaire de la société.” Since the word “la société” can mean both “society” and a “business” or “firm” this phrase has the double meaning of “a shareholder in a private firm” or “a shareholder in the broader society.” Other people who argued along similar lines to Molinari at this time was Thiers and Girardin. See Faccarello, "Bold Ideas. French liberal economists and the state" (2010).} He contributes to the maintenance of society in proportion to the value of his shares, that is in proportion to the taxes which he pays.

In every well organised business the rights of the shareholder are proportional to the value of his investment. An investment represents in effect a certain quantity
of work which the shareholder voluntarily gives up, but only on the condition that he can direct and supervise its use. If this power of direction and supervision does not correspond to each person’s investment, if for example, the shareholders whose investment is worth two shares do not have a greater power of direction and supervision than those whose investment is worth only one share, obviously there would be an injustice, an inequality; there would be a reduction in the rights of some and an irrational increase in the rights of others; there would be plunder of the more intelligent and active workers to the profit of the less intelligent and less active workers.

By following this train of thought one inevitably comes to this conclusion: that the right to vote, the right to take part in the management of the affairs of this large mutual insurance company that is called “society,” is proportional and as a result ought to be proportional to the investment made by each shareholder; that is to say, to the amount of taxation levied on each citizen.

This proportionality of the right to vote, far from harming political equality, as some incorrectly assert, is the surest and best guarantee of it.

Apart from this just and necessary proportionality, there is in fact only two political systems which are equally contrary to political equality.

The first consists in refusing all voting rights to the smaller shareholders in society, i.e. to citizens who pay the smallest amount of taxes. Under the rule of this political system, we know what happens: the large shareholders, the payers of the “cens” tax have the right to vote, and govern society entirely for their own profit; the laws which ought to equally protect all citizens are used to increase the property of the strongest shareholders to the detriment of the property of the weakest ones; and political equality is thus destroyed.

The second political system consists in making the right to vote universal and uniform. In this system there arises a problem opposed to that which one might

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291 In France at this time those who paid a certain high amount of direct taxes on their property and other assets, known as “le cens,” were entitled to vote in elections. This who paid even more were entitled to stand for election. This limited the number of voters in the July Monarchy to about 240,000 individuals, a group which Bastiat referred to as “classe électorale” (the voting class) and Molinari as “la classe censitaire.” See “Chamber of Deputies and Voting,” in Appendix 2.
expect: the property of intelligent and hard working men is found to be at the mercy of the mass of incapable and lazy men. No respect for one’s acquired rights, no effective protection for one’s life and property can exist under such a régime. Now, when the rights of citizens cease to be be effectively protected, when the caprice of the masses prevails over the law, when it transpires, as in the United States for example, that fear of displeasing the people paralyses the free exercise of the rights of individuals, what happens to political equality?

Since the natural consequence of the proportionality of paying public charges is the proportionality in the right to vote, the latter therefore, to repeat ourselves, is the true guarantee of political equality and, as a result, the only rational basis for the government which is charged with providing it.

It now remains for us to examine the means to apply this system.

Doubtless it is impossible today to evaluate the amount of taxes paid by each citizen; but on the other hand, we can measure the income of each citizen. Every citizen who wishes to enjoy the right to vote can declare and verify the amount of his income. Now, in principle at least, since tax represents only a proportionate fraction of each person’s income, it does not matter if one takes as a basis for the right to vote the amount of income earned or the tax paid.

We know full well that in practice tax is not exactly proportional to the income of each person, but it is a failing of our fiscal machine which we think is not useful to hold to account, given the general result which the application of this system would provide.

It is estimated that the income of France is 8 to 9 billion francs. Now since the total income of the present class of “censitaires” (tax payers) - taking an average income of 10,000 francs, which is admittedly on the high side - does not surpass as a result the sum of 2 billion 500 million francs, if the right to vote was at

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292 Most taxes at this time were indirect taxes on food, alcohol, and other items, and so the total each person might pay in a year would be very hard to determine.

293 It is not clear where Molinari gets this figure. It is estimated that French GDP in the 1840s was about Fr. 13 billion and that total government expenditure per annum was about Fr. 1.3 billion. See the overview to Appendix 3 “French Government Budgets for Fiscal Year 1848 and 1849.”
the same time made universal and proportional, the present class of “censitaires” would number no more than a quarter of the total number of (national) representatives.

Whatever the particular inequalities might be, inequalities which the general application of the principle of liberty would moreover quickly make disappear, the rights of the masses would inevitably receive by the introduction of this political system a significant and immediate benefit, without at the same time the rights of the current privileged minority being sacrificed.
Appendix 5: “The Production of Security” (1849)

Source


Published as a separate pamphlet: *De la Production de la sécurité, par M. G. de Molinari. Extrait du n° 95 du ‘Journal des économistes,’ 15 février 1849. (Paris : Guillaumin, 1849). In-8°, 16 p.*

**FRENCH ORIGINAL**

*De la production de la sécurité*²⁹⁴

Il y a deux manières de considérer la société. Selon les uns, aucune loi providentielle, immuable, n'a présidé à la formation des différentes associations humaines; organisées d'une manière purement factice par des législateurs primitifs, elles peuvent être, en conséquence, modifiées ou refaites par d'autres législateurs, à mesure que la *science sociale* progresse. Dans ce système le gouvernement joue un rôle considérable, car c'est au gouvernement, dépositaire du principe d'autorité, qu'incombe la tâche de modifier, de refaire journellement la société.

Selon les autres, au contraire, la société est un fait purement naturel; comme la terre qui la supporte, elle se meut en vertu de lois générales, préexistantes. Dans ce système, il n'y a point, à proprement parler, de science sociale; il n'y a qu'une science économique qui étudie l'organisme naturel de la société et qui montre comment fonctionne cet organisme.

²⁹⁴ Bien que cet article puisse paraître empreint d'utopie dans ses conclusions, nous croyons, néanmoins, devoir le publier pour attirer l'attention des économistes et des publicistes sur une question qui n'a encore été traitée que d'une manière accidentelle et qui doit, néanmoins, à l'époque où nous sommes, être abordée avec plus de précision. Tant de gens exagèrent la nature et les attributions du gouvernement, qu'il est devenu utile de formuler strictement la circonscription hors de laquelle l'intervention de l'autorité cesse d'être tutélaire et profitable pour devenir anarchique et tyrannique. (Note du rédacteur en chef.)
Quelle est, dans ce dernier système, la fonction du gouvernement et son organisation naturelle, voilà ce que nous nous proposons d'examiner.

I.

Pour bien définir et délimiter la fonction du gouvernement, il nous faut rechercher d'abord ce que c'est que la société et quel est son objet.

À quelle impulsion naturelle obéissent les hommes en se réunissant en société? Ils obéissent à l'impulsion ou, pour parler plus exactement, à l'instinct de la sociabilité. La race humaine est essentiellement sociable. Comme les castors et, en général, comme les espèces animales supérieures, les hommes sont portés d'instinct à vivre en société.

Quelle est la raison d'être de cet instinct?

L'homme éprouve une multitude de besoins à la satisfaction desquels sont attachées des jouissances et dont la non-satisfaction lui occasionne des souffrances. Or, seul, isolé, il ne peut pourvoir que d'une manière incomplète, insuffisante à ces besoins qui le sollicitent sans cesse. L'instinct de la sociabilité le rapproche de ses semblables, le pousse à se mettre en communication avec eux. Alors s'établit, sous l'impulsion de l'intérêt des individus ainsi rapprochés, une certaine division du travail, nécessairement suivie d'échanges; bref, on voit se fonder une organisation; moyennant laquelle l'homme peut satisfaire à ses besoins, beaucoup plus complètement qu'il ne le pourrait en demeurant isolé.

Cette organisation naturelle se nomme la société.

L'objet de la société, c'est donc la satisfaction plus complète des besoins de l'homme; le moyen, c'est la division du travail et l'échange.

Au nombre des besoins de l'homme, il en est un d'une espèce particulière et qui joue un rôle immense dans l'histoire de l'humanité, c'est le besoin de sécurité.

Quel est ce besoin?

Soit qu'ils vivent isolés ou en société, les hommes sont, avant tout, intéressés à conserver leur existence et les fruits de leur travail. Si le sentiment de la justice était universellement répandu sur la terre ; si, par conséquent, chaque homme se bornait à travailler et à échanger les fruits de son travail, sans songer à attenter à la vie ou à s'emparer, par violence ou par ruse, des fruits du travail des autres hommes; si chacun avait, en un mot, une instinctive horreur pour tout acte nuisible à autrui, il est certain que la sécurité existerait naturellement sur la ferre, et qu'aucune institution artificielle ne serait nécessaire pour la fonder. Malheureusement il n'en est point ainsi. Le sentiment de la justice semble n'être l'apanage que de certaines natures élevées, exceptionnelles. Parmi les races inférieures, il n'existe qu'à l'état rudimentaire. De là, les innombrables atteintes portées depuis l'origine du monde, depuis l'époque de Caïn et Abel, à la vie et à la propriété des personnes.
De là aussi, la fondation d'établissements ayant pour objet de garantir à chacun la possession paisible de sa personne et de ses biens.

Ces établissements ont reçu le nom de *gouvernements*.

Partout, au sein des peuplades les moins éclairées, on rencontre un gouvernement, tant est général et urgent le besoin de sécurité auquel un gouvernement pourvoit.

Partout, les hommes se résignent aux sacrifices les plus durs plutôt que de se passer de gouvernement, partant de sécurité, et l'on ne saurait dire qu'en agissant ainsi, ils calculent mal.

Supposez, en effet ; qu'un homme se trouve incessamment menacé dans sa personne et dans ses moyens d'existence, sa première et sa plus constante préoccupation ne sera-t-elle pas de se préserver des dangers qui l'environnent? Cette préoccupation, ce soin, ce travail absorberont nécessairement la plus grande partie de son temps, ainsi que les facultés les plus énergiques et les plus actives de son intelligence. Il ne pourra, en conséquence, appliquer à la satisfaction de ses autres besoins qu'un travail insuffisant, précaire et une attention fatiguée.

Alors même que cet homme serait obligé d'abandonner une partie très-considerable de son temps, de son travail à celui qui s'engagerait à lui garantir la possession paisible de sa personne et de ses biens, ne gagnerait-il pas encore à conclure le marché?

Toutefois, son intérêt évident n'en serait pas moins de se procurer la *sécurité* au plus bas prix possible.

II.

S'il est une vérité bien établie en économie politique, c'est celle-ci:

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

Et celle-ci:

Que l'intérêt du consommateur d'une denrée quelconque doit toujours prévaloir sur l'intérêt du producteur:

Or, en suivant ces principes, on aboutit à cette conclusion rigoureuse:

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

D'où il résulte:
Qu'aucun gouvernement ne devrait avoir le droit d'empêcher un autre gouvernement de s'établir concurremment avec lui, ou d'oblier les consommateurs de sécurité de s'adresser exclusivement à lui pour cette denrée.

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

Un des économistes qui ont étendu le plus loin l'application du principe de liberté, M. Charles Dunoyer, pense « que les fonctions des gouvernements ne sauraient jamais tomber dans le domaine de l'activité privée. »

Voilà donc une exception claire, évidente, apportée au principe de la libre concurrence.

Cette exception est d'autant plus remarquable, qu'elle est unique. Sans doute, on rencontre des économistes qui établissent des exceptions plus nombreuses à ce principe; mais nous pouvons hardiment affirmer que ce ne sont pas des économistes purs. Les véritables économistes s'accordent généralement à dire, d'une part, que le gouvernement doit se borner à garantir la sécurité des citoyens; d'une autre part, que la liberté du travail et de l'échange doit être, pour tout le reste, entière, absolue.

Mais quelle est la raison d'être de l'exception relative à la sécurité? Pour quelle raison spéciale la production de la sécurité ne peut-elle être abandonnée à la libre concurrence? Pourquoi doit-elle être soumise à un autre principe et organisée en vertu d'un autre système?

Sur ce point, les maîtres de la science se taisent, et M. Dunoyer, qui a clairement signalé l'exception, ne recherche point sur quel motif elle s'appuie.

III.

Nous sommes, en conséquence, amenés à nous demander si cette exception est fondée, et si elle peut l'être aux yeux d'un économiste.

Il répugne à la raison de croire qu'une loi naturelle bien démontrée comporte aucune exception. Une loi naturelle est partout et toujours, ou elle n'est pas. Je ne crois pas, par exemple, que la loi de la gravitation universelle, qui régit le monde physique, se trouve en aucun cas et sur aucun point de l'univers suspendue. Or, je considère les lois économiques comme des lois naturelles, et j'ai autant de foi dans le principe de la division du travail et dans le principe de la liberté du travail et de l'échange que j'en puis avoir dans la loi de la gravitation universelle. Je pense donc que si ces principes peuvent subir des perturbations, en revanche, ils ne comportent aucune exception.

Mais, s'il en est ainsi, la production de la sécurité ne doit pas être soustraite à la loi de la libre concurrence; et, si elle l'est, la société tout entière en souffre un dommage.

Ou ceci est logique et vrai, ou les principes sur lesquels se fonde la science économique ne sont pas des principes.

IV.

Il nous est donc démontré à priori, à nous qui avons foi dans les principes de la science économique, que l'exception signalée plus haut n'a aucune raison d'être, et que la production de la sécurité doit, comme toute autre, être soumise à la loi de la libre concurrence.

Cette conviction acquise, que nous reste-t-il à faire? Il nous reste à rechercher comment il se fait que la production de la sécurité ne soit point soumise à la loi de la libre concurrence, comment il se fait qu'elle soit soumise à des principes différents.

Quels sont ces principes?

Ceux du monopole et du communisme.

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

A ce propos nous ferons, en passant, une simple remarque.

L'économie politique réprouvant également le monopole et le communisme dans les diverses branches de l'activité humaine, où elle les a jusqu'à présent aperçus, ne serait-il pas étrange, exorbitant qu'elle les acceptât dans l'industrie de la sécurité?

V.

Examinons maintenant comment il se fait que tous les gouvernements connus soient soumis à la loi du monopole, ou organisés en vertu du principe communiste.

Recherchons d'abord ce qu'on entend par monopole et par communisme.

C'est une vérité d'observation que plus les besoins de l'homme sont urgents, nécessaires, plus considérables sont les sacrifices qu'il consent à s'imposer pour les satisfaire. Or, il y a des choses qui se trouvent abondamment dans la nature, et dont la production n'exige qu'un très-faible travail; mais qui, servant à apaiser ces besoins urgents, nécessaires, peuvent en conséquence acquérir une valeur d'échange hors de toute proportion avec leur valeur naturelle. Nous citerons comme exemple le sel. Supposez qu'un homme ou une association d'hommes réussisse à s'attribuer exclusivement la production et la vente du sel, il est évident que cet homme ou cette association pourra élever le prix de cette denrée bien au-dessus de sa valeur, bien au-dessus du prix qu'elle aurait sous le régime de la libre concurrence.
On dira alors que cet homme ou cette association possède un monopole, et que le prix du sel est un prix de monopole.

Mais il est évident que les consommateurs ne consentiront point librement à payer la surtaxe abusive du monopole; il faudra les y contraindre, et pour les y contraindre, il faudra employer la force.

Tout monopole s'appuie nécessairement sur la force.

Lorsque les monopoleurs cessent d'être plus forts que les consommateurs exploités par eux, qu'arrive-t-il?

Toujours, le monopole finit par disparaître, soit violemment, soit à la suite d'une transaction amiable. Que met-on à la place?

Si les consommateurs ameutés, insurgés, se sont emparés du matériel de l'industrie du sel, il y a toutes probabilités qu'ils confisqueront à leur profit cette industrie, et que leur première pensée sera, non pas de l'abandonner à la libre concurrence, mais bien de l'exploiter, en commun, pour leur propre compte. Ils nommeront, en conséquence, un directeur ou un comité directeur de l'exploitation des salines, auquel ils alloueront les fonds nécessaires pour subvenir aux frais de la production du sel; puis, comme l'expérience du passé les aura rendus ombrageux, méfiants; comme ils craindront que le directeur désigné par eux ne s'empare de la production pour son propre compte, et ne reconstitue à son profit, d'une manière ouverte ou cachée, l'ancien monopole, ils éliront des délégués, des représentants chargés de voter les fonds nécessaires pour les frais de production, d'en surveiller l'emploi, et d'examiner si le sel produit est également distribué entre tous les ayants droit. Ainsi sera organisée la production du sel.

Cette forme d'organisation de la production a reçu le nom de communisme.

Lorsque cette organisation ne s'applique qu'à une seule denrée, on dit que le communisme est partiel.

Lorsqu'elle s'applique à toutes, les denrées, on dit que le communisme est complet.

Mais que le communisme soit partiel ou complet, l'économie politique ne l'admet pas plus que le monopole, dont il n'est que l'extension.

VI.

Ce qui vient d'être dit du sel n'est-il pas visiblement applicable à la sécurité ; n'est-ce pas l'histoire de toutes les monarchies et de toutes les républiques?

Partout, la production de la sécurité a commencé par être organisée en monopole, et partout, de nos jours, elle tend à s'organiser en communisme. Voici pourquoi.
Parmi les denrées matérielles ou immatérielles nécessaires à l'homme, aucune, si ce n'est peut-être le blé, n'est plus indispensable, et ne peut, par conséquent, supporter une plus forte taxe de monopole.

Aucune, non plus, ne peut aussi aisément tomber en monopole.

Quelle est, en effet, la situation des hommes qui ont besoin de sécurité? C'est la faiblesse. Quelle est la situation de ceux qui s'engagent à leur procure cette sécurité nécessaire? C'est la force. S'il en était autrement, si les consommateurs de sécurité étaient plus forts que les producteurs, ils n'emprunteraient évidemment point leur secours.

Or, si les producteurs de sécurité sont originalement plus forts que les consommateurs, ne peuvent-ils pas aisément imposer à ceux-ci le régime du monopole?

Partout, à l'origine des sociétés, on voit donc les races les plus fortes, les plus guerrières, s'attribuer le gouvernement exclusif des sociétés; partout on voit ces races s'attribuer, dans certaines circonscriptions plus ou moins étendues, selon leur nombre et leur force, le monopole de la sécurité.

Et, ce monopole étant excessivement profitable par sa nature même, partout on voit aussi les races investies du monopole de la sécurité se livrer à des luttes acharnées, afin d'augmenter l'étendue de leur marché, le nombre de leurs consommateurs forçés, partant la quotité de leurs bénéfices.

La guerre était la conséquence nécessaire, inévitable de l'établissement du monopole de la sécurité.

Comme une autre conséquence inévitable, ce monopole devait engendrer tous les autres monopoles.

En examinant la situation des monopolistes de la sécurité, les producteurs des autres denrées ne pouvaient manquer de reconnaître que rien n'existait plus avantageux que le monopole. Ils devaient, en conséquence, être tentés, à leur tour, d'augmenter par le même procédé les bénéfices de leur industrie. Mais pour accaparer, au détriment des consommateurs, le monopole de la denrée qu'ils produisaient, que leur fallait-il? II leur fallait la force. Or, cette force, nécessaire pour comprimer les résistances des consommateurs intéressés, ils ne la possédaient point. Qu'en firent-ils? Ils l'empruntèrent, moyennant finances, à ceux qui la possédaient. Ils'e sollicitèrent et obtinrent, au prix de certaines redevances, le privilège exclusif d'exercer leur industrie dans certaines circonscriptions déterminées. L'octroi de ces privilèges rapportant de bonnes sommes d'argent aux producteurs de sécurité, le monde fut bientôt couvert de monopoles. Le travail et l'échange furent partout entravés, enchaînés, et la condition des masses demeura la plus misérable possible.

Cependant, après de longs siècles de souffrances, les lumières s'étant peu à peu répandues dans le monde, les masses qu'étouffait ce réseau de privilèges commencèrent à réagir contre les privilégiés, et à demander la liberté, c'est-à-dire la suppression des monopoles.

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Il y eut alors de nombreuses transactions. En Angleterre, par exemple, que se passa-t-il? La race qui gouvernait le pays et qui se trouvait organisée en compagnie (la féodalité), ayant à sa tête un directeur héréditaire (le roi), et un Conseil d'administration également héréditaire (la Chambre des lords), fixait, à l'origine, au taux qu'il lui convenait de fixer, le prix de la sécurité dont elle avait lé monopole: Entre les producteurs de sécurité et les consommateurs il n'y avait aucun débat. C'était le régime du bon plaisir. Mais, à la suite des temps, les consommateurs, ayant acquis la conscience de leur nombre et de leur force, se soulevèrent contre le régime de l'arbitraire pur, et ils obtinrent de débattre avec les producteurs le prix de la denrée. A cet effet, ils désignèrent des délégués qui se réunirent en Chambre des communes, afin de discuter la quotité de l'impôt, prix de la sécurité. Ils obtinrent ainsi d'être moins pressurés. Toutefois, les membres de la Chambre des communes étant nommés sous l'influence immédiate des producteurs de sécurité, le débat n'était pas franc, et le prix de la denrée continuait à dépasser sa valeur naturelle. Un jour, les consommateurs ainsi exploités s'insurgèrent contre les producteurs et les dépossédèrent de leur industrie. Ils entreprirent alors d'exercer eux-mêmes cette industrie et ils choisirent dans ce but un directeur d'exploitation assisté d'un Conseil. C'était le communisme se substituant au monopole. Mais la combinaison ne réussit point, et, vingt ans plus tard, le monopole primitif fut rétabli. Seulement les monopoleurs eurent la sagesse de ne point restaurer le régime du bon plaisir; ils acceptèrent le libre débat de l'impôt, en ayant soin, toutefois, de corrompre incessamment les délégués de la partie adverse. Ils mirent à la disposition de ces délégués divers emplois de l'administration de la sécurité, et ils allèrent même jusqu'à admettre les plus influents au sein de leur Conseil supérieur. Rien de plus habile assurément qu'une telle conduite. Cependant les consommateurs de sécurité finirent par s'apercevoir de ces abus, et ils demandèrent la réforme du Parlement. Longtemps refusée, la réforme fut enfin conquise, et, depuis cette époque, les consommateurs ont obtenu un notable allègement de leurs charges.

En France, le monopole de la sécurité, après avoir, de même, subi des vicissitudes fréquentes et des modifications diverses, vient d'être renversé pour la seconde fois. Comme autrefois en Angleterre, on a substitué à ce monopole exercé d'abord au profit d'une caste, ensuite au nom d'une certaine classe de la société, la production commune. L'universalité des consommateurs, considérés comme actionnaires, ont désigné un directeur chargé, pendant une certaine période, de l'exploitation, et une assemblée chargée de contrôler les actes du directeur et de son administration.

Nous nous contenterons de faire une simple observation au sujet de ce nouveau régime.

De même que le monopole de la sécurité devait logiquement engendrer tous les autres monopoles, le communisme de la sécurité doit logiquement engendrer tous les autres communismes.

En effet, de deux choses l'une:

1. Ou la production communiste est supérieure à la production libre, ou elle ne l'est point
2. Si oui, elle l'est non-seulement pour la sécurité, mais pour toutes choses
3. Si non, le progrès consistera inévitablement à la remplacer par la production libre.

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Communisme complet ou liberté complète, voilà l’alternative!

VII.

Mais se peut-il concevoir que la production de la sécurité soit organisée autrement qu’en monopole ou en communisme? Se peut-il concevoir qu’elle soit abandonnée à la libre concurrence?

A cette question les écrivains dits politiques répondent unanimement: Non.

Pourquoi? Nous allons le dire.

Parce que ces écrivains, qui s’occupent spécialement des gouvernements, ne connaissent pas la société; parce qu’ils la considèrent comme une œuvre factice, que les gouvernements ont incessamment mission de modifier ou de refaire.

Or, pour modifier ou refaire la société, il faut nécessairement être pourvu d’une autorité supérieure à celle des différentes individualités dont elle se compose.

Cette autorité qui leur donne le droit de modifier ou de refaire à leur guise la société, de disposer comme bon leur semble des personnes et des propriétés, les gouvernements de monopole affirment la tenir de Dieu lui-même; les gouvernements communistes, de la raison humaine manifestée dans la majorité du peuple souverain.

Mais cette autorité supérieure, irrésistible, les gouvernements de monopole et les gouvernements communistes la possèdent-ils véritablement? Ont-ils, en réalité, une autorité supérieure à celle que pourraient avoir des gouvernements libres? Voilà ce qu’il importe d’examiner.

VIII.

S’il était vrai que la société ne se trouvât point naturellement organisée; s’il était vrai que les lois en vertu desquelles elle se meut fussent être incessamment modifiées ou refaites, les législateurs auraient nécessairement besoin d’une autorité immuable, sacrée. Continuateurs de la Providence sur la terre, ils devraient être respectés presque à l’égal de Dieu. S’il en était autrement, ne leur serait-il pas impossible de remplir leur mission? On n’intervient pas, en effet, dans les affaires humaines, on n’entreprend pas de les diriger, de les régler, sans offenser journellement une multitude d’intérêts. A moins que les dépositaires du pouvoir ne soient considérés comme appartenant à une essence supérieure ou chargés d’une mission providentielle, les intérêts lésés résistent.

De là la fiction du droit divin.
Cette fiction était certainement la meilleure qu'on pût imaginer. Si vous parvenez à persuader à la foule que Dieu lui-même a élu certains hommes ou certaines races pour donner des lois à la société et la gouverner, nul ne songera évidemment à se révolter contre ces élus de la Providence, et tout ce que fera le gouvernement sera bien fait. Un gouvernement de droit divin est impérissable.

A une condition seulement, c'est que l'on croie au droit divin.

Si l'on s'avise, en effet, de penser que les conducteurs de peuples ne reçoivent pas directement leurs inspirations de la Providence même, qu'ils obéissent à des impulsions purement humaines, le prestige qui les environne disparaîtra, et l'on résistera irrévérencieusement à leurs décisions souveraines, comme on résiste à tout ce qui vient des hommes, à moins que l'utilité n'en soit clairement démontrée.

Aussi est-il curieux de voir avec quel soin les théoriciens du droit divin s'efforcent d'établir la surhumanité des races en possession de gouverner les hommes.

Écoutons, par exemple, M. Joseph de Maistre:

« L'homme ne peut faire de souverains. Tout au plus il peut servir d'instrument pour déposséder un souverain et livrer ses Etats à un autre souverain déjà prince. Du reste, il n'a jamais existé de famille souveraine dont on puisse assigner l'origine plébéienne. Si ce phénomène paraissait, ce serait une époque du monde.

«... Il est écrit: C'est moi qui fais les souverains. Ceci n'est point une phrase d'église, une métaphore de prédicateur; c'est la vérité littérale, simple et palpable. C'est une loi du monde politique. Dieu fait les rois, au pied de la lettre. Il prépare les races royales, il les mûrit au milieu d'un nuage qui cache leur origine. Elles paraissent ensuite couronnées de gloire et d'honneur; elles se placent.»

D'après ce système, qui incarne la volonté de la Providence dans certains hommes et qui revêt ces élus, ces oints d'une autorité quasi-divine, les sujets n'ont évidemment aucun droit; ils doivent se soumettre, sans examen, aux décrets de l'autorité souveraine, comme s'il s'agissait des décrets de la Providence même.

Le corps est l'outil de l'âme, disait Plutarque, et l'âme est l'outil de Dieu. Selon l'école du droit divin, Dieu ferait choix de certaines âmes et s'en servirait comme d'outils pour gouverner le monde.

Si les hommes avaient foi dans cette théorie, rien assurément ne pourrait ébranler un gouvernement de droit divin.

Par malheur, ils ont complètement cessé d'y avoir foi.

Pourquoi?

296 Du principe générateur des constitutions politiques. — Préface.
Parce qu'un beau jour ils se sont avisés d'examiner et de raisonner, et qu'en examinant, en raisonnant, ils ont découvert que leurs gouvernants ne les gouvernaient pas mieux qu'ils n'auraient pu le faire eux-mêmes, simples mortels sans communication avec la Providence.

Le libre examen a démonétisé la fiction du droit divin, à ce point que les sujets des monarques ou des aristocraties de droit divin ne leur obéissent plus qu'autant qu'ils croient avoir intérêt à leur obéir.

La fiction communiste a-t-elle eu meilleure fortune?

D'après la théorie communiste, dont Rousseau est le grand-prêtre, l'autorité ne descend plus d'en haut, elle vient d'en bas. Le gouvernement ne la demande plus à la Providence, il la demande aux hommes réunis, à la nation une, indivisible et souveraine.

Voici ce que supposent les communistes, partisans de la souveraineté du peuple. Ils supposent que la raison humaine a le pouvoir de découvrir les meilleures lois, l'organisation la plus parfaite qui conviennent à la société ; et que, dans la pratique, c'est à la suite d'un libre débat entre des opinions opposées que ces lois se découvrent ; que s'il n'y a point unanimité, s'il y a partage encore après le débat, c'est la majorité qui a raison, comme renfermant un plus grand nombre d'individualités raisonnables (ces individualités sont, bien entendu, supposées égales, sinon l'échafaudage croule) ; en conséquence, ils affirment que les décisions de la majorité doivent faire loi, et que la minorité est tenue de s'y soumettre, alors même qu'elles bresseraient ses convictions les plus enracinées et ses intérêts les plus chers.

Telle est la théorie ; mais, dans la pratique, l'autorité des décisions de la majorité a-t-elle bien ce caractère irrésistible, absolu qu'on lui suppose ? Est-elle toujours, en tous cas, respectée par la minorité ? Peut-elle l'être ? Prenons un exemple.

Supposons que le socialisme réussisse à se propager parmi les classes ouvrières des campagnes, comme il s'est déjà propagé parmi les classes ouvrières des villes ; qu'il se trouve, en conséquence, à l'état de majorité dans le pays, et que, profitant de cette situation, il envoie à l'Assemblée législative une majorité socialiste et nomme un président socialiste ; supposons que cette majorité et ce président, investis de l'autorité souveraine, décrètent, ainsi que le demandait M. Proudhon, la levée d'un impôt de trois milliards sur les riches, afin d'organiser le travail des pauvres, est-il probable que la minorité se soumettra paisiblement à cette spoliation inique et absurde, mais légale, mais constitutionnelle ?

Non sans doute, elle n'hésitera pas à méconnaître l'autorité de la majorité et à défendre sa propriété.

Sous ce régime, comme sous le précédent, on n'obéit donc aux dépositaires de l'autorité qu'autant qu'on croit avoir intérêt à leur obéir.

Ce qui nous conduit à affirmer que le fondement moral du principe d'autorité n'est ni plus solide ni plus large, sous un régime de monopole ou de communisme, qu'il ne pourrait l'être sous un régime de liberté,
IX.

Supposez néanmoins que les partisans d'une organisation factice, monopoleurs ou communistes, aient raison; que la société ne soit point naturellement organisée, et qu'aux hommes incombe incessamment la tâche de faire et de défaire les lois qui la régissent, voyez dans quelle lamentable situation se trouvera le monde. L'autorité morale des gouvernants ne s'appuyant, en réalité, que sur l'intérêt des gouvernés, et ceux-ci ayant une naturelle tendance à résister à tout ce qui blesse leur Intérêt, il faudra que la force matérielle prête incessamment secours à l'autorité méconnue.

Monopoleurs et communistes ont, du reste, parfaitement compris cette nécessité.

Si quelqu'un, dit M. de Maistre, essaye de se soustraire à l'autorité des élus de Dieu, qu'il soit livré au bras séculier, que le bourreau fasse son office.

Si quelqu'un méconnaît l'autorité des élus du peuple, disent les théoriciens de l'école de Rousseau, s'il résiste à une décision quelconque de la majorité, qu'il soit puni comme criminel envers le peuple souverain, que l'échafaud en fasse justice.

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

X.

Qu'on nous permette maintenant de formuler une simple hypothèse.

Supposons une société naissante : les hommes qui la composent se mettent à travailler et à échanger les fruits de leur travail. Un naturel instinct révèle à ces hommes que leur personne, la terre qu'ils occupent et cultivent, les fruits de leur travail, sont leurs propriétés, et que nul, hors eux-mêmes, n'a le droit d'en disposer ou d'y toucher. Cet instinct n'est pas hypothétique, il existe. Mais l'homme étant une créature imparfaite, il arrive que ce sentiment du droit de chacun sur sa personne ou sur ses biens ne se rencontre pas au même degré dans toutes les âmes, et que certains individus attentent par violence ou par ruse aux personnes ou aux propriétés d'autrui.

De là, la nécessité d'une industrie qui prévienne ou réprime ces agressions abusives de la force ou de la ruse.

Supposons qu'un homme ou une association d'hommes vienne et dise:

Je me charge, moyennant rétribution, de prévenir ou de réprimer les attentats contre les personnes et les propriétés.

Que ceux donc qui veulent mettre à l'abri de toute agression leurs personnes et leurs propriétés s'adressent à moi.

Avant d'entrer en marché avec ce producteur de sécurité, que feront les consommateurs?
En premier lieu, ils rechercheront s'il est assez puissant pour les protéger.

En second lieu, s'il offre des garanties morales telles qu'on ne puisse redouter de sa part aucune des agressions qu'il se charge de réprimer.

En troisième lieu, si aucun autre producteur de sécurité, présentant des garanties égales, n'est disposé à leur fournir cette denrée à des conditions meilleures.

Ces conditions seront de diverses sortes.

Pour être en état de garantir aux consommateurs pleine sécurité pour leurs personnes et leurs propriétés, et, en cas de dommage, de leur distribuer une prime proportionnée à la perte subie, il faudra, en effet:

1° Que le producteur établisse certaines peines contre les offenseurs des personnes et les ravisseurs des propriétés, et que les consommateurs acceptent de se soumettre à ces peines, au cas où ils commettaient eux-mêmes des sévices contre les personnes et les propriétés;

2° Qu'il impose aux consommateurs certaines gênes, ayant pour objet de lui faciliter la découverte des auteurs de délits;

3° Qu'il perceive régulièrement, pour couvrir ses frais de production ainsi que le bénéfice naturel de son industrie, une certaine prime, variable selon la situation des consommateurs, les occupations particulières auxquelles ils se livrent, l'étendue, la valeur et la nature de leurs propriétés.

Si ces conditions, nécessaires à l'exercice de cette industrie, conviennent aux consommateurs, le marché sera conclu; sinon les consommateurs ou se passeront de sécurité, ou s'adresseront à un autre producteur.

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

De cette faculté laissée au consommateur d'acheter où bon lui semble la sécurité, naît une constante émulation entre tous les producteurs, chacun s'efforçant, par l'attrait du bon marché ou
d'une justice plus prompte, plus complète, meilleure, d'augmenter sa clientèle ou de la maintenir.297

Que le consommateur ne soit pas libre, au contraire, d'acheter de la sécurité où bon lui semble, et aussitôt vous voyez une large carrière s'ouvrir à l'arbitraire et à la mauvaise gestion. La justice devient coûteuse et lente, la police vexatoire, la liberté individuelle cesse d'être respectée, le prix de la sécurité est abusivement exagéré, inégalement prélevé, selon la force, l'influence dont dispose telle ou telle classe de consommateurs, les assureurs engagent des luttes acharnées pour s'arracher mutuellement des consommateurs; on voit, en un mot, surgir à la file tous les abus inhérents au monopole ou au communisme.

Sous le régime de la libre concurrence, la guerre entre les producteurs de sécurité cesse totalement d'avoir sa raison d'être. Pourquoi se feraient-ils la guerre? Pour conquérir des consommateurs? Mais les consommateurs ne se laisseraient pas conquérir. Ils se garderaient certainement de faire assurer leurs personnes et leurs propriétés par des hommes qui auraient attenté, sans scrupule, aux personnes et aux propriétés de leurs concurrents. Si un audacieux vainqueur voulait leur imposer la loi, ils appellereraient immédiatement à leur aide tous les consommateurs libres que menaçait comme eux cette agression, et ils en feraient justice. De même que la guerre est la conséquence naturelle du monopole, la paix est la conséquence naturelle de la liberté.

Sous un régime de liberté, l'organisation naturelle de l'industrie de la sécurité ne différerait pas de celle des autres industries. Dans- les petits cantons un simple entrepreneur pourrait suffire. Cet entrepreneur léguerait son industrie à son fils, ou la céderait à un autre entrepreneur. Dans les cantons étendus, une compagnie réunirait seule assez de ressources pour exercer convenablement cette importante et difficile industrie. Bien dirigée, cette compagnie pourrait aisément se perpétuer, et la sécurité se perpétuerait avec elle. Dans l'industrie de la sécurité, aussi

297 Adam Smith, dont l'admirable esprit d'observation s'étendait à toutes choses, remarque que la justice a beaucoup gagné, en Angleterre, à la concurrence que se faisaient les différentes Cours: « Les honoraires de Cour, dit-il, paraissent avoir été originalement le principal revenu des différentes Cours de justice eu Angleterre. Chaque Cour lâchait d'attirer à elle le plus d'affaires qu'elle pouvait, et ne demandait pas mieux que de prendre connaissance de celles même qui ne tombaient point sous sa juridiction. La Cour du Banc du roi, instituée pour le jugement des seules causes criminelles, connut des procès civils, le demandeur prétendant que le défendeur, en ne lui faisant pas justice, s'était rendu coupable de quelque faute ou malversation. La Cour de l'Échiquier, préposée pour la levée des deniers royaux et pour contraindre à les payer, connut aussi des autres engagements (sic) pour dettes, le plaignant alléguant que, si on ne le payait pas, il ne pourrait payer le roi. Avec ces fictions, il dépendait souvent des parties de se faire juger par le tribunal qu'elles voulaient, et chaque Cour s'efforçait d'attirer le plus de causes qu'elle pouvait au sien, par la diligence et l'impartialité qu'elle mettait dans l'expédition des procès. L'admirable constitution actuelle des Cours de justice, en Angleterre, fut peut-être originalement, en grande partie, le fruit de cette émulation qui animait ces différents juges, chacun d'eux s'efforçant à l'envi d'appliquer à toute sorte d'injustice le remède le plus prompt et le plus efficace que comportait la loi.» (De la Richesse des nations, livre V, chap. Ier.)
bien que dans la plupart des autres branches de la production, ce dernier mode d'organisation finirait probablement par se substituer au premier.

D'une part, ce serait la monarchie, de l'autre la république; mais la monarchie sans le monopole, et la république sans le communisme:

Des deux parts ce serait l'autorité acceptée et respectée au nom de l'utilité, et non l'autorité imposée par la terreur.

Qu'une telle hypothèse puisse se réaliser, voilà sans doute ce qui sera contesté. Mais, au risque d'être qualifiés d'utopistes, nous dirons que cela n'est pas contestable, et qu'un attentif examen des faits résoudra de plus en plus, en faveur de la liberté, le problème du gouvernement, de même que tous les autres problèmes économiques. Nous sommes bien convaincus, en ce qui nous concerne, que des associations s'établiront un jour pour réclamer la liberté de gouvernement, comme il s'en est établi pour réclamer la liberté du commerce.

Et nous n'hésitons pas à ajouter qu'après que ce dernier progrès aura été réalisé, tout obstacle factice à la libre action des lois naturelles qui régissent le monde économique ayant disparu, la situation des différents membres de la société deviendra la meilleure possible.

**ENGLISH TRANSLATION**


It can be found in various formats at the Mises Institute website <http://mises.org/resources/2716>.

This is a revised and corrected translation which will appear in an Addendum to Liberty Fund’s translation of *Les Soirées* (forthcoming).
The Production of Security

There are two ways of considering society. According to some, the development of different human associations is not subject to providential, unchangeable laws. Rather, these associations, having originally been organized in a purely artificial manner by early legislators, can later be modified or remade by other legislators, in step with the progress of social science. In this system the government plays a considerable role, because it is upon it, the custodian of the principle of authority, that the daily task of modifying and remaking society devolves.

According to others, on the contrary, society is a purely natural fact. Like the earth on which it stands, society moves in accordance with general, preexisting laws. In this system, there is no such thing, strictly speaking, as social science; there is only economic science, which studies the natural organism of society and shows how this organism functions.

We propose to examine, within the latter system, what is the function of government and its natural organization.

I.

In order to define and delimit the function of government, it is first necessary to investigate what society is and what its purpose is.

What natural impulse do men obey when they come together to form a society? They are obeying the impulse, or, to speak more exactly, the instinct of sociability.

(Nota by Joseph Garnier, editor-in-chief of the Journal des Economistes, 1849.) Although this article may appear utopian in its conclusions, we nevertheless believe that we should publish it in order to attract the attention of economists and journalists to a question which has hitherto been treated in only a desultory manner and which should, nevertheless, in our day and age, be approached with greater precision. So many people exaggerate the nature and prerogatives of government that it has become useful to formulate strictly the boundaries outside of which the intervention of authority becomes anarchical and tyrannical rather than protective and profitable. [Editor: see “The Production of Security” in Appendix 1.]


This article and S11 in Molinari’s book provoked a debate within the PES between October 1849 and February 1850 on this very topic. See below, pp. 000.
The human race is essentially sociable. Like beavers and the higher animal species in general, men have an instinctive inclination to live in society.

What is the raison d'être of this instinct?

Man experiences a multitude of needs, on whose satisfaction his happiness depends, and whose non-satisfaction entails suffering. Alone and isolated, he could only provide in an incomplete, insufficient manner for these constant needs. The instinct of sociability brings him together with his fellow humans, and pushes him to communicate with them. Once this has been established, under the impulse of the self-interest of the individuals thus brought together, a certain division of labor is established, necessarily followed by exchanges. In brief, we see an organization emerge, by means of which man can much more completely satisfy his needs than he could by living in isolation.

This natural organization is called society. 301

The purpose of society is therefore the most complete satisfaction of man's needs. The division of labor and exchange are the means by which this is accomplished.

Among the needs of man, there is one particular type which plays an immense role in the history of humanity, namely the need for security.

What is this need?

Whether they live in isolation or in a society, men are, above all, interested in preserving their existence and the fruits of their labor. If the sense of justice were universally prevalent on earth; if, consequently, each man confined himself to laboring and exchanging the fruits of his labor, without wishing to take the life or to seize by violence or fraud, the fruits of other men's labor; if everyone had, in a word, an instinctive horror of any act harmful to another person, it is certain that security would exist naturally on earth, and that no artificial institution would be necessary to establish it. Unfortunately this is not the way things are. The sense of justice seems to be the preserve of only a few higher and exceptional

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301 On the difference between the “natural organisation” of society by voluntary, market means and the “artificial organisation” of society by coercive socialist means, see the glossary entry on “Association and Organization.”
temperaments. Among the inferior races, it exists only in a rudimentary state. Hence the innumerable violations, ever since the beginning of the world, since the days of Cain and Abel, of the lives and property of individuals.

Hence also the creation of institutions whose purpose is to guarantee to everyone the peaceful possession of his person and his goods.

These institutions were called governments.

Everywhere, even among the least enlightened tribes, one encounters a government, so universal and urgent is the need for security provided by a government.

Everywhere, men resign themselves to the most extreme sacrifices rather than do without government and hence security, without realizing that in so doing, they are thinking incorrectly.

Suppose that a man found his person and his standard of living constantly menaced; wouldn't his first and most pressing preoccupation be to protect himself from the dangers that surrounded him? This preoccupation, these efforts, this labor, would necessarily absorb the greater portion of his time, as well as the most energetic and active faculties of his mind. In consequence, he could only devote insufficient and uncertain efforts, and his divided attention, to the satisfaction of his other needs.

Even though this man might be asked to surrender a very considerable portion of his time and his labor to someone else who takes it upon himself to guarantee the peaceful possession of his person and his goods, wouldn't it be to his advantage to agree to this transaction?

302 Molinari uses the phrase “moyens d’existence” (means of existence) which we have translated elsewhere in the works of Molinari and Bastiat as “the means of existence” or “the standard of living” depending upon the context. It comes out of the debate about the ideas of Thomas Malthus and his theory of population which preoccupied the economists. Malthus used the expression “the means of substance” meaning the biological minimum of resources need to keep a human being alive; whereas J.B. Say and his followers distinguished this from another concept, namely “the means of existence” which was a much more flexible notion the level of which expanded as economies grew and developed. Hence, “standard of living” is sometimes a better translation for this concept.
Still, it would obviously be no less in his self-interest to procure his \textit{security} at the lowest price possible.

II.

If there is one well-established truth in political economy, it is this:

\textit{That in all cases, for all commodities that serve to provide for the material or non-material needs of the consumer,} \textsuperscript{303} it is in the consumer's best interest that labor and trade remain free, because the freedom of working\textsuperscript{304} and of trade have as their necessary and permanent result the maximum lowering of prices.

And this as well:

\textit{That the interests of the consumer of any commodity whatsoever should always prevail over the interests of the producer.}

Now in pursuing these principles, one arrives at this rigorous conclusion:

\textit{That the production of security should, in the interests of the consumers of this non-material commodity,} \textsuperscript{305} remain subject to the law of free competition.\textsuperscript{306}

\textit{Whence it follows:}

\textsuperscript{303} One of J.B. Say's innovations was to stress the importance of “non-material” goods, or what we call today “services,” as opposed to physical or “material goods” which according to Smith and his followers embodied a certain amount of labour which went into their creation and gave them “utility” and “value.” These “non-material” goods and services included things like the services provided to consumers by teachers, judges, priests, opera singers, etc. Molinari's friend Bastiat went further to argue that all exchanges should be seen as the “reciprocal exchange of services.” See “Material and Non-Material Goods (Services),” in the Glossary of Subjects and Terms.

\textsuperscript{304} Molinari uses the term “la liberté du travail” (freedom or liberty of working) which should be distinguished from the socialist demand for “le droit au travail” (the right to work or right to a job).

\textsuperscript{305} Molinari continues to use the term “la denrée” (commodity) instead of Bastiat’s preferred term of “service” which would be preferable here.

\textsuperscript{306} This law was one of Molinari's six “natural laws of political economy.” See “Natural Laws of Political Economy,” in \textit{appendix} 1.
That no government should have the right to prevent another government from going into competition with it, or to require consumers of security\textsuperscript{307} to come exclusively to it for this commodity.

Nevertheless, I must admit that, up until the present, one recoiled before this rigorous implication of the principle of free competition.

One economist who has done as much as anyone to extend the application of the principle of liberty, M. Charles Dunoyer, thinks "that the functions of government will never be able to fall into the domain of private activity."\textsuperscript{308}

Now here is a a clear and obvious exception to the principle of free competition.

This exception is all the more remarkable for being unique.

\textsuperscript{307} “Les consommateurs de sécurité.” Throughout this essay Molinari makes the provocative claim that every economic activity without exception, including security, can be considered to be "an industry" and is thus subject to all the natural laws of political economy, especially the law of free competition. His language reflects this perspective carefully and in some detail, and this will be noted in the footnotes. Here he uses the phrase “les consommateurs de sécurité” (the consumers of security). What he meant by his general claim is that there was a security industry with prices for supplying security; that there were consumers of security services, producers of security who would step forward to supply those services, and entrepreneurs to organise that industry; and like any other industry, security could be provided monopolistically (e.g., by a King), communistically (by elected representatives of the entire people), or competitively on the free market by competing private companies (in this case he thought by property insurance companies). See also “Markets in Everything and Entrepreneurs for Everything,” in appendix I.

\textsuperscript{308} (Note by Molinari.) In his remarkable book \textit{De la liberté du travail} (\textit{On the Freedom of Labor}), Vol. III, p. 253. (Published by Guillaumin.) [Editor’s Note: See, Dunoyer, \textit{LdT} (1845), Vol. III, Livre IX. Application of the Same Means by which Liberty in the Arts and Sciences act on Mankind, Chapitre VII. Continuation of the Arts which work towards the Formation of Moral Habits - On Government. "Il y a, au surplus, un infaillible moyen de discerner ce qu’il leur appartient de faire, et ce qui est en dehors de leurs véritables attributions; car les fonctions qui leur sont propres ont ce caractère spécial qu’elles ne sauraient jamais tomber dans le domaine de l’activité privée, tandis que l’activité privée prend toujours plus ou moins part aux travaux qu’ils ont usurpés sur elle.” (In addition, there is an infaillible means/way of determining what they (governments) should do, and what lies outside of their proper functions; this is because the functions which are proper (for them to do) have the special characteristic that they would never fall into the domain of private (economic) activity, while private (economic) activity will always take over to a greater or lesser degree those activities (travaux) which have been taken away from/denied them.)
Undoubtedly, one can find economists who establish more numerous exceptions to this principle; but we may emphatically affirm that these are not pure economists. True economists are generally agreed, on the one hand, that the government should restrict itself to guaranteeing the security of its citizens, and on the other hand, that the freedom of working and of trade should otherwise be complete and absolute.

But why should an exception be made for security? What special reason is there that the production of security cannot be left to free competition? Why should it be subjected to a different principle and organized according to a different system?

On this point, the masters of economic science are silent, and M. Dunoyer, who has clearly noted this exception, does not investigate the grounds on which it is based.

III.

We are consequently led to ask ourselves whether his exception is well founded, in the eyes of an economist.

It offends reason to believe that a well established natural law can admit of any exceptions. A natural law must hold everywhere and always, or be invalid. I cannot believe, for example, that the law of universal gravitation, which governs the physical world, is ever suspended at any moment or at any place in the universe. Now I consider economic laws to be like natural laws, and I have just as much faith in the principles of the division of labor, the freedom of working, and free trade, as I have in the law of universal gravitation. I believe that while these principles can be subject to disturbances, they admit of no exceptions.

But, if this is the case, the production of security should not be removed from the law of free competition; and if it is removed, society as a whole will suffer a loss.

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309 Molinari uses the word “perturbations” (disturbances) which would play an important part in his theory of rent. See “Molinari and Bastiat on the Theory of Value,” in appendix 1. Bastiat also had a theory of “disturbing factors” which is relevant here as well. See “Disturbing and Restorative Factors,” in Appendix 1 CW4 (forthcoming).
Either this is logical and true, or else the principles on which economic science is based are invalid.

IV.

It thus has been demonstrated a priori, to those of us who have faith in the principles of economic science, that the exception indicated above has no raison d'être, and that the production of security, like anything else, should be subject to the law of free competition.

Once we have acquired this conviction, what remains for us to do? It remains for us to investigate how it has come about that the production of security has not been subjected to the law of free competition, but rather has been subjected to different principles.

What are those principles?

Those of monopoly and communism.310

In the entire world, there is not a single institution of the security industry311 that is not based on monopoly or on communism.

In this connection, we add, in passing, a simple remark.

Political economy has disapproved equally of monopoly and communism in the various branches of human activity, wherever it has found them. Is it not then strange and unreasonable that it accepts them in the security industry?

V.

Let us now examine how it is that all known governments have either been subjected to the law of monopoly, or else organized according to the communistic principle.

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310 By “communism” Molinari means something more like the rule by representatives of the people as a whole, in other words by “the community” and not a single person or an elite. “Community rule” might be another way to translate this phrase. Not the modern form of “communisms”??

311 “L’industrie de la sécurité.”
First let us investigate what is understood by the words monopoly and communism.

It is an observable truth that the more urgent and necessary are man's needs, the greater will be the sacrifices he will be willing to endure in order to satisfy them. Now, there are some things that are found abundantly in nature, and whose production does not require a great expenditure of labor, but which, since they satisfy these urgent and necessary wants, can consequently acquire an exchange value all out of proportion with their natural value. Take salt for example. Suppose that a man or a group of men succeed in having the exclusive production and sale of salt assigned to themselves. It is apparent that this man or group could raise the price of this commodity well above its value, well above the price it would have under a regime of free competition.

One will then say that this man or this group possesses a monopoly, and that the price of salt is a monopoly price.

But it is obvious that the consumers will not consent freely to paying the excessive monopoly surtax. It will be necessary to compel them to pay it, and in order to compel them, the employment of force will be necessary.

Every monopoly necessarily rests on force.

When the monopolists are no longer as strong as the consumers they exploit, what happens?

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312 Molinari is using the term “natural price” as Smith did in *Wealth of Nations*. He quotes Smith on this in S12 in a discussion of the difference between the market price, the cost of production, and the natural price. Smith defined this as “The actual price at which any commodity is commonly sold is called its market price. It may either be above, or below, or exactly the same with its natural price. The market price of every particular commodity is regulated by the proportion between the quantity which is actually brought to market, and the demand of those who are willing to pay the natural price of the commodity, or the whole value of the rent, labour, and profit, which must be paid in order to bring it thither.”

313 The salt industry was highly regulated in France. In some places there was a government monopoly, in other places privileged corporations had a license to produce salt. Because of the high price of salt and the great consumer need for salt for the preservation and flavouring of food, there was considerable smuggling of salt across France. See the discussion on “Gabelle,” in “Taxation” in appendix 2.

314 “Un prix de monopole.”
In every instance, the monopoly finally disappears either violently or as the outcome of an amicable transaction. What is it replaced with?

If the aroused and rebellious consumers secure the means of production of the salt industry, in all probability they will confiscate this industry for their own profit, and their first thought will be, not to leave it to free competition, but rather to exploit it, in common, for their own account. They will then name a director or a directive committee to operate the saltworks, to whom they will allocate the funds necessary to defray the costs of salt production. Then, since past experience has made them suspicious and distrustful, since they will be afraid that the director named by them will seize production for his own benefit, and simply reconstitute by open or hidden means the old monopoly for his own profit, they will elect delegates or representatives entrusted with appropriating the funds necessary for production, with watching over their use, and with making sure that the salt produced is equally distributed to those entitled to it. The production of salt will be organized in this manner.

This form of the organization of production has been named communism.

When this organization is applied to a single commodity, the communism is said to be partial.

When it is applied to all commodities, the communism is said to be complete.

But whether communism is partial or complete, political economy is no more tolerant of it than it is of monopoly, of which it is merely an extension.

VI.

Isn't what has just been said about salt applicable to security? Is this the history of all monarchies and all republics?

Everywhere, the production of security began by being organized as a monopoly, and everywhere, nowadays, it tends to be organized communistically. Here is why.

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315 Elsewhere Molinari liked to use the example of the local town monopoly grocer. See “The Story of the Monopolist Grocer,” in appendix 1.
Among the material and non-material commodities necessary to man, none, with the possible exception of wheat,\(^{316}\) is more indispensable, and therefore none can support quite so large a monopoly tax.\(^{317}\)

Nor is any quite so prone to monopolization.

What, indeed, is the situation of men who need security? It is weakness. What is the situation of those who undertake to provide them with this necessary security? It is force. If it were otherwise, if the consumers of security were stronger than the producers, they obviously would not need their assistance.

Now, if the producers of security\(^{318}\) are originally stronger than the consumers, won't it be easy for the former to impose a monopoly on the latter?

Everywhere, when societies originate, we see the strongest, most warlike races seizing the government of these societies exclusively for themselves. Everywhere we see these races seizing the monopoly of security\(^{319}\) within certain more or less extensive boundaries, depending on their number and strength.

And, this monopoly being, by its very nature, extraordinarily profitable, everywhere we see the races invested with the monopoly of security devoting themselves to bitter struggles, in order to add to the extent of their market, the number of their coerced consumers, and hence the size of their profits.

War has been the necessary and inevitable consequence of the establishment of the monopoly of security.

Another inevitable consequence has been that this monopoly of security has engendered all the other kinds of monopolies.

\[^{316}\] The grain trade was also very heavily regulated by the French government because of the constant fear of riots when shortages occurred and the price of bread rose. France was divided into zones each of which had its own government run grain storage facilities and the trade of grain between zones was heavily regulated concerning price and quantities which could be trade across the zones. The economists and the French Free Trade Association (of which Molinari was a founding member) wanted to free both the internal and external trade in grain. See the discussion of this in the Introduction, pp. 000.

\[^{317}\] “Une taxe de monopole.”

\[^{318}\] “Les producteurs de sécurité.”

\[^{319}\] “Le monopole de la sécurité.”
When they saw the situation of the monopolizers of security, the producers of other commodities could not help but notice that nothing in the world is more advantageous than monopoly. They, in turn, were consequently tempted to add to the profits from their own industry by the same process. But what did they require in order to create a monopoly of the commodity they produced, to the detriment of the consumers? They required the use of force. However, they did not possess the force necessary to contain the resistance of the consumers whose interests were being harmed. What did they do? They borrowed it, for a financial consideration, from those who had it. They petitioned and obtained, at the price of an agreed upon fee, the exclusive privilege of carrying on their industry within certain determined boundaries. Since the taxes for these privileges brought the producers of security a considerable sum of money, the world was soon covered with monopolies. Labor and trade were everywhere shackled, chained up, and the condition of the masses remained as miserable as possible.

Nevertheless, after long centuries of suffering, as enlightenment spread through the world little by little, the masses who had been smothered under this web of privileges began to rebel against the privileged, and to demand liberty, that is to say, the suppression of monopolies.

This process took many forms. What happened in England, for example? Originally, the race which governed the country and which was organized into orders (feudalism), having at its head a hereditary director (the king), and an equally hereditary administrative council (the House of Lords), originally set the price of security, which it had monopolized, at whatever rate it pleased. There was no negotiation between the producers of security and the consumers. This was the regime of “serving at the King’s pleasure.” But as time passed, the consumers,

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320 “Des monopoleurs de la sécurité.”

321 Molinari uses the term “l’octroi” here to mean a tax or duty in general. The Octroi was the entry tax cities charged on certain consumer goods which were brought into the city which they used to pay for streets, lighting, and other municipal services.

322 Molinari is referring to the theory of the “Norman Conquest” which historians like Augustin Thierry discussed in their theory of class.

323 “Le régime du bon plaisir.”
having become aware of their numbers and strength, rose up against this regime of pure arbitrary rule, and they obtained the right to negotiate with the producers over the price of this commodity. For this purpose, they sent delegates to the *House of Commons* to discuss the level of *taxes*, that is, the price of security.\(^\text{324}\) They were thus able to obtain some relief from the financial pressure they were under. Nevertheless, the producers of security had a direct say in the naming of the members of the House of Commons, so that debate was not entirely free, and the amount of the *tax*, the price of this commodity, remained above its natural value. One day the exploited consumers rose up against the producers and dispossessed them of their industry.\(^\text{325}\) They then undertook to carry on this industry by themselves and chose for this purpose a director of operations\(^\text{326}\) assisted by a Council. Thus communism replaced monopoly. But the scheme did not work, and twenty years later, primitive monopoly was re-established. Only this time the monopolists were wise enough not to restore the absolutist rule of “the king’s pleasure”; they accepted free debate over taxes, being careful, all the while, constantly to corrupt the delegates of the opposition party. They gave these delegates control over various posts in the administration of security,\(^\text{327}\) and they even went so far as to allow the most influential (of them) into the heart of their Upper Council. Nothing could have been more clever than thus behavior. Nevertheless, the consumers of security\(^\text{328}\) finally became aware of these abuses, and demanded the reform of Parliament. This long contested reform was finally achieved,\(^\text{329}\) and since that time, the consumers have won a significant lightening of their burdens.

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\(^{324}\) “*Le prix de la sécurité.*”

\(^{325}\) The English Civil Wars and Revolution circa 1640 and then the Restoration of the monarchy in 1660.

\(^{326}\) “*Un directeur d’exploitation.*”

\(^{327}\) “*L’administration de la sécurité.*”

\(^{328}\) “*Les consommateurs de sécurité.*”

\(^{329}\) The 1832 Reform Act expanded the franchise in England and gave the vote to the middle class for the first time.
In France, the monopoly of security, after having similarly undergone frequent vicissitudes and various modifications, has just been overthrown for the second time.\textsuperscript{330} As once happened in England, monopoly for the benefit of one caste,\textsuperscript{331} and then in the name of a certain class of society, was finally replaced by communal production.\textsuperscript{332} The consumers as a whole, behaving like shareholders,\textsuperscript{333} named a director responsible for supervising the actions of the director and of his administration.

We will content ourselves with making one simple observation on the subject of this new regime.

Just as the monopoly of security logically had to give rise to all the other monopolies, so communistic security\textsuperscript{334} must logically give rise to all the other forms of communism.

In reality, we have a choice of two things:

Either communistic production is superior to free production, or it is not.

If it is, then it must be for all things, not just for security.

If not, \textit{progress} requires that it be replaced by free production.

Complete communism or complete liberty: that is the alternative!\textsuperscript{335}

VII.

But is it conceivable that the production of security could be organized other than as a monopoly or communistically? Could it conceivably be left to free competition?

\textsuperscript{330} The Revolution of February 1848 which saw the collapse of King Louis Philippe’s regime and the coming to power of the Second Republic.

\textsuperscript{331} “Une caste.”

\textsuperscript{332} “La production commune.”

\textsuperscript{333} “Comme actionnaires.”

\textsuperscript{334} “Le communisme de la sécurité.”

\textsuperscript{335} At the conclusion of S12 the Economist present a similar set of options to the reader.
The response to this question on the part of political writers is unanimous: No.
Why? We will tell you why.

Because these writers, who are concerned especially with governments, know nothing about society. They regard it as an artificial construction, and believe that the mission of government is to modify and remake it constantly.

Now in order to modify or remake society, it is necessary to be empowered with an authority which is superior to that of the various individuals of which it is composed.

Monopolistic governments\textsuperscript{336} claim to have obtained from God himself this authority which gives them the right to modify or remake society according to their fancy, and to dispose of persons and property however they please. Communistic governments appeal to human reason, as manifested in the majority of the sovereign people.

But do monopolistic governments and communistic governments truly possess this superior, irresistible authority? Do they in reality have a higher authority than that which free governments\textsuperscript{337} could have? This is what we must investigate.

\textbf{VIII.}

If it were true that society were not naturally organized, if it were true that the laws which govern its motion were to be constantly modified or remade, the legislators would necessarily have to have an unchangeable and sacred authority. Being the heirs of Providence on earth, they would have to be regarded as almost equal to God. If it were otherwise, would it not be impossible for them to fulfill their mission? Indeed, one cannot intervene in human affairs, one cannot attempt to direct and regulate them, without daily offending a multitude of interests. Unless

\textsuperscript{336} In this paragraph he uses the expressions “les gouvernements de monopole” and “les gouvernements communistes.”

\textsuperscript{337} He uses the expression “des gouvernements libres” (free governments) here and in S11 he uses the slightly different expression “la liberté de gouvernement” (the liberty of governments) both of which have the meaning of governments competing to get business from consumers of security.
the custodians of power are believed to belong to a higher species or have been charged with a mandate from heaven, those whose interests have been harmed will resist.

From this idea comes the fiction of divine right.

This fiction was certainly the best imaginable. If you succeed in persuading the multitude that God himself has chosen certain men or certain races to give laws to society and to govern it, no one will dream of revolting against these appointees of Providence, and everything the government does will be accepted as well done. A government based on divine right is indestructible.

On one condition only, namely that one believes in divine right.

Indeed, if one dares to think that the leaders of nations do not receive their inspirations directly from Providence itself, that they obey purely human impulses, the prestige that surrounds them will disappear and one will irreverently resist their sovereign decisions, as one resists anything manmade whose utility has not been clearly demonstrated.

It is accordingly fascinating to see the pains theorists of divine right take to establish the superhuman nature of the races who have taken possession of human government.

Let us listen, for example, to M. Joseph de Maistre:338

Man cannot create a sovereign. At most he can serve as an instrument for dispossessing a sovereign and delivering his estates into the hands of another sovereign, himself a prince by birth. Moreover, there has never been a sovereign family whose origin could be identified as plebeian. If such a phenomenon were to appear, it would be a new era for the world.

… It is written: It is I who make the kings. This is not a statement made by the Church, nor a preacher’s metaphor; it is the literal, simple, and palpable truth. It is a law of the political world. God makes kings, quite literally so. He prepares royal families. He nurtures them within a cloud

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338 Joseph de Maistre (1753-1821) was a magistrate who became one of the leading conservative defenders of the old regime and the idea of “throne and altar.”
which hides their origin. Finally they appear, crowned with glory and honor. Then they assume their place.\footnote{339}[Note by Molinari:] Du principe générateur des constitutions politiques. Preface. [Editor: In Considérations sur la France suivi de l'Essai sur le principe générateur des constitutions politiques et des Lettres à un gentilhomme russe sur l'Inquisition espagnole, Volume 7 of Oeuvres de Joseph de Maistre (Bruxelles: La Société nationale, 1838), Préface to l'Essai sur le principe générateur des constitutions politiques, pp. x, xi. [Editor: This quote was also used in S11.]}

According to this system, which embodies the will of Providence in certain men and which invests these chosen ones, these anointed ones with a quasi-divine authority, the subjects evidently have no rights at all. They must submit, without question, to the decrees of the sovereign authority, as if they were the decrees of Providence itself.

According to Plutarch, the body is the instrument of the soul, and the soul is the instrument of God.\footnote{340}According to the divine right school, God selects certain souls and uses them as instruments for governing the world.

If men had faith in this theory, surely nothing could unsettle a government based on divine right.

Unfortunately, they have completely lost faith.

Why?

Because one fine day they took it into their heads to question and to reason, and in questioning, in reasoning, they discovered that their governors governed them no better than they, simply mortals without any communication with Providence, could have done themselves.

It was free inquiry that discredited the fiction of divine right, to the point where the subjects of monarchs or of aristocracies based on divine right obey them only insofar as they think it in their own self-interest to obey them.

\footnote{340} Plutarch: "for, as the body is the organ of the soul, so the soul is an instrument in the hand of God. Now as the body has many motions of its own proceeding from itself, but the best and most from the soul, so the soul acts some things by its own power, but in most things it is subordinate to the will and power of God, whose glorious instrument it is." In Plutarch, “The Banquet of the Seven Wise Men. Diocles to Nicarchus,” Plutarch’s Morals. Translated from the Greek by Several Hands. Corrected and Revised by William W. Goodwin, with an Introduction by Ralph Waldo Emerson. 5 Volumes. (Boston: Little, Brown, and Co., 1878). Vol. 2, p. 39.
Has the communist fiction fared any better?

According to the communist theory, of which Rousseau is the high-priest, authority does not descend from on high, but rather comes up from below. The government no longer looks to Providence for its authority, it looks to united mankind, to the one, indivisible, and sovereign nation.

Here is what the communists, the partisans of the sovereignty of the people, assume. They assume that human reason has the power to discover the best laws and the organization which most perfectly suits society; and that, in practice, these laws reveal themselves at the conclusion of a free debate between conflicting opinions. If there is no unanimity, if there is still dissension after the debate, the majority is in the right, since it comprises the larger number of reasonable individuals. (These individuals are, of course, assumed to be equal, otherwise the whole structure collapses.) Consequently, they insist that the decisions of the majority must become law, and that the minority is obliged to submit to it, even if it is contrary to its most deeply rooted convictions and injures its most deeply held interests.

That is the theory; but, in practice, does the authority of the decision of the majority really have this irresistible, absolute character as assumed? Is it always, in every instance, respected by the minority? Could it be?

Let us take an example.

Let us suppose that socialism succeeds in propagating itself among the working classes in the countryside as it has already among the working classes in the cities; that it consequently becomes the majority in the country and that, profiting from this situation, it sends a socialist majority to the Legislative Assembly and names a
socialist president.\textsuperscript{341} Suppose that this majority and this president, invested with sovereign authority, decrees the imposition of a tax on the rich of three billions, in order to organize the labor of the poor, as M. Proudhon demanded.\textsuperscript{342} Is it probable that the minority would submit peacefully to his iniquitous and absurd, yet legal and constitutional plunder?\textsuperscript{343}

No, without a doubt it would not hesitate to disown the authority of the majority and to defend its property.

Under this regime, as under the preceding, one obeys the custodians of authority only insofar as one thinks it in one's self-interest to obey them.

This leads us to affirm that the moral foundation of authority is neither as solid nor as wide, under a regime of monopoly or of communism, as it could be under a regime of liberty.

IX.

\textsuperscript{341} In the first and only presidential election held on 10-11 December 1848 under the new constitution, 7.4 million people voted making Napoleon Bonaparte’s nephew, Louis Napoleon the President of the Second Republic. General Cavaignac, received 1.4 million votes (19\%) to Louis Napoleon’s 5.5 million votes (74\%). In the election held soon after this article was published, that of 13-14 May 1849 for the Legislative Assembly, 6.7 million men voted (out of 9.9 million registered voters). The largest block in the Legislative Assembly was “the party of Order” (monarchists and Bonapartists) (500), the extreme left (“Montagnards” or democratic socialists) (200), and the moderate republicans (80). See “Chamber of Deputies and Voting,” in appendix 2.

\textsuperscript{342} Pierre Joseph Proudhon (1809-65) was an anarchist socialist who was elected to the Constituent Assembly in 1848 representing La Seine. Molinari is referring to a speech Proudhon gave in the Assembly in July 1848 in which he advocated a tax on income of one third which would have raised 3 billion francs for the government. See "Discours prononcé à l'Assemblée Nationale le 31 juillet 1848," pp.276-77 in Œuvres complètes de P.-J. Proudhon, (Paris: Librairie Internationale, 1868), vol. 7.

\textsuperscript{343} The economist who developed the idea of “la spoliation légale” (legal plunder) in the most detail was Frédéric Bastiat. See “Bastiat’s Theory of Class: The Plunderers vs. the Plundered” in appendix 1 (CW3, pp. 473-85), and also the article by Ambroise Clément "De la spoliation légale" which was published in the JDE as Molinari was writing Les Soirées: Clément, Ambroise. "De la spoliation légale," JDE, 1e juillet 1848, Tome 20, no. 83, pp. 363-74.
Suppose nevertheless that the partisans of an artificial organization, either the monopolists or the communists, are right; that society is not naturally organized, and that the task of making and unmaking the laws that regulate society continuously devolves upon men, look in what a sad and sorry situation the world would find itself. The moral authority of governors rests, in reality, on the self-interest of the governed. The latter having a natural tendency to resist anything harmful to their self-interest, authority which was not recognized would continually require the help of physical force.

The monopolists and the communists, furthermore, completely understand this necessity.

If anyone, says M. de Maistre, attempts to detract from the authority of God's chosen ones, let him be turned over to the secular power, let the hangman perform his duties.344

If anyone does not recognize the authority of those chosen by the people, say the theorists of the school of Rousseau, if he resists any decision whatsoever of the majority, let him be punished as an enemy of the sovereign people, let the guillotine perform (its) justice.

These two schools, which both take artificial organization as their point of departure, necessarily lead to the same conclusion: TERROR.

X.

Allow us now to formulate a simple hypothesis.

344 Molinari may have in mind Maistre’s book Considérations sur la France (1796) where there are some very bloodthirsty remarks about the need to execute and torture those who committed crimes of “lèse-majesté” (harming his majesty) against the King during the Revolution: "les grands crimes exigent malheureusement de grands supplices (torture); et dans ce genre il est aisé de passer les bornes, lorsqu'il s'agit de crimes de lèse-majesté, et que la flatterie se fait bourreau” (great crimes unfortunately demand great torture; and in this matter it is easy to exceed the limits when it is a question of crimes of “lèse-majesté,” and when the hangman is held in adulation). In Maistre, Chap. II "Conjectures sur les voies de la Providence dans la Révolution française,” Considérations sur la France suivi de l’Essai sur le principe générateur des constitutions politiques et des Lettres à un gentilhomme russe sur l’Inquisition espagnole, Volume 7 of Oeuvres de Joseph de Maistre (Bruxelles: La Société nationale, 1838), pp. 27-28.
Let us imagine a newly created society: The men who are part of it are busy working and exchanging the fruits of their labor. A natural instinct reveals to these men that their persons, the land they occupy and cultivate, the fruits of their labor, are their *property*, and that no one, except themselves, has the right to dispose of or touch this property. This instinct is not hypothetical; it exists. But man being an imperfect creature, this awareness of the right of everyone to his person and his goods will not be found to the same degree in every soul, and certain individuals will attempt to attack, by violence or by fraud, the persons or the property of others.

Hence, the need for an industry that prevents or suppresses these violent or fraudulent aggressions.

Let us suppose that a man or a combination of men comes and says:

In return for a payment, I will undertake to prevent or suppress attacks against persons and property.

Let those who wish their persons and property to be protected from all aggression just talk to me.

Before making a deal with this *producer of security*, what will the consumers do?

In the first place, they will find out if he is really strong enough to protect them.

In the second place, whether he offers a moral guarantee so that one would not have to fear him undertaking the very aggressions he has promised to suppress.

In the third place, whether any other producer of security, offering equal guarantees, is willing to offer them this commodity on better terms.

These terms would be of various kinds.

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345 "Ce producteur de sécurité."
In order to be able to guarantee the consumers full security of their persons and their property, and, in case of harm, to pay them compensation which is proportioned to the loss suffered, it would be necessary, therefore:

1. that the producer of security would establish certain penalties for those who committed offences against individuals and those who violated property, and that the consumers of security would accept being subjected to these penalties in the case where they themselves committed any offences against person or property;

2. that the producer of security would impose on the consumers of security certain obligations for the purpose of assisting it (the producer) in discovering the perpetrators of the offences;

3. that the producer of security would regularly impose a certain premium to cover its costs of production as well as the normal profit for its industry, which would vary according to the situation of the consumers, the particular occupations in which they were engaged, and the extent, value, and nature of their property.

If these terms, necessary for carrying on this industry, are agreeable to the consumers, a deal will be made. Otherwise the consumers will either do without security, or seek out another producer.

Now if we consider the particular nature of the security industry, it is apparent that the producers will necessarily restrict their clientele to certain territorial

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346 Molinari uses the term “la prime” here in a different sense. Elsewhere it refers to the “premium” the insured consumer pays to the insurance company for the protection of his person or property. However here, “la prime” refers to the payout by the insurance company for losses suffered by the insured consumer.

347 “Une certaine prime.”

348 Molinari revised these three conditions slightly in the later version in S11 where he replaced the terms “le producteur” (the producer of security) with “les compagnies d’assurances” (insurance companies) and “les consommateurs” (consumers) with “les assurés” (the insured). The word “prime” (premium) remained the same in both cases.

349 He uses the phrase “le marché sera conclu’ which might be translated as a “deal is made” or a “contract or agreement is concluded.”

350 Here he uses the term “la clientèle” and not the more usual “les consommateurs” (customers).
boundaries. They would be unable to cover their costs if they tried to provide police services in localities comprising only a few clients. Their clientele will naturally be clustered around their business headquarters. They would nevertheless be unable to abuse this situation by dictating conditions to their consumers. In the event of an exorbitant rise in the price of security, the consumers would always have the option of giving their patronage to a new entrepreneur, or to a neighboring entrepreneur.

This option the consumer retains of being able to buy security wherever he pleases brings about continual competition among all the producers, each producer striving to maintain or increase his clientele by attracting them with cheaper prices or of faster, more complete, and better justice.

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351 “D'entretenir une police” (to provide or maintain police services).
352 “Le siège de leur industrie” (the seat, headquarters, location or their industrie or business).
353 This is the first time Molinari refers to entrepreneurs in the security industry: “à un nouvel entrepreneur, ou à l'entrepreneur voisin.”
354 “Une constante émulation entre tous les producteurs.”
355 “L'attrait du bon marché.”
356 (Note by Molinari) Adam Smith, whose remarkable spirit of observation extends to all subjects, remarks that the administration of justice gained much, in England, from the competition between the different courts of law: “The fees of court seem originally to have been the principal support of the different courts of justice in England. Each court endeavoured to draw to itself as much business as it could, and was, upon that account, willing to take cognizance of many suits which were not originally intended to fall under its jurisdiction. The court of king's bench instituted for the trial of criminal causes only, took cognizance of civil suits; the plaintiff pretending that the defendant, in not doing him justice, had been guilty of some trespass or misdemeanor. The court of exchequer, instituted for the levying of the king's revenue, and for enforcing the payment of such debts only as were due to the king, took cognizance of all other contract debts; the plaintiff alleging that he could not pay the king, because the defendant would not pay him. In consequence of such fictions it came, in many case, to depend altogether upon the parties before what court they would chuse to have their cause tried; and each court endeavoured, by superior dispatch and impartiality, to draw to itself as many causes as it could. The present admirable constitution of the courts of justice in England was, perhaps, originally in a great measure, formed by this emulation, which ancietly took place between their respective judges; each judge endeavouring to give, in his own court, the speediest and most effectual remedy; which the law would admit, for every sort of injustice. [Editor: Adam Smith, An Inquiry into the Nature and Causes of the Wealth of Nations (Cannan ed.), vol. 2, p. 212. A slightly longer version of this quote also appeared in S11.]
If, on the contrary, the consumer is not free to buy security wherever he sees fit, you will immediately see open up considerable opportunities for businesses to engage in arbitrary practices and bad management. Justice becomes slow and costly, the police become troublesome, individual liberty is no longer respected, the price of security is raised exorbitantly and is unequally levied, according to the power and influence of this or that class of consumers. The insurers (who provide security) will engage in bitter struggles to wrest customers from one another. In a word, all the abuses inherent in monopoly or in communism suddenly begin to appear.

Under the regime of free competition, war between the producers of security entirely loses its justification. Why would they make war? To conquer consumers? But the consumers would not allow themselves to be conquered. They certainly would be careful not to have their persons and property insured by men who would unscrupulously attack the persons and property of their competitors. If some audacious conqueror tried to impose the law on them, they would immediately call to their aid all the free consumers menaced by this aggression, and they would bring him to justice. Just as war is the natural consequence of monopoly, peace is the natural consequence of liberty.

Under a regime of liberty, the natural organization of the security industry would be no different from that of other industries. In small districts a single entrepreneur could suffice. This entrepreneur might leave his business to his son, or sell it to another entrepreneur. In larger districts, one company by itself would bring together enough resources to carry on this important and difficult business

357 “D'acheter de la sécurité où bon lui semble” (to buy security services wherever he thinks it is good to do so).

358 “Le prix de la sécurité.”

359 He does not call them “producers of security” here but uses a more specific term “les assureurs” (those who provide insurance, or the insurers).

360 Again he uses a very specific term to describe what consumers are doing, they are buying policies “assurer leurs personnes et leurs propriétés” (to insure their persons and property).

361 “Les consommateurs libres.”

362 “Un simple entrepreneur.”
adequately. If it were well managed, this company could easily last, and security
would last with it. In the security industry, just as in most of the other branches of
production, the latter mode of organization (one large company) will probably
replace the former (a single entrepreneur), in the end.

In one case this might result in a monarchy, in the other case it might result in a
republic; but it would be a monarchy without a monopoly and a republic without
communism.

In both cases, this authority would be accepted and respected in the name of
utility, and would not be an authority imposed by terror.

It will undoubtedly be disputed whether such a hypothetical situation is
realizable. But, at the risk of being considered a utopian, we affirm that this is not
disputable, that a careful examination of the facts will decide the problem of
government more and more in favor of liberty, just as it does all other economic
problems. We are convinced, so far as we are concerned, that one day associations
will be established to agitate for free government, as they have already been
established on behalf of free trade.

And we will not hesitate to add that after this reform has been achieved, and all
artificial obstacles to the free action of the natural laws that govern the economic
world have disappeared, the situation of the various members of society will
become the best possible.

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The linked pair of phrases Molinari uses are “la liberté de gouvernement” (free government,
or freely competing governments) and “la liberté du commerce” (the liberty of commerce, or
free trade as it was better known as). The groups agitating for the latter were the English Anti-
Corn Law League and the French Free Trade Association. perhaps Molinari hoped one day to
see a “French Free Government Association” to lobby for the former.

SOURCE


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FRENCH ORIGINAL

ONZIÈME SOIRÉE

[pp. 303-37]

SOMMAIRE: Du gouvernement et de sa fonction.364—Gouvernements de monopole et gouvernements communistes.—De la liberté de gouvernement.—Du

364 Pendant longtemps, les économistes ont refusé de s’occuper non seulement du gouvernement, mais encore de toutes les fonctions purement immatérielles. J.-B. Say a fait entrer, le premier, cette nature de services dans le domaine de l’économie politique, en leur appliquant la dénomination commune de produits immatériels. En cela, il a rendu à la science un service plus considérable qu’on ne suppose:

“L’industrie d’un médecin, dit-il, et, si l’on veut multiplier les exemples, d’un administrateur de la chose publique, d’un avocat, d’un juge, qui sont du même genre, satisfont à des besoins tellement nécessaires, que, sans leurs travaux, nulle société ne pourrait subsister. Les fruits de ces travaux ne sont-ils pas réels? Ils sont tellement réels qu’on se les procure au prix d’un autre produit matériel, et que, par ces échanges répétés, les producteurs de produits immatériels acquièrent des fortunes. —C’est donc à tort que le comte de Verri prétend que les emplois de princes, de magistrats, de militaires, de prêtres, ne tombent pas immédiatement dans la sphère des objets dont s’occupe l’économie politique.” (J.-B. Say. Traité d’Économie politique, l. 1, chap. XIII.)
droit divin.—Que le droit divin est identique au droit au travail.—Vices des gouvernements de monopole.—La guerre est la conséquence inévitable de ce système.—De la souveraineté du peuple.—Comment on perd sa souveraineté.—Comment on la recouvre.—Solution libérale.—Solution communiste.—Gouvernements communistes.—Leurs vices.—Centralisation et décentralisation.—De l’administration de la justice.—Son ancienne organisation.—Son organisation actuelle.—Insuffisance du jury.—Comment l’administration de la sécurité et celle de la justice pourraient être rendues libres.—Avantages des gouvernements libres.—Ce qu’il faut entendre par nationalité.

**LE CONSERVATEUR.**

Dans votre système d’absolue propriété et de pleine liberté économique, quelle est donc la fonction du gouvernement?

**L’ÉCONOMISTE.**

La fonction du gouvernement consiste uniquement à assurer à chacun la conservation de sa propriété.

**LE SOCIALISTE.**

Bon, c’est l’État-gendarme de J.-B. Say.

A mon tour, j’ai une question à vous faire:

Il y a aujourd’hui, dans le monde, deux sortes de gouvernements: les uns font remonter leur origine à un prétendu droit divin.....

**LE CONSERVATEUR.**

Prétendu! prétendu! c’est à savoir.

**LE SOCIALISTE.**

Les autres sont issus de la souveraineté du peuple. Lesquels préférez-vous?
L’ÉCONOMISTE.

Je ne veux ni des uns ni des autres. Les premiers sont des gouvernements de monopole, les seconds sont des gouvernements communistes. Au nom du principe de la propriété, au nom du droit que je possède de me pourvoir moi-même de sécurité, ou d’en acheter à qui bon me semble, je demande des gouvernements libres.

LE CONSERVATEUR.

Qu’est-ce à dire?

L’ÉCONOMISTE.

C’est-à-dire, des gouvernements dont je puisse, au gré de ma volonté individuelle, accepter ou refuser les services.

LE CONSERVATEUR.

Parlez-vous sérieusement?

L’ÉCONOMISTE.

Vous allez bien voir. Vous êtes partisan du droit divin, n’est-il pas vrai?

LE CONSERVATEUR.

Depuis que nous vivons en république, j’y incline assez, je l’avoue.

L’ÉCONOMISTE.

Et vous vous croyez un adversaire du droit au travail?

LE CONSERVATEUR.

Si je le crois? mais j’en suis sûr. J’atteste......

L’ÉCONOMISTE.

N’attestatez rien, car vous êtes un partisan avoué du droit au travail.

LE CONSERVATEUR.

Mais encore une fois, je.....
Vous êtes partisan du droit divin. Or le principe du droit divin est absolument identique au principe du droit au travail.

Qu’est-ce que le droit divin? C’est le Droit que possèdent certaines familles au gouvernement des peuples. Qui leur a conféré ce droit? Dieu lui-même. Lisez plutôt les Considérations sur la France, et la brochure sur le Principe générateur des Constitutions politiques, de M. Joseph de Maistre:

“L’homme ne peut faire de souverain, dit M. de Maistre. Tout au plus il peut servir d’instrument pour déposséder un souverain, et livrer ses États à un autre souverain déjà prince. Du reste, il n’a jamais existé de famille souveraine dont on puisse assigner l’origine plébéienne. Si ce phénomène paraissait, ce serait une époque du monde.

..... Il est écrit: C’est moi qui fais les souverains. Ceci n’est point une phrase d’église, une métaphore de prédicateur; c’est la vérité littérale, simple et palpable. C’est une loi du monde politique. Dieu fait les rois, au pied de la lettre. Il prépare les races royales, il les nourrit au milieu d’un nuage qui cache leur origine. Elles paraissent ensuite couronnées de gloire et d’honneur; elles se placent.”

Ce qui signifie que Dieu a investi certaines familles du droit de gouverner les hommes, et que nul ne peut les priver de l’exercice de ce droit.

Or, si vous reconnaissiez à certaines familles le droit exclusif d’exercer cette espèce particulière d’industrie qu’on appelle le gouvernement, si, encore, vous croyez avec la plupart des théoriciens du droit divin, que les peuples sont tenus de fournir, soit des sujets à gouverner, soit des dotations, en guise d’indemnités de chômage aux membres de ces familles,—et cela pendant toute la durée des siècles,—êtes-vous bien fondé à repousser le Droit au travail? Entre cette prétention abusive d’obliger la société à fournir aux ouvriers le travail qui leur convient, ou une indemnité suffisante, et cette autre prétention abusive d’obliger la société à fournir aux ouvriers des familles royales un travail approprié à leurs facultés et à

365 Du Principe générateur des Constitutions politiques.—Préface.
leur dignité, un travail de gouvernement, ou une Dotation à titre de minimum de subsistances, où est la différence?

LE SOCIALISTE.

En vérité, il n’y en a aucune.

LE CONSERVATEUR.

Qu’importe! si la reconnaissance du droit divin est indispensable au maintien de la société.

L’ÉCONOMISTE.

Les socialistes ne pourraient-ils pas vous répondre que la reconnaissance du droit au travail n’est pas moins nécessaire au maintien de la société? Si vous admettez le droit au travail pour quelques-uns, ne devez-vous pas l’admettre pour tous? Le droit au travail est-il autre chose qu’une extension du droit divin?

Vous dites que la reconnaissance du droit divin est indispensable au maintien de la société. Comment donc se fait-il que tous les peuples aspirent à se débarrasser des monarchies de droit divin? Comment se fait-il que les vieux gouvernements de monopole soient les uns ruinés, les autres sur le point de l’être?

LE CONSERVATEUR.

Les peuples sont saisis de vertige.

L’ÉCONOMISTE.

Voilà un vertige bien répandu! Mais, croyez-moi, les peuples ont de bonnes raisons pour se débarrasser de leurs vieux dominateurs. Le monopole du gouvernement ne vaut pas mieux qu’un autre. On ne gouverne pas bien, et surtout on ne gouverne pas à bon marché, lorsqu’on n’a aucune concurrence à redouter, lorsque les gouvernés sont privés du droit de choisir librement leurs gouvernants. Accordez à un épicier la fourniture exclusive d’un quartier, défendez aux habitants de ce quartier d’acheter aucune denrée chez les épiciers voisins, ou bien encore de s’approvisionner eux-mêmes d’épiceries, et vous verrez quelles détestables drogues l’épicier privilégié finira par débiter et à quel prix! Vous verrez de quelle façon il s’engraissera aux dépens des infortunés consommateurs, quel
faste royal il étalera pour la plus grande gloire du quartier... Eh bien! ce qui est vrai pour les services les plus infimes ne l’est pas moins pour les services les plus élevés. Le monopole d’un gouvernement ne saurait valoir mieux que celui d’une boutique d’épiceries. La production de la sécurité devient inévitablement coûteuse et mauvaise lorsqu’elle est organisée en monopole.

C’est dans le monopole de la sécurité que réside la principale cause des guerres qui ont, jusqu’à nos jours, désolé l’humanité.

**LE CONSERVATEUR.**

Comment cela?

**L’ÉCONOMISTE.**

Quelle est la tendance naturelle de tout producteur, privilégié ou non? C’est d’élever le chiffre de sa clientèle afin d’accroître ses bénéfices. Or, sous un régime de monopole, quels moyens les producteurs de sécurité peuvent-ils employer pour augmenter leur clientèle?

Les peuples ne comptant pas sous ce régime, les peuples formant le domaine légitime des oints du Seigneur, nul ne peut invoquer leur volonté pour acquérir le droit de les administrer. Les souverains sont donc obligés de recourir aux procédés suivants pour augmenter le nombre de leurs sujets: 1° acheter à prix d’argent des royaumes ou des provinces; 2° épouser des héritières apportant en dot des souverainetés ou devant en hériter plus tard; 3° conquérir de vive force les domaines de leurs voisins. Première cause de guerre!

D’un autre côté, les peuples se révoltant quelquefois contre leurs souverains légitimes, comme il est arrivé récemment en Italie et en Hongrie, les oints du Seigneur sont naturellement obligés de faire rentrer dans l’obéissance ce bétail insoumis. Ils forment dans ce but une sainte alliance et ils font grand carnage des sujets révoltés, jusqu’à ce qu’ils aient apaisé leur rébellion. Mais si les rebelles ont des intelligences avec les autres peuples, ceux-ci se mêlent à la lutte, et la conflagration devient générale. Seconde cause de guerre!
Je n’ai pas besoin d’ajouter que les consommateurs de sécurité, enjeux de la guerre, en payent aussi les frais.

Tels sont les avantages des gouvernements de monopole.

LE SOCIALISTE.

Vous préférez donc les gouvernements issus de la souveraineté du peuple. Vous mettez les républiques démocratiques au-dessus des monarchies et des aristocraties. A la bonne heure!

L’ÉCONOMISTE.


LE SOCIALISTE.

Qu’est-ce donc à vos yeux que la souveraineté du peuple?

L’ÉCONOMISTE.

C’est le droit que possède tout homme de disposer librement de sa personne et de ses biens, de se gouverner lui-même.

Si l’homme-souverain a le droit de disposer, en maître, de sa personne et de ses biens, il a naturellement aussi le droit de les défendre. Il possède le droit de libre défense.

Mais chacun peut-il exercer isolément ce droit? Chacun peut-il être son gendarme et son soldat?

Non! pas plus que le même homme ne peut être son laboureur, son boulanger, son tailleur, son épiciер, son médecin, son prêtre.

C’est une loi économique, que l’homme ne puisse exercer fructueusement plusieurs métiers à la fois. Aussi voit-on, dès l’origine des sociétés, toutes les
industries se spécialiser, et les différents membres de la société se tourner vers les occupations que leurs aptitudes naturelles leur désignent. Ils subsistent en échangeant les produits de leur métier spécial contre les divers objets nécessaires à la satisfaction de leurs besoins.

L’homme isolé jouit, sans conteste, de toute sa souveraineté. Seulement ce souverain, obligé d’exercer lui-même toutes les industries qui pourvoient aux nécessités de la vie, se trouve dans un état fort misérable.

Lorsque l’homme vit en société, il peut conserver sa souveraineté ou la perdre.

Comment perd-il sa souveraineté?

Il la perd lorsqu’il cesse, d’une manière totale ou partielle, directe ou indirecte, de pouvoir disposer de sa personne et de ses biens.

L’homme ne demeure complétement souverain que sous un régime de pleine liberté. Tout monopole, tout privilège est une atteinte portée à sa souveraineté.

Sous l’ancien régime, nul n’ayant le droit de disposer librement de sa personne et de ses biens, nul n’ayant le droit d’exercer librement toute industrie, la souveraineté se trouvait étroitement limitée.

Sous le régime actuel, la souveraineté n’a point cessé d’être atteinte par une multitude de monopoles et de priviléges, restrictifs de la libre activité des individus. L’homme n’a pas encore pleinement recouvré sa souveraineté.

Comment peut-il la recouvrer?

Deux écoles sont en présence, qui donnent à ce problème des solutions tout opposées: l’école libérale et l’école communiste.

L’école libérale dit: Détruisez les monopoles et les priviléges, restituez à l’homme son droit naturel d’exercer librement toute industrie et il jouira pleinement de sa souveraineté.

L’école communiste dit, au contraire: Gardez-vous d’attribuer à chacun le droit de produire librement toutes choses. Ce serait l’oppression et l’anarchie! Attribuez
ce droit à la communauté, à l’exclusion des individus. Que tous se réunissent pour organiser en commun toute industrie. Que l’État soit le seul producteur et le seul distributeur de la richesse.


Au premier rang des industries organisées en commun figure celle qui a pour objet de protéger, de défendre contre toute agression la propriété des personnes et des choses.

Comment se sont constituées les communautés dans lesquelles cette industrie s’exerce, la nation et la commune?

La plupart des nations ont été successivement agglomérées par les alliances des propriétaires d’esclaves ou de serfs et par leurs conquêtes. La France, par exemple, est un produit d’alliances et de conquêtes successives. Par les mariages, par la force ou la ruse, les souverains de l’Île de France étendirent successivement leur autorité sur les différentes parties des anciennes Gaules. Aux vingt gouvernements de monopole qui occupaient la surface actuelle de la France, succéda un seul gouvernement de monopole. Les rois de Provence, les ducs d’Aquitaine, de Bretagne, de Bourgogne, de Lorraine, les comtes de Flandres, etc., firent place au roi de France.

Le roi de France était chargé du soin de la défense intérieure et extérieure de l’État. Cependant il ne dirigeait pas seul la défense ou police intérieure.

Chaque seigneur châtelain faisait originairement la police de son domaine; chaque commune, affranchie de vive force ou à prix d’argent de l’onéreuse tutelle de son seigneur, faisait la police de sa circonscription reconnue.

Communes et seigneurs contribuaient, dans une certaine mesure, à la défense générale.
On peut dire que le roi de France avait le monopole de la défense générale, et que les seigneurs châtelains et les bourgeois des communes avaient celui de la défense locale.

Dans certaines communes, la police était sous la direction d’une administration élue par les bourgeois de la cité, dans les principales communes des Flandres par exemple. Ailleurs, la police s’était constituée en corporation comme la boulangerie, la boucherie, la cordonnerie, en un mot comme toutes les autres industries.

En Angleterre, cette dernière forme de la production de la sécurité a subsisté jusqu’à nos jours. Dans la cité de Londres, la police était naguère encore entre les mains d’une corporation privilégiée. Et chose singulière! cette corporation refusait de s’entendre avec les polices des autres quartiers, si bien que la Cité était devenue un véritable lieu de refuge pour les malfaiteurs. Cette anomalie n’a disparu qu’à l’époque de la réforme de sir Robert Peel.366

Que fit la Révolution française? Elle déposséda le roi de France du monopole de la défense générale, mais elle ne détruisit pas ce monopole; elle le remit entre les mains de la nation, organisée désormais comme une immense commune.

Les petites communes dans lesquelles se divisait le territoire de l’ancien royaume de France continuèrent de subsister. On en augmenta même considérablement le nombre. Le gouvernement de la grande commune eut le monopole de la défense générale, les gouvernements des petites communes exercèrent, sous la surveillance du pouvoir central, le monopole de la défense locale.

Mais on ne se borna pas là. On organisa encore dans la commune générale et dans les communes particulières d’autres industries, notamment l’enseignement, les cultes, les transports, etc., et l’on établit sur les citoyens divers impôts pour subvenir aux frais de ces industries ainsi organisées en commun.

Plus tard, les socialistes, mauvais observateurs s’il en fut jamais, ne remarquant point que les industries organisées dans la commune générale ou dans les

communes particulières, fonctionnaient plus chèrement et plus mal que les industries laissées libres, demandèrent l’organisation en commun de toutes les branches de la production. Ils voulurent que la commune générale et les communes particulières ne se bornassent plus à faire la police, à bâtir des écoles, à construire des routes, à salarier des cultes, à ouvrir des bibliothèques, à subventionner des théâtres, à entretenir des haras, à fabriquer des tabacs, des tapis, de la porcelaine, etc., mais qu’elles se missent à produire toutes choses.

Le bon sens public se révolta contre cette mauvaise utopie, mais il n’alla pas plus loin. On comprit bien qu’il serait ruineux de produire toutes choses en commun. On ne comprit pas qu’il était ruineux de produire certaines choses en commun. On continua donc de faire du communisme partiel, tout en honnissant les socialistes qui réclamaient à grands cris un communisme complet.

Cependant les conservateurs, partisans du communisme partiel et adversaires du communisme complet, se trouvent aujourd’hui divisés sur un point important.

Les uns veulent que le communisme partiel continue à s’exercer principalement dans la commune générale; ils défendent la centralisation.

Les autres réclament, au contraire, une plus large part d’attributions pour les petites communes. Ils veulent que celles-ci puissent exercer diverses industries, fonder des écoles, construire des routes, bâtir des églises, subventionner des théâtres, etc., sans avoir besoin de l’autorisation du gouvernement central. Ils demandent la décentralisation.

L’expérience a montré les vices de la centralisation. L’expérience a prouvé que les industries exercées dans la grande commune, dans l’État, fournissent des produits plus chers et plus mauvais que ceux de l’industrie libre.

Mais est-ce à dire que la décentralisation vaille mieux? Est-ce à dire qu’il soit plus utile d’émanciper les communes, ou, ce qui revient au même, de leur permettre d’établir librement des écoles et des institutions de bienfaisance, de bâtir
des théâtres, de subventionner des cultes, ou même encore d’exercer librement d’autres industries?


Ces impôts consistent généralement aujourd’hui dans les centimes additionnels ajoutés aux contributions payées à l’État. Toutefois certaines communes ont obtenu aussi l’autorisation d’établir autour de leurs limites une petite douane sous le nom d’octroi. Cette douane, qui atteint la plupart des industries demeurées libres, augmente naturellement beaucoup les ressources de la commune. Aussi les autorisations d’établir un octroi sont-elles fréquemment demandées au gouvernement central. Celui-ci ne les accorde guère, et en cela il agit sagement; en revanche il permet assez souvent aux communes de s’imposer extraordinairement, autrement dit, il permet à la majorité des administrateurs de la commune d’établir un impôt extraordinaire que tous les administrés sont obligés de payer.

Que les communes soient émancipées, que, dans chaque localité, la majorité des habitants ait le droit d’établir autant d’industries qu’il lui plaira, et d’obliger la minorité à contribuer aux dépenses de ces industries organisées en commun; que la majorité soit autorisée à établir librement toute espèce de taxes locales, et vous verrez bientôt se constituer en France autant de petits États différents et séparés qu’on y compte de communes. Vous verrez successivement s’élever, pour subvenir aux taxes locales, quarante-quatre mille douanes intérieures sous le nom d’octrois; vous verrez, pour tout dire, se reconstituer le moyen âge.

Sous ce régime, la liberté du travail et des échanges sera atteint et par les monopoles que les communes s’attribueront de certaines branches de la production, et par les impôts qu’elles prélèveront sur les autres branches pour alimenter les industries exercées en commun. La propriété de tous se trouvera à la merci des majorités.
Dans les communes où prédomine l’opinion socialiste, que deviendra, je vous le
demande, la propriété? Non seulement la majorité lèvera des impôts pour subvenir
aux dépenses de la police, de la voirie, du culte, des établissements de bienfaisance,
des écoles, etc., mais elle en lèvera aussi pour établir des ateliers communaux, des
magasins communaux, des comptoirs communaux, etc. Ces taxes locales, la
minorité non socialiste ne sera-t-elle pas obligée de les payer?

Sous un tel régime, que devient donc la souveraineté du peuple? Ne disparaît-
elle pas sous la tyrannie du plus grand nombre?

Plus directement encore que la centralisation, la décentralisation conduit au
communisme complet, c’est-à-dire à la destruction complète de la souveraineté.

Que faut-il donc faire pour restituer aux hommes cette souveraineté que le
monopole leur a ravie dans le passé; et que le communisme, ce monopole étendu,
menace de leur ravir dans l’avenir?

Il faut tout simplement rendre libre les différentes industries jadis constituées en
monopoles, et aujourd’hui exercées en commun. Il faut abandonner à la libre
activité des individus les industries encore exercées ou réglementées dans l’État ou
dans la commune.

Alors l’homme possédant, comme avant l’établissement des sociétés, le droit
d’appliquer librement, sans entrave ni charge aucune, ses facultés à toute espèce de
travaux, jouira de nouveau, pleinement, de sa souveraineté.

LE CONSERVATEUR.

Vous avez passé en revue les différentes industries encore monopolisées,
privilégiées ou réglementées, et vous nous avez prouvé, avec plus ou moins de
succès, que ces industries devraient être-laisées libres pour l’avantage commun.
Soit! je ne veux pas revenir sur un thème épuisé. Mais est-il possible d’enlever à
l’État et aux communes le soin de la défense générale et de la défense locale.

LE SOCIALISTE.

Et l’administration de la justice donc?
LE CONSERVATEUR.

Oui, et l’administration de la justice. Est-il possible que ces industries, pour parler votre langage, soient exercées autrement qu’en commun, dans la nation et dans la commune.

L’ÉCONOMISTE.

Je glisserais peut-être sur ces deux communismes-là si vous consentiez bien franchement à m’abandonner tous les autres; si vous réduisiez l’État à n’être plus désormais qu’un gendarme, un soldat et un juge. Cependant, non!...car le communisme de la sécurité est la clef de voûte du vieux édifice de la servitude. Je ne vois d’ailleurs aucune raison pour vous accorder celui-là plutôt que les autres.

De deux choses l’une, en effet:

Ou le communisme vaut mieux que la liberté, et, dans ce cas, il faut organiser toutes les industries en commun, dans l’État ou dans la commune.

Ou la liberté est préférable au communisme, et, dans ce cas, il faut rendre libres toutes les industries encore organisées en commun, aussi bien la justice et la police que l’enseignement, les cultes, les transports, la fabrication des tabacs, etc.

LE SOCIALISTE.

C’est logique.

LE CONSERVATEUR.

Mais est-ce possible?

L’ÉCONOMISTE.

Voyons! S’agit-il de la justice? Sous l’ancien régime, l’administration de la justice n’était pas organisée et salariaée en commun; elle était organisée en monopole, et salariaée par ceux qui en faisaient usage.

Pendant plusieurs siècles, il n’y eut pas d’industrie plus indépendante. Elle formait, comme toutes les autres branches de la production matérielle ou
immatérielle, une corporation privilégiée. Les membres de cette corporation pouvaient léguer leurs charges ou maitrises à leurs enfants, ou bien encore les vendre. Jouissant de ces charges à *perpétuité*, les juges se faisaient remarquer par leur indépendance et leur intégrité.

Malheureusement ce régime avait, d’un autre côté, tous les vices inhérents au monopole. La justice monopolisée se payait fort cher.

**LE SOCIALISTE.**

Et Dieu sait combien de plaintes et de réclamations excitaient les *épices*. Témoin ces petits vers qui furent crayonnés sur la porte du Palais de Justice après un incendie:

> Un beau jour dame Justice  
> Se mit le palais tout en feu  
> Pour avoir mangé trop d’épice.

La justice ne doit-elle pas être essentiellement gratuite? Or, la gratuité n’entraîne-t-elle pas l’organisation en commun?

**L’ÉCONOMISTE.**

On se plaignait de ce que la justice mangeait trop d’épices. On ne se plaignait pas de ce qu’elle en mangeait. Si la justice n’avait pas été constituée en monopole; si, en conséquence, les juges n’avaient pu exiger que la rémunération légitime de leur industrie, on ne se serait pas plaint des épices.

Dans certains pays, où les justiciables avaient le droit de choisir leurs juges, les vices du monopole se trouvaient singulièrement atténués. La concurrence qui s’établissait alors entre les différentes cours, améliorait la justice et la rendait moins chère. Adam Smith attribue à cette cause les progrès de l’administration de la justice en Angleterre. Le passage est curieux et j’espère qu’il dissipera vos doutes:

> “Les honoraires de cour paraissent avoir été originalement le principal revenu des différentes cours de justice en Angleterre. Chaque cour tâchait d’attirer à elle le plus d’affaires qu’elle pouvait, et ne demandait pas mieux que de prendre connaissance de celles mêmes qui ne tombaient point sous sa juridiction. La cour du banc du roi, instituée pour le jugement des seules causes criminelles, connut des
procès civils, le demandeur prétendant que le défendeur, en ne lui faisant pas justice, s’était rendu coupable de quelque faute ou malversation. La cour de l’échiquier, préposée pour la levée des dossiers royaux et pour contraindre à les payer, connut aussi des autres engagements pour dettes, le plaignant alléguant que si on ne le payait pas, il ne pourrait payer le roi. Avec ces fictions, il dépendait souvent des parties de se faire juger par le tribunal qu’elles voulaient, et chaque cour s’efforçait d’attirer le plus de causes qu’elle pouvait au sien, par la diligence et l’impartialité qu’elle mettait dans l’expédition des procès. L’admirable constitution actuelle des cours de justice, en Angleterre, fut peut-être originairement, en grande partie le fruit de cette émulation qui animait ces différents juges, chacun s’efforçant à l’envi d’appliquer à toute sorte d’injustices, le remède le plus prompt et le plus efficace que comportait la loi.\textsuperscript{367}

**LE SOCIALISTE.**

Mais, encore une fois, la gratuité n’est-elle pas préférable?

**L’ÉCONOMISTE.**

Vous n’êtes donc pas revenu encore de l’illusion de la gratuité. Ai-je besoin de vous démontrer que la justice gratuite coûte plus cher que l’autre, de tout le montant de l’impôt, prélevé pour entretenir les tribunaux gratuits et salarier les juges gratuits. Ai-je besoin de vous démontrer encore que la gratuité de la justice est nécessairement inique, car tout le monde ne se sert pas également de la justice, tout le monde n’a pas également l’esprit processif? Au reste, la justice est loin d’être gratuite sous le régime actuel, vous ne l’ignorez pas.

**LE CONSERVATEUR.**

Les procès sont ruineux. Cependant pouvons-nous nous plaindre de l’administration actuelle de la justice? L’organisation de nos tribunaux n’est-elle pas irréprochable?

**LE SOCIALISTE.**

Oh! oh! irréprochable. Un Anglais que j’accompagnai un jour à la cour d’assises, sortit de la séance tout indigné. Il ne concevait pas qu’un peuple civilisé

\textsuperscript{367} *De la Richesse des Nations*, liv. 5, chap. 1er.

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permit à un procureur du roi ou de la république, de faire de la rhétorique pour
demander une condamnation à mort. Cette éloquence, pourvoyeuse du bourreau,
loi faisait horreur. En Angleterre, on se contente d’exposer l’accusation; on ne la
passionne pas.

L’ÉCONOMISTE.

Ajoutez à cela les lenteurs proverbiales de nos cours de justice, les souffrances
des malheureux qui attendent leur jugement pendant des mois, et quelquefois
pendant des années, tandis que l’instruction pourrait se faire en quelques jours; les
frais et les pertes énormes que ces délais entraînent, et vous vous convaincrez que
l’administration de la justice n’a guère progressé en France.

LE SOCIALISTE.

N’exagérons rien, toutefois. Nous possédons aujourd’hui, grâce au ciel,
l’institution du jury.

L’ÉCONOMISTE.

En effet, on ne se contente pas d’obliger les contribuables à payer les frais de la
justice, on les oblige aussi à remplir les fonctions de juges. C’est du communisme
pur: *Ab uno disce omnes*. Pour moi, je ne pense pas que le jury vaille mieux pour juger,
que la garde nationale, une autre institution communiste! pour faire la guerre.

LE SOCIALISTE.

Pourquoi donc?

L’ÉCONOMISTE.

Parce qu’on ne fait bien que son métier, sa spécialité, et que le métier, la
spécialité d’un juré n’est pas d’être juge.

LE CONSERVATEUR.

Aussi se contente-t-il de constater le délit, et d’apprécier les circonstances dans
lesquelles le délit a été commis.
L’ÉCONOMISTE.

C’est-à-dire d’exercer la fonction la plus difficile, la plus éprouvante du juge. C’est cette fonction si délicate, qui exige un jugement si sain, si exercé, un esprit si calme, si froid, si impartial que l’on confie aux hasards du tirage au sort. C’est absolument comme si l’on tirait au sort les noms des citoyens qui seront chargés, chaque année, de fabriquer des bottes ou d’écrire des tragédies pour la communauté.

LE CONSERVATEUR.

La comparaison est forcée.

L’ÉCONOMISTE.

Il est plus difficile, à mon avis, de rendre un bon jugement que de faire une bonne paire de bottes ou d’aligner convenablement quelques centaines d’alexandrins. Un juge parfaitement éclairé et impartial est plus rare qu’un bottier habile ou un poète capable d’écrire pour le Théâtre-Français.

Dans les causes criminelles, l’inhabileté du jury se trahit tous les jours. Mais on ne prête, hélas! qu’une médiocre attention aux erreurs commises en cour d’assises. Que dis-je? on regarde presque comme un délit de critiquer un jugement rendu. Dans les causes politiques, le jury n’a-t-il pas coutume de prononcer selon la couleur de son opinion, blanc ou rouge, plutôt que selon la justice? Tel homme qui est condamné par un jury blanc ne serait-il pas absous par un jury rouge, et vice versa?

LE SOCIALISTE.

Hélas!

L’ÉCONOMISTE.

Déjà les minorités sont bien lasses d’être jugées par des jurys appartenant aux majorités. Attendez la fin...

S’agit-il de l’industrie qui pourvoit à la défense intérieure et extérieure? Croyez-vous qu’elle vaille beaucoup mieux que celle de la justice? Notre police et surtout notre armée ne nous coûtent-elles pas bien cher pour les services réels qu’elles nous rendent?
N’y a-t-il enfin aucun inconvénient à ce que cette industrie de la défense publique soit aux mains d’une majorité?

Examinons.

Dans un système où la majorité établit l’assiette de l’impôt et dirige l’emploi des deniers publics, l’impôt ne doit-il pas peser plus ou moins sur certaines portions de la société, selon les influences prédominantes? Sous la monarchie, lorsque la majorité était purement fictive, lorsque la classe supérieure s’arrogeait le droit de gouverner le pays à l’exclusion du reste de la nation, l’impôt ne pesait-il pas principalement sur les consommations des classes inférieures, sur le sel, sur le vin, sur la viande, etc.? Sans doute, la bourgeoisie payait sa part de ces impôts, mais le cercle de ses consommations étant infiniment plus large que celui des consommations de la classe inférieure, son revenu s’en trouvait, en définitive, beaucoup plus légèrement atteint. A mesure que la classe inférieure, en s’éclairant, acquerra plus d’influence dans l’État, vous verrez se produire une tendance opposée. Vous verrez l’impôt progressif, qui est tourné aujourd’hui contre la classe inférieure, être retourné contre la classe supérieure. Celle-ci résistera sans doute de toutes ses forces à cette tendance nouvelle; elle criera, avec raison, à la spoliation, au vol; mais si l’institution communautaire du suffrage universel est maintenue, si une surprise de la force ne remet pas, de nouveau, le gouvernement de la société aux mains des classes riches à l’exclusion des classes pauvres, la volonté de la majorité prévaudra, et l’impôt progressif sera établi. Une partie de la propriété des riches sera alors légalement confisquée pour alléger le fardeau des pauvres, comme une partie de la propriété des pauvres a été trop longtemps confisquée pour alléger le fardeau des riches.

Mais il y a pis encore.

Non seulement la majorité d’un gouvernement communautaire peut établir, comme bon lui semble, l’assiette de l’impôt, mais encore elle peut faire de cet impôt l’usage qu’elle juge convenable, sans tenir compte de la volonté de la minorité.
Dans certains pays, le gouvernement de la majorité emploie une partie des deniers publics à protéger des propriétés essentiellement illégitimes et immorales. Aux États-Unis, par exemple, le gouvernement garantit aux planteurs du sud la propriété de leurs esclaves. Cependant il y a, aux États-Unis, des abolitionnistes qui considèrent, avec raison, l’esclavage comme un vol. N’importe! le mécanisme communautaire les oblige à contribuer de leurs deniers au maintien de cette espèce de vol. Si les esclaves tentaient un jour de s’affranchir d’un joug inique et odieux, les abolitionnistes seraient contraints d’aller défendre, les armes à la main, la propriété des planteurs. C’est la loi des majorités!

Ailleurs, il arrive que la majorité, poussée par des intrigues politiques ou par le fanatisme religieux, déclare la guerre à un peuple étranger. La minorité a beau avoir horreur de cette guerre et la maudire, elle est obligée d’y contribuer de son sang et de son argent. C’est encore la loi des majorités!

Ainsi qu’arrive-t-il? C’est que la majorité et la minorité sont perpétuellement en lutte, et que la guerre descend parfois de l’arène parlementaire dans la rue.

Aujourd’hui c’est la minorité rouge qui s’insurge. Si cette minorité devenait majorité, et si, usant de ses droits de majorité, elle remaniait la constitution à sa guise, si elle décrétait des impôts progressifs, des emprunts forcés et des papiers-monnaie, qui vous assure que la minorité blanche ne s’insurgerait pas demain?

Il n’y a point de sécurité durable dans ce système. Et savez-vous pourquoi? Parce qu’il menace incessamment la propriété; parce qu’il met à la merci d’une majorité aveugle ou éclairée, morale ou immorale, les personnes et les biens de tous.

Si le régime communautaire, au lieu d’être appliqué comme en France à une multitude d’objets, se trouvait étroitement limité comme aux États-Unis, les causes de dissentiment entre la majorité et la minorité étant moins nombreuses, les inconvénients de ce régime seraient moindres. Toutefois ils ne disparaîtraient point entièrement. Le droit reconnu au plus grand nombre de tyranniser la volonté du plus petit pourrait encore, en certaines circonstances, engendrer la guerre civile.
LE CONSERVATEUR.

Mais, encore une fois, on ne conçoit pas comment l’industrie qui pourvoit à la sécurité des personnes et des propriétés pourrait être pratiquée si elle était rendue libre. Votre logique vous conduit à des rêves dignes de Charenton.

L’ÉCONOMISTE.

Voyons! ne nous fâchons pas. Je suppose qu’après avoir bien reconnu que le communisme partiel de l’État et de la commune est décidément mauvais, on laisse libres toutes les branches de la production, à l’exception de la justice et de la défense publique. Jusque-là point d’objection. Mais un économiste radical, un rêveur vient et dit: Pourquoi donc, après avoir affranchi les différents emplois de la propriété, n’affranchissez-vous pas aussi ceux qui assurent le maintien de la propriété? Comme les autres, ces industries-là ne seront-elles pas exercées d’une manière plus équitable et plus utile si elles sont rendues libres? Vous affirmez que c’est impraticable. Pourquoi. D’un côté, n’y a-t-il pas, au sein de la société, des hommes spécialement propres, les uns à juger les différends qui surviennent entre les propriétaires et à apprécier les délits commis contre la propriété, les autres à défendre la propriété des personnes et des choses contre les agressions de la violence et de la ruse? N’y a-t-il pas des hommes que leurs aptitudes naturelles rendent spécialement propres à être juges, gendarmes et soldats. D’un autre côté, tous les propriétaires indistinctement n’ont-ils pas besoin de sécurité et de justice? Tous ne sont-ils pas disposés, en conséquence, à s’imposer des sacrifices pour satisfaire à ce besoin urgent, surtout s’ils sont impuissants à y satisfaire eux-mêmes ou s’ils ne le peuvent à moins de dépenser beaucoup de temps et d’argent?

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

Ce phénomène économique ne se produit-il pas irrésistiblement, fatalement, comme le phénomène physique de la chute des corps?
Ne suis-je donc pas fondé à dire que si une société renonçait à pourvoir à la sécurité publique, cette industrie particulière n’en serait pas moins exercée? Ne suis-je pas fondé à ajouter qu’elle le serait mieux sous le régime de la liberté qu’elle ne pouvait l’être sous le régime de la communauté?

Le Conservateur.

De quelle manière?

L’Économiste.

Cela ne regarde pas les économistes. L’économie politique peut dire: si tel besoin existe, il sera satisfait, et il le sera mieux sous un régime d’entièr liberté que sous tout autre. A cette règle, aucune exception! mais comment s’organisera cette industrie, quels seront ses procédés techniques, voilà ce que l’économie politique ne saurait dire.

Ainsi, je puis affirmer que si le besoin de se nourrir se manifeste au sein de la société, ce besoin sera satisfait, et qu’il le sera d’autant mieux que chacun demeurera plus libre de produire des aliments ou d’en acheter à qui bon lui semblera.

Je puis assurer encore que les choses se passeront absolument de la même manière si, au lieu de l’alimentation, il s’agit de la sécurité.

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

Je vous répondrai toujours que cela ne se peut concevoir.

L’ÉCONOMISTE.

A l’époque où le régime réglementaire retenait l’industrie prisonnière dans l’enceinte des communes, et où chaque corporation était exclusivement maîtresse du marché communal, on disait que la société était menacée chaque fois qu’un novateur audacieux s’efforçait de porter atteinte à ce monopole. Si quelqu’un était venu dire alors qu’à la place des malingres et chétives industries des corporations, la liberté mettrait un jour d’immenses manufactures fournissant des produits moins chers et plus parfaits, on eût traité ce rêveur de la belle manière. Les conservateurs du temps auraient juré leurs grands dieux que cela ne se pouvait concevoir.

LE SOCIALISTE.

Mais voyons! Comment peut-on imaginer que chaque individu ait le droit de se faire gouvernement ou de choisir son gouvernement, ou même de n’en pas choisir... Comment les choses se passeraient-elles en France, si, après avoir rendu libres toutes les autres industries, les citoyens français annonçaient de commun accord, qu’ils cesseront, au bout d’une année, de soutenir le gouvernement de la communauté?

L’ÉCONOMISTE.

Je ne puis faire que des conjectures à cet égard. Voici cependant à peu près de quelle manière les choses se passeraient. Comme le besoin de sécurité est encore très grand dans notre société, il y aurait profit à fonder des entreprises de gouvernement. On serait assuré de couvrir ses frais. Comment se fonderaient ces entreprises? Des individualités isolées n’y suffiraient pas plus qu’elles ne suffisent pour construire des chemins de fer, des docks, etc. De vastes compagnies se constitueraient donc pour produire de la sécurité; elles se procureraient le matériel et les travailleurs dont elles auraient besoin. Aussitôt qu’elles se trouveraient prêtes à fonctionner, ces compagnies d’assurances sur la propriété appelleront la clientèle. Chacun s’abonnerait à la compagnie qui lui
inspirerait le plus de confiance et dont les conditions lui sembleraient le plus favorables.

**LE CONSERVATEUR.**

Nous ferions queue pour aller nous abonner. Assurément, nous ferions queue!

**L’ÉCONOMISTE.**

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

**LE CONSERVATEUR.**

Comment ces compagnies libres s’entendraient-elles pour pourvoir à la sécurité générale?

**L’ÉCONOMISTE.**

Elles s’entendraient comme s’entendent aujourd’hui les gouvernements monopoleurs et communistes, parce qu’elles auraient intérêt à s’entendre. Plus, en effet, elles se donneraient **de facilités mutuelles** pour saisir les voleurs et les assassins, et plus **elles diminueraient leurs frais**.

Par la nature même de leur industrie, les compagnies d’assurances sur la propriété ne pourraient dépasser certaines circonscriptions: elles perdraient à entretenir une police dans les endroits où elles n’auraient qu’une faible clientèle. Dans leurs circonscriptions elles ne pourraient néanmoins opprimer ni exploiter leurs clients, sous peine de **voir surgir instantanément des concurrences**.

**LE SOCIALISTE.**

Et si la compagnie existante voulait empêcher les concurrences de s’établir?
L’ÉCONOMISTE.

En un mot, si elle portait atteinte à la propriété de ses concurrents et à la souveraineté de tous... Oh! alors, tous ceux dont les monopoleurs menaceraient la propriété et l’indépendance se lèveraient pour les châtier.

LE SOCIALISTE.

Et si toutes les compagnies s’entendaient pour se constituer en monopoles. Si elles formaient une sainte-alliance pour s’imposer aux nations, et si fortifiées par cette coalition, elles exploitaient sans merci les malheureux consommateurs de sécurité, si elles attiraient à elles par de lourds impôts la meilleure part des fruits du travail des peuples?

L’ÉCONOMISTE.

Si, pour tout dire, elles recommençaient à faire ce que les vieilles aristocraties ont fait jusqu’à nos jours... Eh! bien, alors, les peuples suivraient le conseil de Béranger:

Peuples, formez une Sainte-Alliance
Et donnez-vous la main.

Ils s’uniraient, à leur tour, et comme ils possèdent des moyens de communication que n’avaient pas leurs ancêtres, comme ils sont cent fois plus nombreux que leurs vieux dominateurs, la sainte-alliance des aristocraties serait bientôt anéantie. Nul ne serait plus tenté alors, je vous jure, de constituer un monopole.

LE CONSERVATEUR.

Comment ferait-on sous ce régime pour repousser une invasion étrangère?

LE SOCIALISTE. [RATHER L’ÉCONOMISTE] 368

Quel serait l’intérêt des compagnies? Ce serait de repousser les envahisseurs, car elles seraient les premières victimes de l’invasion. Elles s’entendraient donc pour les repousser et elles demanderaient à leurs assurés un

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supplément de prime pour les préserver de ce danger nouveau. Si les assurés préféreraient courir les risques de l’invasion, ils refuseraient ce supplément de prime; sinon, ils le payeraient, et ils mettraient ainsi les compagnies en mesure de parer au danger de l’invasion.

Mais de même que la guerre est inévitable sous un régime de monopole, la paix est inévitable sous un régime de libre gouvernement.

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

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

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

LE CONSERVATEUR.

Quelles conditions une compagnie d’assurances sur la propriété ferait-elle à ses clients?

L’ÉCONOMISTE.

Ces conditions seraient de plusieurs sortes.

Pour être mises en état de garantie aux assurés, pleine sécurité pour leurs personnes et leurs propriétés, il faudrait:
1° Que les compagnies d’assurances établissent *certaines peines* contre les offenseurs des personnes et des propriétés, et que les assurés consentissent à se soumettre à ces peines, dans le cas où ils commettaient eux-mêmes des sévices contre les personnes et les propriétés.

2° Qu’elles imposassent aux assurés *certaines gênes* ayant pour objet de faciliter la découverte des auteurs de délits.

3° Qu’elles perçussent régulièrement pour couvrir leurs frais une *certaine prime*, variable selon la situation des assurés, leurs occupations particulières, l’étendue, la nature et la valeur des propriétés à protéger.

Si les conditions stipulées convenaient aux *consommateurs de sécurité*, le marché se conclurait, sinon les consommateurs s’adresseraient à d’autres compagnies ou pourvoiraient eux-mêmes à leur sécurité.

Poursuivez cette hypothèse dans tous ses détails, et vous vous convaincrez, je pense, de la possibilité de transformer les gouvernements monopoleurs ou communistes en *gouvernements libres*.

**LE CONSERVATEUR.**

J’y vois bien des difficultés encore. Et la *dette*, qui la payerait?

**L’ÉCONOMISTE.**

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

**LE SOCIALISTE.**

Ce système ne serait-il pas la destruction de toute nationalité? Si plusieurs compagnies d’assurances sur la propriété s’établissaient dans un pays, l’Unité nationale ne serait-elle pas détruite?
D’abord, il faudrait que l’Unité nationale existât pour qu’on pût la détruire. Or, je ne puis voir une unité nationale dans ces informes agglomérations de peuples que la violence a formées, que la violence seule maintient le plus souvent.

Ensuite, on a tort de confondre ces deux choses, qui sont naturellement fort distinctes: la nation et le gouvernement. Une nation est une lorsque les individus qui la composent ont les mêmes mœurs, la même langue, la même civilisation; lorsqu’ils forment une variété distincte, originale de l’espèce humaine. Que cette nation ait deux gouvernements ou qu’elle n’en ait qu’un, cela importe fort peu. A moins toutefois que chaque gouvernement n’entoure d’une barrière factice les régions soumises à sa domination, et n’entretienne d’incessantes hostilités avec ses voisins. Dans cette dernière éventualité, l’instinct de la nationalité réagira contre ce morcellement barbare et cet antagonisme factice imposés à un même peuple, et les fractions désunies de ce peuple tendront incessamment à se rapprocher.

Or, les gouvernements ont jusqu’à nos jours divisé les peuples afin de les retenir plus aisément dans l’obéissance; diviser pour régner, telle a été, de tous temps, la maxime fondamentale de leur politique. Les hommes de même race, à qui la communauté de langage offrait un moyen de communication facile, ont énergiquement réagi contre la pratique de cette maxime; de tous temps ils se sont efforcés de détruire les barrières factices qui les séparaient. Lorsqu’ils y sont enfin parvenus, ils ont voulu n’avoir qu’un seul gouvernement afin de n’être plus désunis de nouveau. Mais, remarquez bien qu’ils n’ont jamais demandé à ce gouvernement de les séparer des autres peuples... L’instinct des nationalités n’est donc pas égoïste, comme on l’a si souvent affirmé; il est, au contraire, essentiellement sympathique. Que la diversité des gouvernements cesse d’entraîner la séparation, le morcellement des peuples, et vous verrez la même nationalité en accepter volontiers plusieurs. Un seul gouvernement n’est pas plus nécessaire pour constituer l’unité d’un peuple, qu’une seule banque, un seul établissement d’éducation, un seul culte, un seul magasin d’épiceries, etc.
LE SOCIALISTE.
Voilà, en vérité, une solution bien singulière du problème du gouvernement!

L’ÉCONOMISTE.
C’est la seule solution conforme à la nature des choses.

ENGLISH TRANSLATION

[p. 303]

SUMMARY: *On government and its function* – *Monopoly governments and communist governments.* – *On the liberty of government.* – *That divine right is the same*  

(Molinari's note) For a long time, economists have refused to concern themselves not only with government, but also with all purely non-material activities. Jean-Baptiste Say was the first to insist on including production of this kind within the domain of political economy, by his applying to all its contents the category *non-material products.* He thereby rendered economic science a more substantial service than might readily be supposed:

The work of a doctor, he says, and if we want to add to the examples, the work of anyone engaged in administering public matters, of a lawyer or a judge, who belong to the same category, meet such fundamental needs, that without their contributions, no society could survive. Are not the fruits of these labors real? They are sufficiently real that people procure them in exchange for material products, and that by means of repeated exchanges their producers acquire fortunes. – It is therefore quite wrong for the Comte de Verri to claim that the work of princes, of magistrates, soldiers, and priests, does not fall immediately into the sphere of those objects with which political economy is concerned. (Jean-Baptiste Say, *Traité d’Économie politique*, T. 1, chap.XIII.)


This is the only place in the book where Molinari uses the phrase “la liberté de gouvernement” (the liberty of government) by which he means the private, competitive provision of security. He does not take it up in earnest until *L’Évolution politique* (1884) when there is an entire section devoted to the idea in “Chap. X. Les gouvernements de l’avenir.” He also uses the similar phrase “les gouvernements libres” in a couple of places in *Les Soirées.*
as the right to a job. – The vices of monopoly government. – War is the inevitable consequence of this system. – On the sovereignty of the people. – How we lose our sovereignty. – How we can retrieve it. – The liberal solution. – The communist solution. – Communist governments. – Their vices. – Centralization and decentralization. – On the administration of justice. – On its former organisation. – On its current organisation. – On the inadequacy of the jury system. – How the administration of security and of justice could be made free. – The advantages of free governments. – How nationality should be understood.

THE CONSERVATIVE.

Under your system of absolute property rights and of full economic freedom, what is the function of government? [p. 304]

THE ECONOMIST.

The function of the government consists solely in assuring everyone of the security of his property.

THE SOCIALIST.

Right, this is the “State-as-Policeman” of Jean-Baptiste Say.371 But I in turn have a question to put to you:

There are in the world today two kinds of government: the former trace their origin to an alleged divine right.....

THE CONSERVATIVE.

Alleged? Alleged? Meaning what?

371 The expression used is “l’État-gendarme” or the “nightwatchman state.” Say provides the most detailed discussion of his views on the proper function of government in the Cours complet (1828), vol. 2, part VII, chaps XIV to XXXII. He essentially follows Adam Smith’s plan that there are only 3 proper duties of a government: to provide national defence, internal police, and some public goods such as roads and bridges. See his quoting Smith approvingly on pp. 261-62 of the 1840 revised edition. However, there is some evidence from an unpublished Traité de Politique pratique (written 1803-1815) and lectures he gave at the Athénée in Paris in 1819 that suggest that his anti-statism went much further than this and that he did toy with the idea of the competitive, non-government provision of police services along the lines developed at more length here by Molinari.
THE SOCIALIST.
The others spring from popular sovereignty. Which of them do you prefer?

THE ECONOMIST.
I want neither one nor the other. The former are monopoly governments and the latter are communist governments. In the name of the principle of property, in the name of the right I possess to provide myself with security, or to buy it from whomever seems appropriate to me, I demand free governments.\footnote{Molinari uses the phrase “les gouvernements libres” (free governments) which he defines below as “governments whose services I may accept or refuse according to my own free will.”}

THE CONSERVATIVE.
Which means?

THE ECONOMIST.
It means governments whose services I may accept or refuse according to my own free will.

THE CONSERVATIVE.
Are you being serious?

THE ECONOMIST.
You will soon see. You are a partisan of divine right,\footnote{The idea that monarchs had a “divine right” to rule was an essential part of the ancien régime which was overturned by the French Revolution of 1789. “Legitimists” in the Restoration period attempted to revive this view with mixed success and it was severely weakened by the Revolution of 1848 and the creation of the Second Republic. However, legitimists continued continued to press their claims throughout the 19th century.} are you not?

THE CONSERVATIVE.
Since we have been living in a republic, I have rather inclined to that persuasion, I confess.

THE ECONOMIST.
And you regard yourself as an opponent of the right to a job?\footnote{Molinari uses the socialist expression “la liberté au travail” (right to a job) in order to provoke the Conservative. See the glossary entry on the “The Right to Work.”}
THE CONSERVATIVE.

Regard myself? Why, I am quite sure of it. I attest.....

THE ECONOMIST.

Bear witness to nothing, for you are a declared supporter of the right to a job.

THE CONSERVATIVE.

But once again, I.....

THE ECONOMIST.

You are a supporter of divine right. Well, the principle of divine right is absolutely identical with that of the right to a job.

What is divine right? It is the right which certain families possess to the government of the people. Who conferred it on them? God himself.


Man cannot create a sovereign, says M. De Maistre. At most he can serve as an instrument for dispossessing a sovereign and delivering his estates into the hands of another sovereign, himself a prince by birth. Moreover, there has never been a sovereign family whose origin could be identified as plebeian. If such a phenomenon were to appear, it would be a new era for the world.

… It is written: It is I who make the kings. This is not a statement made by the Church, nor a preacher’s metaphor; it is the literal, simple, and palpable truth. It is a law of the political world. God makes kings, quite literally so. He prepares royal families. He nurtures them within a cloud which hides their origin. Finally they appear, crowned with glory and honor. Then they assume their place.376

375 Maistre, Considérations sur la France (Considerations on France) (1796) and Principe générateur des Constitutions politiques (Essay on the Generating Principle of Political Constitutions) (1809). See Oeuvres du comte J. de Maistre. Publiées par M. l’abbé Migne (J.-P. Migne, 1841). See the glossary entry on “Maistre.” This quote was also used in the article “The Production of Security” (Feb. 1849) (see the Addendum).

All of which signifies that God has invested certain families with the right to govern men and that nobody can deprive them of the exercise of this right.

Now if you recognise that certain families have the exclusive right to carry out that special form of industry which we call government, if furthermore you agree with most of the theorists of divine right, that the people are obliged to supply, either subjects to be governed, or funds, in the form of unemployment benefits to members of these families – all this down through the centuries – are you then properly justified in rejecting [p. 307] the right to a job? Between this improper demand that society supply the workers with work which suits them, or with a sufficient benefit in lieu thereof, and this other improper demand that society supply the workers of royal families with work appropriate to their abilities and to their dignity, namely the work of government, or else with a salary at least to meet minimum subsistence, where is the difference?

THE SOCIALIST.

In truth there is none.

THE CONSERVATIVE.

What does it matter if the recognition of divine right is indispensable to the maintenance of society?

THE ECONOMIST.

Could not the Socialists reply to you that the recognition of the right to a job is no less necessary to the maintenance of society? If you accept the right to a job for some, must you not accept them for everyone? Is the right to a job anything other than an extension of divine right?

You say that the recognition of divine right is indispensable to the maintenance of society. How then does it happen that all nations aspire to rid themselves of these monarchies by divine right? How does it happen that old monopoly governments are either ruined or on the edge of ruin?

THE CONSERVATIVE.

The people are in the throes of vertigo.
THE ECONOMIST.

That is a widespread vertigo. Believe me, however, the people have good reasons for liberating themselves from [p. 308] their old despots. Monopoly government is no better than any other. One does not govern well and above all one does not govern cheaply, when there is no competition to be feared, when the governed are deprived of the right to choose their rulers freely. Grant a grocer the exclusive right to supply a particular part of town, forbid the inhabitants of that district to buy any commodities from neighboring grocers or even to provide themselves with their own groceries, and you will see what trash the privileged grocer will end up selling and at what price. You will see how he lines his pockets at the expense of the unfortunate consumers, what regal splendour he will display for the greater glory of the neighbourhood... Well, what is true for the smallest services is no less true for the greatest ones. A monopoly government is certainly worth more than that of a grocery shop. The production of security inevitably becomes expensive and of poor quality when it is organized as a monopoly.

The monopoly of security is the main cause of the wars which up until our own day have caused such distress to the human race.379

THE CONSERVATIVE.

How should that be so?

THE ECONOMIST.

What is the natural inclination of any producer, privileged or otherwise? It is to increase the numbers of his clients in order to increase his profits. Well, under a regime of monopoly, what means can producers of security380 employ to increase their clientele? [p. 309]

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377 The story of the grocer with a monopoly is one Molinari returned to several times in the Soirées and the Cours. See Molinari, Cours, vol. 2, pp. 510-14 and the relevant section of "The Production of Security II: Is Molinari a Real Anarcho-Capitalist?,” in Further Aspects, below, pp. 000. Need to check this??

378 “La production de la sécurité.”

379 Molinari presents in more detail his ideas about war and peace in the entry on “Paix, Guerre” and “Paix (Société et Congrès de la Paix),” DEP, pp. 307-15.

380 “Les producteurs de sécurité.”
Since the people do not count in such a regime, since they are simply the legitimate domain over which the Lord’s anointed can hold sway, no one can call upon their assent in order to acquire the right to administer them. Sovereigns are therefore obliged to resort to the following measures to increase the number of their subjects: first they may simply buy provinces and realms with cash; secondly they marry heiresses, either bringing kingdoms as their dowries or in line to inherit them later; or thirdly by naked force to conquer their neighbours’ lands. This is the first cause of war!

On the other hand when peoples revolt sometimes against their legitimate sovereigns, as happened recently in Italy and in Hungary, the Lord’s anointed are naturally obliged to force back their rebellious herd into obedience. For this purpose they construct a *Holy Alliance* and they carry out a great slaughter of their revolutionary subjects, until they have put down their rebellion. If the rebels are in league with other peoples, however, the latter get involved in the struggle, and the conflagration becomes general. A second cause of war!

I do not need to add that the consumers of security, pawns in the war, also pay the costs.

Such are the advantages of monopoly governments.

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381 The revolutions which broke across Europe in 1848 began with an uprising in Sicily in January 1848, spread to Paris in February, and then the southern and western German states, Vienna and Budapest in March. As a result of political divisions among the revolutionaries the forces of counter-revolution led by Field Marshall Radetzky of Austria, with the assistance of the Russian army, were able to crush the uprisings in central and eastern Europe during 1849. In France the Revolution led to the formation of the Second Republic and eventually the coming to power of Louis Napoleon and the Second Empire in 1852. The number of people killed during the uprisings and their suppression are hard to estimate but they are in the order of many thousands.

382 The Holy Alliance was a coalition between Russia, Austria, and Prussia organized by Tsar Alexander I of Russia during the meeting of the Congress of Vienna following the defeat of Napoleon in 1815. The purpose was to defend the principles of monarchical government, aristocracy, and the Catholic Church against the forces of liberalism, democracy, and secular enlightenment which had been unleashed by the French Enlightenment and Revolution. See the note below (p. ???) which describes Molinari’s interest in the poet Béranger’s poem about the need for the people to form their own Holy Alliance, “The Holy Alliance of the People” (1818).

383 “Les consommateurs de sécurité.”
THE SOCIALIST.

Therefore you prefer governments based on the sovereignty of the people. You rank democratic republics higher than monarchies or aristocracies. About time!

THE ECONOMIST.

Let us be clear, please. I prefer governments which spring from the sovereignty of the people. But the republics which you call “democratic” are not in the least the true expression of the sovereignty of the people. These governments are extended monopolies, forms of communism. Well, the sovereignty of the people is incompatible with monopoly or communism.

THE SOCIALIST.

So what is the sovereignty of the people, in your view?

THE ECONOMIST.\textsuperscript{384}

It is the right which every man possesses to use freely his person and his goods as he pleases, the right to govern himself.

If the sovereign individual has the right to use his person and his goods, as master thereof, he naturally also has the right to defend them. He possesses the right of free defence.\textsuperscript{385}

Can each person exercise this right, however, in isolation? Can everyone be his own policeman or soldier?

No! No more than the same man can be his own ploughman, baker, tailor, grocer, doctor, or priest.

It is an economic law that man cannot fruitfully engage in several jobs at the same time. Thus, we see from the very beginning of human society, all industries becoming specialised, and the various members of society turning to occupations for which their natural abilities best equip them. They gain their subsistence by

\textsuperscript{384} Here begins the Economist's third of six set pieces or "speeches" in the book, where he gives a mini-lecture on what he believes. This one is his "individual sovereignty vs. communism" speech and is about 2,000 words in length. See the Editor's "Introduction" for a list and description of these speeches, above, pp. 000.

\textsuperscript{385} "Il possède le droit de libre défense" (He possesses the right to (freely) defend himself).
exchanging the products of their particular occupation for the various things necessary to the satisfaction of their needs.

A man who lives alone[^386] is, incontestably, fully master of his [p. 311] sovereignty. The trouble is this sovereign person, obliged to perform himself all the tasks which provide the necessities of life, finds himself in a wretched condition.

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

How does he come to lose it?

He loses it, in whole or in part, directly or indirectly, when he ceases being able to use as he chooses, his person or his goods.

Man remains completely sovereign only under a regime of complete freedom. Any monopoly or special privilege is an attack launched against his sovereignty.

Under the ancien régime, with no one having the right freely to employ his person or use his goods, and no one having the right to engage freely in any industry he liked, sovereignty was narrowly confined.

Under the present régime, attacks (infringements of) on (his) sovereignty, by a host of monopolies and privileges which restrict the free activities of individuals, have not ceased. Man has still not fully recovered his sovereignty.

How can he recover it?

There are two opposing schools, which offer quite opposite solutions to this problem: the liberal school and the communist school.

The liberal school says: eliminate monopolies and privileges, give man back his natural right to carry out freely any work he chooses, and he will have full exercise of his sovereignty.

The communist school says to the contrary: be careful not to allow everyone the right to produce freely anything [p. 312] he chooses. This will lead to oppression and anarchy! Grant this right to the community and exclude individuals from it. Let all individuals unite and organize production communistically. Let the state be the sole producer and the sole distributor of wealth.

[^386]: Here again Molinari contrasts "l'homme isolé" and “l'homme (qui) vit en société” (or "l'homme en société") which we have translated as "a man who lives alone" and "a man who lives in society."
What is there behind this doctrine? It has often been said: slavery. It is the absorption and cancellation of individual will by the collective will. It is the destruction of individual sovereignty.

The most important of the industries organised in common is the one whose purpose is to protect and defend the ownership of persons and things, against all aggression.

How are the communities formed in which this activity takes place, namely the nation and the communes?\(^{387}\)

Most nations have been successively enlarged by the alliances of owners of slaves or serfs as well as by their conquests. France, for example, is the product of successive alliances and conquests. By marriage, by force, or fraud,\(^{388}\) the rulers of the Île de France successively extended their authority over the different parts of ancient Gaul. The twenty monopolistic governments which occupied the land area of France at that time, gave way to a single monopolistic government. The kings of Provence, the dukes of Aquitaine, Brittany, Burgundy, and Lorraine, the counts of Flanders etc., gave way to the King of France.

The King of France was given charge of the internal and external defence of the state. He did not, however, [p. 313] manage internal defence and civil administration on his own.

\(^{387}\) French administrative regions in descending order of size from largest to smallest: regions were départements, arrondissements (districts”), cantons (“municipalities” or “counties”), and communes (“villages” or “towns”).

\(^{388}\) Molinari uses the term “la ruse” here which was a key term used by Bastiat in his theory of “sophisms.” Bastiat thought that vested interests who wished to get privileges from the state cloaked their naked self interest by using deception, trickery, or fraud (“la ruse”) in order to confuse and distract the people at whose expence these privileges were granted.
Originally, each feudal lord managed the policing of his domain; each commune, freed by the use of force or by buying their way out from the onerous tutelage of his lord, handled the policing of his recognised area.

Communes and feudal lords contributed to some extent to the general defence of the realm.

We can say that the King of France had a monopoly of the general defense and the feudal lords and the burghers of the cities and towns had a monopoly of local defense.

In certain communes, policing was under the direction of an administration elected by city burghers, as in Flanders, for example. Elsewhere, policing was set up as a privileged corporation such as the bakers, butchers, and shoe makers, or in other words like all the other industries.

In England this latter form of the production of security has persisted until modern times. In the City of London, for example, policing was until not long ago still in the hands of a privileged corporation. And what was extraordinarily strange, this corporation refused to come to any agreement with the police of other districts, to such an extent that the City became a veritable place of refuge for criminals. This anomaly was not removed until the era of Sir Robert Peel’s reforms.

Molinari uses the word “la police” which had a complex meaning in the ancien regime. On the one hand, it meant more narrowly the protection of life and property of the inhabitants from attack, in other words what we would understand as modern police and defence activities. On the other hand, it also had a much broader meaning concerning the entire “civil administration” of the commune, such as ensuring the provision of public goods like lighting and water, the enforcement of censorship of dissenting political and religious views, the control of public gatherings to prevent protests getting out of hand, the collection of taxes and the supervision of compulsory labour; in other words, the complex mechanism of public control which had evolved during the ancien regime. Since Molinari is talking about security matters in this chapter we have chosen to use the word “police” or “policing” in this context.

(Molinari's note) See Studies on England by Léon Faucher. [Léon Faucher, Études sur l’Angleterre (Paris: Guillaumin, 1845, 2nd ed. 1856), 2 vols. The anecdote Molinari refers to can be found in vol. 1, p. 47. Faucher relates how one rundown district in London known as “Little Ireland” had become off limits to the police. Sir Robert Peel (1788-1850) was Prime Minister of Britain twice (1834-35 and 1841-46) and during his second stint he successfully repealed the protectionist Corn Laws in 1846. When he was Home Secretary (1822-29) he reformed the police force of London by creating the Metropolitan Police Force in 1829 which became the model for all modern urban police forces. See the glossary entry on “Faucher” and “Peel.”]

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What did the French Revolution do? It took from the king of France the monopoly of the general defence; but it did not destroy this monopoly. It put it in the hands [p. 314] of the nation, organised henceforth like one immense commune. The little communes into which the former kingdom of France was divided, continued to exist. Their number was even considerably increased. The government of the large commune had the monopoly of general defence, while the governments of the small communes, under the surveillance of the central government, exercised the monopoly of local defence.

This, however, was not the end of it. Both at general commune level and at individual commune level, other industries were organised, notably education, religion, and transport, etc., and citizens were variously taxed to defray the costs of these industries which were organised communally.

Later, the socialists, poor observers of what was going on if ever there were any, not noticing that the industries which were organized in the general commune or the individual communes, functioned both more expensively and less efficiently than the industries which remained free, demanded the communal organization of all branches of production. They wanted the general commune and the individual communes no longer to limit themselves to policing, to building schools, constructing roads, paying the salaries of priests, opening libraries, subsidising theaters, maintaining stud farms, manufacturing tobacco, carpets, porcelain, etc., but rather to set about producing everything.

The public’s sound common sense was shocked by this most distasteful utopia, but it did not react further. People understood well enough that it would be disastrous to produce everything in common. What they [p. 315] did not understand was that it was also ruinous to produce certain specific things in this way. They continued therefore to engage in partial communism, while despising the socialists calling at the top of their voices for full communism.

The conservatives, however, supporters of partial communism and opponents of full communism, today find themselves divided on an important issue.

Some of them want partial communism to continue to operate mainly in the general commune; they support centralisation.

The others, on the other hand, demand a much larger allocation of resources for the small communes. They want the latter to be able to engage in diverse
industries such as founding schools, constructing roads, building churches, subsidising theatres, etc., without needing to get the authorization of the central government. They demand *decentralization*.

Experience has revealed the faults of centralisation.\(^{391}\) It has shown that industries run by the large commune, by the state, supply dearer goods and ones of lower quality than those produced by free industry.

Is it the case, however, that decentralization is superior? Is the implication that it is more useful to free the communes, or — and this comes down to the same thing — allow them freely to set up schools and charitable institutions, to build theaters, subsidize religion, or even also engage freely in other industries?

What do communes need to meet the expenses of the services of which they charged with? They need capital. Where can they get access to it? In private individuals’ pockets and nowhere else. Consequently they have to levy various taxes on the people who live in the communes.

These taxes consist for the most part today, in the extra centimes added to the taxes paid to the state. Certain communes, however, have also received authorisation to set up around their boundaries a small customs office to exact tolls.\(^{392}\) This system of customs, which applies to most of the industries which have remained free, naturally increases the resources of the commune considerably. So the authorisation for setting up tolls is frequently sought from the central government. The latter rarely grants it\(^{393}\) and, in this, is acting wisely; on the other

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\(^{391}\) The Economists condemned the bureaucratic or administrative centralisation which had made France the most centralised state in the world, as Coquelin phrased it: “In no other time nor in any other country has the system of centralisation been as rigorously established as that which exists today in France” (p. 291). See Charles Coquelin, “Centralisation” in *DEP*, vol. 1, pp. 291-301; and the glossary entry on “Centralization.”

\(^{392}\) These were the “octrois” tolls which certain cities and town levied on consumer goods which were brought into the town. See the glossary entry on “French Taxation.”

\(^{393}\) Bastiat has an amusing “economic sophism” on this very idea. The mayor of a small town wants to “stimulate” local industry in the same way as the nation “stimulates” national industry with high tariffs on goods being brought into his town. His great plans are shot down by the local Prefect who tells him that he believes in free trade within the nation but is a protectionist when it comes to trading with other nations. The mayor cannot understand the difference. Surely what is good for French industry must also be good for the industry in his commune. ES3 18 "The Mayor of Énios" (LE, 6 Feb. 1848), in CW3, pp. 355-65.
hand it quite often permits the communes to exert their authority in an extraordinary manner, or to put it another way, it permits the majority of the administrators of the commune to set up an extraordinary tax which all the people they administer are obliged to pay.

Let the communes be emancipated, permit the majority of the inhabitants in each locality to have the right to set up as many industries as they please, and force the minority to contribute to the expenses of these industries organised communally, then let the majority be authorised to establish freely every kind of local tax, and you will soon see as many small, various, and separate States being set up in France as one can count communes. You will see in succession, forty four thousand internal customs created in order to meet the local tax bill, under the title tolls; you will see in a word the reconstitution of the middle ages.

Under this regime, free trade and the liberty of working will be under assault, both by the monopolies which the communes will grant to certain branches of production, and by the taxes which they will levy on certain other branches of production to support the industries operated communally. The property of all will be exposed to the mercy of majorities.

I ask you, in the communes where socialist ideas predominate, what will happen to property? Not only will the majority levy taxes to meet the expenses of policing, road maintenance, religion, charitable institutions, schools, etc., but it will levy them also to set up communal workshops, trading outlets, etc. Will not the non-socialist minority be obliged to pay these local taxes?

Under such a regime, what happens to the people’s sovereignty? Will it not disappear under the tyranny of the majority?

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

What has to be done to restore to men that sovereignty which monopoly robbed them of in the past; and which communism, that extended monopoly, threatens to rob them of in the future?

Quite simply the various industries formerly established as monopolies and operated today communally, need to be given their freedom. Industry still managed

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394 Molinari uses the expression “la liberté du travail” (the liberty to engage in work) and “la liberté des échanges” (free trade).
or regulated by the state or by the communes, must be handed over to the free activity of individuals.

In this way, man possessing, as was the case before the establishment of societies, the right to apply his faculties freely, to any kind of labor, without hindrance or any charge, will once again fully enjoy his sovereignty.

THE CONSERVATIVE.

You have reviewed the various branches of industry which are still monopolies, or enjoy privileges, or are subject to controls, proving to us, with greater or lesser success, that for the common good such production should be left in freedom. Very well then. I do not wish to return to a worn-out subject. Is it really possible, however, to take away from the state and from the communes the task of general and local defence?

THE SOCIALIST.

And the administration of justice too?

THE CONSERVATIVE.

Yes, and the administration of justice. Is it possible that these industries, to use your word, might be undertaken other than collectively, by the nation and the commune?

THE ECONOMIST.

I would perhaps be willing to say no more about these two particular communisms if you were to agree very frankly to leave me all the others; if you would agree to reduce the size of the state so that henceforth it would be only a policeman, a soldier, and a judge. This, however, is impossible!... For communism in matters of security is the keystone of the ancient edifice of servitude. Anyway, I see no reason to grant you this one rather than the others.

You must choose one or the other:

Either communism is better than freedom, and in that case all industries should be organized in common, in the state or in the commune.

Or freedom is preferable to communism, and in that case all industries still organised in common should be made free, including justice and police, as well as education, religion, transport, production of tobacco, etc.
THE SOCIALIST.

This is logical.

THE CONSERVATIVE.

But is it possible?

THE ECONOMIST.

Let us see! Are we talking about justice? Under the old regime the administration of justice was not organised and its workforce paid, communally. It was organised as a monopoly and its workforce paid by those who made use of it.

For a number of centuries, no activity was more independent. It constituted, like all the other forms of material or non-material production, a privileged corporation. The members of this corporation could bequeath their offices or functions to their children, or even sell them. Possessing these offices in perpetuity, the judges made themselves well-known for their independence and integrity.

Unfortunately these arrangements had, looked at in another way, all the vices inherent in monopoly. Monopolised justice was paid for very dearly.

THE SOCIALIST.

And God knows how many complaints and claims required the payment of bribes to the judges.\footnote{Molinari uses the word “épices” (spices) which was a slang word for bribes paid to officials.} Witness the little verse scrawled on the door of the Palais de Justice after a fire: \[p. 320\]

One fine day, Dame Justice
Set the palace all on fire
Because she’d eaten too much spice.\footnote{The Palais de Justice (Law Courts) of Paris were burned to the ground in 1618. The satirical and libertine poet Marc-Antoine Girardin de Saint-Amant (1594-1661) wrote this verse to suggest that it might have been in revenge by Lady Justice for the corruption that went on within the building. See, \textit{Oeuvres complètes de . Nouvelle édition. Publiée sur les manuscrits inédits et les éditions anciennes. Précédée d’un Notice et accompagnée de notes par M. Ch.-L. Livet} (Paris: P.Janet, 1855), vol. 1, “Epigramme,” p. 185.}

Should not justice be essentially free of charge? Now, does not being free of charge entail collective organisation?
The complaints were about the justice system receiving too many bribes. It was not a complaint about the bribing itself. If the system had not been set up as a monopoly, if the judges had been able to demand only what was their legitimate payment for their industry, people would not have been complaining about the corruption.

In some countries, where those due to be tried had the right to choose their judges, the vices of monopoly were greatly alleviated. The competition established in this case by the different courts improves the justice process and makes it cheaper. Adam Smith attributed the progress of the administration of justice in England to this cause. His words are striking and I hope the passage will allay your doubts: [p. 321]

The fees of court seem originally to have been the principal support of the different courts of justice in England. Each court endeavoured to draw to itself as much business as it could, and was, upon that account, willing to take cognizance of many suits which were not originally intended to fall under its jurisdiction. The court of king’s bench, instituted for the trial of criminal causes only, took cognizance of civil suits; the plaintiff pretending that the defendant, in not doing him justice, had been guilty of some trespass or misdemeanor. The court of exchequer, instituted for the levying of the king’s revenue, and for enforcing the payment of such debts only as were due to the king, took cognizance of all other contract debts; the plaintiff alleging that he could not pay the king, because the defendant would not pay him. In consequence of such fictions it came, in many cases, to depend altogether upon the parties before what court they would chuse to have their cause tried; and each court endeavoured, by superior dispatch and impartiality, to draw to itself as many causes as it could. The present admirable constitution of the courts of justice in England was, perhaps, originally in a great measure, formed by this emulation, which antiently took place between their respective judges; each judge endeavouring to give, in his own court, the speediest and most effectual remedy, which the law would admit, for every sort of injustice. Originally the courts of law gave damages only for breach of contract. The court of chancery, as a court of conscience, first took upon it to enforce the specifick performance of
agreements. When the breach of contract consisted in the non-payment of money, the damage sustained could be compensated in no other way than by ordering payment, which was equivalent to a specific performance of the agreement. In such cases, therefore, the remedy of the courts of law was sufficient. It was not so in others. When the tenant sued his lord for having unjustly ousted him of his lease, the damages which he recovered were by no means equivalent to the possession of the land. Such causes, therefore, for some time, went all to the court of chancery, to the no small loss of the courts of law. It was to draw back such causes to themselves that the courts of law are said to have invented the artificial and fictitious writ of ejectment, the most effectual remedy for an unjust outer or dispossess of land. 397

THE SOCIALIST.

But once again would not a system with no charges be preferable?

THE ECONOMIST.

So you have not yet given up the illusion of something being free of charge. Do I need to demonstrate to you again that the administration of justice without charges is more expensive than the alternative, given the cost of collecting the taxes paid out to maintain your free courts and to give salaries to your free judges.398 Need I show you again that the provision of justice at no charge is necessarily unjust because not everyone makes equal use of the justice system and not everyone


398 According to the budget for 1848 the Ministry of Justice spent a total of fr. 26.7 million out of total expenditure of fr. 1.45 billion (or 1.85%). The government spent a total of fr. 156.9 million in administrative and collection costs, the proportional share of the Ministry of Justice was therefore fr. 29 million, which is more than was spent in providing justice. See Tables 3 and 8 in the Appendix on French Government Finances 1848-49.”
is equally litigious? What is more, justice is far from free under the present regime, as you are aware. [p. 322]

THE CONSERVATIVE.

Legal proceedings are ruinously expensive. Can we complain, however, about the present administration of justice? Is not the organization of our courts beyond reproach?

THE SOCIALIST.

Goodness! Beyond reproach! An Englishman whom I accompanied one day to the Criminal Court, came away from the hearing quite indignant. He could not conceive how a civilised people could permit a prosecutor of the Crown or the Republic to engage in rhetoric when calling for a death sentence. He was horror-struck that such eloquence could be used to provide bodies to the executioner. In England they are content to lay out the accusation before the court; they do not try to inflame it.

THE ECONOMIST.

Add to that the proverbial delays in our law courts, the sufferings of the unfortunates who await their sentences for months, sometimes for years, when the inquiry could be conducted in a few days; the costs and the enormous losses which these delays entail, and you will be convinced that the administration of justice has scarcely advanced in France.

THE SOCIALIST.

We should not exaggerate, however. Today, thank Heaven, we have the jury system.

THE ECONOMIST.

Which means that, not content with forcing taxpayers to pay the costs of the justice system, we also make them carry out the functions of judges. This is pure communism: *ab uno disce omnes.*399 Personally, I do not think [p. 323] the jury is any

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399 This maxim from Vergil's *Aeneid*, Book II, line 65, means “From one thing, learn about everything.”
better at judging than the National Guard, another communist institution!, is at making war.\footnote{The National Guard was founded in 1789 as a national armed citizens’ militia in Paris and soon spread to other cities and towns in France. Its function was to maintain local order, protect private property, and defend the principles of the Revolution. The Guard was closed down in 1827 for its opposition to King Charles X but was reconstituted after the 1830 Revolution and played an important role during the July Monarchy in support of the constitutional monarchy. Membership was expanded or “democratized” in a reform of 1837 and opened to all males in 1848 tripling its size to about 190,000. Since many members of the Guard supported the revolutionaries in June 1848 they refused to join the army in suppressing the rioting. This is what Molinari is probably referring to in his comment that it had become “communist.” See the glossary entry on “The National Guard.”}

THE SOCIALIST.

Why is that?

THE ECONOMIST.

Because the only thing one does well is one’s trade or speciality, and the jury’s speciality is not acting as a judge.

THE CONSERVATIVE.

So it suffices for the jury to identify the crime and to understand the circumstances in which it was committed.

THE ECONOMIST.

This is to say that it carries out the most difficult, most thorny function of the judge. It is a task so delicate, demanding judgment so sane and so practiced, a mind so calm, so dispassionate, so impartial, that we entrust the job to the chance of names in a lottery. It is exactly as if one drew by lot the names of the citizens who would be entrusted every year with the making of boots or the writing of tragedies for the community.\footnote{This is another example of Molinari’s interest in the theatre. See “Liberty and the Theatre” in \textit{Further Aspects}, below, pp. 000.}

THE CONSERVATIVE.

The comparison is forced.
THE ECONOMIST.

It is more difficult in my opinion to deliver a good judgment than to make a fine pair of boots or to produce a few hundred decent rhyming couplets. A perfectly enlightened and impartial judge is rarer than a skillful shoemaker or a poet capable of writing for the Théâtre Français.

In criminal cases, the jury’s lack of skill [p. 324] is revealed every day. Sad to say, however, only scant attention is ever paid to mistakes made in the Criminal Court. Nay, I would go further. People regard it almost as a crime to criticise a judgment rendered in court. In political cases does not the jury tend to pronounce according to its opinion, white (conservative) or red (radical), rather than according to what justice demands? Will not any man who is condemned by a conservative jury be absolved by a radical one and vice versa?

THE SOCIALIST.

True alas!

THE ECONOMIST.402

Already minorities are very weary of being judged by juries belonging to majorities. See how it turns out...

Is the point at issue the industry which supplies our external and internal defence?403 Do you think it is worth much more than the effort committed to justice? Do not our police and especially our army cost us very dearly for the real services they supply us with?404

In short, is there no disadvantage in this industry of defence being in the hands of the majority?

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402 Here begins the Economist's fourth of six set pieces or "speeches" in the book, where he gives a mini-lecture on what he believes. This one is his "tyranny of the majority" speech and is about 800 words in length. See the Editor’s “Introduction” for a list and description of these speeches, above, pp. 000.

403 “L’industrie qui pouvoit à la défense intérieure et extérieure.”

404 According to the budget for 1848 the Ministry of War spent a total of fr. 322 million out of total expenditure of fr. 1.45 billion (or 22.2%). The government spent a total of fr. 156.9 million in administrative and collection costs, the proportional share of the Ministry of War was therefore fr. 34.8 million, which is 10.8% of the cost of providing defense. See Tables 3 and 8 in the Appendix on French Government Finances 1848-49."
Let us examine this issue.

In a system in which the majority determines the level of taxation, and directs the use of public funds, must not taxation weigh more or less heavily on certain parts of the society, according to the predominant influences? Under the monarchy, when the majority was purely notional, when the upper class claimed for itself the right to govern the country to the exclusion of the rest of the nation, did not taxation weigh principally on the consumption [p. 325] of the lower classes, on salt, wine, meat, etc.? Doubtless the bourgeoisie played its part in paying these taxes, but the range of its consumption being infinitely wider than that of the consumption of the lower classes, its income ended up, all said and done, much less affected. To the extent that the lower class, in becoming better educated, will gain more influence in the state, you will see a contrary tendency emerge. You will see progressive taxation, today turned against the lower class, turned against the upper class. The latter will doubtless resist this new tendency with all its powers. It will cry out and protest, quite rightly, against this plunder and this theft; but if the communal institution of universal suffrage is maintained, if a surprise reversal of power does not once again put the government of society into the hands of the rich classes, to the exclusion of the poor classes, the will of the majority will prevail, and progressive taxation will be established. Part of the property of the rich will then be legally confiscated to relieve the burden of the poor, just as a part of the property

405 Bastiat called the very limited number of individuals who were allowed to vote during the July Monarchy the “classe électorale.” Suffrage was limited to those who paid an annual tax of fr. 200 and were over the age of 25; and only those who paid fr. 500 in tax and were over the age of 30 could stand for election. The taxes which determined eligibility were direct taxes on land, poll taxes, and the taxes on residence, doors, windows, and businesses. By the end of the Restoration (1830) only 89,000 tax payers were eligible to vote. Under the July Monarchy this number rose to 166,000 and by 1846 this had risen again to 241,000. The February Revolution of 1848 introduced universal manhood suffrage (21 years or older) and the Constituent Assembly (April 1848) had 900 members (minimum age of 25). See the glossary on “Chamber of Deputies and Voting.”

406 According to the budget for 1848 the government raised fr. 202.1 million from customs and salt taxes, as well as another fr. 204.4 million in indirect taxes on drink, sugar, tobacco, and other items, making a total of fr. 406.5 million. Total receipts from taxes and other charges was fr. 1.39 billion. The share of indirect taxes was thus 29.2% of the the total. See Table 5 in the Appendix on French Government Finances 1848-49.
of the poor has been confiscated for too long in order to relieve the burden of the rich.407

But there is worse still.

Not only can the majority of a communal government set the level of taxation wherever it chooses, but it can also make whatever use of that taxation it chooses, without taking account of the will of the minority.

In certain countries, the government of the majority uses a portion of public monies to protect essentially illegitimate and immoral properties. In the United States, for example, the government guarantees the southern planters the ownership of their slaves.408 There are, however, in the United States, abolitionists who rightly consider slavery to be a theft. It counts for nothing! The communal mechanism obliges them to contribute out of their wealth to the maintenance of this sort of theft. If the slaves were to try one day to free themselves of this wicked and dreadful yoke, the abolitionists would be required to go and defend, by force of arms, the property of the planters. That is the law of majorities.

Elsewhere, it can come about that the majority, pushed by political intrigue or by religious fanaticism, declares war on some foreign nation. However much the minority are horrified by this war, and curse it, they are obliged to contribute their blood and their funds to it. Once again this is the law of the majority.

So what happens? What happens is that the majority and the minority are in perpetual conflict and that war sometimes comes down from the parliamentary arena into the streets.

407 Molinari made this argument for the first time in his article on “The Electoral Law” (Courrier français, 23 July, 1846) which can be found in the Addendum.

408 Opposition to slavery and the economics of the slave system were some of the earliest topics the young journalist Molinari wrote on when he came to Paris, see “De l’abolition de l’esclavage,” in pp.60-Études économiques (1846.), pp. 60-127; and on which he also wrote some key entires for the DEP. “Esclavage,” T. 1, pp. 712-31, and “Servage,” T. 2, pp. 610-13.
Today it is the red minority which is in revolt. If this minority were to become a majority, and if using its majority rights, it reshaped the constitution as it wished, if it decreed progressive taxation, forced loans, and paper money, who could assure you that the whites would not be in revolt tomorrow?

There is no lasting security under this system. And do you know why? Because it endlessly threatens property; because it puts at the mercy of a majority, whether blind or enlightened, moral or immoral, the persons and the goods of everybody.

If the communal regime, instead of being applied as in France, to a multitude of objects, found itself narrowly limited as in the United States, the causes of disagreement between the majority and the minority being less numerous, the disadvantages of this regime would be fewer. They would not, however, disappear entirely. The recognised right of the majority to tyrannise over the will of the smaller, would still in certain circumstances be likely to cause a civil war.

409 Molinari is referring to the socialist supporters of Louis Blanc, Pierre Leroux, and Auguste Blanqui who made up a sizable faction in the National Assembly during the Second Republic and who organized numerous political clubs during 1848-49, and participated in acts of violence such as the June Days of 1848 and in April 1849. Several of the clubs adopted names reminiscent of groups in the radical phase of the first French Revolution, such as “The Mountain” and “The Society of the Rights of Man.” In the election for the Constituent Assembly held on 23 and 24 April 1848 the 900 members were divided as follows: the largest block of Deputies were monarchists (290), followed by moderate republicans such as Bastiat (230), and extreme republicans and socialists (55); the remainder were unaligned. Blanc was made a Minister without portfolio and headed the Luxembourg Commission to look into labour questions such as the National Workshops program and “right to work” legislation. In the election of 19 January 1849 of the 705 seats, 450 were won by members of the “Party of Order” (an alliance of legitimists and other conservatives), 75 by moderate republicans, and 180 by “the Mountain” (radical democrats and socialists). Left wing protesters were joined by several dozen left-wing Deputies in a demonstration on 13 June which was suppressed upon orders of the President of the Republic, Louis Napoleon. This led to the closing down a several left-wing newspapers and the political clubs. See the glossary entries on “Press (socialist), “Chamber of Deputies and Voting,” and “Luxembourg Palace.”

410 The irony of this passage is that Molinari has earlier pointed out the class based structure and injustice of the U.S. slave system and the stresses which this creates, and then argued that the smaller size of the U.S. government means that these tensions would be reduced. It should be pointed out that the Civil War broke out in 1861 only 12 years after the Soirées was published.
Once again, though, it is not easy to see how industry which provides the security of persons and property, could be managed, if it were made free. Your logic leads you to dreams worthy of an inmate at Charenton.\footnote{The “Maison royal de Charenton,” also known as the “Hôpital Esquirol,” was a psychiatric hospital which was founded in 1641. One of its most famous inmates was the Marquis de Sade in the late 18th century. The Hospital was the subject of a major study, “Rapport statistique sur la maison royale de Charenton,” in 1829.}

Oh, come on! Let us not get angry. I suppose that after having recognised that the partial communism of the state and of the commune is decidedly bad, we could let all the branches of production operate freely, with the exception of the administration of justice and public defence. Thus far I have no objection. But a radical economist, a dreamer,\footnote{Molinari is hinting here that he is “Le Rêveur” (the Dreamer), the radical liberal, who wrote but did not sign the essay “L’Utopie de la liberté. Lettres aux socialistes” in the \textit{JDE}, 15 June, 1848, vol. \textbf{XX}, pp. 328-32. This is an appeal written just prior to the June Days insurrection of 1848 for liberals and socialists to admit that they shared the common goals of prosperity and justice but differed on the correct way to achieve these goals. Molinari reveals that he was in fact the author in an appendix he included with \textit{Esquisse de l’organisation politique et économique de la société future} (Paris: Guillaumin, 1899), p. 237, written 50 years later. See “The Dreamer (le Rêveur) of Radical Liberal Reforms,” in \textit{Further Aspects},” below, pp. 000.} comes along and says: Why then, after having freed the various uses of property, do you not also set free those who guarantee the upholding of property rights? Just like the others, will not these industries be carried out in a way more just and useful if they are made free? You maintain that it is impracticable. Why? On the one hand, are there not, in society, men especially suited, some to judge the disputes which arise between proprietors and to assess the offences committed against property, others \footnote{Page 356} to defend the property of persons and of things, against the assaults of violence and fraud? Are there not men whom their natural aptitudes make especially fit to be judges, policemen, or soldiers? On the other hand, do not all proprietors, without exception, have need for security and justice? Are not all of them inclined, therefore, to impose sacrifices on themselves to satisfy this urgent need, above all if they are powerless to satisfy it themselves, or can do so only by expending a lot of time and money?
Now, if on the one hand there are men suitable for meeting one of society’s needs, and on the other hand men ready to make sacrifices to obtain the satisfaction of this need, is it not enough to allow both groups to go about their business freely\textsuperscript{413} so that the good demanded, whether material or non-material, is produced and that the need is satisfied?

Will not this economic phenomenon be produced irresistibly, inevitably, like the physical phenomenon of falling bodies?

Am I not justified in saying, therefore, that if a society renounced the provision of public security, this important industry would nonetheless be carried out? Am I not right to add that it would be done better in the régime of liberty than the régime of community?

THE CONSERVATIVE.

In what way?

THE ECONOMIST.

That does not concern the Economists. Political economy \[p. 329\] can say: if such a need exists, it will be satisfied and done better in a régime of complete freedom than under any other. There is no exception to this rule. As to how this industry will be organized, what its technical procedures will be, that is something which political economy cannot tell us.\textsuperscript{414}

Thus I can affirm that if the need for food is plainly visible in society, this need will be satisfied, and satisfied all the better, when each person remains as free as possible to produce food or to buy from whomever he thinks fit.

I can give assurances, too, that things will work out in exactly the same way, if rather than food, security is the issue.

Therefore, I maintain that if a community were to announce that after a given delay, say perhaps a year, it would give up financing the pay of judges, soldiers, and

\textsuperscript{413} Molinari actually uses the phrase “laissez faire” here: “de laissez faire les uns et les autres.”

\textsuperscript{414} This is an argument Molinari would make several times, especially in his stories about the monopolist grocer. He did not believe it was the economist’s job here or in any other area of economic activity to specify in advance exactly how goods and services would be provided at some time in the future, how many companies might be set up to supply these services, at what prices these goods and services would be traded, and so on. See “The Story of the Monopolist Grocer,” in appendix 1.
policemen, at the end of the year that community would not possess any fewer courts and governments ready to function; and I would add that if, under this new regime, each person kept the right to engage freely in these two industries and to buy their services freely from them, security would be generated as economically and as well as possible.

THE CONSERVATIVE.

I still say that this is inconceivable.

THE ECONOMIST.

At the time when the regulatory regime\textsuperscript{415} kept industry prisoner within its communal boundaries, and when each privileged corporation had exclusive control of the communal market, people said that society was threatened, each time some audacious innovator strove to attack that monopoly. If anyone had come and said at that time that instead of the feeble and stunted industries of the privileged corporations, liberty would one day build immense factories turning out cheaper and superior products, this dreamer would have been very smartly put in his place. The conservatives of that time would have sworn by all the gods that such a thing was inconceivable.

THE SOCIALIST.

Oh come on! How can it be imagined that each individual has the right to create his own government, or to choose his government, or even not choose it...? How would things turn out in France, if having freed all the other industries, French citizens announced by common agreement, that after a year, they would cease to support the government of the community?

THE ECONOMIST.

On this subject all I can do is conjecture. This, however, is more or less how things would turn out. Since the need for security is still very great in our society, it would be profitable to set up businesses which provide government services.\textsuperscript{416} Investors could be certain of covering their costs. How would these firms be set up?

\textsuperscript{415} Molinari will later refer to Necker as a “neo-regulator” in the final Soirée.

\textsuperscript{416} “Des entreprises de gouvernement” (businesses which provide government services).
Isolated individuals would not be adequate, any more than they would suffice for building railways, docks etc. Huge companies would be set up, therefore, in order to produce security. These would acquire the resources and the workers they needed. As soon as they felt ready to operate, these property-insurance companies would look for a clientele. Each person would take out a subscription with the one which inspired him with most confidence and whose terms seemed to him the most favourable.

THE CONSERVATIVE.

We would queue up to take out subscriptions. Most definitely we would queue up!

THE ECONOMIST.

This industry being free, we would see as many companies set up as could usefully be formed. If there were too few, if, consequently the price of security rose too high, people would find it profitable to set up new ones. If there were too many, the surplus ones would not take long to be dissolved. The price of security would in this way always be led back to the level of its costs of production.

THE CONSERVATIVE.

How would these free companies arrange things among themselves in order to provide national security?

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417 “Compagnies d’assurances sur la propriété.” Molinari first referred to the state as being “une grande compagnie d’assurances mutuelles” (a big mutual insurance company) in his essay on “The Right to Vote” (July 1846) (see the Addendum). He would return to this idea of society as a large insurance company providing services to “consumers,” that is citizens, in his article “The Production of Security” in the JDE (February 1849) and then again here. Later in the DEP entry on “Civilization” he would refer to “ces sociétés de protection mutuelle” (these mutual protection companies), Addendum, below, p. abc. On others who thought in a similar way, like Louis Graslin and Émile de Girardin, see Faccarello, "Bold Ideas. French liberal economists and the state" (2010).

418 Molinari uses the word “s’abonner” which usually refers to taking out a subscription to a magazine or newspaper. Below he uses a different expression “prime” (premium) which is more usually associated with a payment for an insurance policy.

419 “Le prix de la sécurité.”
THE ECONOMIST.

They would reach agreement as do monopoly or communist governments today, because they would have an interest in so doing. The more, in fact, they agreed to share facilities for the apprehension of thieves and murderers, the more they would reduce their costs.

By the very nature of their industry, these property-insurance companies would not be able to venture outside certain prescribed limits: they would lose by maintaining police in places where they had very few clients. Within their district they would nevertheless not be able [p. 332] to oppress or exploit their clients, on pain of seeing competition spring up immediately.

THE SOCIALIST.

And if the existing company wanted to prevent the competitors establishing themselves?

THE ECONOMIST.

In a word, if they encroached on the property of their competitors and on the sovereignty of all...Oh! In that case all those whose property and independence were threatened by the monopolists would rise up and punish them.

THE SOCIALIST.

And if all the companies agreed to establish themselves as monopolies, what then? What if they formed a holy alliance\textsuperscript{420} in order to impose themselves on their peoples, and if, emboldened by this coalition, they mercilessly exploited the unfortunate consumers of security, and if they extracted from them by way of heavy taxes the greater part of the fruit of the labor of these peoples?

THE ECONOMIST.

If, to tell the whole story, they started doing again what the old aristocracies did right up until our era...Well, then, in that case the peoples would follow the advice of Béranger:

Peoples, form a Holy Alliance

\textsuperscript{420} See the earlier footnote on the Holy Alliance in 1815 which was designed to protect the monarchies of Prussia, Austria, and Russia against the threats of liberalism and democracy.
And take each other by the hand.\textsuperscript{421}

They would unite in their turn and since they possess means of communication which their ancestors did not, and since they are a hundred times more numerous than their old rulers, the holy alliance of the aristocracies would soon be destroyed. No one would any longer be tempted in this case, I swear to you, to set up a monopoly. \textsuperscript{[p. 333]}

\textbf{THE CONSERVATIVE.}

What would one do under this regime to repulse a foreign invasion?

\textbf{THE ECONOMIST.}\textsuperscript{422}

What would be the interest of the companies? It would be to repel the invaders, for they themselves would be the first victims of the invasion. They would agree among themselves, therefore, in order to repel them, and they would demand from those they insured, a supplementary premium\textsuperscript{423} for saving them from this new danger. If the insured preferred to run the risks of invasion, they would refuse to pay this supplementary premium; if not they would pay it and they would thus put the companies in a position to ward off the danger of invasion.

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\textsuperscript{421} Pierre-Jean de Béranger (1780-1857) was a poet and songwriter who rose to prominence during the Restoration period with his funny and clever criticisms of the monarchy and the church, which got him into trouble with the censors who imprisoned him for brief periods in the 1820s. The quotation is the refrain in Béranger’s anti-monarchical and pro-French poem, “La sainte Alliance des peuples” (The Holy Alliance of the People) (1818) in \textit{Oeuvres complètes de P.J. de Béranger contenant les dix chanson nouvelles, avec un Portrait gravé sur bois d’après Charlet} (Paris: Perrotin, 1855), vol. 1, pp. 294-96. For a translation see, \textit{Béranger’s Songs of the Empire, the Peace, and the Restoration}. Translated into English verse by Robert B. Clough (London: Addey and Co., 1856), pp. 59-62. The first verse goes as follows: “I saw fair Peace, descending from on high, Strewing the earth with gold, and corn, and flow’rs; The air was calm, and hush’d all soothingly The last faint thunder of the War-gods pow’rs. The goddess spoke: ‘Equals in worth and might, Sons of French, Germans, Russ, or British lands, Form an alliance, Peoples, and unite, In Friendship firm, your hands’. ” The two lines quoted by Molinari here were used as one of the three slogans on the banner of the magazine, \textit{Jacques Bonhomme}, which he, Bastiat, Charles Coquelin, Alcide Fonteyraud, and Joseph Garnier published and handed out on the streets of Paris during the June Days uprising in 1848. See the glossary entry on \textit{Béranger}.

\textsuperscript{422} This is in fact the Economist speaking. It is listed as the Socialist in the French original.

\textsuperscript{423} “Un supplément de prime.”
Just as war is inevitable in a regime of monopoly, so peace is inevitable under a regime of free government.424

Under this regime governments can gain nothing through war; on the contrary they can lose everything. What interest would they have in undertaking a war? Would this be to increase their clientele? But the consumers of security, being free to create their own government as they saw fit, would escape their conquerors. If the latter wished to impose their domination on them, after having destroyed the existing government, the oppressed would immediately demand the help of other nations....

Wars of company against company could take place, moreover, only insofar as the shareholders425 were willing to advance the costs. Now, war no longer being able to bring to anyone an increase in the number of clients, since consumers will no longer allow themselves to be conquered, the [p. 334] costs of war would obviously no longer be covered. Who would want therefore to advance them the funds?

I conclude from this that war would be physically impossible under this system, for no war can be waged without an advance of funds.

THE CONSERVATIVE.

What conditions would a property-insurance company impose on its clients?

THE ECONOMIST.

These conditions would be of several different kinds.

In order to be in a position to guarantee full security of person and property to those they have insured, it would be necessary:426

424 “Un régime de libre gouvernement.”

425 “Les actionnaires.” Molinari first began talking about taxpayers being “shareholders” in society in which the state acted as a “large mutual insurance company” in his article “The Right to Vote” (July 1846) (see Addendum). Here he envisages private insurance companies with shareholders which are in the security business.

426 Molinari repeats here the list of conditions which he first set out in his article “De la production de la sécurité” in JDE, February 1849, p. 288. There are however some significant changes, such as changing the word “le producteur” (the producer) to “les compagnies d’assurances” (insurance companies) and “les consommateurs” (consumers) to “les assurés” (the insured). The word “prime” (premium) remained the same.
1. For the insurance companies to establish certain penalties for offenders against persons and property, and for those insured to accept these penalties, in the event of their committing offences against persons and property.

2. For the companies to impose on the insured certain restrictions intended to facilitate the detection of those responsible for offences.

3. For the companies, on a regular basis, in order to cover their costs, to levy a certain premium, varying with the situation of the insured and their individual occupations, and the size, nature and value of the properties to be protected.

If the conditions stipulated were acceptable to the consumers of security, the deal would be concluded; otherwise the consumers would approach other companies, or provide for their security themselves.

Follow this hypothesis in all its details, and I think you will be convinced of the possibility of [p. 335] transforming monopolistic or communist governments into free governments.

THE CONSERVATIVE.

I still see plenty of difficulties in this. For example, who will pay the national debt?427

THE ECONOMIST.

Do you think that in selling all the property today held in common – roads, canals, rivers, forests, and buildings used by all the commune governments, the equipment of all the communal services – we would not very easily succeed in paying off the debt? The latter does not exceed six billion. The value of communal property in France is quite certainly far greater than that.

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427 Total debt held by the French government in 1848 amounted to fr. 5.2 billion which required annual payments of fr. 384 million to service. Since total annual income for the government in 1848 was fr. 1.4 billion the outstanding debt was 3.7 times receipts and debt repayments took up 27.6% of annual government income. See Gustave de Puynode, “Crédit public,” DEP, vol. 1, pp. 508-25. See Table 2 in the Appendix on “French Government Finances 1848-1849.”
THE SOCIALIST.

Would not this system entail the destruction of any sense of nationality? If several property-insurance companies established themselves in a country, would not national unity be destroyed?

THE ECONOMIST.

First of all, national unity would have to exist before it could be destroyed. Well, I do not see national unity in these shapeless agglomerations of people, formed out of violence, which violence alone maintains, for the most part.

Next, it is an error to confuse these two things, which are naturally very distinct: the nation\(^\text{428}\) and the government. A nation is \textit{one} when the individuals who compose it have the same customs, the same language, the same civilisation; when they constitute a distinct and original variety of the human race. Whether this nation [p. 335] has two governments or only one, matters very little, unless one of these government surrounds, with an artificial barrier, the territories under its domination, and undertakes incessant wars against its neighbours. In this last instance, the instinct of nationality will react against this barbarous fragmentation and artificial antagonism imposed on a single people, and the disunited fractions of the people will very quickly attempt to draw together again.

Now governments have until our time divided people in order to retain them the more easily in obedience; \textit{divide and rule}, such has been at all times the fundamental maxim of their policy. Men of the same race, to whom a common language would supply an easy means of communication, have reacted vigorously against the enactment of this maxim; at all times they have striven to destroy the artificial barriers which separated them. When they achieved this result, they wished to have a single government in order not to be disunited again. Note, however, that they have never demanded that this government should separate them from other people...So the instinct of nationality is not selfish, as is often claimed; it is, on the contrary, essentially sympathetic towards others. Once the various governments cease dragging peoples apart and dividing them, you will see a given nationality happily accepting several others. A single government is no more

\(^{428}\) On Molinari’s theory of the nation, see his entry on “Nations” in the \textit{DEP} (translated in the Addendum).
necessary to the unity of a people, than a single bank, a single school, a single
religion, a single grocery store, etc. [p. 337].

THE SOCIALIST.

There, in truth, we have a very strange solution to the problem of government!

THE ECONOMIST.

It is the sole solution consistent with the nature of things.\textsuperscript{429}

\textsuperscript{429} The phrase “the nature of things” was one commonly used by J.B. Say to describe the natural
laws which governed political economy. See the many references throughout \textit{Cours complet}
(1840), vol. 1 “Considérations générales,” pp. 1-64, especially p. 17.
Appendix 7: The Debate about Molinari and the Functions of Government in the PES (Oct. 1849 - Feb. 1850)

SEP: SÉANCE DE 10 OCT. 1849 (LIMITS TO THE FUNCTIONS OF THE STATE AND THE INDIVIDUAL)

Source


Text: JDE version

Chronique


Dans sa dernière séance, la Société des économistes a écouté avec intérêt des détails sur quelques progrès de l'enseignement de l'économie politique.

Le budget pour 1850, proposé par M. Passy, porte la création d'une chaire à l'Ecole forestière de Nancy, d'où les jeunes gens sortent imbus de ce socialisme
réglementaire qui infecte nos administrations et qui ressemble tant à l'autre socialisme. Cette chaire sera désignée sous le nom bâtard d'économie forestière ; mais il y a tout lieu d'espérer que M. le ministre des finances ne laissera pas sacrifier, dans le programme, les notions de la science à des détails de technologie ou de manutention forestière, qui doivent avoir leur place dans un autre cours.

Le collège municipal (aujourd'hui Chaptal et naguère François 1er, avant les décrets de M. H. Carnot) que la ville de Paris a établi, il y a quelques années, pour soustraire une partie des enfants de la classe moyenne à l'influence de l'enseignement exclusivement classique, aura cette année un cours d'économie politique pour les élèves de sixième année. Ce cours, porté au programme sanctionné par le Conseil de l'Université lui-même, n'avait point encore pu être fait, parce que c'est la première fois que les cours de sixième année sont professés dans cette école. Nous remarquons également, dans la liste des études de cette sixième année, des leçons de statistique rationnelle.

Conformément à la loi qui a été votée par l'Assemblée constituante sur l'enseignement agricole, il y aura à l'Institut agronomique supérieur de Versailles un cours dit d'économie rurale. Le programme de ce cours a été dressé par une Commission mixte d'agriculteurs et d'économistes. Sous peu de jours, le ministre du commerce doit faire connaître les termes de ce programme ainsi que l'époque du concours, qui aura bientôt lieu.

Très-probablement aussi, le collège Arménien établi à Paris aura un cours d'économie politique.

Dans un de ses derniers numéros la Gazette de Madrid, en annonçant l'ouverture du cours de statistique fondé depuis quelques années par la Société économique de Madrid, disait que les élèves, pour être admis, devaient avoir étudié les mathématiques et l'économie politique. Et, en effet, cette dernière science est maintenant cultivée dans la plupart des Universités espagnoles. Nous en avons acquis l'assurance en lisant, dans le même journal, l'annonce du dépôt à tous les secrétariats de ces Universités, de la traduction des Éléments d'économie politique de M. Joseph Garnier, que vient de publier, en espagnol, M. Eugène de Ochoa, employé au ministère du commerce de Madrid.
M. H. Say a ensuite rappelé que l'économie politique a été introduite récemment dans le programme pour l'admission des auditeurs au Conseil d'État, comme elle l'avait été, il y a deux ans, par les efforts de M. Michel Chevalier, dans le programme pour l'admission des élèves consuls.

Après ces communications, M. Say, qui présidait, a proposé de porter la conversation sur un sujet très-délicat (qui avait déjà été abandonné dans une séance précédente par une digression relative à l'assistance), sur la question de savoir quelles sont les limites des fonctions de l'État et de l'action individuelle ; si ces limites sont bien tranchées, et s'il y a moyen de les préciser. Malheureusement, comme M. Say a dit que ce sujet lui était suggéré par la lecture de l'ouvrage que vient de publier M. Molinari (Les Soirées de Saint-Lazare, dialogues sur divers principes d'économie sociale), il n'en a pas fallu davantage pour que la question principale fût encore une fois abordée très-timidement et que la discussion portât sur divers autres sujets traités par M. de Molinari, et notamment sur le principe d'expropriation pour cause d'utilité publique, que cet écrivain a combattu de la manière la plus absolue. Néanmoins, la conversation a été à la fois très-vive et très-instructive. MM. Coquelin, Bastiat, de Parieu, Wolowski, Dunoyer, Sainte-Beuve, représentant de l'Oise (qui assistant pour la première fois à la réunion, ainsi que M. Lopès-Dubec, représentant de la Gironde), Rodet et Raudot, de Saône-et-Loire, ont successivement demandé la parole.

M. Coquelin, ayant pris pour point de départ de la discussion l'opinion de M. de Molinari (qui pense que, dans l'avenir, la concurrence pourra s'établir entre des Compagnies d'assurance, capables de garantir la sécurité aux citoyens qui seraient leurs clients), a fait remarquer que M. de Molinari n'avait pas pris garde que, sans une autorité suprême, la justice n'avait pas de sanction, et que la concurrence, qui est le seul remède contre la fraude et la violence, qui seule est capable de faire triompher la nature des choses dans les rapports des hommes entre eux, ne pouvait pas exister sans cette autorité suprême, sans l'État. Au-dessous de l'État, la concurrence est possible et féconde ; au-dessus, elle est impossible à appliquer et même à concevoir. M. Bastiat a parlé dans le même sens que M. Coquelin; il croit que les fonctions de l'État doivent être circonscrites dans la garantie de la justice et
de la sécurité; mais, comme cette garantie n'existe que par la force, et que la force ne peut être que l'attribut d'un pouvoir suprême, il ne comprend pas la société avec un pareil pouvoir attribué à des corps égaux entre eux, et qui n'auraient pas un point d'appui supérieur. M. Bastiat s'est ensuite demandé si l'exposé bien net, bien clair et bien palpable de cette idée, que l'Etat ne doit avoir d'autre fonction que la garantie de la sécurité, ne serait pas une propagande utile et efficace en présence du socialisme qui se manifeste partout, même dans l'esprit de ceux qui voudraient le combattre.

M. de Parieu, suivant M. de Molinari dans la discussion d'un idéal très-lointain, pense que la question soulevée par ce dernier est celle de la lutte entre la liberté et la nationalité. Or, il n'est pas impossible que ces deux principes se concilient assez naturellement. Déjà la Suisse offre des exemples de populations qui se séparent d'anciens cantons, pour fonder des Etats indépendants. Ils se décentralisent d'une certaine manière ; mais ils restent unis sous le rapport de la nationalité. M. Rodet a également cité les exemples analogues que présente l'histoire des développements de l'Union américaine.

M. Wolowski a émis l'opinion que la civilisation des peuples comporte la coexistence de deux principes marchant parallèlement : le principe de la liberté de l'individu, et le principe de l'état social, qu'il ne faut pas méconnaître, et qui est doué de sa vie propre. L'honorable représentant ne pense pas que l'avenir soit au morcellement des nations, il croit au contraire à leur agrandissement par voie d'annexions successives.

M. Dunoyer, comme M. Coquelin et M. Bastiat, pense que M. de Molinari s'est laissé égarer par des illusions de logique; et que la concurrence entre des compagnies gouvernementales est chimérique, parce qu'elle conduit à des luttes violentes. Or, ces luttes ne finiraient que par la force, et il est plus prudent de laisser la force là où la civilisation l'a mise, dans l'Etat. Toutefois, M. Dunoyer croit que la concurrence s'introduit en fait dans le gouvernement par le jeu des institutions représentatives. En France, par exemple, tous les partis se font une véritable concurrence, et chacun d'eux offre ses services au public, qui choisit bien réellement toutes les fois qu'il vote au scrutin. M. Dunoyer a voulu dire aussi que si M. de Molinari avait été trop absolu en proscrivant toute espèce d'expropriation
pour cause d'utilité publique, on avait été, dans ces derniers temps, trop enclin à violer la propriété; il a cité les tendances du gouvernement avant février 1848, ainsi que les doctrines émises au sein de la Constituante, avec l'adhésion, pour ainsi dire, de la majorité. M. Sainte-Beuve et M. Bastiat n'ont pas accepté l'accusation dirigée contre la majorité d'une assemblée à laquelle ils ont appartenu. Toujours est-il que si, en fait, l'Assemblée constituante n'a pris aucune détermination dans le sens dont a parlé M. Dunoyer, il y a tout lieu de croire que ce n'est pas par un jugement parfaitement sain de la majorité, que ce n'est pas par raison économique, mais bien par esprit de réaction politique contre l'extrême gauche, dominée par le socialisme, qu'elle a agi ainsi.

M. Raudot, qui a parlé le dernier, a partagé l'avis de M. Wolowski sur la probabilité en faveur de la formation d'États de plus en plus grands dans l'avenir; mais il pense que cette concentration conduirait les peuples à la plus grande tyrannie et à la plus grande misère, si l'État continuait à vouloir tout absorber et à laisser les municipalités sous une tutelle qui énerve la vie des communes et engendre le socialisme, dont on commence à comprendre les dangers.

Comme on le voit, la question primitive indiquée par M. Say n'a pas été spécialement traitée, mais plusieurs membres de la réunion se sont promis d'y revenir.

SEP: SÉANCE DE 10 JAN. 1850 - QUELLE EST LA LIMITE DES FONCTIONS DE L'ETAT? DISCUSSION À LA SOCIÉTÉ D'ÉCONOMIE POLITIQUE

Source

Text: JDE version

[202]

CHRONIQUE.


Une des questions les plus délicates qu'on puisse examiner, qui tient à la fois à l'économie politique et à toutes les autres sciences, y compris la philosophie politique, a été abordée, et en plusieurs points traitée à fond, dans la dernière réunion de la Société d'économie politique.

Déjà plus d'une fois, sur l'insistance de quelques membres, cette question avait été mise à l'ordre du jour, mais la conversation s'était constamment jetée dans une digression ou un cas particulier : l'assistance, l'expropriation pour cause d'utilité publique, etc. Cette fois, bien que les membres qui ont pris part à cette intéressante discussion se soient complu dans des questions spéciales, telles que le monopole des assurances par l'État, le crédit foncier et d'autres, nous avons été heureux de voir que la difficulté était franchement abordée, sondée, creusée, précisée, et même en partie résolue.

[203]

La parole a été donnée d'abord à M. Wolowski, représentant du peuple, qui voudrait agrandir les fonctions de l'État, et faire servir les rouages de l'administration et les avantages de la centralisation à une meilleure constitution d'assurances, et à la fondation, en France, d'institutions de crédit foncier, analogues
à celles qui sont établies en Allemagne et en Pologne. M. Wolowski croit qu'il serait utile et avantageux que l'État, sans se mêler d'opérations de banque proprement dites, pût centraliser les payements des intérêts de la dette foncière et de l'amortissement, les remboursements de cette dette, et donner une garantie considérable aux papiers représentatifs de ces créances et des propriétés hypothéquéées. Il croit encore que le mécanisme de l'État peut être utilement employé à l'organisation des caisses de retraite, car il inspire la plus grande confiance possible pour les versements, et la plus grande sécurité pour le payement des pensions de retraite.

Dans tout cela, M. Wolowski pense qu'on peut agir sans contrainte aucune, et seulement par la voie de facilités offertes, de manière à provoquer, à féconder la prévoyance des citoyens, tout en faisant disparaître du corps social des emplois parasites. L'honorable représentant croit bien que notre pays est trop porté à l'intervention de l'État; mais, s'il redoute cette intervention toutes les fois qu'il s'agit de la production de la richesse, il la trouve avantageuse dans toutes les institutions dont le but est la conservation de cette richesse.

M. Hovyn-Tranchère a fait le procès à la manie de l'intervention de l'État en général; il y a vu avec raison le socialisme pur et simple; et il a montré qu'entre les doctrines économiques du Luxembourg et celles de beaucoup d'hommes appartenant aux partis les plus opposés, il n'y a d'autre différence que la logique poussée à l'extrême par les révolutionnaires de l'espèce dont nous venons de parler, et qui est incomplète chez les autres. L'intervention de l'État est la plaie de notre temps; M. Hovyn-Tranchère pense qu'il faut la combattre partout et à outrance, et qu'en ce moment il est même dangereux de s'arrêter à la discussion des questions spéciales où il y aurait peut-être avantage à laisser l'État intervenir plus ou moins.

Jetant les yeux sur la question du crédit foncier, M. Hovyn-Tranchère a dit, avec une grande raison, que les nombreuses illusions qui ont couru à cet égard (et qui ont été caressées par tant de membres de la Constituante, et notamment par le Comité d'agriculture; voir le si étonnant rapport de M. Flandin) n'ont pas d'autre cause que l'ignorance des notions les plus élémentaires de l'économie politique. Après y avoir réfléchi, l'honorable représentant pense que le plus grand service et le seul service que l'on puisse rendre au crédit foncier et aux propriétaires obérés, c'est
de faciliter la vente des biens et la liquidation des fortunes par la diminution des droits de mutation.

Ce sujet a conduit naturellement l'honorable membre à parler de l'enseignement actuel, qu'il juge avec la plus grande sévérité, d'après les fruits qu'il a portés. La plupart des hommes qui arrivent aux affaires font des concessions au socialisme. Ils ont des paroles éloquentes pour l'ordre et la liberté; ils font preuve de courage, mais ils ne laissent aucune trace de leur passage. Puisque le niveau de l'intelligence et de la moralité publique s'abaisse, l'honorable membre en conclut que si l'arbre donne de tels fruits depuis si longtemps, c'est qu'il est véreux et qu'il y a lieu de l'arracher.

Comme conclusion générale, M. Hovyn-Tranchère pense que les hommes chargés de l'administration du pays doivent s'arrêter nettement et brusquement dans la voie d'intervention qui nous perdra.

M. Bastiat a parlé dans le même sens que M. Hovyn. Il s'est précisément servi du progrès de l'industrie des assurances pour montrer combien l'association a d'avenir, et le danger qu'il y aurait à ce que l'Etat s'emparât de cette branche de l'activité humaine, qui se trouverait ipso facto arrêtée et paralysée, et qui n'aurait jamais progressé si, dès le début, l'Etat était intervenu avec ses entraves et ses traditions bureaucratiques. Il trouve les mêmes arguments dans le développement des caisses de secours mutuels des ouvriers, et il insiste surtout sur ce point que l'Etat, en intervenant, arrête l'activité individuelle, énerve l'action sociale et détrempé le ressort qui pousse l'espèce humaine vers son amélioration et son développement. M. Bastiat ne connaît et n'admet l'utilité de l'intervention de l'Etat que dans le maintien et la garantie de la sécurité, lesquels peuvent nécessiter l'emploi de la force.

L'honorable membre, combattant une proposition de M. Wolowski, pense que l'Etat a encore moins à se mêler de la conservation de la richesse que de sa production, puisqu'il faut plus de mérite, de prévoyance et de ressort individuel pour garder ce qu'on a que pour le gagner.

M. Cherbuliez, rentrant tout à fait dans le sujet de la conversation, s'est demandé quels pouvaient être pour la solution de la difficulté que s'est proposée la Société d'économie politique, les principes généraux, supérieurs, et dirigeants, pour
ainsi dire, à l'aide desquels il serait possible de déterminer, une fonction étant donnée, si elle est d'ordre gouvernemental ou si elle doit être laissée à l'industrie particulière.

En analysant l'action de l'État, M. Cherbuliez croit qu'elle comprend trois choses : l'unité début, l'unité de direction, et la concentration de forces pour atteindre ce but.

Essayant la sécurité et l'enseignement à cette pierre de touche, il montre qu'en fait de sécurité il y a nécessairement unité de but et de direction pour tous les membres de la société, tous intéressés à ce que l'ordre soit maintenu et la justice rendue de la même manière ; et, finalement, que, pour arriver à ce résultat, il est indispensable que la société concentre toutes ses forces. Il n'en est pas de même pour l'enseignement. Là, l'unité de but n'existe pas ; les citoyens sont catholiques, protestants, juifs, etc., croyants ou non croyants ; ils ont mille routes ouvertes devant eux pour l'instruction de leurs enfants, et l'unité de direction conduit simplement à la tyrannie pour l'éducation, et pour l'instruction à ce niveau bâtard, sous lequel nous gémissions.

M. de Colmont, suivant la discussion sur ce terrain de la recherche d'un principe général, pense que l'action du gouvernement doit porter sur la défense de tous les intérêts, et être restreinte au maintien de toutes les libertés ou de toutes les facultés, expressions qui sont, pour ainsi dire, synonymes. C'est ainsi qu'il doit s'occuper de l'administration de la justice et de la perception des taxes que ce soin nécessite. C'est ainsi que le gouvernement, entraîné par la force des choses, doit se réserver le monopole de la fabrication des monnaies, puisqu'il y a avantage et sécurité pour tous à ce que cette fabrication soit confiée à ses soins uniques. Il en est de même du service postal et de toutes les fonctions où il est reconnu que l'action de l'État est indispensable pour maintenir le plein exercice des libertés et des facultés de chacun.

Aux yeux de M. Say, le critère le plus pratique pour juger si une fonction doit être réservée à l'État, ou lui être interdite, est celui-ci : — L'État fait-il mieux ou fait-il plus mal que l'industrie privée ? — Analystant le travail et le développement des sociétés d'assurance, par exemple, M. Say démontre que l'État n'aurait jamais pu se tirer des difficultés qu'offre cette industrie; qu'il n'aurait jamais
su apprécier les risques, et qu'il n'aurait pas su lutter contre les fausses déclarations et les fausses manœuvres avec la même habileté que les Compagnies stimulées par l'intérêt privé. C'est tout le contraire pour la sécurité, à propos de laquelle il est impossible de mieux faire que de mettre une partie du revenu en commun, afin que les agents d'une association générale nous garantissent la sécurité, la justice, l'ordre et la liberté de travailler, de consommer, de tester, de donner notre bien, et de l'échanger avec qui bon nous semble. Il va sans dire que, sur ces divers points, l'Etat ne remplit nullement son but, et que la liberté est encore singulièrement méconnue par lui.

M. Coquelin a rappelé un principe général qu'il avait déjà émis dans une précédente discussion. L'Etat, selon lui, ne peut pas ne pas intervenir en matière de sécurité et de justice : lui seul, planant au-dessus de toutes les activités, comme sur un Sinaï, peut garantir la liberté et la concurrence, qui sont la vie de toutes les industries. Mais, au-dessous de ce Sinaï, M. Coquelin n'admet pas d'exceptions, pas même celle des chemins de fer, pour lesquels cependant il conçoit qu'on ait pu hésiter.

Avant de lever la séance, M. Ch. Dunoyer, président, a tenu à faire une observation de quelque utilité surtout pour ceux qui concluraient de la tendance générale des économistes à simplifier les fonctions de l'Etat, que l'action de celui-ci serait réduite à néant. Il a dit que le gouvernement le plus simple, celui qui ne s'occuperait que de garantir la sécurité, la justice, la liberté, la propriété aux citoyens, interviendrait encore nécessairement dans toutes les actions des hommes ; que seulement il n'interviendrait plus que d'une manière légitime pour la confection de bonnes lois répressives de tout ce qui est mauvais et abusif, ainsi que pour l'application de ces lois. Ce n'est pas un médiocre service, par exemple, que de rendre la justice ; aujourd'hui elle n'est rendue que d'une manière très-incomplète, et ce n'est qu'en se renfermant dans sa grande et belle spécialité que l'Etat parviendra à perfectionner son action, à mieux garantir la sécurité, à mieux faire triompher la liberté et l'égalité parmi les hommes, à mieux servir la civilisation.

Sur l'observation de M. Joseph Garnier, que cette discussion avait amené la production de plusieurs principes, qui avaient besoin d'être médités, rapprochés comparés, la Société a décidé qu'elle la reprendrait dans une prochaine séance.
SEP: SÉANCE DE 10 FEV. 1850 - SECONDE DISCUSSION À LA SOCIÉTÉ D'ÉCONOMIE POLITIQUE, SUR LES LIMITES RATIONNELLES DE L'AUTORITÉ.

Source

In “Chronique,” JDE, T. XXV, no. 107, 15 fev., 1850, pp. 314-17; also Annales de la Société d'Économie Politique (1889), pp. 100-5.

Text: JDE version

SOMMAIRE. - Plan d'union économique de l'Autriche avec l'Allemagne ; programme de M. de Bruck, ministre du commerce en Autriche. - Seconde discussion à la Société d'économie politique, sur les limites rationnelles de l'autorité. - Nouvelle loi des céréales en Belgique; progrès des idées libérales dans ce pays. - L'agitation protectionniste battue en Angleterre. - La réforme coloniale devant le Parlement. Soulouque suit les conseils des socialistes et des réglementaires. - Election de M. Lavergne à la chaire d'économie rurale de Versailles. - La chaire d'économie politique de l'école des ponts et chaussées devant la Commission des finances.-Discussion sur la loi de l'enseignement. - Vote sur les associations ouvrières.- Vote du traité belge, etc.

Nous publions un article étudié, de notre collaborateur M. A. Clément, sur la question fondamentale de la limite des attributions rationnelles de l'autorité, dont la Société d'économie politique s'est occupée dans ses deux dernières réunions.

Nous avons résumé le gros des idées émises sur ce sujet délicat dans la séance du 10 janvier, et nous allons retracer, en peu de lignes également, les [315] opinions des membres qui ont pris la parole dans la dernière réunion, après un résumé de la discussion précédente, présenté par M. Joseph Garnier, sur l'invitation de M. Dunoyer, président.
M. Michel Chevalier a établi en principe que la solution du problème posé ne se rencontrait que dans un idéal dont la civilisation se rapproche progressivement, idéal qui consiste dans un *maximum* de liberté accordé aux citoyens, et dans un minimum d'attributions réservées au gouvernement. Mais il est difficile de préciser ce *maximum* et ce *minimum*; car ils dépendent de la virtualité de l'industrie individuelle, des aptitudes des citoyens et du ressort public. Il faut même renoncer à vouloir formuler ces limites; et imiter les Anglais et les Américains qui, toutes les fois qu'ils ont eu à faire intervenir l'Etat dans de grandes entreprises, n'ont pas songé à ériger leur conduite du moment en un système général, et lui ont laissé le caractère *d'expediency*.

Quand il s'est agi du canal Erie, on n'a pas agité la question de savoir s'il valait mieux que l'Etat fit les canaux ou n'en fit pas; on s'est demandé qui pouvait le faire: et comme il a été constaté que les particuliers seuls ne pouvaient pas entreprendre cette voie d'utilité publique, l'Etat est intervenu; mais l'intervention de l'Etat a été la règle momentanée, et plus tard on a laissé agir les compagnies. Les faits se sont passés de même en Angleterre.

Dans l'Etat de New-York encore, on s'est aperçu qu'il n'y avait pas de professeurs supérieurs, qu'il n'y en avait pas assez pour les besoins publics; et le gouvernement, sans poser ce principe qu'il accaparait l'enseignement, a formé une université, tout en ne se mêlant d'ailleurs pas de l'instruction secondaire à laquelle suffisait pleinement l'enseignement libre.

En France, nous avons trop l'habitude de vouloir généraliser et poser des principes immuables à propos de tout. Ainsi ont fait ceux qui, érigant quelques faits en principe, en ont conclu qu'à jamais l'Etat serait chargé seul des chemins de fer. Ainsi ont fait les adversaires de la liberté commerciale, qui ont poussé leur protestation à l'extrême, et l'ont érigée en cette folle théorie de *travail national* incompatible avec tout progrès, toute réforme.

M. Bastiat a fait remarquer que les Anglais lui ont paru beaucoup plus disposés à aborder la question de principes que ne l'a dit M. Michel Chevalier. Quand il s'est agi parmi eux du *free trade*, M. Cobden et ses amis sont tout d'abord descendus au fond de la doctrine, et ils n'ont cessé, pendant leur mémorable campagne d'en proclamer la légitimité et d'en déduire la démonstration.
Revenant au point principal de la discussion, M. Bastiat a dit que la société étant basée sur un échange général de services, cet échange doit se faire librement; et que l'État, en intervenant et en voulant rendre des services, viole la liberté des acheteurs de ces services, en les forçant de les accepter et de les payer à un prix de maximum. D'où il a conclu de nouveau à l'injustice de l'intervention du gouvernement partout ailleurs que dans la production de la sécurité et la gestion de quelques propriétés communes, fontaines, fleuves, etc., au sujet desquelles l'ensemble des citoyens, l'être collectif, délègue ses droits et sa force pour les soutenir.

M. Ch. Renouard, conseiller à la Cour de cassation, et l'un des vice-présidents de la Société, a reconnu pour l'État deux devoirs en dehors desquels son intervention lui paraît nuisible.

Le premier des devoirs de l'État est de ne pas s'opposer au libre développement de la moralité et de la liberté en s'immisçant dans les fonctions des citoyens; le second est de bien gérer ce qui forme l'intérêt de tous, de maintenir la sécurité et la justice intérieure, de garantir l'indépendance du territoire, de bien conduire les relations de l'association avec les autres associations du monde, et de constituer une force publique suffisante en hommes et en finances pour inspirer le respect. En dehors de l'accomplissement de ces devoirs, le gouvernement usurpe ses attributions.

M. Renouard a insisté, dans une vive et spirituelle conversation, sur l'importance de ne pas faire mal : assurément le bien est ce qu'il y a de préférable; mais, à défaut de bien, l'absence du mal est un grand bien relatif à côté du mal. Or, c'est en s'abstenant de plus en plus d'accaparer les diverses branches de travail que les gouvernements cesseront au moins de faire un certain mal, et laisseront la société se dégager elle-même de ses langes et s'avancer vers la liberté, la moralité, et la civilisation. M. Renouard s'est plu à constater qu'à tout prendre, l'humanité s'avancait constamment vers le progrès, et qu'on pouvait s'apercevoir de cette marche en considérant seulement des périodes de temps même assez courtes. La société vaut mieux qu'il y a cinquante ans, et il y a cinquante ans, elle valait mieux que du temps de Louis XIV, qui fut un grand roi, mais sous lequel personne de nous ne voudrait vivre.
La parole a ensuite été donnée à M. Rodière, professeur à la Faculté de droit de Toulouse, et faisant, en même temps, un cours libre d'économie politique aux étudiants de cette ville. M. Rodière, actuellement à Paris, comme examinateur des concours de l'Ecole de droit de Paris, avait été invité à la réunion au nom de la Société. M. Rodière a fait remarquer qu'il n'y avait dans cette grave question que deux opinions logiques : celle des socialistes, qui veulent que l'État fasse tout, et celle des économistes, qui veulent que l'État ne s'occupe que de ce qui est nécessaire ou indispensable. L'État doit faire respecter le bon droit, de nation à nation, d'individu à individu ; il doit maintenir la sécurité, la justice, organiser une force publique, et s'occuper des accessoires nécessaires. En ce moment, en France, il a évidemment dépassé les limites de ses fonctions naturelles, puisqu'il a un agent sur seize habitants, et même un sur neuf, si l'on fait entrer l'armée dans cette moyenne. En allant au fond des choses, on voit dans ce fait la cause principale des tiraillements et des révolutions qui se succèdent dans notre pays.

M. Dussart, ancien conseiller d'État, a insisté sur la nécessité pour le gouvernement d'exercer son contrôle sur tout. Il a cité, à ce sujet, l'action des autorités communales, qui doivent surveiller l'éclairage, le pavage, l'écoulement des eaux, etc., action qui avait été négligée en Angleterre, au point qu'en recherchant les causes de la grande mortalité pendant le choléra, dans certains quartiers de Londres, on a constaté que des égouts et des fosses d'aisance n'étaient pas vidés depuis cinquante ans. Il a cité cette loi récente du Parlement qui ordonne au propriétaire irlandais de faire justice à sa terre, c'est-à-dire d'y mettre le capital nécessaire, ou de l'abandonner. De ces faits et d'autres, M. Dussart a conclu, sans trop préciser, à une intervention de l'État fort large. Ses observations ont provoqué plusieurs réclamations. Personne ne nie que la commune n'ait le devoir de s'occuper de quelques soins généraux, mais ces soins sont très-restreints. Quant à la loi sur l'Irlande, il est douteux que l'expérience la démontre profitable, et que cette atteinte à la liberté des propriétaires soit utile aux malheureux de ce pays.

M. Rodet, qui s'est complètement rallié à l'opinion exprimée par M. Michel Chevalier, a fait remarquer à M. Dussart qu'avec le système d'intervention, de prévention et de centralisation par l'autorité, la ville de Bourges n'aurait jamais pu donner une chaire à Cujas. Aujourd'hui l'État dirait à la municipalité de cette ville : C'est moi seul qui dois enseigner le droit. M. Rodet ajoute que l'État ne doit faire
que ce que les communes ne peuvent pas faire, et celles-ci ne s'occuper que de quelques soins généraux étrangers aux travaux des citoyens.

M. Howyn-Tranchère a clos la séance en précisant bien ce fait qu'en Angleterre et aux États-Unis, cités par M. Michel Chevalier et M. Rodet, le principe de non-intervention est accepté; que le problème est résolu dans l'esprit public et dans l'esprit des gouvernements ; que c'est tout le contraire dans notre pays, où, par conséquent, le principe de non-intervention doit être rappelé toutes les fois qu'on s'en écarte. M. Howyn fait remarquer, en outre, que les actes d'intervention qu'on a cités sont ceux d'un État particulier, et non de l'État général, de l'État politique; tandis que chez nous l'intervention part toujours de l'État central, de la bureaucratie centrale.
1. **Minutes of the October 1849 Meeting of La Société d'Économie Politique**

*Source*

“Séance de 10 oct. 1849,” in “Chronique,” *JDE*, T. 24, no. 103, October 1849, pp. 315-16; also *ASEP* (1889), pp. 82-86. Not in OC.

*Editor’s Introduction*

This is the first of three discussions at meetings of the Society on the topic of the proper limits to the power of the state and it was followed by similar discussions in January and February 1850 (in this volume). It was stimulated by the appearance of Gustave de Molinari’s book *Les Soirées de la rue Saint-Lazare, Entretiens sur les lois économiques et défense de la propriété* (Evenings on Saint Lazarus Street: Discussions on Economic Laws and the Defense of Property)*430* in which there is a discussion between a Socialist, a Conservative, and an Economist every night for 12 nights. Over the course of these evenings Molinari presents his radical free market ideas which he based firmly on the principle of the natural right to own one’s self and the things one created, and the non-use of coercion by all groups, in particular the government. Every evening he argued that monopolies of all kinds, whether government monopolies in the provision if in so-called public goods, or private monopolies granted to favored groups by the state, could be better and more cheaply provided by private firms operating in a competitive free market. The most controversial evenings for the other members of the Society were the Third Evening, when he rejected completely the principle of the compulsory expropriation of property by the state for reasons of public utility, and the Eleventh

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*430* Molinari’s book was published by Guillaumin probably in late September or early October. It was critically reviewed in the November issue of the *JDE* by Charles Coquelin who agreed with most of the book but objected to Molinari using the figure of “The Economist” to put forward his own views not shared by other economists, such as totally opposing the right of governments to seize private property for public works and the private production of security. See Coquelin, [CR] “Les Soirées de la rue Saint-Lazare” (*JDE*, November 1849), pp. 364-72.
Evening, when he advocated the private and competitive provision of security (both police and national defense) by voluntary associations such as insurance companies. He had first put forward the latter idea in an article in the February issue of the *JDE* but it had been ignored by his colleagues until this meeting.\textsuperscript{431}

Bastiat rejected the viability of Molinari's proposal and like Charles Coquelin thought that “the functions of the state ought to be confined to guaranteeing justice and security; but, since this guarantee only exists through force, and that force can only be the attribute of a supreme power, he does not understand how society would function with a similar power assigned to groups which were equal to each other, and which would not have a superior point of reference.”

\textit{Text}

[The meeting began with a discussion of the progress which had been made in the teaching of political economy, before turning to the topic of the functions of the state.]

After these discussions M. (Horace) Say who presided at the meeting, proposed to bring the conversation around to a very difficult subject (one which had already been abandoned in a previous meeting because of a digression on the topic of state assistance to the poor), namely on the question of knowing where the limits were between the functions of the state and individual activity; if these limits were well defined, and if there was a way to make them more precise. Unfortunately, as M. Say said, this subject was suggested to him by reading the book just published by M. Molinari (\textit{Evenings on Saint Lazarus Street}, dialogs on several principles of social economy)\textsuperscript{432} and it wouldn’t take very much more for the main question to once again be treated very timidly and for the discussion to get sidetracked onto the

\textsuperscript{431} Molinari first presented his ideas about the private provision of security by insurance companies competing in the market in an article in the *JDE* (February) and then in Chapter 11 of his book \textit{Evenings on Saint Lazarus Street} (October 1849). See Gustave de Molinari, "De la production de la sécurité" (*JDE* February 1849), pp. 277-90.

\textsuperscript{432} The correct title was \textit{Evenings on Saint Lazarus Street: Discussions on Economic Laws and the Defense of Property}. 

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other topics treated by Molinari such as the principle of compulsory expropriation
of property by the state for reasons of public utility, which he had fought against in
a very absolute manner. Nevertheless, the conversation was very lively and
instructive at the same time. The following gentlemen spoke in turn (on the topic):
Messieurs (Charles) Coquelin, Bastiat, (Félix Esquirou) de Parieu, (Louis) Wolowski,
(Charles) Dunoyer, (Pierre) Sainte-Beuve (Representative of l’Oise, who was
attending for the first time, as was M. (Salomon) Lopès-Dubec, Representative of
la Gironde), (Denis Louis) Rodet, and (Claude-Marie) Raudot (Representative of
Saône-et-Loire).

M. Coquelin took as his starting point M. Molinari’s opinion that in the future
competition will be established between insurance companies which will be capable
of guaranteeing security for the citizens who would be their clients. He noted that
M. Molinari had not taken care to ensure that, without a supreme authority, justice
had a legal sanction, and that competition, which was the sole remedy against
fraud and violence, and which alone was capable of making the nature of things
triumph in the mutual relations between human beings, could not exist without this
supreme authority, without the state. Beneath the state, competition is possible and
productive; above the state, it is impossible to put competition into practice and
even to conceive of it. Bastiat spoke in the same vein as M. Coquelin. He
believes that the functions of the state ought to be confined to guaranteeing justice
and security; but, since this guarantee only exists through force, and that force can
only be the attribute of a supreme power, he does not understand how society
would function with a similar power assigned to groups which were equal to each
other, and which would not have a superior point of reference. M. Bastiat then
wondered if this idea, that the state ought to undertake no other function than to


434 Salomon Lopez-Dubec (1808-1860) was a lawyer and businessman from Bordeaux. He was a
judge on the Commerce Tribunal 1841-47, deputy mayor of Bordeaux, and a Deputy
representing the Gironde 1849-1851.

435 He rephrased this in a more colorful way in a later conversation where he referred to the state
as a kind of legislative Mount Sinai: “it alone, soaring above all human activities like a Mount
Sinai, can guarantee liberty and competition.” See the record of the Meeting of the Society on
15 January 1850, in this volume.
guarantee security, when expressed in such a very well-defined, clear, and obvious manner, might become useful and effective propaganda given the presence of socialist ideas which are expressed everywhere, even in the minds of those who would like to fight it.

M. de Parieu, following Molinari in his discussion of a very distant ideal society, thought that the question which was raised by the latter concerned the struggle between liberty and nationalism. Now, it was possible that the two principles could be reconciled quite naturally. Switzerland already offered the example of populations which let go of old cantons in order to form independent States. They decentralized power in a certain way but they remained united by the tie of nationality. M. Rodet similarly cited analogous examples from the history of the American Union.

M. Wolowski expressed the opinion that civilisation consists of the coexistence of the two principles marching in parallel: the principle of liberty of the individual and the principle of the social state, which ought not be misunderstood and which is endowed with its own life. The Honorable Representative did not think that the future lay with the breaking up of nations, on the contrary he believed in their enlargement by means of successive annexations of territory.

M. Dunoyer, like M. Coquelin and M. Bastiat, thinks that M. de Molinari let himself be mislead by illusions of logic, and that competition between companies exercising government-like functions was utopian, because it would lead to violent struggles. Now these struggles would only come to an end with the use of force, and it is more prudent to leave force where civilisation had put it, in the hands of the state. Furthermore, M. Dunoyer believes that in fact competition had already entered into government by the role played by representative institutions. For example, in France all the parties are engaged in a real competition, and each of them offers its services to the public who really make a choice every time they vote

436 Towards the end of “The Eleventh Evening” the Socialist raises the question of what happens to nationality in Molinari’s future society. The Economist’s answer is “I do not see national unity in these shapeless agglomerations of people, formed out of violence, which violence alone maintains, for the most part. … A nation is one when the individuals who compose it have the same customs, the same language, the same civilisation; when they constitute a distinct and original variety of the human race. Whether this nation has two governments or only one, matters very little ….”
in elections. M. Dunoyer also wanted to say that if M. de Molinari had been too absolute in forbidding any kind of expropriation of property for reasons of public utility, perhaps it was because some others in recent times had been too ready to violate property rights; he cited the actions of the government before February 1848, as well as the theories espoused within the Constituent Assembly itself, with the support it must be said of the majority. M. Saint-Beuve and M. Bastiat did not accept this accusation directed against the majority of the Assembly to which they belonged. The fact remains that if indeed the Constituent Assembly made any decisions in the sense mentioned by M. Dunoyer there was always grounds to believe that it wasn’t the perfectly sound judgement of the majority, not one based upon economic reason, but one taken by the spirit of political reaction against the extreme left, dominated by socialism, that caused them to act in this way.

M. Raudot, who spoke last, shared M. Wolowski’s opinion about the probability which favored the formation of larger and larger States in the future; but he thought that this concentration of political power would lead people to the greatest tyranny and greatest poverty imaginable, if the state continued to want to absorb everything and to bring the municipalities under a tutelage which would anger the communes and give rise to socialism, the dangers of which we were beginning to understand.

As one can see, the original question put forward by M. Say had not been specifically addressed but several members at the meeting promised to return to it in the future.

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437 Pierre Saint-Beuve (1819-1855) was a lawyer, land owner, and factory owner in l’Oise. He was elected Deputy representing l’Oise in 1848-1851 and voted with the conservative right.
2. MINUTES OF THE JANUARY 1850 MEETING OF LA SOCIÉTÉ D'ÉCONOMIE POLITIQUE

Source

“Séance de 10 jan. 1850,” in “Chronique,” JDE, 15 January 1850, T. XXV, pp. 202-205; also ASEP (1889), pp. 94-100. Not in OC.

Editor’s Introduction

This is the ninth record of eleven which we have of Bastiat attending one of the regular monthly meetings of the Political Economy Society. See the Editor’s Introduction to the first one, above pp. 747-51, for more details.

The topic for the second time in as many months was on establishing limits to the power of the state. The stenographer of the meeting expresses some frustration that the previous conversation had got sidetracked given the complexity of the topic and the range of views of the participants. They would return to the same topic at the next meeting of the Society.

The Polish economist Louis Wolowski argued for expanded state activity in the areas of insurance and land credit which he thought the states in Germany and Poland handled very well. M. Hovyn-Tranchère was an ally of Bastiat’s in that he wanted a much more restricted sphere of activity for the state and thought that socialist ideas were not limited to small groups of activists like Louis Blanc in the Luxembourg Palace but had spread to many, perhaps most of the Deputies in the Chamber. Even so-called conservatives in the Chamber make unnecessary concessions to socialist ideas. Bastiat previously had made the same argument in Protectionism and Communism (January 1849)\(^ {438}\) where he pointed out how much of socialist thinking had been accepted by conservative advocates of tariff protection and subsidies for industry.

\(^ {438}\) CW2, pp. 235-65.
Molinari was not present at this meeting physically but his recent work *Evenings at Saint Lazarus Street* (September 1849) had probably sparked these discussions in the first place. He would later argue that there was a distinction between “socialism from below” and “socialism from above.” Like Bastiat, he thought the conservative elites who controlled the French state and got enacted policies of tariff protection and subsidies for industry and agriculture were a form of “socialism” which was similar to the demands of Blanc and others for subsidies for the employed and the working class. The former he called “socialisme d’en haut” (socialism from above) because the conservative elites wanted to use the power of the state to benefit themselves and their allies; the latter he called “socialisme d’en bas” (socialism from below) because Louis Blanc and the agitators in the socialist Clubs wanted to use the power of the state to benefit themselves and their allies.\(^{439}\)

Bastiat entered the debate with objections to a state run insurance business as well as “Peoples Banks” like the ones advocated by the socialist-anarchist Proudhon. The remainder of the discussion covered topics such as the nature of public goods (although they did not use this term), such as education, the issuing of money, and public security, and whether or not they should be provided privately or by the state. Horace Say concluded that the determining factor was whether or not the state provided these services “better” than private industry. The President of the Society, Charles Dunoyer, warned those present that there were some economists, like Molinari, who wanted to reduce the size of the state “to nothing," but they were mistaken since, even if the state was strictly limited to only providing security, it necessary intervened indirectly in every aspect of life.

*Text*

One of the most sensitive questions that one can examine, one which at the same time applies to political economy and all the other sciences, including that of

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political philosophy, has been touched upon, and several other matters treated in depth, at the previous meeting of the Political Economy Society.440

Already on more than one occasion, at the insistence of some members, this question has been made the order of the day, but the conversation constantly ended up in a digression or focused on one particular case, such as state assistance for the poor, expropriation of private property on the grounds of public utility, etc. This time, although some members who took part in this interesting discussion took pleasure in pursuing some particular questions, such as the state monopoly of insurance, land credit, as well as others, were happy to see that the problem was frankly taken up, probed, dug into, clarified, and even partly resolved.

To begin, the floor was given to M. Wolowski, Representative of the People, who would like to expand the functions of the state and to make it grease the wheels of the administration and take advantage of state centralization to introduce a better system of insurance, and to establish in France institutions of land credit such as that which have been established in Germany and Poland. M. Wolowski thinks that it would be both useful and advantageous for the state, while not becoming involved in the operations of banking itself, to be able to centralize the payment of interest on land debt and mortgages, the repayment of this debt, and to provide a guarantee for the paper which covers these debts and mortgaged property. In addition he thinks that the state can be usefully employed in the organization of retirement savings banks because it will inspire the greatest confidence possible for bank transfer payments and provide the greatest security for the payment of retirement pensions.

In doing all this, M. Wolowski believes that the state can act without using force against anyone, and should act only by making these facilities open in such as way as to stimulate and enrich the planning of the citizens, and at the same time removing parasitical jobs from the body politic. The Honorable Representative thinks that, although our country is too given to state intervention, and he is fearful every time this intervention is used to regulate the production of wealth, he finds

440 The previous meeting of the Society was held on December 10, 1849 on dealt with the topic of state support for popularizing the teaching of free market economic ideas (in this volume.), and the meeting before that was held on October 10, 1849 where the topic was on the limits to the size of the state and Molinari’s book on Evenings on the rue Saint Lazare (in this volume).
that it (intervention) is advantageous in all those institutions whose purpose is the preservation of this wealth.

M. Hovyn-Tranchère put on trial the mania for state intervention in general. He had in mind for good reason the example of socialism pure and simple; and he showed that between the economic theories of the Luxembourg Palace\(^{441}\) and many of those men who belonged to the parties most opposed to them there was no more difference than logic pushed to its extreme by the revolutionaries of the kind we have just mentioned, and that logic which is incompletely followed by the others. State intervention is the scourge of our day; M. Hovyn-Tranchère believes that we have to fight it everywhere and to the bitter end, and that at the present moment it is even dangerous to halt the discussion at more specialised topics where there might perhaps be some advantage in letting the state intervene more or less.

Directing our attention to the matter of land credit, M. Hovyn-Tranchère, said with good reason that the numerous illusions which are floating about concerning this matter (and which have been entertained by many members of the Constituent Assembly, notably by the Agriculture Committee, (on this see the very surprising report by M. Flandin),\(^{442}\) have no other cause than ignorance of the most elementary principles of political economy. After some reflection on this, the Honorable Representative thinks that the greatest and sole service which could be given to the system of land credit and to indebted land owners is to facilitate the sale of their goods and their bankruptcy by reducing the property transfer tax.

This subject naturally led the Honorable Member to speak about the present state of education which he judged by the fruits which they bear, namely with the greatest harshness. The majority of men who become active in political affairs make concessions to socialism. They speak so eloquently about “order” and “liberty;” they demonstrate their courage but leave no trace of their passage. Since

\(^{441}\) The former meeting place for the Chamber of Peers which was taken over by Louis Blanc in the first weeks of the February Revolution in order to organize the National Workshops program.

\(^{442}\) Louis Flandin (1804-1877) was made Advocate general to the Court of Appeals of Paris by the Provisional Government following the February Revolution. He was elected Deputy representing Seine-et-Oise from 1848 to 1851 and served on the Agriculture Committee. He voted with the conservative right and supported general Cavaignac for President of the Republic in the December 1848 election.
the level of understanding and public morality is getting lower, the Honorable Member concluded that if the tree has produced such fruit for such a long time then it is maggot ridden and it is time to cut it down.

As his general conclusion M. Hovyn-Tranchère thinks that the men charged with the administration of the country ought to stop abruptly and immediately going down the path which intervention is taking us to our ruin.

M. Bastiat spoke along the same lines as M. Hovyn. It is precisely the progress made by the insurance industry which shows what kind of a future the principle of state supported association has, and the danger that it would have posed had the state seized control of this branch of human activity; it would have found its progress *ipso facto* halted and paralyzed, and would have never made any progress if, from the beginning, the state had intervened with its shackles and its bureaucratic practices. He finds the same arguments apply to the development of workers’ self-help banks,\(^443\) and he insisted especially on this point that the state by intervening halts individual activity, gets in the way of social action, and weakens the energy which drives the human species to improve and develop itself. M. Bastiat only recognizes and accepts the utility of state intervention in the enforcement and guarantee of security, things which require the use of force.

The Honorable Member (Bastiat) opposed a point made by M. Wolowski by arguing that the state had even less reason to involve itself in the preservation of wealth than in its production, since it required more moral strength, foresight, and individual energy to keep what one had acquired than to earn it.

M. Cherbuliez\(^444\) suddenly entered the conversation by asking what could be a solution to the problem posed by the Political Economy Society, namely to identify the general principles, so to speak the higher and governing principles, by means of which it would be possible to determine whether a given function of the state was

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\(^{443}\) The establishment of state-supported “Peoples’ Banks” was a pet scheme of Proudhon who tried to set up one through voluntary subscriptions (which failed) and then with government, i.e. taxpayer funded support.

\(^{444}\) Antoine-Elisée Cherbuliez (1797-1869) was a Swiss lawyer, judge, and professor of law and political economy at the Académie de Genève. In 1848 he moved to Paris and became active in the Economists’ circle.
within the purview of the government or whether it ought to be left to private industry.

By analyzing state activity in this way, M. Cherbuliez thinks that it includes three things: the unity of its goal, the unity of its management, and the bringing together of the force needed to achieve this goal.

By testing the issues of security and education against this principle he showed that in the case of security there was necessarily unity of purpose and unity of management for all members of the society, since everyone was interested in having order maintained and justice provided in the same manner; and finally in order to achieve this result, that is was essential that society gather together all its forces. It is not the same for education. Here, the unity of purpose does not exist; citizens are catholics, protestants, jews, etc., believers and non-believers; there are a thousand ways open to them to provide education for their children, and the unity of management simply leads to tyranny for education, and for learning under this bastard of a standard under which we now groan.

M. de Colmont, continuing the discussion on the topic of finding a general principle, thought that the activity of government ought to be brought to bear in the defense of all interests, and be restricted to the maintenance of all liberties and all faculties, expressions which are, so to speak, synonyms. It is this which should occupy the administration of justice and the levying of taxes which this task requires. This is why the government, led by the way things are, has to retain the monopoly of the issuing of money, since there are advantages and security for everyone that this issuing of money be confined to its sole care. It is the same for the Postal Service and all state functions where it is recognized that state action is indispensable to maintain the full exercise of the liberties and faculties of every person.

In the eyes of M. (Horace) Say, the most practical criterium for judging if a function ought to be reserved to the state, or to be forbidden to it, is this: Does the state do better or worse than private industry? For example, by analyzing labor and the development of mutual Benefit Societies M. Say showed that the state would never have been able to avoid the difficulties which this industry faced; that it would never have been able to assess the risks; and that it would never have been able to
know how to combat the false declarations and claims with the same skill as the Companies driven by private interest. It is quite the opposite with security, concerning which it is impossible to do better than to place a part of the state’s revenue in common, so that officers of an association which has been organized in the general interest\textsuperscript{445} can guarantee us security, justice, order, and the freedom of working, consuming, bequesting, giving away our goods, and exchanging with whomever it seems in our interest to do so. It goes without saying that in several of these matters the state in no way achieves its goal, and that liberty is still strangely unknown to it.

M. Coquelin recalled a general principle which he had already expressed in a previous discussion.\textsuperscript{446} According to him, the state must intervene in matters of security and justice; it alone, soaring above all human activities like a Mount Sinai, can guarantee liberty and competition which are the life blood of all industries. But below this Mount Sinai, M. Coquelin allows no exceptions to the principle of competition, not even that of the railways, which he does however appreciate might cause some people to hesitate.

Before closing the meeting, the President of the Society M. Charles Dunoyer was keen to make one observation of some usefulness, especially for those\textsuperscript{447} who might conclude from the general tendency of economists to reduce the functions of the state, that their intention would be to reduce it to nothing. He said that the simplest government, one which only looked after guaranteeing security, justice, liberty, the property of all citizens, would still necessarily intervene in all human activity; that it would intervene more than ever only in a legitimate manner, to pass good laws which would suppress everything which was bad and improper, as well as to enforce the application of these laws. It is not a small service, for example, to

\textsuperscript{445} Say uses the expression “les agents d'une association générale” (agents or officers of a general association).

\textsuperscript{446} In the previous discussion on the limits to state action (10 October, 1849) he had drawn a boundary line for the state “above” which there could be no competition but “below” which there could be. He offers a similar but more literary (or even biblical) distinction here. See above, \textbf{p. 973}.

\textsuperscript{447} He has in mind here Molinari who had the most radical theory of limiting the power of the state.
provide justice; today it (this service) is only provided in a very incomplete manner, and it is only by including it in its great and good area of specialization that the state will be able to perfect its activity, to better guarantee security, to better help liberty and equality triumph among mankind, and to better serve civilisation.

With the observation by M. Joseph Garnier that this discussion had led to the production of several general principles which needed to be thought about, gone into more detail, and compared, the Society decided that it would take up this matter again at a future meeting.\footnote{Which it would do for third time in its February 10 meeting, in this volume.}
3. MINUTES OF THE FEBRUARY 1850 MEETING OF LA SOCIÉTÉ D'ÉCONOMIE POLITIQUE

Source


Editor’s Introduction

This is the tenth of eleven records we have of Bastiat attending one of the regular monthly meetings of the Political Economy Society. See the Editor’s Introduction to the first one, above pp. 747-51, for more details.

This is the third and final discussion held by the Political Economy Society on the topic of the limits of the functions of the state. The two previous ones had been held on 10 October 1849 and 10 January 1850.\footnote{The previous meetings where they discussed limits to the power of the state were 10 October 1849 and 10 January 1850, both in this volume.} Bastiat was present at all three which was unusual as he had missed many others because of his failing health or parliamentary duties. He had attended meetings intermittently beginning in October 1848 until the October of 1849 when he attended five in row. Immediately prior to that he had missed four in row over the summer of 1849 when he was secluded in the Butard hunting lodge just outside Paris working frantically to finish the first volume of Economic Harmonies. Once that was completed he had more time to attend and the subject matter seemed to interest him more, namely the three sessions on the proper limits to state functions, one on peace and disarmament, and one on his soon to be published book.

On the question of how limited the powers of the state should be the Society seemed to be split into four camps. At the furthest extreme was Gustave de Molinari’s whose book Evenings on Saint Lazarus Street which was published in September provoked the first meeting on this topic in October. He did not attend
any of the sessions as he was universally criticized for his advocacy of the private provision of all public goods, including police protection and national defense. Next to him, with an “ultra-minimalist” view of state functions was Bastiat and Hovyn-Tranchère who believed the state should limit itself strictly to protecting the liberty and property of citizens and providing only a very few public goods such as water supply, rivers, and managing the state-owned forests. The bulk of the members of the Society seemed to be supporters of a limited state along the lines defined by Adam Smith, namely, police and defense, and a broader range of public goods than the “ultra-minimalists” like Bastiat wished to allow, such as the delivery of letters and issuing currency. The fourth group was a heterogenous group of members such as the economist Wolowski and various lawyers and politicians who thought the government should be involved in providing subsidised land credit, savings banks, and other services to citizens because it could do so better than private enterprise.450

The final meeting on this topic is unusual in that it opens with an essay that one of the core members of the Society, Ambroise Clément, had written and the JDE had published on “The Rational Duties of Political Authority” in that month’s issue which presents the consensus limited state perspective of the majority of the members.451 The topics covered in the meeting include Michel Chevalier’s argument that it was a mistake to set down in theory specific limits to state power when, as the English and Americans had shown with respect to public works like canal building and state colleges, that expedience was a better principle to follow. Bastiat countered by saying that the English free traders had always sought out the underlying principles behind what they advocated and this made them the radical force that that they were to become. He then argued that when the state provided services it harmed the consumer by forcing them to pay a fixed price for the good or service being sold. The Supreme Court lawyer Charles Renouard came up with the interesting argument that the state should not only avoid doing too much but also attempt to avoid doing harm, in a kind of political “Hippocratic oath” for

450 Wolowski had made this point at the January 10 meeting, in this volume.

politicians. There was also some discussion about how many people in France actually worked for the state and what impact this had on recent French politics.

Text

We are publishing in this issue a well-researched article by our colleague (Clément)\textsuperscript{452} on the fundamental question of the limit to the reasonable functions of political authority, with which the Political Economy Society concerned itself in its last two meetings.

We summarized the substance of the ideas which were expressed on this tricky subject in the meeting of 10 January, and we sketched in just a few words the opinions of the Members who spoke at the last meeting, according to the resumé of the previous discussion which was presented by M. Joseph Garnier, upon the invitation of the President M. Dunoyer.

M. Michel Chevalier established that in principle the solution to the problem posed by the Society was only found in an ideal world which civilisation would gradually reach; this ideal world consists of a maximum of liberty granted to the citizens and of a minimum of functions reserved for the government. But it is difficult to specify what this maximum and this minimum are, since they depend on the potential of individual industry, the aptitudes of citizens, and the energy of society. It is even necessary that we give up the desire to formulate these limits; and to imitate the English and Americans who, every time they had to get the state to intervene in large enterprises, did not dream of turning their “conduct of the moment” into a general system, but left it as a measure of expediency.\textsuperscript{453}

\textsuperscript{452} Ambroise Clément (1805-86) was an economist and secretary to the mayor of Saint-Étienne for many years. He was a member of the PES from 1848, a regular writer and reviewer for the JDE. He was one of the few economists to seriously take up Bastiat’s theory of “legal plunder” in an article “De la spoliation légale” (JDE, July 1848).

\textsuperscript{453} In English in the original.
When it was a question of the Erie canal, people were not troubled with the question of knowing whether it was worth more if the state built the canals or didn’t; they asked who could do it: and as it was stated earlier if individuals couldn’t undertake the building of this public utility the state intervened; but the intervention of the state was the rule of the moment, and later private companies were allowed to do it. Things happened the same way in England.

Furthermore, in the state of New York, they realized that there were not enough college professors, that there were not enough of them to satisfy the needs of the public; and the government, without establishing the principle that it would take control of education, set up a university, all the while not getting itself involved in secondary education, the need for which the free schools were fully satisfying.

In France, we have the all too frequent habit of wanting to generalize and establish some unchanging principles which apply to everything. Thus, there are those who, by turning some things into principles, have reached the conclusion that the state should never alone be responsible for the railways. In this way too, opponents of commercial liberty have pushed their opposition to the extreme and have created this mad theory of national labor, something which is incompatible with all progress and all reforms.

M. Bastiat remarked that the English appeared to him to be be much more willing to take up questions of principle than M. Michel Chevalier said. When it was a question of free trade, M. Cobden and his friends at the very start went down to the basics of the doctrine and during the memorable campaign they never stopped proclaiming its legitimacy and drawing conclusions from that.

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454 Michel Chevalier became interested in public works in North America after a trip in 1836 and wrote a book on it *Histoire et description des voies de communications aux États-Unis* (1840-41) and devoted several chapters to it in his *Cours d'économie politique* (1845–55).

455 Chevalier might be thinking of the creation of the New York State Normal School in Albany established by the state legislature of New York in May 1844 to train teachers.

456 The main opposition to the French Free Trade Association was the protectionist “Association pour la défense du travail national” (Association for the Defense of National Employment) established in 1846 by the textile manufacturer Pierre Mimerel de Roubaix and Antoine Odier.

457 In English in the original.
Returning to the main point of the discussion, M. Bastiat said that, since society was based upon a general exchange of services, this exchange ought to be undertaken freely and that the state, by intervening and by wishing to provide services, violated the liberty of the buyers of these services, by forcing them (the buyers) to accept them and to pay for them at a fixed price. From this he concluded once again the injustice of government intervention everywhere, except in the production of security and the administration of some commonly owned property, such as water supply, rivers, etc., to which some group of citizens, as a collective entity, had delegated some of its rights and powers in order to support.

M. Charles Renouard, a Councillor in the Supreme Court (Cassation) and one of the vice-presidents of the Society, recognized that the state had two duties, outside of which its intervention appeared to him to be harmful.

The first of these duties of the state was not to oppose the free development of morality and liberty by mixing itself in the affaires of its citizens; the second was to administer well what comprised the common interest, to maintain security and justice within the country, to guarantee the independence of the country, to maintain good relations with other societies across the world, and to establish a public force with sufficient men and finances to inspire respect. Beyond the fulfilling of these duties, the government would usurp its proper functions.

In an animated and thoughtful conversation M. Renouard insisted on the importance of not doing harm; assuredly, doing good was preferable, but in the absence of doing good, the absence of doing harm is a great good next to harm. Now, it is in abstaining more and more from seizing control of various branches of work that governments will at least stop doing a certain amount of harm, and will leave society to free itself from its diapers and advance towards liberty, morality, and civilisation. M. Renouard was pleased to say that taking everything into consideration mankind was steadily advancing towards progress, and that one could see this march just by considering some quite short periods of time. Society was much better off than it was 50 years ago, and 50 years ago it was much better than it had been in the time of Louis XIV, who was a great king but under whom none of us today would want to live.
The floor was then given to M. (Alphonse) Rodière, professor in the Faculty of Law in Toulouse and who was also teaching a free course in political economy to some students in that town. M. Rodière was currently in Paris as an examiner at the School of Law in Paris and had been invited to attend the meeting by the Society. M. Rodière remarked that there were only two logical positions to take in this serious matter: that of the socialists who want the state to do everything, and that of the economists who want the state to concern itself only with what is necessary or indispensable. The state ought to ensure respect for good laws, whether between one nation and another, or between one individual or another; it ought to maintain security, justice, the organization of a public armed force, and to concern itself with some other related matters. At this time in France, the state has obviously gone beyond the limits of these natural functions, since there is a government employee for every 16 inhabitants\textsuperscript{458}, and perhaps even one for every nine if one includes the army in this average. By going to the root of the matter one can see in this fact the principle cause of the political spasms and the revolutions which have followed one after the other in our country.

M. Dussart,\textsuperscript{459} former Councillor of State, emphasised the necessity of the government in exercising its control over everything. He cited on this subject, the activity of the communal authorities who have to look after lighting, paving, running water, etc. activities which have been neglected in England, to the point where, in researching the causes of the high mortality rate\textsuperscript{d} during the cholera epidemic, it was revealed that is some parts of London some sewers and dung pits

\textsuperscript{458} Estimating the number of people employed by the French state at this time is almost impossible given the lack of accurate figures. Auguste Vivien attempted to do this in his \textit{Études administratives} (1852) and came up with a figure of 250,000 employed by the central government, not counting those employed by local government or the armed forces (vol. 1 pp. 177-78). Ambroise Clément wrote in his article on “Fonctionnaires” (Public Servants) in the \textit{DEP}, building upon Vivien’s figures he estimated that there were 500,000 to 600,000 pubic servants plus another 500,000 officers and soldiers in the military for a total of 1.1 million. A proportion of 1/16 (6.25\%) in a total population of about 36 million would mean there were 2.5 million people who worked for the French state which seems far too many according to these figures.

\textsuperscript{459} We have no information about Dussart. The stenographer may have misheard the name which could have been Hippolyte Dussard (1798-1879), a previous editor of the \textit{JDE} (1843-45).
had not been emptied for 50 years.\footnote{London had been hit by cholera outbreaks in 1832 and 1849 (one had swept through Paris in 1849 as well killing the young economist Alcide Fonteyraud). The latter killing over 14,000 people. The Broad Street outbreak of 1854 led to the pioneering work of John Snow who traced the cause back to contaminated water supplies. See the entry for “Cholera Outbreak of 1849,” in the Glossary of Subjects and Terms.} He cited this recent law passed by Parliament which ordered an Irish land owner to “do justice to his land,” that is to say to invest the necessary capital to maintain it or abandon it. From these and other facts, M. Dussart concluded that, without being too specific, he was in favor of quite extensive intervention by the state. His observations provoked several objections. As for the law on Ireland, it is doubtful whether experience has shown it to be profitable, and that this attack on the liberty of the landowners has been useful to the unfortunate people of that country.

M. Rodet, who completely supported the opinions expressed by M. Michel Chevalier, replied to M. Dussart that, had the system of intervention, control, and centralization existed then, the town of Bourges would never have been able to give Jacques Cujas a teaching position.\footnote{Jacques Cujas (1522-159) was a French humanist legal theorist who wrote on Roman law, especially Justinian, and the evolution of law through history. He found it difficult to get a job in established universities because of the controversial nature of his thinking. After much travelling about he was finally offered a position in the Faculty of Law in Bourges where he taught from 1555-57 and 1559-66.} Today the state would say to the municipal government of this town: “It is I alone who ought to teach the law.” M. Rodet added that the state should only do what the communes cannot do, and that the latter should only concern themselves with a few general matters which were unrelated to the work of its citizens.

M. Howyn-Tranchère closed the meeting by explaining clearly that in England and America, examples cited by M. Michel Chevalier and M. Rodet, that the principle of non-intervention was accepted; that the problem had been resolved in the public mind and in the government’s mind; and that it was quite the opposite in our country, where as a result the principle of non-intervention had to be brought to the public’s attention every time they strayed from it. M. Howyn remarked that, furthermore, the acts of intervention which have been cited are those of a particular state, of a “politicised” state, and not those of the state in the abstract;
while here at home intervention always comes from the central state, from the central bureaucracy.
Appendix 8: “Nations” and “Towns” DEP (1852-53)

NATIONS (EN FRANÇAIS)

Source


Text

[259]

Dès les premiers âges historiques, l'humanité apparaît fractionnée en une multitude de nations dissemblables par les mœurs, par les aptitudes, par le langage, et soumises à des institutions différentes. Chacune de ces nations a sa physionomie particulière et son existence propre, son autonomie.

Ce phénomène, qui intéresse à un haut degré toutes les branches des sciences morales et politiques, doit être envisagé ici seulement au point de vue économique.

L'économiste doit se demander d'abord si le fractionnement de l'humanité en une multitude de nations est utile, ou s'il ne vaudrait pas mieux, comme quelques-uns l'affirment, que l'espèce humaine ne formât qu'une seule communauté, une monarchie ou une république universelle. À cette question, la réponse ne saurait être douteuse. Le morcellement de l'humanité en nations a son utilité, en ce qu'il développe un principe d'émulation d'une puissance considérable. Il y a, dans chaque nation, un point d'honneur ou, si l'on veut, une sorte d'amour-propre collectif qui, dirigé vers des objets utiles, peut enfanter des merveilles. On en a eu un exemple à l'Exposition universelle de Londres, où la plupart des nations civilisées ont apporté le tribut de leur industrie et où chacune a tenu à honneur de
ne point demeurer trop au-dessous de ses rivales. Si l'humanité ne constituait qu'une seule agrégation politique, l'esprit d'émulation, dépouvu du stimulant du point d'honneur national, ne se manifeste-t-il pas à un degré moindre? Un autre inconvénient plus sérieux encore résulterait de l'unification de l'humanité; c'est que les fautes commises dans le gouvernement de la société auraient bien plus de portée qu'elles n'en ont dans l'état actuel des choses. Qu'une mauvaise mesure soit prise aujourd'hui par un gouvernement, qu'une fausse théorie soit appliquée à la gestion des affaires d'une nation, et le mal qui en résulte demeure jusqu'à un certain point local. Les autres nations peuvent s'abstenir de renouveler une expérience dont les résultats ont été désastreux. Que l'humanité tout entière vienne, au contraire, à être soumise à une loi uniforme, et le mal résultant de l'application d'une fausse mesure ne sera-t-il pas universel? Quant au progrès qui améliorent la condition de l'homme, chacun sait que le fractionnement des sociétés n'est aucunement un obstacle à leur diffusion. Lorsqu'une expérience a réussi chez un peuple, tous les autres peuples ne sont-ils pas intéressés à se l'approprier? Le plus souvent même n'y sont-ils pas obligés par la pression de la concurrence?

Le fractionnement de l'humanité en nations autonomes peut donc être considéré comme essentiellement économique. D'ailleurs ce fractionnement résulte de l'arrangement primitif des choses; c'est un phénomène naturel qu'aucune combinaison artificielle ne saurait détruire ni même sensiblement modifier. Des conquérants, par exemple, ont rêvé l'utopie de la monarchie universelle. Ont-ils réussi à la réaliser? Ceux qui en ont le plus approché n'ont-ils pas vu leurs gigantesques établissements politiques se dissoudre par la force même des choses? L'expérience ne leur a-t-elle pas appris qu'il y a des limites qu'aucune domination ne peut dépasser d'une manière durable? D'autres utopistes ont rêvé l'unité de religion, et quelques-uns ont voulu l'imposer par la violence; mais ils ont eu beau employer le fer et le feu pour venir à bout de leur dessein, ils ont échoué. Les religions ont continué de refléter la diversité des tempéraments, des mœurs et des lumières des peuples. D'autres enfin ont rêvé l'unité de langage, et l'on a vu des gouvernements s'efforcer d'imposer à des peuples d'origine différente, qu'ils avaient réunis sous leur domination, une langue uniforme. À une époque encore récente, le gouvernement hollandais, par exemple, a entrepris de substituer la langue hollandaise à la langue française dans quelques-unes des provinces méridionales de
l'ancien royaume des Pays-Bas. Qu'en est-il résulté? Tout simplement que la langue légale a été prise en aversion par les populations auxquelles on voulait l'imposer, et que cette expérience, contraire à la nature des choses, a contribué pour beaucoup à la chute du gouvernement qui l'avait tentée. C'est que les langues, comme les religions, comme les institutions politiques, sont l'expression du génie particulier des différents peuples, et qu'elles répondent à des besoins ou à des convenances qu'on essaierait en vain de satisfaire autrement. On peut, sans aucun doute, modifier d'une manière artificielle la forme des institutions et du langage, mais le fond subsiste quand même : si les mots changent, l'accent reste.

Cependant, de ce qu'il serait absurde de vouloir effacer, en vue d'une unité chimérique, les signes caractériques des nationalités, il ne s'ensuit pas qu'il faille isoler les nations et les maintenir les unes vis-à-vis des autres dans un état permanent d'hostilité. Non! l'autonomie des nations n'implique ni l'isolement ni l'hostilité. Les nations sont intéressées à communiquer librement entre elles pour croître en richesse et en puissance, elles le sont plus encore à vivre en paix les unes avec les autres.

Ces vérités, trop longtemps méconnues, ont été admirablement mises en lumière par les économistes, notamment par J.-B. Say. A ceux qui prétendent, par exemple, qu'une nation ne peut s'enrichir que par l'appauvrissement de ses rivales, l'illustre auteur de la théorie des débouchés répond avec raison :

« Une nation, par rapport à la nation voisine, est dans le même cas qu'une province par rapport à une autre province, qu'une ville par rapport aux campagnes : elle est intéressée à les voir prospérer, et assurée de profiter de leur opulence. C'est donc avec raison que les États-Unis, par exemple, ont toujours cherché à donner de l'industrie aux tribus sauvages dont ils sont entourés : ils ont voulu qu'elles eussent quelque chose à donner en échange, car on ne gagne rien avec des peuples qui n'ont rien à vous donner. Il est précieux pour l'humanité qu'une nation, entre les autres, se conduise, en chaque circonstance, d'après des principes libéraux. Il sera démontré, par les brillants résultats qu'elle en obtiendra, que les vains systèmes, les funestes théories, sont les maximes exclusives et jalouses des vieux États de l'Europe, qu'ils décorent
effrontément du nom de vérités pratiques, parce qu'ils les mettent malheureusement en pratique. » 462

Rien de plus trompeur, ajoute ce judicieux économiste, que l'avantage qu'une nation croit retirer d'un empiétement sur le domaine d'autrui, de la conquête d'une province ou d'une colonie sur une puissance rivale.

« Si la France avait joui, dit-il, à quelque époque que ce fût, d'un gouvernement économique, et qu'elle eût employé à fertiliser des provinces au centre du royaume l'argent qu'elle a dépensé à conquérir des provinces éloignées et des colonies qu'on ne pouvait conserver, elle serait bien plus heureuse et plus puissante. Les routes, les chemins vicinaux, les canaux d'irrigation et de navigation, sont des moyens qu'un gouvernement a toujours à sa disposition pour fertiliser des provinces qui ne produisent pas. La production est toujours chère dans une province lorsque beaucoup de frais sont nécessaires pour en transporter les produits. Une conquête intérieure augmente indubitablement la force d'un État, tandis qu'une conquête éloignée l'affaiblit presque toujours. Tout ce qui fait la force de la Grande-Bretagne est dans la Grande-Bretagne ; elle a été plus forte en perdant l'Amérique ; elle le sera davantage quand elle aura perdu les Grandes-Indes. » 463

Aussi J.-B. Say est-il bien convaincu que, lorsque les lumières économiques seront plus répandues, lorsque les véritables sources de la prospérité et de la grandeur des nations seront mieux connues, la vieille politique qui consiste à conquérir de nouveaux territoires pour en taxer à outrance les populations, à s'emparer de nouveaux marchés pour les soumettre à une exploitation égoïste et impitoyable, cette mauvaise politique d'antagonisme et de haine finira par perdre tout crédit ;

462 Traité d'Économie politique, liv. I, chap. xv.

463 Idem, liv. II, cap. IX.
« Toute cette vieille politique tombera, dit-il. L'habileté sera de mériter la préférence et non de la réclamer de force. Les efforts qu'on fait pour s'assurer la domination ne procurent jamais qu'une grandeur factice, qui fait nécessairement de tout étranger un ennemi. Ce système produit des dettes, des abus, des tyrans et des révolutions ; tandis que l'attrait d'une convenance réciproque procure [261] des amis, étend le cercle des relations utiles; et la prospérité qui en résulte est durable parce qu'elle est naturelle. »

Si donc les économistes ne partagent point les illusions des socialistes humanitaires qui voudraient réunir toutes les nations en un seul troupeau gouverné par un berger omniarcal ; s'ils ne pensent point qu'il y ait utile à effacer, d'une manière artificielle, les différences caractéristiques des nationalités; s'ils n'acceptent qu'en faisant leurs réserves ces beaux vers de l'auteur de la Marseillaise de la paix :

Nations ! mot pompeux pour dire barbarie ! …
Déchirez ces drapeaux ! une autre voix vous crie :
L'égoïsme et la haine oui seuls une patrie ;
La fraternité n'en a pas;

s'ils pensent que les nations ont leur raison d'être même au sein de la civilisation, ils ne travaillent pas moins activement à démolir les murs de séparation que de vieilles erreurs, des préjugés séculaires, des haines barbares ont élevés entre les peuples ; ils démontrent aux nations qu'elles ont intérêt à échanger leurs idées et leurs produits afin d'augmenter leur richesse, leur puissance, leur civilisation ; ils condamment la guerre comme une mauvaise spéculation, comme une opération dans laquelle les risques de perte dépassent toujours les chances de gain, et sans être humanitaires ou unitéistes, ils enseignent aux peuples les vrais moyens de réaliser la fraternité pratique. (Voyez Paix.)

464 Traité d'Économie politique, liv. 1, chap. ix.
465 FN by DMH: By Alphonse de Lamartine (Saint-Point, 28 mai 1841) in Revue des Deux mondes.
Des erreurs non moins funestes, au sujet du gouvernement intérieur des nations, ont encore appelé l'attention des économistes. De même qu'on était convaincu autrefois qu'une nation ne pouvait se fortifier et s'enrichir que par l'affaiblissement et l'appauvrissement de ses rivales, on attribuait au gouvernement une part d'influence et d'action singulièrement exagérée dans la vie des peuples. Parce que le gouvernement et la société demeuraient confondus au sein des communautés primitives, lorsque la division du travail n'avait pas encore séparé les fonctions sociales, on croyait qu'il en devait toujours être ainsi ; on croyait qu'il appartenait au gouvernement d'imprimer le mouvement, l'activité à l'organisme social et d'y faire circuler la vie; on croyait que rien ne pouvait se faire si ce n'est par l'impulsion de ce moteur souverain. L'économie politique a fait bonne justice d'une erreur si désastreuse. Les économistes ont démontré que les fonctions du gouvernement devaient se simplifier et se spécialiser de plus en plus, en vertu du principe de la division du travail, bien loin de s'étendre et de se multiplier; ils ont démontré que le communisme appartenait à l'enfance des sociétés et qu'il cessait de convenir à leur maturité. Avec le sang-froid d'un chirurgien expert qui extirpe des chairs cancéreuses, J.-B. Say a fait voir à quel point un gouvernement, qui ne se borne pas strictement à remplir ses fonctions naturelles, peut jeter le trouble, la corruption et le malaise dans toute l'économie du corps social, et il a déclaré qu'à ses yeux un gouvernement de cette espèce était un véritable ulcère.

Cette expression pittoresque de gouvernement-ulcère, employée par l'illustre économiste pour désigner tout gouvernement qui intervient mal à propos dans le domaine de l'activité privée, les écrivains réglementaires et socialistes l'ont fréquemment reprochée à l'économie politique. Quelques-uns même en ont pris texte pour prétendre que l'économie politique méconnaissait l'importance de la mission dont les gouvernements sont chargés dans la société, et ils l'ont accusée d'avoir enfanté la trop célèbre doctrine de l'an-archie. Rien de moins mérité cependant qu'un tel reproche. L'économie politique sainement entendue ne conduit pas plus à la suppression des gouvernements qu'elle n'aboutit à la destruction des nationalités, et J.-B. Say lui-même a été au devant de ce grief en donnant un aperçu des services qu'un gouvernement sage peut rendre à une nation :
« Lorsque l'autorité n'est pas spoliatrice elle-même, elle procure aux nations le plus grand des bienfaits, celui de les garantir des spoliateurs. Sans cette protection qui prête le secours de tous aux besoins d'un seul, il est impossible de concevoir aucun développement important des facultés productrices de l'homme, des terres et des capitaux; il est impossible de concevoir l'existence des capitaux eux-mêmes, puisqu'ils ne sont que des valeurs accumulées et travaillant sous la sauvegarde de l'autorité publique. C'est pour cette raison que jamais aucune nation n'est parvenue à quelque degré d'opulence sans avoir été soumise à un gouvernement régulier ; c'est à la sûreté que procure l'organisation politique que les peuples policés doivent non-seulement les productions innombrables et variées qui satisfont à leurs besoins, mais encore les beaux-arts, les loisirs, fruits de quelques accumulations, et sans lesquels ils ne pourraient pas cultiver les dons de l'esprit, ni par conséquent s'élever à toute la dignité que comporte la nature de l'homme.466

L'économie politique n'est donc pas an-archiste. Les économistes sont parfaitement convaincus que les gouvernements remplissent au sein de la société un rôle nécessaire, et c'est même parce qu'ils apprécient toute l'importance de ce rôle qu'ils sont d'avis que les gouvernements ne doivent pas s'occuper d'autre chose. Enfin, les économistes pensent que les mêmes pratiques de scrupuleuse économie dont l'application est de règle dans l'industrie privée doivent être appliquées aussi au gouvernement des nations.

Écoutons encore à ce sujet J.-B. Say :

« Un peuple qui ne sait respecter son prince que lorsqu'il est entouré de faste, de dorures, de gardes, de chevaux, de tout ce qu'il y a de plus dispendieux, paye en conséquence. Il économise, au contraire, quand il accorde son respect à la simplicité plutôt qu'à l'étalage, et quand il obéit aux lois sans appareil.

«… Les causes purement politiques, et la forme du gouvernement qui en dérive, influent sur les frais de traitements des fonctionnaires civils et

466 Traité d'Économie politique, liv. I, chap. XIV.
judiciaires, sur ceux de représentation, et enfin [262] sur ceux qu'exigent les institutions et les établissements publics. Ainsi, dans un pays despotique, où le prince dispose des biens de ses sujets, lui seul réglant son traitement, c'est-à-dire ce qu'il consomme de deniers publics pour son utilité personnelle, ses plaisirs, l'entretien de sa maison, ce traitement peut être fixé plus haut que dans le pays où il est débattu entre les représentants du prince et ceux des contribuables.

« Le traitement des subalternes dépend également, soit de leur influence particulière, soit du système général du gouvernement. Les services qu'ils rendent sont coûteux ou à bon marché, non-seulement en proportion du prix qu'on les paye, mais encore selon que les fonctions sont moins bien ou mieux remplies. Un service mal rendu est cher, quoique fort peu payé ; il est cher s'il est peu nécessaire. Il en est de cela comme d'un meuble, qui ne remplit pas bien l'office auquel il est destiné, ou dont on n'avait pas besoin, et qui embarrasse plutôt qu'il ne sert. Telles étaient, sous l'ancienne monarchie, les charges de grand-amiral, de grand-maître, de grand-échanson, de grand-veneur et une foule d'autres, qui ne servaient pas même à relever l'éclat de la couronne, et dont plusieurs n'étaient que des moyens employés pour répandre des gratifications et des faveurs.

« Par la même raison, lorsque l'on complique les ressorts de l'administration, on fait payer au peuple des services qui ne sont pas indispensables pour le maintien de l'ordre public : c'est une façon inutile donnée à un produit qui n'en vaut pas mieux pour cela, et qui communément en vaut moins. Sous un mauvais gouvernement qui ne peut soutenir ses empiétements, ses injustices, ses exactions, qu'au moyen de nombreux satellites, d'un espionnage actif et de prisons multipliées ; ces prisons, ces espions, ces soldats coûtent au peuple, qui certes n'est pas plus heureux.467

En résumé, l'économie politique reconnaît que le fractionnement de l'humanité en nations a son utilité, sa raison d'être; elle reconnaît qu'aucune nation, à moins de la supposer composée d'anges, ne saurait se passer de gouvernement; mais, en même temps, elle démontre que les nations ont intérêt à baser leur politique

467 Traité d'Économie politique, liv. III, chap. VII.
extérieure sur la paix et leur politique intérieure sur l'économie ; elle démontre que les nations ont intérêt à entretenir les unes avec les autres des relations libres et amicales, comme à se laisser gouverner aussi peu que possible.

**NATIONS (ENGLISH VERSION)**

*Source*


From the earliest historical periods humanity has been broken up into a multitude of nations, dissimilar in manners, aptitudes, and language, and possessing different institutions. Each of these nations has its own particular features and its own existence, its own autonomy.

This phenomenon, which is of great interest to all branches of moral and political science, will be considered here only from an economic point of view.

The economist must first inquire whether the breaking up of humanity into a multitude of nations is beneficial, or whether it would not be better, as some declare, for the human race to form only one community, a universal monarchy, or a universal republic. There can be no doubt as to the answer to this question. The splitting up of humanity into nations has utility, because it develops a principle of emulation of considerable power. There is in each nation a feeling of honor, or a kind of collective self-esteem, which, when directed toward useful ends, can accomplish wonders. An example of this was furnished at the universal exposition in London, to which most of the civilized nations brought examples of their industry and each made it a point of honor not to be too far behind its rivals. If

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468 Molinari uses the terms “fractionner” and “le fractionnement” throughout this entry. We have translated these as “to divide, break up, or fragment” and “division, breaking up, or fragmentation” accordingly.

469 “Le fractionnement.”

470 Here Molinari uses the word “la morcellement” which was commonly used to describe the breaking or splitting up of holdings of land into smaller and smaller pieces as a result of French inheritance laws. He discusses this problem for French agriculture in S4.

471 “Un principe d’émulation” might also be translated as “a principle of competition.”

472 The “Great Exhibition of the Works of Industry of All Nations” (also known as “The Great Exhibition”) was held in Hyde Park, London, between 1 May and 15 October 1851. It was the first in a series of so-called “World’s Fairs” which became popular in Europe and America in the 19th century to showcase a country’s economic development, industry, and culture. It was organized by the inventor Henry Cole and Prince Albert, the husband of the reigning monarch of the United Kingdom, Queen Victoria. See the almost rapturous article on “Expositions des produits de l’industrie” by Blanqui in DEP, vol. 1, pp. 46-51, on how strongly the economists thought such expositions could end national rivalries and promote peace.
humanity formed only a single political unit, wouldn’t the spirit of emulation, thus deprived of the stimulant of national honor, manifest itself to a lesser degree? Another drawback, more serious still, would result from the (political) unification of humanity: the errors made by the government of society would extend much farther than they do in the existing state of affairs. If a bad policy is taken today by a government, if a false theory is applied to the management of the affairs of a nation, the harm which results from it is confined to a certain locality. Other nations can refrain from repeating an experience, the results of which have been disastrous. If all humanity, on the contrary, were subjected to a uniform law, would not the harm resulting from the application of a bad policy be universal? As for the progress which improves the human condition, everybody knows that the (political) fragmentation of society creates no obstacle whatsoever to its spreading. When an experiment has succeeded in one nation, are not all the other nations interested in adopting it themselves? Are they not most frequently obliged to do so by the pressure of competition?

The fragmentation of humanity into autonomous nations may therefore be considered as essentially economic. Besides, this fragmentation is a result of the original arrangement of things; it is a natural phenomenon that no artificial combination can destroy nor even noticeably modify. Conquerors, for instance, have dreamt of the utopia of a universal monarchy. Have they succeeded in realizing it? Have not those who have approached nearest to it, seen their gigantic political establishments dissolve by the very force of things? Has not experience taught them that there are limits which no domination can exceed in any lasting manner? Other utopians have dreamt of having a single religion, and some have wished to impose it by violence; but it was useless for them to employ fire and the sword to achieve their goal, and they failed. Religious beliefs have continued to reflect the diversity of temperaments, of manners, and of the enlightenment of different nations. Others, finally, have dreamt of having a single language, and we have seen governments attempt to impose a uniform language upon peoples of

473 “Le fractionnement des sociétés.”
different origin, whom they had united under their rule.\footnote{Molinari had personal experience of this, having been born in Liège in 1818 which was then part of the United Kingdom of the Netherlands and which would become part of the new Kingdom of Belgium in 1830. The rivalry between Dutch/Flemish speakers and French speakers continues to this day.} Not long ago, the Dutch government, for example, attempted to replace the French language with the Dutch language in some of the southern provinces of the old kingdom of the Netherlands. What was the result? Quite simply, that the legally imposed language was hated by the population on which it was imposed and that this experience, contrary to the nature of things, greatly contributed to the fall of the government which tried to do this.\footnote{The Revolution of July 1830 in Paris which saw the overthrow of the Bourbon King Charles X and his replacement by Louis Philippe, sparked an uprising in Brussels and the French-speaking southern provinces of the Kingdom of the Netherlands. This lead to the secession of these provinces and the formation of the new Kingdom of Belgium.} Languages like religious beliefs and political institutions, are the expression of the individual spirit of different nations, and they satisfy the needs or the preferences (of the people) which one might attempt to satisfy in vain by other means. The form of institutions and of language can without doubt be modified in an artificial manner, but their substance will nevertheless remain: even if the words change, the accents remains.

Although it would be absurd to wish to remove, for the sake of a utopian unity, the characteristic marks of nationalities, it does not follow that nations must be isolated from and kept in a permanent state of hostility toward each other. The autonomy of nations implies neither isolation nor hostility. Nations are interested in communicating freely with one another, in order that they may increase in wealth and power; they are still more interested in living in peace with one another.

These truths, too long unrecognized, have been admirably demonstrated by economists, especially by J. B. Say. To those who pretend, for instance, that a nation
can only be enriched by the impoverishment of its rivals, the illustrious author of the theory of markets replies correctly that:

“A nation bears the same relation to a neighboring nation that a province does to another province, that a city does to the countryside; it is interested in seeing it prosper, and certain to profit by its wealth. The United States are right, then, for example, it always having tried to encourage industry in the savage tribes which surround them; it has been their purpose to obtain something from them in exchange; for nothing can be gained from people who have nothing to give. It is of advantage to humanity for a nation to conduct itself toward others, under all circumstances, according to liberal principles. It will be shown, by the brilliant results it will obtain from so doing, that vain systems, disastrous theories, are the exclusive and jealous maxims of the old states of Europe, which they with effrontery endow with the name of practical truths, because, unfortunately, they put them in practice.”

[Biddle translation]: The position of a nation, in respect of its neighbours, is analogous to the relation of one of its provinces to the others, or of the country to the town; it has an interest in their prosperity, being sure to profit by their opulence. The government of the United States, therefore, acted most wisely, in their attempt, about the year 1802, to civilize their savage neighbours, the Creek Indians. The design was to introduce habits of industry amongst them, and make them producers capable of carrying on a barter trade with the States of the Union; for there is nothing to be got by dealing with a people that have nothing to pay. It is useful and honourable to mankind, that one nation among so many should conduct itself uniformly upon liberal principles. The brilliant results of this enlightened policy will demonstrate, that the systems and theories really destructive and fallacious, are the exclusive and jealous maxims acted upon by the old European governments, and

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476 A reference to Say’s Law of Markets, which states that “supply creates its own demand” or “goods are exchanged for others goods.” See footnote on p. 476 [“that “products are bought with other products” which is a variant of “Say's Law” applied to foreign trade, namely that “supply creates its own demand.”]

477 (Note by Molinari.) Traité d’Économie politique, liv. I, chap. XV, p. 145 (Guillaumin 1841 ed.)
by them most impudently styled practical truths, for no other reason, as it would seem, than because they have the misfortune to put them in practice.\footnote{Jean Baptiste Say, A Treatise on Political Economy; or the Production, Distribution, and Consumption of Wealth, ed. Clement C. Biddle, trans. C. R. Prinsep from the 4th ed. of the French, (Philadelphia: Lippincott, Grambo & Co., 1855. 4th-5th ed.), p. 138. <https://oll.libertyfund.org/titles/274#Say_0518_418>.}

Nothing is more deceitful, adds this judicious economist, than the advantage which a nation thinks it gains by encroaching upon the domain of another, by the conquest of a province or a colony of a rival power.\footnote{\textit{Note by Molinari.} Idem., liv. II, chap. IX. [Editor: The quote comes from a footnote added to the 6th edition of the \textit{Traité}, vol. 2, p. 225. See 1841 Guillaumin ed. p. 408. This footnote does not appear to have been translated in the Biddle edition.]} "If France had possessed," he says, "at any time whatever, an economic government, and had employed for improving the provinces in the centre of the kingdom, the money which she expended for conquering distant provinces and colonies which could not be kept, she would be much more happy and more powerful. Highways, parish roads, canals for irrigation and navigation, are the means which a government has always at its disposal to improve provinces which are unproductive. Production is always expensive in a province, when the expense of the transportation of its products is great. An interior conquest indubitably increases the strength of a state, as a distant conquest almost always weakens it. All that constitutes the strength of Great Britain is in Great Britain itself; it has been made much stronger by the loss of America; it will be more so when it shall have lost India."

Also J. B. Say is thoroughly convinced that, when economic knowledge is more widely diffused, when the true sources of the prosperity and the greatness of nations shall be better known, the old policy, which consists in conquering new territory in order to tax its people to excess, in taking possession of new markets in order to subject them to a selfish and pitiless exploitation, this evil policy of antagonism and hatred, will end by losing all credit.
“All this old policy will perish,” he says. “Strength will come from meriting (someone’s) favour and not in demanding it by force. The effects which are made to secure domination procure only an artificial greatness, which necessarily makes an enemy of every foreigner. This system produces debts, abuses, tyrants, and revolutions; while the attraction of a reciprocal agreement procures friends, extends the circle of useful relations; and the prosperity which results from it is lasting, because it is natural.”

[Biddle translation]: Nor can it be denied, that these views may actuate a wise national administration; assuming always, that it is an advantage to one nation to domineer over others. But these political dogmas are fast growing obsolete. Policy will some day or other be held to consist in coveting the pre-eminence of merit rather than of force. The love of domination never attains more than a factitious elevation, that is sure to make enemies of all its neighbours. It is this that engenders national debt, internal abuse, tyranny and revolution; while the sense of mutual interest begets international kindness, extends the sphere of useful intercourse, and leads to a prosperity, permanent, because it is natural.

If, then, economists do not share the illusions of the humanitarian socialists, who would like to unite all nations into a single flock, ruled by an all-governing shepherd; if they do not think that there would be any utility removing, in an

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482 Molinari uses the colourful expression “réunir toutes les nations en un seul troupeau gouverné par un berger omníarcal.” Bastiat had a similar set of colorful terms to describe the would-be socialist planners of society, such as “the great mechanic,” or social “gardeners.” See “The Social Mechanism and its Driving Force,” in Appendix 1 CW4 (forthcoming).
artificial manner, the characteristic differences of nations; if they only accept with reservations the beautiful verses of the author of the *Marseillaise of Peace*:

> Nations! mot pompeux pour dire barbarie! …
> Déchirez ces drapeaux! une autre voix vous crie;
> L’égoïsme et la haine ont seuls une patrie;
> La fraternité n’en a pas;

> Nations! such a pompous word to describe barbarity! …
> Tear up these flags! another voice cries out to you;
> Selfishness and hatred alone have a country;
> Fraternity does not

If they think that nations have their *raison d’être* even in the bosom of civilization, they do not work less actively to demolish the walls of separation, which old errors, prejudices of centuries, and barbarous hatreds have raised between nations; they show nations that it is in their interest to exchange their ideas and their products in order to increase their wealth, their power, and their civilization; they condemn war as a bad gamble, as an operation in which the risks of loss exceed the chances of gain; and without being humanitarians or advocates of unity, they show nations the true methods of realizing practical fraternity. (See the article on “Peace.”)

Errors no less fatal, on the subject of the internal government of nations, have attracted the attention of economists. Just as it was once the common belief that a nation could only become powerful and rich by weakening and impoverishing its rivals, an excessively large share of influence and activity in the life of nations was granted to the government. Because the government and society remained joined

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484 Literally “sans être humanitaires ou unitéistes” (without being humanitarians or ‘unitarians’ (or “unity-ists”)).

together in primitive communities, when the division of labor had not yet separated social functions (from each other), it was thought that it must always be so; it was thought that it was the task of the government to give movement and action to the social organism, and make life flow there; it was thought that nothing could be done except by the impulse of this sovereign driving force. Political economy has put an end such a disastrous an error. Economists have demonstrated that the functions of government should be reduced and made more and more specialized, by virtue of the principle of the division of labor, rather than extended and multiplied; they have demonstrated that communism belonged to the infancy of nations, and that it ceased to be expedient in their maturity. With the coolness of a surgeon who removes a cancer, J.B. Say has shown to what point a government which is not strictly limited to fulfilling its natural functions can cause trouble, corruption, and discomfort in the economy of the social body, and he has stated that in his eyes a government of this kind was a veritable ulcer.

This colorful expression, ulcerous government, employed by the illustrious economist to designate a government which interferes improperly in the domain of private activity, has frequently been used by interventionist and socialist writers to criticise political economy. Some even have taken it as a foundation for the assumption that political economy has misunderstood the importance of the mission with which governments are charged in society, and they have accused it of having given birth to the celebrated doctrine of anarchy. But, nothing is less merited than such criticism. Political economy, rightly understood, leads no more to the abolition of governments than it does to the destruction of nationalities.

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486 As he argued in S11.
488 “Le gouvernement-ulcère.” Molinari discusses this idea at greater length in Cours, vol. 2, p. 530.
489 In S11 he argues not that government will be abolished by replaced by private, competing insurance companies, but that its “monopoly” over providing that servie will be abolished. He also discusses the issue of nationalism under such a system of “la liberté du gouvernement.”
490 In S11 Molinari argues that in fact the feeling of “nationality” would be stronger in a free society as national boundaries would be “natural” (i.e. not formed coercively).
When authority is not plunderous itself, it procures for nations the greatest of benefits, that of protecting them from plunderers. Without this protection which lends the aid of all to the needs of one alone, it is impossible to conceive any important development of the productive faculties of man, of land, or of capital; it is impossible to conceive the existence of capital itself, since capital is only values accumulated and working under the safeguard of public authority. It is for this reason that no nation has ever arrived at any degree of wealth, without having been subject to a regular government; it is to the security which political organization procures, that civilized nations owe not only the innumerable and varied productions which satisfy their wants, but also their fine arts, their leisure hours, the fruit of accumulation, without which they could not cultivate their intellectual gifts, nor consequently rise to all the dignity that the nature of man admits of.”

[Biddle translation]: When public authority is not itself a spoliator, it procures to the nation the greatest of all blessings, protection from spoliation by others. Without this protection of each individual by the united force of the whole community, it is impossible to conceive any considerable development of the productive powers of man, of land, and of capital; or even to conceive the existence of capital at all; for it is nothing more than accumulated value, operating under the safeguard of authority. This is the reason why no nation has ever arrived at any degree of opulence, that has not been subject to a regular government. Civilized nations are indebted to political organization for the innumerable and infinitely various productions, that satisfy their infinite wants, as well as for the fine arts and the opportunities of leisure that accumulation affords, without which the faculties of the mind could never be cultivated, or man by their means attain the full dignity, whereof his nature is susceptible.


Political economy is not therefore *anarchic*. Economists are perfectly convinced that governments play a necessary part in society, and it is precisely because they appreciate all the importance of this part, that they consider that governments should be occupied with nothing else.\(^{493}\) Finally, economists think that the same practices of scrupulous economy, which are the rule in private industry, should be the rule also in the government of nations.\(^{494}\)

Let us again quote J. B. Say, on this subject:\(^{495}\)

> A nation which only respects its prince when he is surrounded with pomp, with glitter, with guards, with horses, with all that is most expensive, has to pay for it. It economizes, on the contrary, when it grants its respect to simplicity rather than to display, and when it obeys the laws without display.

> … Causes (which are) purely political, and the form of government which they produce, influence the costs of the salaries of civil and judicial functionaries, of (political) representation, and finally of those costs which public institutions and establishments require. Thus, in a despotic country, where the prince disposes of the property of his subjects, he alone fixing his salary, that is to say, what he uses of the public funds for his own personal benefit, his pleasures, and the maintenance of his household, that salary may be fixed higher than in the country where it is negotiated by the representatives of the prince and those of the tax payers.

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\(^{493}\) Here Molinari appears to be backtracking somewhat from his stronger claims made in S11 when speaking as “The Economist.” He was criticised for doing this by Charles Coquelin in his review of *Les Soirées* in the *JDE*. Perhaps here, in writing this entry for the *DEP*, he was obliged to speak on behalf of all the economists, not just himself, and so took a more moderate position.

\(^{494}\) In his treatise the first edition of which appeared three years after this was written, Molinari listed all the ways in which governments “sin” (pêcher) against the laws of political economy in their provision of goods and services, such as ignoring the division of labour, growing too large to best be able to satisfy the needs of consumers, prohibiting competition and free trade which keep prices down, and preventing the development of specialisation. See *Cours*, vol. 2, p. pp. 522-26.

\(^{495}\) (Note by Molinari.) *Traité d’Économie politique*, liv. III, chap. VI, p. 477 (Guillaumin 1841 ed.).
The salaries of subordinates depend also either upon their individual influence, or upon the general system of government. The services which they render are costly or cheap, not only in proportion to the price paid for them, but also according as their duties are more or less well performed. A service poorly performed is expensive, although very little may be paid for it; it is expensive if there is but little need of it. It is like a piece of furniture which does not serve the purpose for which it was intended, of which there is no need, and which is a trouble rather than a benefit. Such were, under the old French monarchy, the positions of grand-admiral, grand-master, grand-cupbearer, master of the hounds, and a multitude of others, which served only to add lustre to the crown, and many of which were only methods employed to distribute perquisites and favors.

For the same reason, when the machinery of the administration is complicated, the people are made to pay for services which are not indispensable to the maintenance of public order; this is like giving a useless shape to a product, which is not worth more on that account, and is generally worth less. Under a bad government, which can only support its encroachments, its injustices, its exactions, by means of numerous satellites (hangers-on), of an active system of espionage, and by the multiplication of prisons; these prisons, spies, and soldiers are costly for the people, who are certainly not happier on that account.

[Biddle translation]: This observation applies to every description of functionary, from the prince to the constable inclusive consequently, a nation, which reverences its prince only when surrounded with the externals of greatness, with guards, horse and foot, laced liveries, and such costly trappings of royalty, must pay dearly for its taste. If, on the contrary, it can be content, to respect simplicity rather than pageantry, and obey the laws, though unaided by the attributes of pomp and ceremony, it will save in proportion. This is what made the charges of government so light in many of the Swiss cantons, before the revolution, and in the North American colonies before their emancipation. It is well known, that those colonies, though under the dominion of England, had separate governments, of which they respectively defrayed the charge; yet the whole annual expenditure all together amounted to no more than
64,700l. sterling. "An ever memorable example," observes Smith, "at how small an expense three millions of people may not only be governed, but well governed."

Causes entirely of a political nature as well as the form of government which they help to determine, have an influence in apportioning the salaries of public officers, civil and judicial, the charge of public display, and those likewise of public institutions and establishments. Thus, in a despotic government, where the subject holds his property at the will of the sovereign, who fixes himself the charge of his household, that is to say, the amount of the public money which he chooses to spend on his personal necessities and pleasures, and the keeping up of the royal establishment, that charge will probably be fixed at a higher rate, than where it is arranged and contested between the representatives of the prince and of the tax payers respectively.

The salaries of inferior public officers in like manner depend, partly upon their individual importance, and partly upon the general plan of government. Their services are dear or cheap to the public, not merely in proportion to what they actually cost, but likewise in proportion as they are well or ill executed. A duty ill performed is dearly bought, however little be paid for it; it is dear too, if it be superfluous, or unnecessary; resembling in this respect an article of furniture, that, if it do not answer its purpose, or be not wanted, is merely useless lumber. Of this description, under the old régime of France, were the officers of high-admiral, high-steward of the household, the king's cup-bearer, the master of his hounds, and a variety of others, which added nothing even to the splendour of royalty, and were merely so many means of dispensing personal favour and emolument.496

To sum up, political economy recognizes that the fragmentation of humanity into nations has its utility and its raison d'être; it recognizes that no nation, unless it be composed of angels, would be able to do without government; but, at the same

time, it demonstrates that nations have an interest in establishing their foreign policy upon peace, and their domestic policy upon economy; it demonstrates that nations have an interest in maintaining free and friendly relations with one another, and to be governed as little as possible.
— I. Comment les villes se fondent. Circonstances qui déterminent le choix de leur emplacement et qui provoquent leur déplacement. — Les villes sont des agglomérations de population et d'industrie qui se forment d'elles-mêmes, sous l'impulsion naturelle de certains besoins, et dont le développement n'a rien d'arbitraire. Quelquefois des princes ont eu l'illusion de croire qu'il leur suffisait de prononcer un fiat majestueux pour faire surgir du sol une cité nouvelle et la rendre florissante; mais l'expérience a manqué rarement de leur prouver qu'ils avaient trop présumé de leur puissance. Sans doute, un monarque peut, en déplaçant le siège de son empire, comme fit Pierre le Grand, par exemple, créer un centre de population et de richesse. Les fonctionnaires de tous grades et les aspirants fonctionnaires qui sont obligés de vivre et de dépenser, les uns leurs appointements, les autres leurs revenus dans la capitale, attirent nécessairement autour d'eux une population de fournisseurs, d'artisans et de domestiques; mais, à moins que la cité nouvelle ne présente un emplacement avantageux à un certain nombre de branches de la production, et dans ce cas il n'est pas nécessaire que le gouvernement intervienne pour la fonder, elle ne pourra prendre un développement bien considérable. Il y a cependant ici une exception à faire. Si le gouvernement augmente continuellement le nombre de ses attributions, s'il fait de la centralisation et du communisme aux dépens des libertés du pays, s'il multiplie en conséquence le nombre de ses employés, la ville où il aura établi le siège de son pouvoir ne manquera pas de s'accroître et de s'enrichir; mais il et douteux que le pays ait à se féliciter, en ce cas, de la prospérité de sa capitale. Si, an contraire, le gouvernement ne possède que des attributions restreintes, s'il ne dispose que d'un personnel peu nombreux, sa capitale, en admettant qu'aucune autre industrie ne puisse s'y fixer avec avantage, demeurera condamnée à une condition des plus modestes, en comparaison de celle des foyers de la production manufacturière ou commerciale. Tel est le cas de la ville de Washington, capitale de l'Union américaine. J.-B. Say a fait parfaitement ressortir
dans son Traité cette impuissance des gouvernements à fonder des villes et à les faire prospérer :

« Il ne suffit pas, dit-il, de tracer le plan d'une ville et de lui donner un nom; il faut, pour qu'elle existe véritablement, la fournir par degrés de talents industriels, d'ustensiles, de matières premières; de tout ce qui est nécessaire pour entretenir les industriels jusqu'à la parfaite confection et à la vente de leurs produits; autrement, au lieu de fonder une ville, on n'élève qu'une décoration de théâtre, qui ne tarde pas à tomber, parce que rien ne la soutient. C'est ce qui est arrivé d'Ékatherinoslaw, dans la Tauride, et ce que faisait pressentir l'empereur Joseph II, lorsque, après avoir été invité à poser en cérémonie la seconde pierre de cette ville, il dit à ceux qui l'entouraient : J'ai fini une grande affaire en un jour avec l'impératrice de Russie : elle a posé la première pierre d'une ville, et moi la dernière.

« Des capitaux ne suffisent même pas pour établir une grande industrie et l'active production qui sont nécessaires pour former et agrandir une ville; il faut encore une localité et des institutions nationales qui favorisent cet accroissement. Les circonstances locales sont peut-être ce qui manque à la cité de Washington pour devenir une grande capitale, car ses progrès sont bien lents en comparaison de ceux que font les États-Unis en général ; tandis que la seule situation de Palmyre, autrefois, l'avait rendue populeuse et riche malgré les déserts de sable dont elle est entourée, et seulement parce qu'elle était devenue l'entrepôt du commerce de l'Orient avec l'Europe. La même raison avait fait la prospérité d'Alexandrie et plus anciennement encore dé la Thèbes d'Égypte. La seule volonté de ses princes n'aurait pas suffi pour en faire une ville à cent portes et aussi populeuse que nous la représente Hérodote. Il faut chercher dans sa position entre la mer Rouge et le Nil, entre l'Inde et l'Europe, l'explication de son importance. »

497 Traité d'Économie politique, par J.-B. Say. Livre 11, chap. xi.
Essayons maintenant de donner une idée sommaire des nécessités qui ont déterminé la fondation des villes et le choix de leur emplacement. La nécessité de pourvoir à leur sécurité a dû, plus qu'aucune autre cause, pousser originalement les hommes à fonder des villes. Ils comprirent qu'en se réunissant dans des enceintes fortifiées, ils seraient plus en sûreté qu'en demeurant disséminés sur une vaste étendue de territoire. A cette nécessité qui se fit sentir dès les premiers âges de l'humanité se joignirent les convenances particulières de l'industrie et du commerce. Tandis que la production agricole se déploie, en vertu de sa nature même, sur une surface considérable, la plupart des branches de la production industrielle et commerciale exigent, au contraire, une certaine concentration. Qu'on les examine dans les différents pays civilisés, et l'on trouvera qu'elles se sont concentrées d'elles mêmes successivement dans un petit nombre de foyers. Ainsi, en France, l'industrie de la soie a ses sièges principaux à Lyon et à Saint-Étienne, l'industrie cotonnière à Lille, Rouen et Mulhouse, l'industrie lainière à Reims. Elbeuf, Sedan, etc., l'industrie des articles de mode à Paris. Quelles causes particulières ont déterminé une industrie, a s'établir dans telle localité plutôt que dans telle autre, voilà ce qu'il est encore intéressant de rechercher. Tantôt c'est le voisinage de la matière première ou du débouché, tantôt ce sont les aptitudes spéciales des populations, tantôt enfin c'est la réunion de ces diverses circonstances.

La localisation des industries ne s'arrête pas là : dans les villes où elles établissent leur siège, on les voit se concentrer de préférence dans certains quartiers et dans certaines rues. Cette sous-localisation par quartiers et par rues est notamment très visible à Paris, et l'on en trouve un aperçu curieux dans l'enquête.
sur l'industrie parisienne dressée par les soins de la chambre de commerce. Le même fait s'observe au sein des civilisations qui ont le moins d'analogie avec la nôtre. Pour n'en citer qu'un seul exemple, un voyageur espagnol, don Rodrigo de Vivéro, qui a donné, en 1608, une description curieuse de Jeddo, capitale du Japon, signale cette distribution des industries par quartiers et par rues comme le trait le plus saillant qui eût frappé ses regards. « Toutes les rues, dit-il, ont des galeries couvertes et elles sont occupées chacune, par des personnes de la même profession. Ainsi les charpentiers ont une rue, les tailleurs une autre, les bijoutiers une autre, etc. Les marchands sont distribués de la même manière. Les provisions sont aussi vendues dans des endroits appropriés pour chaque sorte. Enfin les nobles et les personnages importants habitent un quartier à part. Ce quartier se distingue par les

498 « Lorsque les industries sont destinées à pourvoir à une consommation journalière, lisons-nous dans l'Enquête, elles se posent à la portée des consommateurs; lorsqu'elles fournissent leurs produits au commerce, elles se placent en prenant surtout en considération les moyens de production. Les industries qui fournissent à l'alimentation sont presque toutes dans le premier cas; celles qui se livrent à la fabrication des articles connus dans le commerce sous le nom d'articles de Paris, sont dans le second. Il y a aussi pour les industries de l'ameublement certaines professions dont le travail est offert directement aux consommateurs, et d'autres qui sont plus particulièrement appliquées à la fabrication. C'est ainsi que l'on trouve des tapisseries sur tous les points de la ville, et que la fabrication des meubles est assise, au contraire, presque exclusivement dans le 8e arrondissement, comme la fabrication des bronzes est posée dans les 6e et 7e arrondissements.

« Sur 1,915 ébénistes, faisant pour 27,982,950 fr. d'affaires, 1,093 avec 19,679,835 fr. sont dans le 8e arrondissement.

« Et sur 257 fabricants de fauteuils, faisant pour 5,061,540 d'affaires, 197 avec 3,373,950 fr. sont aussi dans le 8e arrondissement.

« Le même arrondissement revendique encore la préparation des peaux et cuirs. Les tanneries et mégisseries sont presque toutes placées dans le quartier des Gobelins, sur les bords de la petite rivière qui prend ce nom en entrant dans Paris... Les produits chimiques sont peu fabriqués à l'intérieur de Paris, mais ceux qui s'y font et réclament de l'espace, de l'eau et de l'air, viennent des 8e et 12e arrondissements. De ce nombre sont l'amidon et la fécule, les bougies et chandelles; c'est là qu'un trouve également la fabrication des poteries. Le travail des métaux, la construction des machines se trouvent surtout dans les 8e, 6e et 5e arrondissements.

« Quant à la fabrication de ce qu'un appelle le plus généralement les articles de Paris, elle s'étend dans toute une partie importante de la ville, sur la rive droite de la Seine, au nord des rues des Francs-Bourgeois et Saint-Merry, et dans la zone comprise entre les rues Montorgueil et Poissonnière à l'ouest,, la place des Vosges et la rue de la Roquette à l'est. C'est là que se font l'orfèvrerie, la bijouterie fine et fausse, que se fabriquent les nécessaires, la brosserie, la bimbeloterie, les fleurs artificielles, les parapluies, les eventails, les tabletteries, les peignes, les portefeuilles et cette multitude d'articles divers de la petite fabrique en général.» (Statistique de l'industrie à Paris, Introduction, p. 43 et 44.)
armoires, sculptées ou peintes, qui sont placées sur les portes des maisons »

499 A quelques légères différences près, cette description n'est-elle pas applicable à la plupart des capitales de l'Europe? C'est ainsi que les mêmes nécessités économiques se font sentir au sein des civilisations les plus diverses et qu'elles les marquent d'une empreinte commune.

Cependant des causes nombreuses agissent incessamment pour déplacer les industries, et par la même les centres de population que ces industries alimentent. Tout progrès industriel ou commercial a pour résultat ordinaire de déplacer la production. Lorsque la route du cap de Bonne-Espérance a été découverte, Venise a perdu une grande partie de son importance. Plus tard, l'invention des machines a filer et a tisser le coton a édifié la prospérité de Manchester aux dépens de celle de Bénarès et des autres villes de l'Inde, où la fabrication du colon avait auparavant son principal foyer. Nous voyons aujourd'hui, de même, la locomotion à la vapeur faire surgir des villes nouvelles ou imprimer une impulsion soudaine à d'anciennes villes qui demeuraient stationnaires. La ville de Southampton, par exemple, a acquis en peu d'années une importance considérable, parce que son port a été reconnu propre à servir de foyer à quelques-unes des lignes de navigation à la vapeur de l'Océan. Qu'un [835] nouveau système de navigation apparaîsse, et peut-être Southampton sera-t-il abandonné pour un autre port dont la situation se trouvera mieux en harmonie avec les convenances particulières de ce nouveau système. C'est ainsi que les villes subissent, tantôt à leur avantage, tantôt à leur détriment, l'influence des causes qui modifient chaque jour les conditions d'existence de la production. Nous disions plus haut que les gouvernements n'ont que dans une bien faible mesure le pouvoir de créer des villes nouvelles et surtout de les rendre prospères ; nous pourrions ajouter qu'ils ne possèdent pas à un plus haut degré le pouvoir de détruire ou de déplacer les villes existantes. Vainement des vainqueurs barbares ont promené le fer et la flamme dans les cités qu'ils avaient conquis; vainement ils ont fait passer le soc de la charrue sur l'emplacement de ces cités proscrites et ils y ont semé du sel : comme il n'était pas en leur pouvoir d'anéantir les avantages naturels qui avaient déterminé les populations à s'y agglomérer, au bout de quelques années le désastre était réparé et la vie circulait plus abondante que jamais dans les lieux mêmes qu'une orgueilleuse folie avait voués à une

499 Memorials o the empire of Japon in the XVI and XVII centuries, edited by Thomas Rundall.
éternelle solitude. Les entraves apportées à la circulation des hommes et des choses ont été malheureusement plus efficaces que les projectiles ou les torches incendiaires pour ruiner des foyers de population et de richesse : des villes florissantes ont été transformées en de véritables nécropoles par des restrictions qui les privaient du débouché de leur industrie ou de leur commerce. Au dix-septième siècle notamment, les Hollandais, jaloux de la prospérité d'Anvers, réussirent à obtenir la fermeture de l'Escaut (par le traité de Munster, en 1648), et cette mesure barbare, qui fut maintenue pendant deux siècles, porta un coup mortel au commerce d'Anvers et à l'industrie des Flandres, dont les négociants anversois étaient les intermédiaires actifs et intelligents. A une époque plus récente, on a vu le régime prohibitif faire déserté le port de Bordeaux, auparavant l'un des plus fréquentés de France.

La population et la richesse ne se déplacent pas seulement en se portant d'une ville dans une autre; elles se déplacent encore dans la même localité. De nouveaux quartiers s'élèvent dans l'intérieur des villes ou aux environs de leur enceinte, tandis que les anciens sont abandonnés et tombent en ruine. Ces déplacements locaux sont amenés par des causes visibles ou latentes dont l'action modifie à la longue les nécessités ou les convenances qui avaient déterminé le choix des emplacements primitifs. Le progrès général de la sécurité doit être signalé comme la plus importante de ces causes. Arrêtons-nous-y un instant.

Les anciennes villes de l'Europe sont bâties pour la plupart sur des plateaux élevés ou sur des collines plus ou moins escarpées; en sorte que leurs habitants sont continuellement occupés à monter ou à descendre, ce qui occasionne dans les transports journaliers une déperdition du forces considérable. En outre elles sont communément resserrées dans une enceinte étroite ; les habitations y sont pressées les unes contre les autres comme les alvéoles dans une ruche. Comment se fait-il que nos ancêtres se soient logés d'une manière si peu économique, si incommode et parfois si malsaine? Pour avoir l'explication de ce fait bizarre, il est nécessaire de se rendre compte de la situation de l'Europe après l'Invasion des barbares. L'insécurité était alors universelle. Les conquérants s'étaient bâti des repaires dans les lieux les plus inaccessibles, et Ils s'élançaient de ces nids de vautours sur les contrées avoisinantes pour les piller ou les rançonner. Trop faibles pour leur résister, les anciens habitants du pays, victimes de leurs dépréciations, composèrent avec eux,
comme on compose avec les bandits dans les pays où le gouvernement est sans force. Ils s'assurèrent de la protection des bandes les plus puissantes moyennant un tribut régulier, et ils allèrent se loger aussi près que possible de leurs protecteurs. Ils s'établirent généralement au-dessous des châteaux forts, afin de pouvoirs'y réfugier en cas d'alerte. Les premières maisons prenaient place immédiatement au-dessous du château, et les autres s'échelonnaient successivement plus bas comme en amphithéâtre. Aussitôt que les habitants se trouvaient réunis en nombre suffisant, ils environnaient leur cité de murailles et de tourelles pour compléter leur système de défense. C'est ainsi qu'ont été bâties la plupart des villes dont l'origine remonte au moyen âge.

Quand on envisage les nécessités dii temps, on s'explique aussi pourquoi les rues étaient si étroites. C'est que les fortifications avaient été élevées dans un périmètre aussi resserré que possible, afin d'en rendre la défense plus facile et moins coûteuse. Lorsque la population venait à s'augmenter, on était obligé en conséquence d'exhausser les maisons et de diminuer la largeur des rues pour la faire tenir dans l'emplacement primitif. Quelquefois, à la vérité, on reculait les murs d'enceinte; mais ce n'était jamais qu'à la dernière extrémité qu'on se résignait à prendre une mesure si coûteuse.

Mais peu à peu la sécurité générale s'est accrue. La féodalité a disparu, et avec elle ont cessé les guerres intérieures. Alors a commencé le mouvement de déplacement de la population urbaine. Des hauteurs où le soin de sa sûreté l'avait obligée à se confiner, elle est descendue dans les plaines où elle pouvait se loger plus commodément et à moins de frais. Les faubourgs doivent leur origine à ce progrès de la sécurité qui a permis aux hommes industriels et paisibles de vivre désormais
en dehors d'une enceinte fortifiée. Accéléré encore par une autre cause dont nous aurons à nous occuper plus loin, ce déplacement de la population urbaine est devenu de jour en jour plus général : partout on voit les habitants des anciennes villes quit'er leurs gîtes séculaires pour aller en habiter de nouveaux, moins chers, plus commodes et plus sains.

II. *De la proportion entre la population des villes et celle des campagnes.* — *Causes qui la déterminent et la modifient.* — La fondation et le choix de l'emplacement des villes sont déterminés, comme on vient de le voir, par l'état de la civilisation et des arts de la production. Il en est de même de la proportion entre la population et la richesse des villes et celles des campagnes. Cette proportion est essentiellement diverse et mobile : elle diffère selon les pays et selon les époques. Lorsque la production est peu avancée, lorsque les hommes sont obligés, en conséquence, d'employer la plus grande partie des forces productives dont ils disposent à se procurer les objets de première nécessité, les industries qui pourvoient à des besoins moins urgents ne peuvent se développer faute de consommateurs. Les villes où ces industries se concentrent en vertu de leur nature et de leurs convenances particulières ne progressent alors qu'avec une extrême lenteur. C'est dans les pays et aux époques où la production, et en première ligne la production agricole, ont réalisé le plus de progrès que la population urbaine doit être et qu'elle est effectivement la plus nombreuse.

Prenons pour exemples deux pays qui se trouvent placés fort inégalement dans l'échelle de la production, l'Angleterre et la Russie. En Angleterre où la population urbaine dépasse de beaucoup la population des campagnes, le nombre des familles

500 Ce progrès ne s'est point encore réalisé partout. Les paysans des Calabres, par exemple, au lieu de se loger dans la campagne, sont obligés de demeurer dans les villes pour se prêter des bandits qui infestent le pays. Nous recueillons ce fait dans la correspondance de Paul-Louis Courier :

« Dans la Calabre actuelle, dit-il, ce sont des bois d'orangers, des forêts d'oliviers, des haies de citronniers. Tout cela sur la côte et seulement près des villes. Pas un village, pas une maison dans la campagne; elle est inhabitable, faute de police et de lois. Mais comment cuit-on, direz-vous? Le paysan loge en ville et laboure la banlieue; partant lard le matin, il rentre avant le soir. Comment oserait-on coucher dans une maison des champs? On y serait égorge dès la première nuit. » Paul-Louis Courier, *Correspondance.* Lettre à M. de Sainte-Croix, datée de Miléto, 12 septembre 1806.
employées à l'agriculture n'était évalué en 1840 qu'à 901,134 tandis que celui des familles employées par l'industrie, le commerce, etc, était de 2,453,041

Les 901,134 familles employées à l'agriculture fournissaient 1,055,982 travailleurs effectifs qui produisaient assez d'aliments pour nourrir la plus grande partie de la population britannique. Dans les pays où l'agriculture est moins avancée, elle exige, proportion gardée, deux ou trois fois plus de bras pour donner un produit équivalent, et il en résulte naturellement que la population urbaine ne peut y être aussi nombreuse. Tel est le cas de la France ; tel est surtout le cas de la Russie, où la production agricole exercée par des serfs est demeurée en enfance. On n'y compte, selon de M. de Tégoborski, que 733 villes ayant une population de 5,350,000 habitants sur une population totale d'environ 60 millions, tandis qu'en Autriche ou compte 773 villes; en Prusse, 979; en France, 901, pour des populations numériquement inférieures. L'état arriéré de l'agriculture russe est certainement la première cause du peu de développement de la population urbaine en Russie. L'organisation particulière que l'industrie y a reçut est aussi pour quelque chose dans ce résultat.

« La petite industrie, dit M. de Tégoborski, celle des métiers, réside, en Russie, plutôt dans les campagnes que dans les villes ; elle s'exerce en communauté dans les villages, qui portent aux foires le produit de leur travail : voilà pourquoi aussi les foires ont, en Russie, une plus grande importance que dans d'autres pays. Ailleurs ce sont, pour la plupart, les ouvriers des villes qui fournissent aux besoins de la campagne; chez nous, c'est souvent le contraire, et ce sont les cordonniers, les menuisiers et les serruriers des villages qui pourvoient aux besoins des villes... On peut se convaincre d'une manière plus sensible de ce manque d'artisans en Russie, dans la plupart de nos villes, en compulsant la statistique des métiers des autres pays et en prenant pour point de comparaison quelques-unes des professions les plus répandues. Ainsi, par exemple, en Prusse, les métiers des cordonniers, gantiers, menuisiers, charrois, vitriers, forgerons, serruriers et chaudronniers comptaient, en 1843, 322,700 maîtres et compagnons pour une population de 15,471,765 habitants, ce qui donnait 21 ouvriers sur 1,000 habitants; et lorsqu'on prend la statistique des villes, cette proportion monte, pour les grandes
villes, jusqu’à 40 ouvriers, maîtres et compagnons, appartenant à ces différentes professions, sur 1,000 habitants du total de la population urbaine, ce qui fait le triple, le quadruple, et même au delà de la proportion qu'on trouve dans les villes en Russie. »

De nos jours, les progrès qui transforment économiquement la production ont pour résultat d'accroître avec rapidité la population urbaine. Par ce que nous avons dit plus haut, on conçoit qu'il en soit ainsi.

« En France, par exemple, dit M. Alf. Legoyt, la population s'est accrue, de 1836 à 1851, de 6,68 0/0 pour la période entière, soit 0,44 0/0 par an. Dans 100 villes ayant 10,000 âmes et au-dessus, l'accroissement, dans le même intervalle, a été de 24,24 100, soit 1,016 par an. En dix ans, l'accroissement de la population urbaine est donc de 10 individus pour 0/0, tandis que celui de la population totale est de 6 seulement. »

Un fait analogue s'observe en Angleterre. D'après les tableaux du dernier recensement, la population urbaine de la Grande-Bretagne (l'Angleterre et l'Écosse), qui n'était en 1801 que de 3,046,371 individus, a atteint en 1851 le chiffre de 8,410 021. C'est un accroissement de 176 0/0, tandis que l'accroissement total de la population, dans la même période, n'a été que de 98 0/0. Que si l'on recherche dans quelles villes l'augmentation a été la plus considérable, on verra figurer en première ligne les grandes villes manufacturières et les ports de commerce. Tandis que la population des villes de comtés ne s'est accrue que de 122 0/0, celle des villes manufacturières s'est augmentée de 224 0/0, [837] et celle des ports de mer, Londres excepté, de 195 0/0. Dans les villes où l'on fabrique spécialement le fer, l'augmentation a été de 289 0/0, et dans celles où se trouve concentrée la fabrication du coton, de 282 0/0.

501 Études sur les forces productives de la Russie. Tome I, p. 140.

502 Mouvement de la population de la France pendant l’année 1850, par Alf. Legoyt. (Annuaire de l’Économie politique et de la statistique pour 1852.)
Tout progrès des arts de la production ne peut qu'accélérer ce mouvement d'accroissement de la population urbaine. Faut-il s'en affliger ou s'en réjouir? C'est là une question qui est assez vivement controversée, mais que les Économistes s'accordent à résoudre à l'avantage des villes. Adam Smith et J.-B. Say prouvent notamment que la multiplication et l'agrandissement des villes sont souhaitables au point de vue même de l'intérêt des campagnes. Adam Smith, qui a examiné ce sujet avec sa pénétration accoutumée, trouve que les campagnes ont retiré trois avantages principaux du développement des villes industrielles et commerçantes.

« 1° Par la commodité d'un marché considérable et à portée qu'elles fournissaient à la campagne pour la vente de son produit brut. Cet avantage ne se bornait même pas aux campagnes où ces villes étaient situées ; il s'étendait à toutes celles qui avaient quelque commerce avec elles.

« 2° Les habitants des villes employaient souvent les richesses qu'ils avaient acquises à l'achat des terres qui étaient à vendre, et qui la plupart du temps n'étaient pas cultivées. Les marchands ont communément l'ambition de posséder un bien de campagne, et, quand ils ont une terre, ils sont généralement les plus propres à la faire valoir. Un marchand est accoutumé à mettre la plus grande partie de son argent à des projets utiles, au lieu qu'un simple gentilhomme campagnard est accoutumé à dépenser le sien, etc.

3° En dernier lieu, le commerce et les manufactures introduisirent par degrés l'ordre et le bon gouvernement, et avec eux la liberté et la sûreté des individus, parmi les habitants des campagnes, qui auparavant avaient vécu dans un état de guerre presque continuel avec leurs voisins, et dans une dépendance servile à l'égard de leurs supérieur. »

Le développement de la population urbaine n'est donc pas un fait dont on doive s'affliger. Sans doute, les tentations sont plus vives et les mauvais exemples plus nombreux dans les villes que dans les campagnes, mais combien, d'un autre côté, les moyens d'éclairer et de moraliser les populations y sont plus abondants et

503 De la richesse des nations, par A. Smith. Livre III, chap. IV. Comment le commerce des villes a contribué à l'amélioration des campagnes.
plus à la portée de tous! La statistique de la justice criminelle atteste d'ailleurs que la population urbaine ne fournit point, proportion gardée, un contingent de crimes plus considérable que la population des campagnes, et cependant, il est bon de remarquer que la police est en général mieux faite dans les villes qu'elle ne peut l'être dans le reste du pays.\footnote{Voici quels ont été, à cet égard, les résultats statistiques de l'administration de la justice criminelle en France, de 1826 à 1850 : « Plus des trois cinquièmes des accusés avaient un domicile : 612 sur 1,000 habitaient des communes rurales, 388 habitaient des communes urbaines. Dans l'ensemble de la population, le nombre proportionnel des habitants des villes n'est pas parfaitement constaté; mais des évaluations approximatives le fixent à un cinquième seulement du nombre total de la population. Les proportions précédentes diffèrent suivant la nature des crimes; sur 1,000 accusés de crimes contre les personnes, on compte, année moyenne, 706 habitants de la campagne et 294 habitants des villes. Sur 1,000 accusés de crimes contre les propriétés, il n'y a plus que 566 habitants des communes rurales; 434 sont ries habitants des villes. Si l'on descend aux diverses espèces de crimes, on trouve des variations plus grandes encore. « C'est parmi les accusés de crimes d'incendie que se présente le nombre proportionnel le plus élevé d'habitants des campagnes; ensuite viennent les accusés d'empoisonnement, d'infanticide, de faux témoignage, de parricide, d'extorsion avec, violence de titres et de signatures. Ce sont probablement les seuls crimes dans lesquels les habitants des campagnes ont une part plus large que celle qu'ils devraient avoir, eu égard à leur nombre total dans l'ensemble de la population. La proportion des accusés de la campagne est, au contraire, très faible relativement parmi les accusés de crimes politiques, d'avortement, de vols qualifiés, de faux, de fausse monnaie, de viol et d'attentat à la pudeur des enfants. » \textit{Rapport du ministre de la justice. (Annuaire de l'Economie politique et de la statistique pour 1853. Page 108.}}}

Les mêmes progrès qui multiplient la population urbaine agissent du reste pour améliorer ses demeures. Sous l'influence des progrès de la sécurité, nous avons vu les villes descendre du sommet des plateaux et du flanc des collines dans les plaines; nous les verrons, selon toute apparence, s'étendre sur une surface de plus en plus vaste, à mesure que les communications deviendront plus économiques et plus rapides. De grandes améliorations ont déjà été réalisées dans ce sens, aussi bien que dans celui de la propreté et du bon entretien des rues, du confort intérieur des habitations et de leur aménagement économique. Qui pourrait prédire celles que l'avenir nous réserve encore?

\section*{III. \textit{De l'administration des villes. Ce qu'elle est et ce qu'elle devrait être.} — Les villes ont communément une administration particulière. Quelquefois même chacun de leurs...
quartiers à la sienne. Tantôt cette administration est nommée par l'autorité supérieure ; tantôt elle émane des membres de la cité eux-mêmes. Ce dernier mode de nomination, qui oblige les administrateurs à répondre de leurs actes devant les administrés, est ordinairement le meilleur. Quant aux errements à suivre pour bien gouverner une ville, ils ne diffèrent pas de ceux qui doivent être suivis dans le gouvernement d'une nation. L'administration de la cité comme celle de la nation doit s'attribuer uniquement les fonctions qui, par leur nature, ne peuvent être abandonnées à la concurrence des particuliers. Or ces fonctions sont peu nombreuses, et elles le deviennent de moins en moins, à mesure que le progrès fait disparaître les obstacles qui empêchent ou qui entravent l'action de la concurrence. En effet, quel que soit le zèle et le dévouement d'une administration municipale, il n'est pas dans la nature des choses que les services qui se trouvent organisés en commun dans la cité valent ceux qui sont abandonnés aux particuliers. Sans doute le désir de [838] mériter la considération publique doit pousser les administrateurs à bien faire; mais ce mobile égale-t-il jamais en puissance celui de l'intérêt qui sert de stimulant à l'industrie privée? On peut préférer l'intervention des municipalités à celle du gouvernement pour l'organisation de certains services, l'établissement et l'observation de certains règlements d'utilité publique, mais il est bon de se passer autant que possible de l'une et de l'autre.

Malheureusement les administrations municipales ont le travers de tous les gouvernements : elles aiment se donner de l'importance et elles augmentent incessamment, dans cette vue, le nombre de leurs attributions, partant le chiffre de leurs dépenses. De notre temps, elles sont possédées surtout de la manie des travaux publics et des bâtisses, sans parler d'un goût immodéré pour les fêtes. Elles paraissent convaincues qu'en bouleversant de fond en comble les vieux quartiers aux dépens des nouveaux, en élevant édifices sur édifices, en donnant, sous le moindre prétexte, des bals, des concerts et des feux d'artifice monstres, elles contribuent efficacement à la prospérité et à la grandeur de leurs cités. Avons-nous besoin de dire qu'elles vont à l'opposé même du but qu'elles veulent atteindre? Ces travaux publics , ces bâtisses, ces fêtes somptueuses, en effet, coûtent cher, et c'est toujours, en définitive, à l'impôt qu'il faut recourir pour en couvrir les frais. On taxe donc la multitude des choses qui servent à nourrir, à vêtir, à héberger, à chauffer la population an sein de laquelle se rencontre une classe, malheureusement la plus
nombreuse, qui possède a peine de quoi subvenir a ses besoins de première nécessité; on renchérît, en un mot, d'une manière artificielle, la vie dans l'enceinte de la cité. Qu'en résulte-t-il? C'est que la population et l'industrie s'écartent autant qu'elles le peuvent d'une localité où des administrateurs prodigues ont établi la cherté en permanence; c'est qu'elles vont se fixer de préférence en dehors de l'enceinte où sévit cette peste économique. Et, chose bonne à signaler encore, ce déplacement si funeste pour les propriétaires des anciennes villes, est devenu de plus en plus facile. Lorsque le manque de sécurité obligeait les populations à se concentrer dans des localités que la nature avait fortifiées, et dans lesquelles l'art venait encore en aide à la nature; lorsque, d'une autre part, la difficulté dé construire des voies de communication artificielles et de les maintenir en bon état rendait plus précieuses les voies naturelles, telles que les rivières navigables, le nombre des emplacements propres à recevoir des foyers de population était fort restreint. En même temps, la lenteur avec laquelle se bâtissaient les habitations privées et les édifices publics (on mettait quelquefois des années pour construire une maison, et des siècles pour édifier une cathédrale) condamnait la population qui se déplaçait à des privations et à des incommodités sans fin. Ces circonstances réunies attribuaient aux villes existantes, considérées comme lieux d'habitation, un véritable monopole naturel. Mais, sous l'influence des progrès que nous avons déjà signalés, ce monopole s'efface de plus en plus, et il en résulte que les populations peuvent chaque jour plus aisément se soustraire au fardeau que leur impose une mauvaise administration. Elles ne manquent point de le faire, et on les voit abandonner les villes où la vie est trop chère, en commençant par les quartiers les moins favorablement situés, pour aller grossir les faubourgs ou créer plus loin de nouveaux centres d'activité et de richesse C'est ainsi qu'en puisant magnifiquement dans la bourse des contribuables et en tirant sans scrupule force lettres de change sur les générations à venir, les administrateurs prodigues, loin d'ajouter à la prospérité de leurs cités, finissent par les précipiter dans une inévitable décadence. L'économie dans les dépenses, voilà donc quelle doit être la règle suprême du gouvernement des villes, aussi bien que du gouvernement des nations. C'est en observant cette règle, bien mieux qu'en multipliant les démolitions, les bâtisses et les fêtes, que les administrations municipales peuvent acquérir des titres sérieux et durables à la reconnaissance publique.
Cities and Towns

Source


The translation below has been extensively revised and updated by DMH for LF’s translation of Molinari’s book.

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Text

I. How towns originate. Circumstances which determine the choice of location or lead to its abandonment.

Town are aggregations of people and of industries, and they are formed under the natural pressure to satisfy certain needs. Their development is in no way arbitrary. Sometimes princes have entertained the illusion that they had only to issue a royal fiat to make a new city rise and flourish; but experience has rarely failed to convince them that they had presumed too much with their power. Without doubt, a monarch may, by changing the seat of his empire, as Peter the Great did, for example, create a center of population and wealth. The public functionaries of all grades and those who aspire to these positions, being obliged to live in the capital and to spend their salaries or incomes there, necessarily attract around them a population of tradesmen, artisans, and domestic servants; but, unless the new city provides a location favorable for certain branches of production (and in this case the intervention of the government is not necessary in order to
found it) there will be no significant development. However, here one exception should be made. If the government continually enlarges its functions, if it attempts to pursue of a policy of centralisation and communism\textsuperscript{505} at the expense of the liberties of the country, and, in consequence, increases the number of persons in its employ, the town where it has established the seat of its power will not fail to grow and to acquire wealth: but it is questionable whether the country will have a reason, in this case, to be pleased with the prosperity of its capital. If, on the contrary, the government has only limited powers, if it has only a few persons in its employ, its capital, in case no other industry can be advantageously established there, will be forced to occupy a very modest position in comparison with the centers of manufacturing or commercial production. Such is the case with Washington, the capital of the American Union. J. B. Say has clearly shown in his \textit{Traité} this powerlessness of governments to establish cities and towns and make them prosperous.

“It is not sufficient,” he says, “to lay out a town and to give it a name, for it to exist in fact, it must be furnished by degrees with industrial talents, with tools, raw materials, and everything necessary to maintain the workmen until their products may be completed and sold; otherwise, instead of founding a town, one has only put up theatrical scenery, which will soon fall, because nothing sustains it. This was the case with Yekaterinoslav, in Taurida, as the emperor Joseph II. foreshadowed, when, after having been invited to lay in due form the second stone of that town, he said to those around: ‘I have finished a vast enterprise in one day, with the empress of Russia; she has laid the first stone of a town, and I the last.’

Nor does moneyed capital suffice to establish a large manufacturing business and the active production necessary to form a town and make it grow: a locality and national institutions which favor that growth are also

\textsuperscript{505} “Se faire de la centralisation et du communisme.” Molinari is using the word “communism” in the sense of community or government control instead of private and voluntary activities. He is not using it in the sense given to the word in the late 19th century to mean government ownership and control of “the means of production” as argued by Karl Marx and his followers.
necessary. There are perhaps some deficiencies connected with the location of the city of Washington, which prevent its becoming a great capital; for its progress has been very slow in comparison with what is common in the United States. While the situation of Palmyra, in former times, rendered it populous and rich, notwithstanding the sandy desert by which it was surrounded, simply because it had become the entrepôt of the commerce of the Orient with Europe. The prosperity of Alexandria and Thebes in Egypt was due to the same cause. The decree of its rulers would not alone have sufficed to make it into a city with a hundred gates and as populous as Herodotus represents it. The key to its importance must be sought in its position between the Red Sea and the Nile, between India and Europe.\[506\]

[Biddle trans: However, if towns owe their origin and increase to the concentration of a variety of manufactures, great and small, manufactures, again, are to be set in activity by nothing but productive capital; and productive capital is only to be accumulated by frugality of consumption. Therefore, it is not enough to trace the plan of a town, and give it a name; before it can have real existence, it must be gradually supplied with industrious hands, mechanical skill, implements of trade, raw materials and the necessary subsistence of those engaged in industry, until the completion and sale of their products. Otherwise, instead of founding a city, a mere scaffolding is run up, which must soon fall to the ground, because it rests upon no solid foundation. This was the case with regard to Ecatherinoslaw, in the Crimea; and was, indeed, foreseen by the emperor Joseph II., who assisted at the ceremony of its foundation, and laid the second stone in due form: "The empress of Russia and myself," said he to his suite, "have completed a great work in a single day: she has laid the first stone of a city, and I have laid the finishing one."

Nor will capital alone suffice to set in motion the mass of industry and the productive energy necessary to the formation and aggrandizement of a city, unless it present also the advantages of locality and of beneficent public institutions. The local position of Washington, it should seem, is adverse to its progress in size and opulence: for it has been outstripped by most of the other cities of the Union; whereas, Palmyra, in ancient times, grew both wealthy and populous, though in the midst of a sandy desert, solely because it had become the entrepot of commerce between Europe and eastern Asia. The same advantage gave importance and splendour to Alexandria, and, at a still more remote period, to Egyptian Thebes. The mere will of a despot could never have made it a city of a hundred gates, and of the magnitude and populousness recorded by Herodotus. Its grandeur must have been owing to its vicinity to the Red Sea and the channel of the Nile, and to its central position between India and Europe.

Let us now attempt to give a brief outline of the requirements which have determined the establishment of towns and the choice of their location. The necessity of providing for their security must, more than any other cause, have originally prompted men to create towns. They understood that by joining together in fortified places, they would be more secure than if they were scattered over a vast extent of territory. To this necessity, which was felt by mankind in the earlier ages, were joined the special advantages of manufacturers and commerce. While agricultural production extends, from its nature, over a considerable surface, most of the branches of industrial and commercial production require, on the contrary, a certain concentration. Let any one examine them in the various civilized countries, and he will find they have collected about a few centres. Thus, in France, the silk industry has its principal seats at Lyons and Saint Etienne; the cotton industry at Lille, Rouen, and Mulhouse; the wool industry at Rheims, Elbeuf, Sédan, etc.; and the fashion industry is in Paris. What particular causes have determined the establishment of any industry in any particular locality rather than another, is of itself an interesting subject of investigation. Sometimes it has been the vicinity of the raw material, or of a market, sometimes the special aptitudes of the people, and again a combination of these various circumstances.
The location of the industries does not stop here: in the towns where they become established, we see them select certain quarters and certain streets as their centres. This sub-localization by quarters and streets is notably observable in Paris; and one may find some interesting remarks on the subject in the *Inquiry into the Industries of Paris* undertaken under the auspices of the Chamber of Commerce.\(^{507}\)

The same fact is observable in civilizations which have little analogy with ours. To cite only one example: a Spanish traveler, Don Rodrigo de Vivéро, who gave, in 1608, an interesting description of Yeddo, the capital of Japan, mentions this

(\(^{Note by Molinari.}\) “When the industries are destined to provide for daily consumption,” we read in the *Enquête*, “they are located within reach of the consumers; when they contribute their products to commerce, they are situated with especial consideration of the means of production. The industries which supply food are almost all of the former class; those which are devoted to the manufacturer of articles known in trade as “articles de Paris” (Parisian luxury goods) are in the second. Among the furniture industries there are also certain ones whose work is offered directly to the consumers, and others which are more particularly devoted to manufacture. Consequently we find upholsterers in all parts of the city, while the manufacture of furniture is situated, on the contrary, almost exclusively in the eighth arrondissement, as the making of bronze wares is located in the sixth and seventh. Of 1,915 cabinet makers, doing a business of 27,982,950 francs, 1,093, with 19,679,835 francs, are in the eighth arrondissement. And of 257 makers of chairs, doing a business of 5,061,540 francs, 197, with 3,373,950 francs, are also in the eighth arrondissement. To the same arrondissement belongs also the preparation of pelts and leather. The tanneries and the places for dressing leather are nearly all situated in the quarter of the Gobelins, on the banks of the little river which takes this name, on entering Paris. Chemical products are not manufactured much in the heart of Paris, but those which are made there and which require space, water, and air, come from the eighth and twelfth arrondissements. Of this number are starch, candles of wax, spermaceti, and tallow. The manufacture of pottery is also found there. Work in metals and in the construction of machinery is found especially in the eighth, sixth, and fifth arrondissements. As to the manufacture of what are generally known as “articles de Paris,” it extends through the whole of an important part of the city, on the right bank of the Seine, to the north of the streets of Francs-Bourgeois and Saint Merry, and in the belt comprised between the streets Montorgueil and Poissonnière on the west, and the Place des Vosges and Roquette street on the east. It is there that are made articles of gold and silver, fine jewelry as well as imitation; there are manufactured the work boxes, drawstring bags, brushes, toys, artificial flowers, umbrellas and parasols, fans, fancy stationery, combs, portfolios, pocket books, and all the multitude of various small articles.” Introduction, pp. 43-44. Undertaken by Horace Say for the Chamber of Commerce of Paris, *Statistique de l'Industrie à Paris résultant de l'enquête. Faite par la Chambre de commerce pour les années 1847-1848* (Paris: Guillaumin, 1851).
distribution of the industries through certain quarters and streets as the most salient feature which had attracted his attention.\footnote{Note by Molinari.} Memorials of the Empire of Japan in the Sixteenth and Seventeenth Centuries, edited with notes by Thomas Rundall. (London: Printed for the Hakluyt Society, 1850), p. 176.

“All the streets,” he says, “have covered galleries, and each one is occupied by persons of the same business. Thus the carpenters have one street, the tailors another, the jewelers another, etc. The tradesmen are distributed in the same manner. Provisions are also sold in places appropriated to each kind. Lastly, the nobles and important personages have a quarter by themselves. This quarter is distinguished by the armorial bearings, sculptured or painted over the doors of the houses.”

With the exception of a few slight differences, is not this description applicable to most of the capitals of Europe? Thus the same economic necessities are felt in the most varied civilizations, and give them a common form.

Numerous causes, however, are constantly at work, to change the location of industries, and in consequences, of the centres of population supported by these industries. The usual result of every industrial or commercial improvement is to move the place where production occurs. When the route around the cape of Good Hope was discovered, Venice lost much of her importance. Later, the invention of machines for spinning and weaving cotton built up the prosperity of Manchester at the expense of that of Benares and other cities of India, which had previously been the centres of cotton manufactures. In like manner we to-day see steam locomotion give rise to new cities or exert sudden pressure on old ones which were remaining stationary. The city of Southampton, for example, acquired in a few years considerable importance, because its port was thought well adapted to be a center to some lines of ocean steamers. Let a new system of navigation appear, and perhaps Southampton will be abandoned for another port whose situation is more in harmony with the particular requirements of the new system. Thus cities and towns experience, to their advantage or detriment, the influence of causes which modify from day to day the conditions of existence and production.
We said above that governments have only have a weak power to create new towns, and, above all, to make them prosperous. We might add that neither do they possess to any higher degree the power of destroying existing towns or changing their location. In vain did the victorious barbarians employ fire and sword in the cities they had conquered; in vain did they plow up the ground of these condemned cities and sow them with salt: as it was not in their power to destroy the natural advantages which had led the people to gather there, in a few years the mischief was repaired and life circulated more freely than ever in the very places that a foolish pride had devoted to eternal solitude. Barriers to the free circulation of men and things have unfortunately been more effective than projectiles or incendiary torches, in destroying the centres of population and wealth. Many a flourishing city has been transformed into a veritable necropolis by restrictions depriving it of its commerce or of a market for its products. In the seventeenth century we find a notable instance of this. The Dutch, jealous of the prosperity of Antwerp, succeeded in obtaining the closing of the Scheldt river (by the Treaty of Munster 1648) and this barbarous measure, which was continued in force for two centuries, gave a mortal blow to the commerce of Antwerp and to the industries of the Flemish people, of which the Antwerp merchants had been the active intermediary agents. More recently, we have seen the port of Bordeaux, formerly one of the most frequented in France, deserted as a result of the system of trade prohibition.

Population and wealth are not only changed by being displaced from one town to another; they change from place to place within the same town. New quarters arise within the towns or in their suburbs, while the old ones are abandoned and fall into decay. These local changes are brought about by causes, manifest or latent, whose action modifies in the course of time the requirements or conveniences which had determined the choice of the first location. The general improvement in security may be considered the most important of these causes. Let us dwell a moment on this point.

The old towns of Europe were, for the most part, built on elevated plateaus or on hills more or less steep; so that their inhabitants had constantly to ascend and descend, which occasioned a considerable waste of energy in daily transportation. Besides, these towns were usually restricted to a narrow enclosure, the dwellings
pressed upon one another like the cells in a hive. Why was it that our ancestors
dwelt in a manner so devoid of economy, so uncomfortable, and sometimes so
unhealthy? To explain this curious fact we must take into account the condition of
Europe after the invasion of the barbarians. Insecurity was then universal. The
conquerors had built retreats for themselves in the most inaccessible places, and
they swept down like vultures from their nests, over the neighboring regions, to
pillage or make them pay ransom money. Too weak to resist, the former inhabitants
of the country, who were the victims of their plundering, came to terms with them,
as one comes to terms with bandits in countries where the government is without
power. They secured the protection of the most powerful bands by paying them a
regular tribute, and they had their dwellings as near as possible to their protectors.
They generally settled around strong castles, so as to be able to take refuge in them
in case of danger. The first houses were situated just below the castle, and the
others were placed lower and lower down the slope, like an amphitheatre. As soon
as the inhabitants became sufficiently numerous, they surrounded their city with
walls and towers to complete their system of defense. Thus were built most of the
towns which originated in the middle ages.

When we consider the necessities of the times, the narrowness of the streets is
also explicable. It was due to the fact that the fortifications had been made within
as restricted a circle as possible, in order to make the defense easier and less costly.
When the population increased, they were consequently obliged to build their
houses higher and to reduce the width of the streets, in order to keep within their
original limits. Sometimes, indeed, they moved the walls back; but it was only as a
last resort that they submitted to a measure so costly.

But by degrees general security increased. The feudal system disappeared, and
with it the internal wars ended. Then began a movement which resulted in
changing the location of the city population. From the heights to which care for
their safety had obliged them to confine themselves, they descended to the plains,
where they could dwell more comfortably and at less expense. The faubourgs
(suburbs) owe their origin to that increase of security which allowed peaceable men
engaged in the industries to live henceforth outside the city fortifications.\(^{509}\) Accelerated, moreover, by another cause, which we shall consider later, this displacement of the town population has become generally more and more general: everywhere we see the inhabitants of the old towns leave the homes they have dwelt in for ages, to occupy new homes, less expensive, more comfortable, and more healthful.

**II. Of the relative size of city or town and country population. Causes which determine and modify it.**

The foundation and choice of location of cities and towns are determined, as we have just seen, by the state of civilization and of the technology of production. The same is true of the proportion between the population and wealth of towns and of rural districts. This proportion is essentially diverse and variable. It differs according to the countries and the time. When production has made little progress, when men are obliged, in consequence, to employ the greater part of the productive forces at their disposal in procuring for themselves the necessities of life, the industries which provide for less urgent wants can not be developed, for lack of consumers. The towns where these industries center because of their nature and their special fitness for them, progress in that case only with extreme slowness. It is then in countries and at times when production, and especially agricultural production, has realized the most progress, that the town population must be, and in fact is, the greatest.

\(^{509}\) *Note by Molinari.* This progress has not yet been realized everywhere. The Calabrian peasants, for example, instead of dwelling in the open country, are obliged to remain in the towns, to be safe from the bandits who infest the country. We select the following fact from the correspondence of Paul-Louis Courier: “In Calabria at present,” he says, “there are woods of orange trees, forests of olive, hedges of lemon. All these are on the coast and only near towns. Not one village, not one house in the country: it is uninhabitable, for lack of government and laws. But how do they cultivate it, you will ask? The peasant lodges in the city and tills the suburbs; setting out late in the morning, and returning before evening. How could anyone venture to sleep in a house in the country? He would be slain the first night.” In Paul-Louis Courier, *Pamphlets politiques et littéraires de P.-L. Courier: suivis d’un choix de ses lettres : précédés d’un essai sur la vie et les écrits de l’auteur*, 2 Volumes. (Paris: P. Masgana, 1839). Vol. 2, *Correspondence*. Letter to M. de Sainte-Croix, dated Miletus, Sept. 12, 1806, pp. 199-200.
Let us take for examples two countries whose positions in the scale of production are very unlike, viz., England and Russia. In England, where the town population exceeds by far the rural population, the number of families engaged in agriculture was estimated in 1840 at only 961,134, while that of families engaged in manufactures, commerce, etc., was 2,453,041.

The 961,134, families engaged in agriculture furnished 1,055,982 effective laborers, who produced enough food to sustain the greater part of the English people. In countries where agriculture is less advanced, two or three times as many hands, relatively, are required to give an equivalent product: and the natural result is that the town population can not be so numerous. Such is the case in France; such is especially the case in Russia, where the agricultural production undertaken by the serfs has remained in its infancy. According to M. Tégoborski, one can only count 733 towns having a population of 5,356,000 inhabitants out of a total population of about 60 million, while in Austria there are 773 towns, in Prussia 979, in France 901, for populations numerically smaller. The backward state of Russian agriculture is certainly the primary cause of the small growth of urban population in Russia. The peculiar organization of the industries there has also had somewhat to do with the result.

“The manufacture of small articles,” says M. Tegoborski, “such as are made in the various trades, is located, in Russia, in the rural districts rather than in the towns: it is carried on by village communities, which take the product of their labor to the fairs: this is why the fairs in Russia are of more importance than in other countries. In other countries the workmen in the towns, for the most part, supply the demands of the rural districts: with us, it is often the reverse, and the shoemakers, joiners, and locksmiths of the villages provide for the wants of the townsmen. … Any one may obtain convincing proof of this lack of artisans in Russia, in most of our towns, by examining the statistics of the trades of other countries and taking some of the most common as a basis of comparison. Thus, for example, in Prussia, the trades of shoemakers,

510 The following two sentences were cut from the Lalor translation.

glove makers, joiners, wheelwrights, glaziers, blacksmiths, locksmiths, and braziers numbered, in 1843, 322,760 masters and journeymen for a population of 15,471,765, being 21 workmen to 1,000 inhabitants: and when we take the statistics of the towns, this proportion rises in the large towns, to 40 workmen, masters and journeymen, belonging to these various trades, to 1,000 inhabitants of the total town population, which is three, four, or even more times the proportion we find in the towns of Russia.”

In our day improvements which effect an economic change in production result in a rapid increase of the town population. From what has heretofore been said we may conceive that it would be so.512

“In France, for example,” says M. Alf. Legoyt, “the population increased, from 1836 to 1851, 6.68 per cent. For the entire period, or 0.44 per cent. per annum. In 166 towns having 10,000 souls and over, the increase in the same interval was 24.24 per cent. or 1.616 per cent. a year. In 10 years the increase of the town population was then 16 per cent., while that of the total population was only 6 per cent.

The case is similar in England. According to the tables of the last census, the town population of Great Britain (England and Scotland), which was in 1801 only 3,046,371, attained in 1851 the number of 8,410,021. This is an increase of 176 per cent., while the total increase of the population in the same period, was only 98 per cent. And if we observe in what towns the increase has been the most considerable, we find in the first place the great manufacturing towns and the commercial ports. While the population of the county towns increased only 122 per cent., that of the manufacturing ones increased 224 per cent., and that of the seaports, London excepted, 195 per cent. In the towns devoted especially to iron industries, the increase was 289 per cent., and in the centres of cotton manufacture, 282 per cent.


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Every improvement in the technology of production can only accelerate this increase of the town population. Should we lament it, or rejoice at it? This is a much contested question, but the economists agree in deciding it in favor of the cities. Adam Smith and J. B. Say, notably, prove that the multiplication and the enlargement of towns are desirable, even looking at the matter with reference to the interests of the rural districts. Adam Smith, who examined this subject with his usual insight, concludes that the rural districts have derived three principal benefits from the development of manufacturing and commercial towns.513

1. By affording a great and ready market for the rude produce of the country, they gave encouragement to its cultivation and further improvement. This benefit was not even confined to the countries in which they were situated, but extended to all those with which they had any dealings.

2. The wealth acquired by the inhabitants of cities was frequently employed in purchasing such lands as were to be sold, of which a great part would frequently be uncultivated. Merchants are commonly ambitious of becoming country gentlemen; and when they do, they are generally the best of all improvers. A merchant is accustomed to employ his money chiefly in profitable projects; whereas a mere country gentleman is accustomed to employ it chiefly in expense, etc.

3, and lastly. Commerce and manufacturers gradually introduced order and good government, and, with them, the liberty and security of individuals, among the inhabitants of the country, who had before lived almost in a continual state of war with their neighbors, and of servile dependency upon their superiors.

The development of the town population is not then a fact at which we need be troubled. Doubtless temptations are greater and bad examples more numerous in town than in the country; but how much more abundant and within the reach of all are the means of enlightenment and moral improvement! The statistics of

criminal justice show, that the town population does not furnish a proportionally
greater contingent of criminals than the rural population; and yet it is worthy of
note that the police is much more effective in towns than it can be in the rest of the
country.\textsuperscript{514}

The same improvements which increase the town population, tend also to
improve their dwellings. Under the influence of improved security, we have seen
towns descend from the summit of plateaus and the sides of hills, to the plains: we
shall see them, according to all appearances, extend over a wider and wider surface,
as means of communication become less expensive and more rapid. Great
improvements have already been realized in this direction. As well as in the
cleanliness and repair of streets, and the internal comfort of dwellings and
economy in their management. Who can predict what the future may yet have in
store for us?

III. The administration of cities and towns. What it is, and what it ought to be

Town have commonly an administration of their own. Sometimes each
quarter even has its own. This administration sometimes is appointed by a superior

\textsuperscript{514} \textit{(Note by Molinari.):} The following are the statistics in regard to this matter, of the administration
of justice in France, from 1826 to 1850: “More than three-fifth of those charged with offenses
had a place of residence; 612 in 1,000 resided in the rural communes; 388 dwelt in the town
communes. In the entire population, the percentage of the inhabitants of towns is not exactly
known; but approximate estimates put it at only one-fifth of the total population. The
preceding proportions differ according to the nature of the crimes. Of 1,000 charged with
offenses against individuals one counts in an average year 706 inhabitants of the countryside
and 294 inhabitants of towns. Of 1,000 charged with crimes against property there are now
only 566 inhabitants of rural communes and 434 inhabitants of towns. If one goes down the
list of the various types of crimes one finds even greater variations than this. Among those
charged with arson, the highest number, relatively, is found to be from the inhabitants of the
rural districts; next come those charged with poisoning, infanticide, false testimony, parricide,
and obtaining titles and signatures by compulsion. These are probably the only crimes in
which the country people have a larger share than they should have, considering their total
number in the whole population. The proportion of country people charged with political
crimes, abortion, robbery, forgery, counterfeiting money, violation of the person and criminal
outrages upon children, is, on the contrary, very small. In “Report of the minister of justice,”
authority, in other cases from the inhabitants of the city themselves. This latter way of appointing (an administration), which obliges the administrators to answer for their actions to those who are administered, is usually the better. As to the course to pursue in order to govern a city well, it does not differ from that which should be pursued in the government of a nation. A city administration, like a national one, should exercise only such functions which, by their nature, cannot be left to competition between private individuals.\textsuperscript{515} Now these functions are not numerous, and they become less and less so, as progress causes the obstacles to disappear which either prevent or obstruct the action of competition.\textsuperscript{516} In fact, whatever the zeal or the devotion of a municipal administration, it is not in the nature of things that the services which are organized in common in the city should be of as much importance as those which are left to private individuals. Doubtless the desire to merit public esteem should press the administrators to do well: but does this motive ever prove as powerful as the interest which stimulates private industry? We may prefer the intervention of municipalities to that of the government for the organization of certain services, and the establishment and maintenance of certain regulations of public utility; but it is well, as far as possible, to dispense with both.

Unfortunately, municipal administrations have the defect of all governments; they like to assume importance, and, with that view, they are constantly enlarging their powers and, in consequence, the amount of their expenses. In our times they are especially possessed with a mania for undertaking public works and buildings. They appear convinced that by demolishing old quarters at the expense of new; by erecting building upon building; by giving, on the least pretext, balls, concerts, and grand displays of fire works, they contribute effectively to the prosperity and greatness of their cities. Need we say that they are going directly away from the end they wish to attain? These public works, these buildings, these sumptuous entertainments, are very costly, and recourse must always be had at last to taxes, to

\textsuperscript{515} Molinari says “abandonner à la concurrence des particuliers” (left to competition between individuals). Of course, Molinari had spent considerable time in \textit{Les Soirées} showing how he thought most, if not all, government supplied public goods and other services could be better supplied privately on the free market.

\textsuperscript{516} See the examples of how public goods could be provided privately and competitively in \textit{Les Soirées}, such as in S3 (forests, canals, waterways), S8 (private banks and money, mail delivery), S9 (bakers, butchers, printers etc.), and S11 (security, police, and defence).
cover the expenses. Then they tax a multitude of things which serve to feed, clothe, shelter, and warm the population, among whom exists a class, unfortunately the most numerous, who barely possess the means of providing for the absolute necessities of (their) existence. In a word, the expense of city living is artificially increased. And with what result? Population and manufactures relocate as far as possible from a locality where lavishly spending city administrators have permanently established high prices: they settle in preference outside the limits where this economic plague rages. And (and it is a point worthy of note) this change of location, so fatal to landowners in the old towns, has become easier and easier. At a time when lack of security forced people to concentrate in localities which nature had fortified and where technology came to the aid of nature, when, on the other hand, the difficulty of constructing artificial means of communication and maintaining them in good condition rendered the natural ways, such as navigable rivers more valuable, the number of locations suited to become centres of population, was very limited. At the same time the slowness with which private dwellings and public buildings were constructed, (years were sometimes devoted to the building of a house, and centuries to the construction of a cathedral), condemned the people who changed their location, to endless privations and discomforts. Circumstances combined to give existing towns, considered as places of residence, a veritable natural monopoly. But, influenced by the progress already mentioned, this monopoly is disappearing more and more, and as a result, it daily becomes easier for the people to rid themselves of the burden which a bad administration imposes upon them. Nor do they neglect to do so; for we see them abandoning towns where the expenses of living is too great, (commencing in the quarters less favorably situated), and enlarging the faubourgs or creating, farther away, new centres of activity and wealth. Thus, by drawing largely on the wallets of tax payers and unscrupulously issuing any number of bills of credit on future generations, high spending city administrators) far from adding to the prosperity of

517 Molinari was struck by an expression used by J.-B. Say to describe government activities as “ulcerous” and referred to it in his DEP article on “Nations,” namely “le gouvernement-ulcère” (see below p. abc). See also “Ulcerous, Leprous, and Tax-Eating Government,” in appendix 1.

518 On the economic motives which drove some people to emigrate, see his entry on “Émigration,” DEP, T. 1, pp. 765-83.

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their cities, and by precipitating them into inevitable ruin. Economy in expenditure should be the supreme rule in the government of cities, as well as in the government of nations. By observing this rule, much more than by increasing the number of old buildings demolished, new ones built, or by holding public festivals, municipal administrations may acquire serious and lasting claims to public gratitude.
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**Note:** It is a great pity the Mises Institute has not made Rothbard’s writings searchable on their website, something which I thing is urgently required if scholars are to be able to analyse his work more effectively. I would like to see something like the way texts are coded and presented on Liberty Fund’s Online Library of Liberty website.