

# **THE IDEA OF THE “WITHERING AWAY OF THE STATE”: 19TH CENTURY LIBERAL AND MARXIST PERSPECTIVES**

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## **II. AIM OF THE PAPER**

### **A. Identifying the “Anti-Statist Moment” in Modern Political Thought**

The aim of this paper is to pose and then answer a question about the nature of the political thought which emerged and developed in the period of revolutions (1775-1848 or 1775-1870): what is distinctive about these political traditions (compared to what came before and afterwards)? My answer will be the strong element of anti-statism which identified the state as the major source of problems which need to be solved. This insight led to the conclusion that the state had to be severely restricted and possibly removed altogether if human liberty and happiness were to be achieved. This “anti-statist moment” in political thought was shared by a number of very different though related political traditions: Saint-Simonianism, classical liberalism and Marxism (“Engelsism”?). A corollary of this thesis is that with the onset of “modernity” in the late 19thC this anti-statism gradually disappeared from the mainstream of political thought (both liberal and Marxist) and was replaced by what I would call “modernity’s love affair with the state”, in other words the idea that the state was not the source of the problems which beset society but was the means by which these problems could be solved.

### **B. Attitudes towards the State in 19thC Thought**

I believe that attitudes towards the state (concerning its legitimacy, size, function and composition) are crucial for understanding the nature of 19thC political traditions. By examining this cluster of attitudes towards the state one can more readily distinguish one tradition from another, show connections between political traditions (such as any common origins, shared aims), and plot how political traditions change over time. It is my contention that a surprisingly common feature of late 18th and early 19thC political thought is the anti-statist idea that the state will somehow “wither away”. The means put forward to achieve this goal of a withered state or state-less society varies. For some it is the inevitable product of historical evolution; for others it is the result of a radical transformation of mankind itself or at least its morality in the post-revolutionary society; for others, it is just not specified in any detail at all; for others it is the result of the logical extension of the principle of market competition to the sphere of politics. The extent of this “utopian” anti-statism may appear somewhat surprising because of expressed hostility towards any smack of “utopianism” or “impracticality” expressed by individuals like the “scientific socialist” Karl Marx and the hard-headed liberal political economists. Nevertheless, my study of some neglected thinkers in the classical liberal tradition has shown that this idea cuts across the major ideological divides of the 19thC and includes advocates from the classical liberal as well as the Marxist tradition (along with the obvious membership of the anarchists whom I will not discuss in this paper). This shared vision of a future without the state (or with a minimalist state) suggests a number of possible explanations:

- that some kind of “ideological convergence” as a result of “practical action” is taking place - when in a minority which can only criticize those in power because it does not wield political power, advocates use extravagantly anti-statist rhetoric; but when in power, this language is abandoned for more pro-statist rhetoric
- that what appear to be opposing political traditions actually share a common ideal concerning human freedom (from the state) and a common enemy (intrusive or oppressive state) (suggesting the strength of common ideological origins)
- that utopianism is a crucial aspect of most Western political thought (Christian roots?)

After examining the strong anti-statist elements in both early 19thC classical liberal and Marxist political thought I will argue that both Classical Liberalism and Marxism evolved away from their anti-statist roots in early 19thC and “embraced the state” in the later 19thC. The new political traditions which emerged at that time, such as New Liberalism, Laborism, Social Democracy, and revolutionary Marxism, expected the state to play a much, much bigger role in solving social and economic problems. Instead of seeing the state as “the enemy”, the state was now viewed as the means to achieve these political ends not as an impediment to be removed. The adoption of “statism” as a major plank in the platform of all mainstream political ideologies in the late 19thC marked a sea change in 19thC political thought which paved way for the ideologies of the total state of 20thC: whether fascist, Bolshevik, welfare statist.

### III. 19THC POLITICAL THOUGHT AND THE IDEA OF THE “WITHERING AWAY OF THE STATE”

#### A. The Simile/Metaphor of “Withering”

It is well known that the phrase “the withering away of the state” originated with Friedrich Engels. Before turning to an examination of his ideas on this matter I would like to explore the possible meanings of this statement. In spite of my dislike for gardening, I can see that there is a strong horticultural reference. The *Chambers’s Etymological English Dictionary* (1950) defines “wither” as follows:

**wither...v.i. to fade or become dry: to lose freshness: to decay, waste. v.t. to cause to dry up, fade, or decay: (fig) to blight: to cause to feel very unimportant or despicable (e.g. *withered her with a look*). [O.E. *wedrian*, to expose to weather.]<sup>1</sup>**

It has been more common to see the state as a “ship” or vessel manned by a “captain”, officers, crew, and passengers; or a “body” (with the king as the head, etc). According to the horticultural perspective, the state should be seen as a plant, tree or bush which when healthy is green, well-watered, and flourishing, but which when starved of nutrients or too heavily pruned becomes faded (brown), dry, decayed and perhaps even dead. It is my contention that both classical liberals and Marxists wanted to see the “plant of state” wither, to reach a situation of malnourishment and unhealth. Thus one could talk about the “withered state”, which was green and alive but pot-bound (“limited” government) or heavily pruned (perhaps even “banzaied” by means of privatisation, deregulation); or the state which has “withered away” entirely, now brown and dead having withered away because it had been uprooted (through revolution) or completely starved for nutrient and sunshine (privatised and eventually disbanded).

#### B. “The verbs tell the whole story” - The language of the “withering state”

Richard Hunt, in his discussion of Marx’s and Engels’ idea of the “withered state”, notes that “the verbs ... tell the whole story.”<sup>2</sup> Just as Hunt reminds us that more than the state was to be aufgehoben (money, division of labour), so too more things were to be done to the state before it finally could be aufgehoben. Quoting Engels’ remarks from 1891 that the state is (Hunt, Vol. 2, pp. 235-6)

**“at best an evil inherited by the proletariat after its victorious struggle for class supremacy, whose worst sides the victorious proletariat, just like the Commune, cannot avoid having to**

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<sup>1</sup>*Chambers’s Etymological English Dictionary*, ed. A.M. Macdonald (Edinburgh: W. & R. Chambers, 1950), p.732.

<sup>2</sup>Richard N. Hunt, *The Political Ideas of Marx and Engels. Vol. II Classical Marxism, 1850-1895* (Macmillan, 1984), p. 242.

lop off at once (*sofort möglichst zu beschneiden*).” He also referred to the same process as the “shattering (*Sprengung*) of the former state power.” For neither Marx nor Engels, then, does the state as parasite “wither away” slowly in some extended process; it is *aufgehoben*, dissolved, thrown off, *beseitigt*, smashed, reabsorbed, lopped off at once, shattered - the verbs tell the whole story. (pp. 235-6)

And a bit later in the discussion (Hunt, vol. 2, pp. 241-2):

**A final note should be added concerning the famous phrase “withering away,” which suggests a long process and which the English-speaking world universally associates with Marx and Engels’ ideas. The phrase derives from Engels’ above quoted sentence in *Anti-Dühring*, “*er stirbt ab*,” which was translated for the first English edition of *Socialism, Utopian and Scientific* in 1892 as “it withers away.” While “*absterben*” in a figurative sense can mean “atrophy,” “wither,” or “fade away,” its primary and literal meaning is “die out,” and is so translated in almost all subsequent editions of the same work. Since “withers away” is a dubious translation, since even “*er stirbt ab*” was used only once (never by Marx), one ought really to pay more attention to the other verbs used by the two men in conjunction with the disappearance of the class state. If not so dramatic as “smashed” and “shattered”, nonetheless they suggest a fairly rapid process: breaks to pieces, falls away of itself, ceases to exist, is *aufgehoben*, comes to an end; also: disappears, dissoles, falls asleep, and is surmounted. Taken together the verbs again tell the whole story.**

But these verbs don’t just tell the story of Marx’s and Engels’ attitude towards the state. Other political traditions (especially classical liberalism) have railed against the state with hard-hitting verbs. I have compiled a list of verbs used by classical liberals and Marxists to describe what they had in mind for the state. Some of the verbs and related metaphors are shared by both traditions:

- withering, dying off or dying out (*Absterben*) - horticultural metaphor (Engels, Dunoyer)
- removing, cutting out (ulcerous government) - surgical metaphor (Jean-Baptiste Say)
- dissolving (*Auflösung*) - chemical or industrial metaphor (the true anarchists, and Marx occasionally)
- transcending the state (*Aufhebung*) - metaphysical or theological metaphor (Marx, Dunoyer)
- seceding from, ignoring, withdrawing from - metaphor of the anti-social old curmudgeon (Humboldt, Spencer)
- repealing, abolishing - legislative metaphor (many radical liberals, true anarchists)
- privatising, municipalising, corporatising, demonopolising, contracting out - economic rationalist metaphor (Dunoyer, Molinari)

### C. 19thC Advocates of “The Withered State”

Several 18-19thC political traditions have had as a key component the idea that the state would (through some historical, evolutionary process) or should (as an aim to be pursued politically for moral and/or economic reasons) get smaller.

Better known advocates include:

- limited government classical liberalism - big, interventionist government reduced to essential core functions (police, courts, defense, and minimalist welfare functions) - James and J.S. Mill, Benthamites, classical political economists, Jeffersonian Democrats, “classical liberals”
- advocates of decentralisation (liberals like Tocqueville and Coquelin, anarchists like Proudhon) - large and powerful central government (Empire) to be replaced by more accountable, smaller local governments (republics)
- the true anarchists like Godwin, Proudhon, Kropotkin, Bakunin - abolition of the coercive state

Other less well known advocates of this idea share the view that historical evolution of society through stages will result in a final stage in which the state will be unnecessary. These include:

- August Comte, Saint-Simonians - final stage of industrialism/positivism will so alter morality that a repressive state becomes unnecessary
- Marx and Engels - (although their notion of the state changed over time, and differed from each other) final stage of socialism would result in (disappearance, transcendence, withering) of key features of class society - money, division of labour, state
- consistent classical liberals like Humboldt and Herbert Spencer - that a law-abiding individual who was not violating the life, liberty or property of anyone else could “withdraw” from or “ignore” the state (thus terminating the control the state had over them) without being punished
- radical individualists and/or liberal anarchists like Gustave de Molinari, Charles Comte, Charles Dunoyer, Herbert Spencer, Auberon Herbert - final stage of free market industrialism where class-based, interventionist state evolves into minimalist liberal stage which in turn is abolished or replaced by competing private defence agencies



#### **IV. LIBERAL ADVOCATES OF THE “WITHERED STATE”**

The best known version of late 18th and early 19thC liberal anti-statism is the standard defense of strictly limited government. For example, Wilhelm von Humboldt's belief that government only justified in providing security of individual (liberty and property) but not to look after "positive welfare" of the citizen. That was best left to individuals to provide themselves. Security different from every other good or service in market since it could not provided by individual unaided, hence needed state to provide it. This is a view that was defended by James Mill, the Benthamites, John Stuart and most of the liberal political economists. However, there were a few more radical anti-state liberals who rejected argument that security unique and had to be provided by state. Herbert Spencer believed when state becomes aggressor individual had right to seek security elsewhere. Right to secede or withdraw, not pay taxes. Gustave de Molinari's idea that security could be provided competitively by private security companies. Just like any other business. Principle of competition was an economic law which was universally valid. The strict limited government advocates and the liberal anarchists shared much in common. They believed in common that:

- the individual was the best judge of their own interests
- natural laws governed the operation of society and led to a harmonious (i.e. spontaneous) order. Activity of government "disturbed" this harmony (Bastiat's term) and led to creation of "artificial" order (Bastiat and Hodgskin). Economic laws as valid as physical law of gravitation (GdM)
- they were hostile to the state as they viewed it as a coercive institution which infringed individual rights to liberty by restricting individual activity, and property rights by taxing.

Where the strict limited government advocates and liberal anarchists parted company was the following point:

- that the state was a necessary evil which was required to prevent the violation of individual and property rights by theft, fraud, invasion, etc. (the "judicial power" of Wilhelm von Humboldt). Herbert Spencer *Social Statics*, pp. 189, 186

The strict limited government advocates reluctantly accepted this necessity but still retained considerable suspicion towards the state. Wilhelm von Humboldt's belief that state has internal dynamic which leads it to expand constantly also applies to "judicial authority" unless guarded against by liberals.

The radical anti-state liberals shared the first 3 principles but rejected number 4 - if the state was evil then it was not necessary. Argued that voluntary free market associations could provide security for individuals from attack and other transgressions against their lives and property. I describe this as the "anarchist

impulse" within liberal and individualist political theory. Surfaces repeatedly from mid-18thC to the present and includes:

- Edmund Burke, *A Vindication of Natural Society, or a View of the Miseries and Evils Arising to Mankind from every Species of Artificial Society* (1756). Written by a young Burke, 27 years old. Some scholars dismiss it as satire. Some take it as a serious piece of political philosophy.
- Thomas Paine
- Condorcet
- William Godwin, *Enquiry Concerning Political Justice and its Influence on Modern Morals and Happiness* (1793). Inspiration for both communist and individualist/liberal anarchism. Constant influenced by it and attempted to translate it into French soon after it appeared.
- Johann Gottlieb Fichte, *Beitrag zur Berichtigung der Urteile des Publikums über der französische Revolution* (1793). Radical individualist defense of the French Revolution before Fichte became nationalist and less liberal.
- Charles Dunoyer, *L'industrie et la morale considérées dans leur rapport avec liberté* (1825). Radical French individualist liberal.
- Thomas Hodgskin, *The Natural and Artificial Right of Property Contrasted* (1832).
- Gustave de Molinari, "De la production de la sécurité," *Journal des économistes* (1849).
- Herbert Spencer, Chapter XIX "The Right to Ignore the State," in *Social Statics* (1851)
- Auberon Herbert

Many liberals were so suspicious of the state that, although in quieter moments they were believers in a definite though limited role for the state, their hostility pushed them to a near anarchist position. At other occasions they dreamed of a fully liberal state sometime in the future, a liberal utopia if you will, when all relations between individuals would be truly voluntary exchanges on the free market, where no violence is done towards either property or person, and thus where the state as the protector of property no longer has a function to perform.

#### **A. 18thC Precursors**

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

able to develop a secular theory of rights as a basis for political rights. He began his pamphlet with the following paragraph:

**To every individuall in nature is given an individuall property by nature, not to be invaded or usurped by any: for every one as he is himselfe, so he hath a selfe propriety, else could he not be himselfe, and on this no second may presume to deprive any of, without manifest violation and affront to the very principles of nature, and of the Rules of equity and Justice between man and man; mine and thine cannot be, except this be: No man hath power over my rights and liberties, and I over no man's; I may be but an Individuall, enjoy my selfe and my selfe propriety, and may write my selfe no more [than] my selfe, or presume any further; if I doe, I am an encroacher and an invader upon another man s Right, to which I have no Right. For by naturall birth, all men are equally and alike borne to like propriety, liberty and freedome, and as we are delivered of God by the hand of nature into this world, every one with a naturall, innate freedome and propriety (as it were writ in the table of every man's heart, never to be obliterated) even so are we to live, every one equally and alike to enjoy his Birthright and privilege; even all whereof God by nature hath made him free.<sup>3</sup>**

However, it was not until the eighteenth century that these liberal ideas of liberty and property were developed into a more comprehensive theory of the state.

**1. Tom Paine**

**2. Condorcet**

**3. Edmund Burke**

The young Edmund Burke, for example, in his *Vindication of Natural Society* written in 1756, extended the religious dissenter's criticism of "artificial," imposed religion to the institutions of government. In words which Jeremy Bentham would echo later Burke wrote

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<sup>3</sup>Richard Overton, "An Arrow Against All Tyrants and Tyranny, Shot from the Prison of Newgate into the Prerogative Bowels of the Arbitrary House of Lords, and all other Usurpers and Tyrants Whatsoever," in G. E. Aylmer, ed., *The Levellers in the English Revolution* (Ithaca, N.Y.: Cornell University Press, 1975), pp. 68-69. See also C. B. MacPherson, "The Levellers: Franchise and Freedom," *The Political Theory of Progressive Individualism* (Oxford: Oxford University Press, 1975), pp. 107-59.

**the cause of artificial society is more defenceless even than that of artificial religion .... the design [of this work] was to show that, without the exertion of any considerable forces, the same engines which were employed for the destruction of religion might be employed with equal success for the subversion of government.... If you say that natural religion is a sufficient guide without the foreign aid or revelation, on what principle should political laws become necessary? Is not the same reason available in theology and in politics? If the laws of nature are the laws of God, is it consistent with the divine wisdom to prescribe rules to us, and leave the enforcement of them to the folly of human institutions? Will you follow truth but to a certain point?<sup>4</sup>**

In what is probably the first individualist, liberal anarchist tract ever written, Burke condemned all forms of political society for being the main cause of war, suffering and misfortune.<sup>5</sup> Making a distinction common to many anti-statist liberals, Burke divided society into two types. Natural society, "founded in

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<sup>4</sup>Edmund Burke, *A Vindication of Natural Society: Or a View of the Miseries and Evils Arising to Mankind from every Species of Artificial Society. In a Letter to Lord—by a late Nobel Writer*, in *The Works of the Right Honourable Edmund Burke* [1756; Oxford: Oxford University Press, 1906-1907], 1:53, 4, 53.

<sup>5</sup>For the view that Burke's *Vindication of Natural Society* was not written as a satire, as is commonly believed, see Murray N. Rothbard, "A Note on Burke's *Vindication of Natural Society*," *Journal of the History of Ideas* (1958), pp. 114-18; Elie Halevy, *The Growth of Philosophical Radicalism* (London: Faber and Faber, 1952); and Isaac Kramnick, "Vindicating Burke's Vindication," *The Rage of Edmund Burke: Portrait of an Ambivalent Conservative* (New York: Basic Books, 1977), pp. 88-93. The internal evidence suggests that Burke did not believe that he was able to state his real opinions openly because of the dangers faced by radical political theorists and other dissenting authors. "I have defended natural religion against a confederacy of atheists and divines. I now plead for natural society against politicians, and for natural reason against all three. When the world is in a fitter temper than it is at present to hear truth, or when I shall be more indifferent about its temper, my thoughts may become more public. In the meantime, let them repose in my own bosom, and in the bosoms of such men as are fit to be initiated in the sober mysteries of truth and reason.... A man is allowed sufficient freedom of thought, provided he knows how to choose his subject properly. You may criticize freely upon the Chinese constitution, and observe with as much severity as you please upon the absurd tricks or destructive bigotry of the bonzees. But the scene is changed as you come home ward, and atheism or treason may be the names given in Britain to what would be reason and truth if asserted of China" (Burke, *A Vindication of Natural Society*, pp. 37, 40-41).

natural appetites and instincts, and not in any positive institution," was not based on force and allowed individuals to freely exercise their God-given natural rights as their individual consciences directed. Artificial or political society, on the other hand, was based on the imposition of "artificial" laws and regulations, thus usurping the proper function of the individual to determine his own peaceful behavior.<sup>6</sup> Immediately, conflict arises from the division of society into two classes, the governed and the governors, the latter seeking to increase its power and wealth at the expense of the former. After cataloguing the political history of the world, a "history dyed in blood, and blotted and confounded by tumults, rebellions, massacres, assassinations, proscriptions,"<sup>7</sup> Burke squarely places the blame on political society of whatever kind.<sup>8</sup> He accused all states of being essentially the same, in that they are based on force and exist for the benefit of those privileged minorities who are powerful or influential enough to control them. He wrote:

**we have shown them [the three simple forms of artificial society: democracy, monarchy and aristocracy], however they may differ in name or in some slight circumstances, to be all alike in effect; in effect to be all tyrannies... In vain you tell me that artificial government is good, but that I fall out only with the abuse. The thing! the thing itself is the abuse!**<sup>9</sup>

Burke recognized that even in "natural society" there would still exist the need for the protection of life, liberty and property because "[it] was observed that men had ungovernable passions, which made it necessary to guard against the violence they might offer to each other."<sup>10</sup> He thought the "grand error"<sup>11</sup> that men made in attempting to solve this problem of how to protect themselves from aggression was to establish or accept a monopoly government with the powers to provide this service. Men now found

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<sup>6</sup>Burke, *A Vindication of Natural Society*, p. 9. Political society he defined as "the usurpation of man" (*ibid.*, p. 46).

<sup>7</sup>*Ibid.*, p. 16.

<sup>8</sup>"I charge the whole of these effects on political society....political society is justly chargeable with much the greatest part of this destruction of the species.... I still insist in charging it to political regulations that these broils are so frequent, so cruel, and attended with consequences so deplorable" (*ibid.*, pp. 20-21).

<sup>9</sup>*Ibid.*, pp. 35, 37.

<sup>10</sup>*Ibid.*, p. 37.

<sup>11</sup>Burke, *A Vindication of Natural Society*, p. 37.

themselves worse off than when they were without the state<sup>12</sup> because they now faced a nationally organized engine of oppression, whereas before they had faced only disorganized bandits or, at most, local feudal lords and their mercenaries. The perennial problem arose of who was to guard against the guardians.<sup>13</sup>

Burke's failure was in not being able to provide a positive view of the form his "natural society" would take. He limited himself to a brilliant criticism of the basis of all political institutions from a natural rights' perspective and did not elaborate on "natural society" save for the assertion that "[in] a state of nature it is an inevitable law that a man's acquisitions are in proportion to his labours"<sup>14</sup> and that each individual would have the right to defend his person and property as he saw fit.<sup>15</sup> Burke did not have the tools at hand which were necessary to explain how a stateless society would function. He lacked the Smithian free-market economics that Molinari later used to explain how society could provide itself with defense services without resorting to the coercive monopoly of the state.

#### **4. William Godwin**

A similar problem was faced by William Godwin. Like Burke, he defended individualism and the right to property,<sup>16</sup> drawing considerably, in fact, from Burke's *Vindication* for his criticism of the state,<sup>17</sup> and he concluded that the state was an evil which had to be reduced in power if not eliminated completely.

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<sup>12</sup>Burke writes: "the greatest part of the governments on earth must be concluded tyrannies, impostures, violations of the natural rights of mankind, and worse than the most disorderly anarchies" (*ibid.*, p. 28).

<sup>13</sup>"They appointed governors over them for this reason (to defend themselves)! but a worse and more perplexing difficulty arises, how to be defended against the governors? Quis custodiet ipsos custodes?" (*ibid.*, p. 37).

<sup>14</sup>*Ibid.*, p. 47.

<sup>15</sup>"I am at full liberty to defend myself, or make reprisal by surprise or by cunning, or by any other way in which I may be superior to him" (*ibid.*, p. 46).

<sup>16</sup>"I ought to appropriate such part of the fruits of the earth as by any accident comes into my possession, and is not necessary to my benefit, to the use of others; but they must obtain it from me by argument and expostulation, not by violence. It is in this principle that what is commonly called the right of property is founded. Whatever then comes into my possession, without violence to any other man, or to the institutions of society, is my property" (William Godwin, *Enquiry Concerning Political Justice and Its Influence on Modern Morals and Happiness*, ed. Isaac Kramnick [Harmondsworth: Penguin Classics, 1976], p. 199).

**Above all we should not forget that government is, abstractly taken, an evil, an usurpation upon the private judgement and individual conscience of mankind; and that, however, we may be obliged to admit it as a necessary evil for the present, it behoves us, as the friends of reason and the human species, to admit as little of it as possible, and carefully to observe, whether, in the consequence of the gradual elimination of the human mind, that little may not hereafter be diminished.<sup>18</sup>**

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

**With what delight must every well-informed friend of mankind look forward to the auspicious period, the dissolution of political government, of that brute engine which has been the only perennial cause of the vices of mankind, and which, as has abundantly appeared in the present work, has mischiefs of various sorts incorporated with its substance, and no otherwise removable than by its utter annihilation!<sup>19</sup>**

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

**Simplify the social system in the manner which every motive but those of usurpation and ambition powerfully recommends; render the plain dictates of justice level to every capacity; remove the necessity of implicit faith; and we may expect the whole species to become reason able and virtuous.<sup>20</sup>**

Godwin's solution to the problem of aggression involved the use of juries which would act as advisory bodies in "adjusting controversies." These juries would reason with the offender, urging him to forsake his

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<sup>17</sup>Godwin's footnote acknowledging his debt to Burke is in *ibid.*, p. 88. See also F. E. L. Priestley's edition of *Enquiry Concerning Political Justice* (Toronto: University of Toronto Press, 1969), 3:39, 117, 125-26. Remaining references in this essay, however, are to the Kramnick edition.

<sup>18</sup>Godwin, *Enquiry Concerning Political Justice*, p. 408.

<sup>19</sup>*Ibid.*, p. 554.

<sup>20</sup>*Ibid.*, p. 553.

errors, and if this failed, could subject the offender to the criticism and ostracism of his peers.<sup>21</sup> But it is difficult to see how these juries could exercise this function without using force to capture criminals and how they could recompense the victims for any losses caused by the crime. What seems most likely is that Godwin's future society would fragment into what he called "parishes" or micro-states along the lines also envisaged by Dunoyer in his call for the municipalisation of the world.<sup>22</sup> Godwin's unreasonable optimism about the unaggressive nature of man in a stateless society unfortunately was common to many other anarchists, especially communist anarchist thinkers of the nineteenth and twentieth centuries.<sup>23</sup>

### **5. Adam Smith and Jean-Baptiste Say**

Another major intellectual current that influenced the anti-statism of 19thC liberal thought was the economic ideas of Adam Smith and Jean-Baptiste Say. Both these theorists described how society would operate in the absence of government control and intervention in the economy. Smith argued that government intervention was immoral, because it violated individuals' natural rights to property, and that it was generally inefficient. The selfish actions of individuals in the unhampered market promoted the general interest in spite of having no explicit intention of doing so:

**every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it ... and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is**

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<sup>21</sup>"It might then be sufficient for juries to recommend a certain mode of adjusting controversies, without assuming the prerogative of dictating that adjustment. It might then be sufficient for them to invite offenders to forsake their errors. If their expostulations proved, in a few instances, ineffectual, the evils arising out of this circumstance would be of less importance than those which proceed from the perpetual violation of the exercise of private judgement. But, in reality, no evils would arise: for, where the empire of reason was so universally acknowledged, the offender would either readily yield to the expostulations of authority; or, if he resisted, though suffering no personal molestation, he would feel so uneasy, under the equivocal disapprobation, and observant eye, of public judgement, as willingly to remove to a society more congenial to his errors" (*ibid.*, pp. 553-54).

<sup>22</sup>On juries and the division of society into "parishes," exercising this function of social control by "banishment," see *ibid.*, pp. 545-46.

<sup>23</sup>George Woodcock, *Anarchism: A History of Libertarian Ideas and Movements* (New York: Meridian, 1971), p. 92.



**it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of society more effectively than when he really intends to promote it.**<sup>24</sup>

In the stateless economy "the simple system of natural liberty" would prevail and this "spontaneous order"<sup>25</sup> of the market, rather than the imposed order of the state, would maximize wealth and ensure the uninterrupted use of each individual's justly acquired (whether by first use or by peaceful exchange) property. Thus:

**All systems of preference or restraint therefore being completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord. Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men. The sovereign is completely discharged from a duty, in the attempting to perform which he must always be exposed to innumerable delusions, and for the proper performance of which no human wisdom or knowledge could ever be sufficient; the duty of superintending the industry of private people, and of directing it towards the employments most suitable to the interest of the society.**<sup>26</sup>

Molinari was to use Smith's two concepts—the spontaneous order of the market and the system of natural liberty—to build his theory of extreme liberal anti-statism. Jean-Baptiste Say popularized and extended Smith's ideas of the free market. He defended the right to property more rigorously than Smith and his conclusions had a greater influence on 19thC French the anti-statist liberalism. Say considered any barrier to the free use or abuse of property a violation of the individual's rights.<sup>27</sup> He condemned slavery and

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<sup>24</sup>Adam Smith, *The Wealth of Nations* (London: J. M. Dent and Sons, 1933), vol. 1, bk. 4, chap. 2, p. 400.

<sup>25</sup>Adam Ferguson explained "spontaneous order" as "the result of human actions but not of human design," as quoted in F. A. Hayek, *Law, Legislation and Liberty*, 3 vols. (Chicago: University of Chicago Press, 1973-79), 1:20.

<sup>26</sup>Smith, *Wealth of Nations*, vol. 2, bk. 4, chap. 9, p. 180.

<sup>27</sup>"I will say that we can violate a man's property rights not only by seizing the products of his lands, capital and industry, but also by hindering him in the free use of these means of production. For the right to property as it is defined by the jurisconsults is the right to use, and even to abuse" (Jean-Baptiste Say, *Traité d'économie politique*, vol. 9, *Collections des Principaux Économistes*, ed. Horace Say (1841; reprint ed., Onsruck: Otto Zeller, 1966), p. 134.

military conscription<sup>28</sup> and argued against taxes for the same reasons,<sup>29</sup> especially if they were in excess of the "minimum" necessary to protect the public. In that case

**it would be difficult indeed not to view this excess as a theft, a gratuitous sacrifice seized from individuals by force. I say "seized by force" even under representative governments, because even their authority may be so great as to brook no refusal.<sup>30</sup>**

To a liberal like Say, force could never legitimize the activity of the state, even in so important a matter as taxation. Say went to great pains to denounce the use of force in all human affairs, especially when used by the state or the privileged political classes.<sup>31</sup> The state was nothing more than a tool used by the politically privileged to maintain an "artificial order" which "endures only through force, and which can never be reestablished without injustice and violence."<sup>32</sup> It was because the state was an artificial body that it had to be limited in scope as much as possible. Say concluded that it must "never meddle in production" and, as a general principle, "[if] government intervention is an evil, a good government makes itself as unobtrusive as possible" because government "can unfortunately always rely upon the negligence, incompetence and odious condescensions of its own agents."<sup>33</sup>

The greatest enemies of the laissez-faire liberals were the monopolies, whether granted to privileged individuals or exercised by the state itself. Consistent with his defense of property rights and his general disdain for the state, Say made an initial attack on all government monopolies:

**The government violates the property of each in his own person and faculties when it monopolizes certain professions such as those of bankers and brokers and sells to privileged elites these exclusive rights. It violates property even more seriously when, under the pretext of public security or simply that of the security of the state, it prevents a man from traveling or authorizes an officer or commissioner of police or judge to arrest him, so that no man is**

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<sup>28</sup>J.-B. Say describes slavery as that "which thus violates the most indisputable of properties" (*ibid.*, p. 13). On conscription: "It is the most scandalous violation of property and of all natural rights" (*Cours d'économie politique*, vols. 10 and 11, *Collections des Principaux Économistes*, 11 :64).

<sup>29</sup>"Taxes, even when authorized by the public, are a violation of property ... a theft" (J.-B. Say, *Traité d'économie politique*, p. 136).

<sup>30</sup>J.-B. Say, *Cours d'économie politique*, 11:514.

<sup>31</sup>J.-B. Say: "force never constitutes a right, even when it commands obedience" (*ibid.*, 11 :273).

<sup>32</sup>*Ibid.*, 10:555.

<sup>33</sup>J.-B. Say, *Traité d'économie politique*, p. 198.

**ever completely certain of the disposition of his time and faculties or of his ability to complete any enterprise. Could the public safety be any more effectively threatened by a criminal whom everyone is against and who is always so quickly caught?**<sup>34</sup>

Not only was monopoly a violation of individual property rights but it was also inefficient. No central authority could know the needs of all consumers because this information was dispersed throughout the economy.<sup>35</sup> Say even made a tentative step towards liberal anarchism when he suggested that public services should be made competitive by having their coercive monopoly destroyed. His scheme was to "open all public services to free competition" in order to make them as cheap and efficient as other industries whose activities were regulated by the market.

**While recognizing the extreme difficulty involved in allowing the payment of public services to be regulated by the same principle of free competition which presides over the majority of all other social transactions, we must agree that the more this principle is applied to the administration of States, the better managed will be their interests.**<sup>36</sup>

Like other anti-statist liberals like Molinari, Say quotes the important passage from Smith's *Wealth of Nations* which argues that the reason justice was so cheap in England was that the separate courts competed for clients by offering them the speediest service at the lowest price.<sup>37</sup> As a principle of justice,

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<sup>34</sup>*Ibid.*, p. 135.

<sup>35</sup>"Under free competition, the better an industrious man defends his own interests, the better he serves the national wealth. The meddling interference of authority cannot comprehend these interests any better than the individual. Each regulation is fatal, because it can never take the place of the intelligence of producers and it hinders their actions, the principal means of their successes" (J.-B. Say, *Cours d'économie politique*, 10:555). For a modern statement of this argument, see Hayek, "Economics and Knowledge," *Individualism and Economic Order* (Chicago: Henry Regnery, 1972).

<sup>36</sup>J.-B. Say, *Cours d'économie politique*, 11 :62. "We see that it is not impossible to introduce into public service the principle of free competition from which we have reaped such happy consequences in productive activities" (*ibid.* 11:227).

<sup>37</sup>J.-B. Say, *Traité d'économie politique*, p. 222. The quote is from Smith, *Wealth of Nations*, vol. 2, bk. 4, chap. 7, p. 206ff., and can be found in the appendix to this essay, *Journal of Libertarian Studies* 6, no. 1, forthcoming.

Say argued that those who consume a good or service should be the ones to pay for it.<sup>38</sup> When the production of security is monopolized by the state, the purchaser's rights are violated because the range of choice has been artificially limited and he thus is forced to pay a monopoly price. The excess of the monopoly price over the "necessary" or free-market price is equivalent to the theft of that amount of property from the consumer.<sup>39</sup> To overcome this problem, Say proposed to follow Smith's example in *Wealth of Nations* and allow competition in the pricing of court services. Each litigant would be free to choose the court and judge that best suited him. Fees would be made up of three components: a levy set by the province, a premium paid to the particular judge, and an honorarium proportional to the "values under litigation" which would be payable after the judgment had been given. In some cases, for example in criminal trials, the costs would be borne by the losing party.<sup>40</sup>

Anticipating Molinari by some twenty years, Say argued that only the competition provided by the free market could give the consumers of security a service that was "prompt, equitable and of reasonable cost." The market would encourage the courts and the judges to recognize the interests of the consumers since it

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<sup>38</sup>"If equity commands that consumption be paid for by those who have enjoyed it, then in this respect the best administered countries are those where each class supports the cost of public expenses to the extent that they have benefited from them" (J.-B Say, *Traité d'économie politique*, p. 501).

<sup>39</sup>"The price of goods based upon a monopoly is, by virtue of this privilege, higher than its cost of production and is to that extent an assault upon the property of the buyer. A tax which is raised higher than the cost necessary to procure the taxpayer the security he desires is likewise an assault upon the property of the taxpayer" (J.-B. Say, *Cours d'économie politique*, 1 l: 389).

<sup>40</sup>"Smith wished to have civil suits paid for by the parties involved. This idea would be even more practical if judgments were made not by officially chosen tribunals but by arbiters chosen by the parties from among those men singled out by public confidence. If these arbiters, acting as a jury of equity, were paid in proportion to the sum in dispute without regard to the length of the proceeding, they would be motivated to simplify and shorten the procedure in order to save their own time and to judge fairly in order to assure their continued employment" (J . -B . Say, *Traité d'économie politique*, pp. 501 -502). "Arbiters would be paid by the parties, or perhaps by the losing party only, according to the importance of the interests in question not of the length of the trial. The parties would or would not employ the services of lawyers and advocates as they pleased.... Thus, the honorarium of the judge would be composed: (1) of a fixed sum for each province, a very moderate sum paid simply to have a man keep himself at the disposition of the public, (2) an ad hoc premium when he is called to be an arbiter, and (3) an honorarium proportional to the value in dispute, payable after judgment" (J.-B. Say, *Cours d'économie politique*, 11 :267-77).

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

**interested in being honest in order to garner a wide reputation for equity and be frequently called to sit in judgment. They would be motivated to end trials promptly in order to expedite the greatest number. Finally, the cost of litigation would not be out of proportion to the interests in question and there would be no useless costs.<sup>41</sup>**

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

## **6. Wilhelm von Humboldt**

Good example of this is Wilhelm von Humboldt whom I categorised as classical proponent of strict limited government position (state only provide security, no "positive welfare" for individuals). His image of a liberal utopia can be found on p. 36-37. Argues for a right of withdrawal from the state by any individual not happy with the service of security provided by it. Like Spencer, Wilhelm von Humboldt believes in stopping non-violent secession state itself would become the aggressor.

**Those whose security is to be preserved are, on the one hand, all the citizens, in perfect legal equality, and, on the other, the State itself. The extent of this latter object, or the security of the State, is determined by the extent of the rights assigned to it, and, through these, by the nature and extent of its aims. As I have argued, it may not demand security for anything except the power entrusted to its hands, and the resources allotted to it. Further, it should not, with a view to this security, restrict the citizen when, without violating any actual right (and hence, with the understanding that he is not bound to the State by any personal or temporary relation, as, for instance, in time of war), he wishes to withdraw himself or his property from the political community. For the State association is merely a subordinate means, to which man, the true end, is not to be sacrificed... (p. 84)**

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<sup>41</sup>*Ibid.*, 11 :276.

## **B. 19thC Liberal Anti-Statism**

A major tent of 19thC classical liberal thought was the idea that there was a major moral barrier which separated “natural” (i.e. voluntary and non-violent) society from the “artificial” (i.e. coercive and exploitive) state. Thus the market, identified with society, was completely separate from the state and antagonistic towards it. As the historian Albert Schatz argued with reference to Dunoyer and French liberal thought:

**Liberalism thus tends to create a fundamental antagonism between the individual and the State—an antagonism which does not exist in classical doctrine, one which views the individual and the State as two forces inversely proportional to one another. Consequently, there is a tendency in liberalism, at first potential, later active, to strip the State of any role in the economy. We will see this originate in Dunoyer's extension of classical doctrine and later result in a more or less disguised form of anarchism.<sup>42</sup>**

### **1. Thomas Hodgskin**

In *The Natural and Artificial Right of Property Contrasted* (1832) TH proved what Bentham had feared in his "Anarchical Fallacies" (appropriateness of title in this context) by using natural law to defend property and individual liberty in such a way as to challenge the very existence of the state. In the opening few pages TH shows that he is looking forward to a liberal future in which all laws will have been repealed, all titles and distinctions of an "artificial" (i.e. state-created) nature will have been abolished, and when society will prosper without the lawmaker and the tax-gatherer (i.e. will live only by producing and exchanging what one has produced on the free market. Speaking of himself in the third person: Q p. i-ii.

**By a deduction from principles not here enunciated, the author has satisfied himself that all lawmaking, except gradually and quietly to repeal all existing laws, is arrant humbug. Such being his well weighed and long cherished conviction, he cannot possibly feel any respect for titles, dignities, offices, individuals, or acts which have and can have no other possible claim to approbation, than the supposition that legislation and its consequences are of vital importance to the welfare of society. He mentions this circumstance, to account for some, perhaps, strong expressions and peculiar opinions, while he hopes by demonstrating, that property is not regulated and determined by human laws, to prepare the mind of the reader to admit the general principle, that society can exist and prosper without the lawmaker, and**

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<sup>42</sup>Albert Schatz, *L'Individualisme économique et sociale: Ses origines, son évolution, ses formes contemporaines* (Paris: Librairie Armand Colin, 1907), p. 197.

**consequently without the taxgatherer. He is quite aware that such a conclusion, generally adopted, must be the work of time, and of a mightier artist than ever wrote with a pen, but he is not without hope, that the present and his meditated work (a future larger work on criminal law), should he find leisure and encouragement to undertake the publication, may contribute to what he thinks so desirable a result.**

## **2. The Ideologues: Charles Comte and Charles Dunoyer**

Both Comte and Dunoyer were influenced by the economic liberalism of Say. Together with Saint-Simon they developed the doctrine of *Industrielisme* based on their class analysis of society in which the warrior class, with political privilege, and the industrial class, the result of the unhampered market, were in constant conflict. In their economic theories Comte and Dunoyer argued that the market, with all the voluntary exchanges that took place in it, was the antithesis of force. There can be no question about the implicit anarchism of Comte's and Dunoyer's liberalism. Dunoyer, for example, thought that in the future the state would merely be an appendage of the market and would gradually wither and die as the market expanded.<sup>43</sup> Perfection would be reached when "everyone works and no one governs,"<sup>44</sup> and "the maintenance of public safety would no longer demand the intervention of a permanent, special force, the

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<sup>43</sup>"In a well ordered state, the government ought to be nothing more than an aid to production, a commission charged and paid for by producers to look after the safety of their persons and property while they work and to guard them against all parasites" (Charles Dunoyer, *Censeur européen*, 2: 102; quoted in Edgar Allix, "La Deformation de l'economie politique liberale apres J.-B. Say: Charles Dunoyer," *Revue d'histoire des doctrines économiques et sociales* [1911], p. 118). Schatz observed of Dunoyer's ideas: "In this view, the functions of government would require only a small number of agents. The mass of workers would remain available to increase the sum of social utilities other than security. It is appropriate therefore to reduce the number of both public functions and public functionaries, employing the only effective means which is the reduction of their profits or salaries. The title of the Company charged with the public safety is of little importance, be it monarchy or republic, provided that it costs little and does not interfere, and that it progressively realizes the ideal of a society so perfectly educated that the government might disappear altogether leaving the people to the full enjoyment of their time, their income and their liberty" (Schatz, *L'Individualisme*, pp. 210-11). Molinari was to show in *Les Soirées de la rue Saint-Lazare* (Paris: Guillaumin, 1849) that there was no need to assume that society or individuals would become progressively more educated before society could do without government monopoly security.

<sup>44</sup>Dunoyer, *Censeur européen*, 2: 102, quoted in Allix, "La Deformation de l'economie poli tique, p. 119.

government to this extent disappears."<sup>45</sup> A colleague and fellow liberal, Augustin Thierry, echoed Dunoyer's sentiments when he wrote that "it was in losing their powers that the actions of governments [have] ameliorate[d]" and that, if given a choice between an oppressive state apparatus and "anarchy," he believed that "the excesses of the police are far more fatal than the absence of the police."<sup>46</sup> In Comte's words: "the less [government] makes itself felt, the more the people prosper."<sup>47</sup>

The anarchism of Comte and Dunoyer was dependent on their view of the evolution of societies, believing that "as we become more civilized, there is less need for police and courts."<sup>48</sup> The advance of *industrielisme* would dissolve the state until there was complete freedom to trade and move across national borders.

**These monstrous aggregations were formed and made necessary by the spirit of domination. The spirit of industry will dissolve them. One of its last, greatest and most salutary effects will be to municipalize the world....centers of actions will multiply and ultimately the vastest regions will contain but a single people composed of an infinite number of homogeneous groups bound together without confusion and without violence by the most complex and simplest of ties, the most peaceful and the most profitable of relationships.**<sup>49</sup>

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

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

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<sup>45</sup>*Ibid.*, 7:92, quoted in Allix, "La Deformation de l'economie politique," p. 119.

<sup>46</sup>Thierry, *Censeur européen*, 8:230, 241, quoted in Mark Weinburg, "The Social Analysis of Three Early 19th Century French liberals: Say, Comte, and Dunoyer," *Journal of Libertarian Studies* 2, no. I (Winter 1978): 54.

<sup>47</sup>Charles Comte, *Traité de legislation*, 1:448, quoted in Weinburg, "The Social Analysis," p. 57.

<sup>48</sup>Dunoyer, *Oeuvres de Charles Dunoyer* (Paris: Guillaumin, 1886), 1 :297, quoted in Allix, "La Deformation de l'economie politique," p. 131.

<sup>49</sup>Dunoyer, *L'Industrie et la morale, considérées dans leurs rapports avec la liberté* (Paris: A. Sautetlet, 1825), pp. 366-67.



**The experience of feudal-clerical rule was universalised into a philosophy teaching that government as such is a natural enemy. (Emphasis added)<sup>50</sup>**

Comte and Dunoyer contributed to the *Journal des Économistes* (Dunoyer was in fact one of the founders of the *Societe d'Économie Politique* in 1842), so the writings of these two theorists were well known in free trade liberal circles.<sup>51</sup> Molinari acknowledged his debt to Comte in the *Dictionnaire* biography and admitted that he owed his insights into the application of economic analysis of state functions to Dunoyer.<sup>52</sup> A closer examination of Molinari's views will show how he adapted the insights of the political and economic anarchists to forge a new and ultimately more devastating critique of the state and its coercive monopolization of the production of security.

The above summary has attempted to show that Molinari was working within a tradition of liberal anti-statism that stretched back at least as far as the seventeenth century. The influence of Molinari's anti-statist ideas will be briefly examined in the discussion of the influence of Molinari's ideas, where it will be argued that a continuous thread of liberal anti-statist thought has existed until the present day, largely due to the pioneering work of Gustave de Molinari.<sup>53</sup>

### **3. Charles Dunoyer (1786-1862)**

Leading French liberal journalist, historian, sociologist, political economist and jurist. Active against Napoleon and restored Bourbon monarchy. Involved in several notorious censorship trials during restoration. Journal *Le Censeur* closed down, CD imprisoned. CD had a series of political posts in the more liberal July Monarchy and was eventually elected to the Chamber of Deputies. Active liberal political economist.

#### **a. The Theory of Industrialism in Dunoyer's *L'Industrie et la morale* (1825)**

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<sup>50</sup>J. L. Talmon, *Political Messianism, The Romantic Phase* (London: Secker & Warburg, 1960), pp. 48-50, quoted in Liggio, "Charles Dunoyer and French Classical Liberalism," p. 171.

<sup>51</sup>"Dunoyer," *Supplement du Nouveau Dictionnaire de l'économie politique de M. Leon Say et Joseph Chailley-Bert* (Paris: Guillaumin, 1897), pp. 142-44; Obituary of Dunoyer, *Journal des Économistes*, 2nd ser. 36 (October-December 1862): 442. Gustave de Molinari wrote the biographical study of Charles Comte for the *Dictionnaire*, I :446-47.

<sup>52</sup>Molinari, *Cours d'économie politique*, 2nd ed. rev. and enl., 2 vols. (1855; Paris, Guillaumin, 1863), 1: 186.

<sup>53</sup>See Part III of the present essay, in *Journal of Libertarian Studies* 6, no. I, forthcoming.

One of the key concepts in Dunoyer's theory of industrialism was the idea of economic evolution through stages, culminating in an optimistic or "rhapsodic" (to use Baker's rather deprecating term) vision of a pure "industrial" society in which all human relations were voluntary. All social and individual needs would be provided through the market and thus the state would either disappear entirely or be broken down into little more than radically decentralised "municipal" structures. Dunoyer's modification of the traditional eighteenth-century four stage theory of economic development is extremely interesting and worthy of detailed analysis. According to Dunoyer the economic stages through which European society had evolved were the following:

- savagery based upon hunting and gathering
- nomadic life based upon primitive herding
- slave society based upon slave labour in the household and in the fields
- the society of political privileges based upon rigid legal privileges beginning with feudalism and extending up to the mercantilism of the ancien régime during the pre-Revolutionary period
- the system of political place-getting (under Revolution, the Napoleonic Empire and the Restoration) which was based upon fierce competition to secure government posts and other privileges
- and the final stage of industry (not yet achieved in Europe but whose possibilities were being demonstrated in the young United States of America) which was exclusively based upon production for the market.

The contribution made by Dunoyer was to introduce two new stages to add to the traditional four stages of hunting, pasturing, agriculture and commerce through which European society had passed. The fifth stage had been created by the destruction of feudalism and the ancien régime by the French Revolution. Occupations and political office were now open to all but society was dominated by an excessive desire to seek political office ("places" as Dunoyer called them). The sixth and final stage was that of "industrialism" - a stage where the potentialities of extensive manufacturing and the commercialisation of all avenues of life were recognised and in which politics would be virtually done away with.

***b. The Stage of Industry or Industrialism*<sup>54</sup>**

Dunoyer defined the economic stage of industry as follows:

**... a state where the right (of enriching oneself by the exercise of political domination) would be the privilege of no one, where neither a few men nor many men would be able to make**

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<sup>54</sup>"IX. Du degré de liberté qui est compatible avec la vie des peuples purement industriels," *L'Industrie et la morale*, pp. 321-68.

**their fortune by pillaging the rest of the population, where work (travail) would be the common means of enrichment (resource) and government a public work (travail public), which the community would award (like all work of this nature) to men of its choice for a reasonable and publicly debated cost.<sup>55</sup>**

The main characteristics of the régime of industry become clear from this passage: it is a society in which all must work by peaceful production and exchange, where there is no ruling class who exploit the labour of others, where government provides a small number of public services such as protection of personal liberty and property at minimal cost to the taxpayers, and where the government is freely chosen by election. Since Dunoyer readily admits that productive industrial activity has taken place in all societies from the state of savagery onwards, what makes an entire society "industrial" is the absence of an exploiting ruling class and the adoption by the productive "industrial" class of appropriate "industrial" values or morals. To the extent that a society has an organised class which lives by exploiting the labour of others and to the extent that the industrious classes are kept in a condition of dependence, to that extent the society is feudal, despotic, or in some other way unfree.<sup>56</sup> A similar situation exists with Dunoyer's definition of an "industrious or industrial people." All societies must have an industrious class to some extent in order to produce the surpluses upon which the ruling class lives. After all, a parasite cannot live independently of the host's body. But an entire people become "industrious" only when they have won a political victory over their erstwhile rulers, either by forcing them to give up their unproductive ways and to "dissolve themselves" into the working classes (a highly unlikely prospect) or by acquiring a political ascendancy over them, thus rendering them powerless to continue exploiting others.<sup>57</sup>

According to Dunoyer there were a number of countries which were poised ready to enter the industrial stage of society in the near future or which had already reached it. They were Scotland, the new republics of South America following the revolutions of 1820 and the United States of America. Dunoyer became quite excited about the beneficent effects industry had had or was about to have in Scotland in the late eighteenth century and the newly independent South American republics. Scotland in the mid-eighteenth century had been a semi-barbarous nation, but in less than eighty years had become one of the most advanced industrial nations. This showed, Dunoyer thought, what might happen when pillaging and murder had come to an end as it had done in 1745. He was also confident about the prospects of the Latin American nations, which after independence had cut taxes, removed restrictions on the economy and

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<sup>55</sup>Dunoyer, *L'Industrie et la morale*, pp. 313-4.

<sup>56</sup>Dunoyer, *L'Industrie et la morale*, pp. 322-3.

<sup>57</sup>Dunoyer, *L'Industrie et la morale*, p. 323.

reduced the number of government posts. The result confirmed Dunoyer's faith in what industrial values could be achieved and he described the progress of these nations as "progrès si singulier, si hors de proportion avec ce qu'on voit dans d'autres quartiers du globe."<sup>58</sup> He was less sanguine about the prospects for Europe, which he believed would require a miracle to break away from its anti-industrial traditions. The country which most closely approached Dunoyer's ideal of a truly industrial society was the United States of America, which he considered "of all the countries of the world this is the one which most closely approaches the mode of production (existence) of which I speak."<sup>59</sup> Dunoyer argued that the United States was a society founded on industry and which had organised its social, political and legal institutions around this fact.<sup>60</sup> The American government was suitably small, ill-paying and relatively inactive, thus making it undesirable to place-seekers wanting to make their fortunes and their career in it. Within American society the "spirit of domination" was so weak that it seemed likely that the Americans had been able to break the cycle of domination and class exploitation which had dogged human history for millennia. What was lacking, in Dunoyer's view, to make the United States the perfect industrial society was an explicitly recognised and publicly acknowledged set of industrial morals. It seemed that the material conditions in America had somehow run ahead of the public morals and the public did not therefore understand the reasons for their freedom, prosperity and absence of class domination. Dunoyer noted some oddly anti-industrial behaviour, such as the legislators in the state of Georgia turning to the authority of the ancient Greeks and Romans to justify slavery; taking the name of the Capitol building and the institution of the Senate from ancient Rome; the teaching of young men the Greek and Latin languages; and the adulation of a military hero such as Washington instead of a purely civil hero such as Benjamin Franklin. All of this suggested to him that the pernicious influence of the militaristic and tyrannical ancient world was still potent even in the most industrial nation the world had yet seen and that the United States still had some way to go before its morals matched its industrial economy.<sup>61</sup> Even if the United States had not yet reached the stage of pure industrialism, Dunoyer was certain that he knew what such a society would look like. He knew that it would allow for the maximum of individual liberty and the unlimited development of all human faculties (not just the monetary or economic ones), that it was the

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<sup>58</sup>Dunoyer, *L'Industrie et la morale*, p. 337.

<sup>59</sup>Dunoyer, *L'Industrie et la morale*, p. 371, footnote.

<sup>60</sup>Dunoyer was struck by article 36 from the Constitution of Pennsylvania, which stated that "Toute homme qui ne possède pas une propriété suffisante, doit avoir quelque profession, métier, commerce ou ferme qui le fasse subsister honnêtement" and assumed, falsely or not, that this was a typical statement of American "industrial" sentiment. Dunoyer, *L'Industrie et la morale*, p. 324.

<sup>61</sup>Dunoyer, *L'Industrie et la morale*, p. 327, footnote.

only society in which science and technology could be developed to their greatest extent, and that it would allow for the first time the emergence of a set of values in which peace, tolerance, hard work and respect for others would be predominant. Concerning class conflict, Dunoyer believed that internally and externally industrial society was essentially peaceful and that only in such a society could inter-class and international conflict be eliminated for good. All this was possible because, for the first time in human history since the formation of the state, the aggression of the state would be eliminated forever by the drastic curtailment of its functions and perhaps even by its ultimate elimination altogether.

To take full advantage of the benefits which the industrial system has to offer in greater productivity and prosperity, individuals will need to form a variety of voluntary associations to achieve their ends. Whereas in earlier modes of production men formed associations in order to make war or go on raiding parties, in the industrial mode of production there will be much greater need as well as greater opportunity to form private associations to achieve common goals. However, the object will no longer be war or war booty but peaceful production in such areas of activity as agriculture, construction, manufacturing, canal building, insurance and so on. Another similarity with earlier modes of production is that there will be a degree of ranking in industrial associations with large numbers of participants, with a leader, rank and file workers, and "officers" such as engineers and accountants.<sup>62</sup> Whatever the structural similarities might be with warrior bands or medieval guilds and corporations, the new industrial mode of production requires a quite different method of operation for its associations. Associations in previous modes of production sought to oppress their fellows, to restrict competition, to seize a monopoly of government posts, to get subsidies and other benefits from taxpayers' money. Under the régime of industry, Dunoyer argued, association would have as its purpose voluntary cooperation in order to transform physical resources into products for sale, not to deprive others of their property. It would help individuals to protect their liberty and property and would not be a cause of aggression against others. In all, industrial associations, Dunoyer optimistically believed, would add to the strength, prosperity and unity of the entire world.<sup>63</sup>

Having discussed how important associations are for the achievement of a diverse array of economic and social ends, Dunoyer turns to an analysis of associations of a purely political nature. And as happened on several occasions in the history of nineteenth century liberalism, extreme anti-statism and faith in the cooperative free market were pushed into a form of liberal anarchism along the lines developed later by Gustave de Molinari, Thomas Hodgskin and Herbert Spencer. Dunoyer concluded that the associations created for specific political purposes would gradually give up their monopolistic and coercive attributes and assume the structure and behaviour of private market associations. Like any other corporation or

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<sup>62</sup>Dunoyer, *L'Industrie et la morale*, pp. 355-6.

<sup>63</sup>Dunoyer, *L'Industrie et la morale*, p. 357.

voluntary association, government associations would have to sell their products on a voluntary basis to customers who could not be coerced into purchasing the product. Their special powers of coercively taxing their customers to cover costs and their monopoly powers, which prevented customers seeking an alternative supply of the good or service, would no longer exist as all associations in the industrial era would be competitive. The state in the industrial mode of production would be nothing more than a voluntary association like any other, “a commercial company”<sup>64</sup> or “an industrial enterprise”<sup>65</sup> like thousands of others, but charged by the public only with the responsibility of maintaining peace and order. It would not be aggressive, it would not be the private preserve of a particular social class. Those who were in its employ could not behave like political masters. They could not exercise domination over others and could not use taxes as a form of private tribute.<sup>66</sup> Dunoyer had already hinted at this idea in an essay in *Le Censeur européen*. In this essay Dunoyer argued that the ultimate industrial state would be at most a night-watchman state and at best non-existent:

**Man's concern is not with government; he should look on government as no more than a very secondary thing - we might almost say a very minor thing. His goal is industry, labour and the production of everything needed for his happiness. In a well-ordered state, the government must only be an adjunct of production, an agency charged by the producers, who pay for it, with protecting their persons and their goods while they work. In a well-ordered state, the largest number of persons must work, and the smallest number must govern. The work of perfection would be reached if all the world worked and no one governed.**<sup>67</sup>

In other words, although the commercial company would be charged with maintaining public order, it would have exactly the same rights which every other citizen or private voluntary association has. It would only have the right to act against criminals who had committed acts against private property and public order. The life, liberty and property of citizens who have not acted in a criminal manner towards their fellows must not ever be interfered with by the officers of the company. In other words, Dunoyer believes that the public does not cede any of its rights concerning its liberty or property to the company in exchange for protection. It makes no compact with the state, as the Lockean tradition would have it, to

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<sup>64</sup>Dunoyer, *L'Industrie et la morale*, p. 358.

<sup>65</sup>Dunoyer, *L'Industrie et la morale*, p. 323.

<sup>66</sup>Dunoyer, *L'Industrie et la morale*, p. 358.

<sup>67</sup>Dunoyer, *Le Censeur européen*, vol. 2, p.102.

give up some of its rights for public security.<sup>68</sup> The industrial state would behave differently to other states in previous modes of production in that it would no longer be an avenue for the ambitious to pursue a career. Strict controls on any increase in taxes or in the number of personnel would be placed upon it by a public jealous of its liberties. Only the barest minimum of money and man-power would be granted to the state to carry out its very limited functions and even this nominal amount of capital would be regretted. Resources would be reluctantly diverted from productive industrial use because of the unfortunate necessity to protect life and property from attack by those few unscrupulous individuals who lacked productive employment or who maintained pre-industrial morals. Much like Herbert Spencer, Dunoyer expected that as industrial morals became more widespread and as the prosperity of the industrial mode of production became increasingly apparent to all, then even this modest size of the state could be further decreased.<sup>69</sup>

Concerning the possibilities of gradually reducing the size, scope, and cost of government as societies industrialised, Dunoyer took issue with the conservative Friedrich Gentz who argued the very opposite, that the costs of government would necessarily rise as civilisation progressed.<sup>70</sup> Dunoyer's confident prediction about the future costs of the government could be compared to the early works of Herbert Spencer, who predicted the elimination of the state on much the same grounds as Dunoyer did. Spencer believed the world was evolving from "militant" to "industrial" forms of organisation in which there would be little for the state to do, apart from protect property rights. He even granted that individuals had the "right to ignore the state" if they themselves were law-abiding. However, as he got older and the prospects for "industrial" society became worse, Spencer gave up his liberal anarchist beliefs and admitted that a long "transitional" stage, during which the state was necessary, was required. Although there are striking similarities between Dunoyer's theory of industrialism and Spencer's idea of a militant and industrial types of societies, there is no evidence that Spencer was aware of Dunoyer's work. It appears that Dunoyer came to the anarchist position as a result of his belief in the harmony of economic interests and his liberal theory of class and history.

The same forces which were acting to reduce the need for the state in domestic matters were at work in the relations between states. As more people gradually turned to industrial activities, the impulses to wage war against other nations (such as the desire of monarchs to seize neighbouring territory, or to create exclusive trading zones for privileged domestic producers) would also gradually disappear. Each nation would come

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<sup>68</sup>Dunoyer, *L'Industrie et la morale*, p. 359.

<sup>69</sup>Dunoyer, *L'Industrie et la morale*, pp. 359-60.

<sup>70</sup>Dunoyer, *L'industrie et la morale*, p. 297-8, footnote.

to realise that its own best interests would be served by having prosperous and civilised neighbours with whom one could trade and visit. The military forces of an industrial state would be used solely for defence and even then only with considerable regret and reluctance. As with the costs of internal policing, the costs of defence are regretted because it drains off capital which could be used to increase production. Even in a just, defensive war the industrial state would be most reluctant to use its military forces as it would realise how disastrous the consequences of any war are. The "passion of industrious people for peace" would be so strong that they could not wait for the moment when industrial values had spread sufficiently for them to disarm completely, to abandon all their armed fortresses, to cut military spending, and to see all resources entirely directed to productive industrial activity.<sup>71</sup> Once again it was the United States which Dunoyer used to show what was in store for European nations that took the path towards an industrial society. Internally its economic system resulted in an absence of a ruling class and externally it posed no threat to other nations by invasion or the conquest of colonies. Each state's militia and armed forces were subordinated to the federal government with the purely industrial purpose of self defence. The only reservation Dunoyer had about the size and cost of the American military was that it was still higher than it would be if European nations too were industrial. The major reason why the United States did not altogether abolish its military was the threat posed by aggressive European states, who still clung to pre-industrial modes of behaviour. In fact, he thought that it was only because of the threat posed by "the dominating spirit of the governments of Europe" that the American states felt the need to form a federation and have a national defence force in the first place. Dunoyer confidently predicted that as soon as the major European nations entered the industrial stage of economic evolution America would no longer be forced to maintain even this low level of defence spending and could therefore introduce the necessary cuts in military spending, which would make it a truly pacifist and industrial nation.<sup>72</sup>

***c. The Withering Away of the State, or the Municipalisation of the World***

What then can we conclude about Dunoyer's attitude concerning the role of the state in the future industrial society? There are three possibilities all of which he advocated at various places in *L'Industrie et la morale* - the liberal anarchist position where the state gradually withers away to the point where only voluntary private associations of free individuals existed; a more liberal constitutionalist position of a severely limited state whose only functions would be the protection of individual liberty and property by the police and armed forces; and a position part way between free market anarchism and limited government where nation states are broken up and the world is "municipalised" into small communities based upon economic and cultural ties.

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<sup>71</sup>Dunoyer, *L'Industrie et la morale*, pp. 361-2.

<sup>72</sup>Dunoyer, *L'Industrie et la morale*, pp. 365-6.



Occasionally Dunoyer seems to go as far as Molinari was to in 1849 with his startling proposal to view the defence and police functions of the state as just another business venture which would charge for its services to individual customers.<sup>73</sup> His use of the description of the state as only “a commercial company” or “an industrial enterprise” seems to support this interpretation but, like Spencer, he offers no detailed plan as to how commercial associations could provide the essential functions of law and order and national defence without collapsing into chaos. On the other hand, there are times when Dunoyer appears more conventional in his advocacy of a strictly limited state, limited to protecting individuals and their property from the aggression of others. If Dunoyer is a defender of the limited state he is so reluctantly, because he is aware of the state's inner momentum to always expand its sphere of operation, to increase the burden of its taxes and charges, to increase the number of those who are employed by it, and to favour certain individuals and even entire industries with special legal and economic privileges. What little power and funding Dunoyer might grant the state is done so very reluctantly and very cautiously.

Perhaps a more accurate interpretation of Dunoyer's theory of the rôle of the state in a future industrial society lies somewhere between these two views. While not a consistent liberal anarchist, as say Molinari, he also should not be seen as just another defender of the traditional "night-watchman" state which, though small, still had a monopoly of political power in a given geographical area. Dunoyer's solution to the problem of the state was to so radically decentralise its power that the entire world would be literally "municipalised." He was so convinced of the benefits of small-scale voluntary associations and the evils of political society that he thought that industry would gradually dissolve most large-scale political associations in a process which would result in what one might call the "municipalisation of the world." What Dunoyer meant by municipalisation was the gradual break up of the nation state into more logical economic units which were united cooperatively by cultural and economic exchanges. He thought there was no logical reason why ten, twenty or thirty million people should be forced to associate within the boundaries of a nation state. Rather, Dunoyer predicted that borders would gradually become invisible and towns and cities hitherto separated by artificial barriers would form their own economic and cultural units voluntarily. This vision of a decentralised industrial world more closely approximated the communitarian anarchism of Gustave de Molinari in his later writings, once he had abandoned his more extreme free market anarchism of private police and defence companies. Molinari later modified his views, under the double pressure of isolation and criticism by his liberal colleagues, to a position in which competition

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<sup>73</sup>Gustave de Molinari, "De la production de la sécurité," *Journal des Économistes*, 1849, vol. 22, pp. 277-290, and a little later in *Les soirées de la rue Saint-Lazare: entretiens sur les lois économique et défense de la propriété* (Paris: Guillaumin, 1849), "Onzième soirée," pp. 303-337.

would not be between private companies within a city or town for protection services, but between proprietary communities competing for citizens.<sup>74</sup>

Dunoyer explained in a lengthy footnote towards the end of chapter nine of *L'Industrie et la morale* that his model nation, the United States of America, had been forced into a large-scale political union because of the threat posed by the "dominating spirit" of the various European governments. Without the external threat of hostile European states the United States of America, he thought, would have more naturally evolved into a less structured and centralised political system, more in keeping with his own hopes for a future purely industrial society, rather than a clumsy federation. It is worth quoting this lengthy footnote in full since it provides the best summary of Dunoyer's "industrial" political theory - a society so much under the influence of the market that there is no role for the nation state at all. All public goods would be provided by "industrial enterprises" or small-scale "municipal" governments which would act much like their private counterparts. Borders would dissolve much like that envisaged for the internal borders of the European Community after January 1, 1993.

**There are absolutely no forces at work in the industrial system which require such vast associations of people. There are no enterprises which require the union of ten, twenty or thirty million people. It is the spirit of domination which has created these monstrous aggregations or which has made them necessary. It is the spirit of industry which will dissolve them - one of its last, greatest and most salutary effects will be the "municipalisation of the world." Under the influence of industry people will begin to govern themselves more naturally. One will no longer see twenty different groups, foreign to each other, sometimes scattered to the four corners of the globe, often separated more by language and customs than by distance, united under the same political domination. People will draw closer together, will form associations among themselves according to what they really have in common and according to their true interests. Thus these people, once formed out of more homogeneous elements, will be infinitely less antagonistic towards each other. No longer having to fear each other, no longer tending to isolate themselves, they will no longer be drawn so strongly towards their political centres and be so violently repelled from their borderlands. Their frontiers will cease to be dotted with fortresses. They will no longer be bordered by a double or triple line of customs officials and soldiers. Some interests will continue still to unite the members of the same association of people - a community of an especially similar language or closely shared customs, or regions which are habituated to**

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<sup>74</sup>The evolution of Molinari's views are discussed in David M. Hart, "Molinari, Gustave de and the Anti-statist Liberal Tradition: Part I," *Journal of Libertarian Studies*, Summer 1981, vol. V, no. 3, pp. 263-290.

**drawing their ideas, laws, fashion, and behaviour from the adjacent capital cities. But the shared interests of these groups will continue to distinguish them from other groups without being a source of enmity. One day, in each country, the time will arrive when the inhabitants closest to the frontiers will have more communication with their foreign neighbours than with their further removed compatriots. Thus there will occur a continual fusion of the inhabitants of one country with those of other countries. Each individual will employ their capital and labour wherever they might see the best means of increasing it. In this way, the same economic practices (arts) will be adopted with equal success among all people; the same ideas will circulate in all countries; differences in customs and language will tend in the long run to disappear. At the same time, a multitude of localities will acquire greater importance and will feel much less need to be closely tied to their capital cities. They will become in their turn administrative centres (chef-lieux). Centres of activity will be multiplied. Finally, even the largest countries will reach a point where they will be able to present to the world a single people, composed of an infinite number of uniform associations (aggregations), among which will be established without confusion and without violence the most complicated relations. At the same time, these relations will be the easiest, the most peaceful and the most profitable (imaginable).<sup>75</sup>**

Using the experience of the United States as an historical case study and his theory of industrialism as a guide for the future evolution of modern society, Dunoyer endeavoured to predict what his ideal industrial society of the future might be like. Since the "spirit of domination" had created vast nation states or "agrégations monstreuses," the spirit of industry would inevitably break them down into smaller communities in a process of "municipalisation" of the entire world. Associations among people would now follow the "natural" inclination encouraged by language, religion, shared political values, or trade and armed frontiers would dissolve as individuals moved about the globe trading with each other. Without the need to enforce trading monopolies and protect privileged political classes, there would no longer be any need for customs officials or soldiers. Capital, goods and people would then be free to travel wherever they wanted. By a process of the fusion of people brought together by the free market and a process of the break up of the centralised nation state, the world would now approach the ideal of myriads of trading communities bound together only by economic self-interest and culture and no longer by military, political or religious compulsion.

#### **4. Herbert Spencer (1820-1903)**

##### ***a. Biography***

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<sup>75</sup>Dunoyer, *L'Industrie et la morale*, p. 366-7, fn 1.

Born into a lower middle class home in Derby. Dissenting religious background. Influenced by his uncle Rev. Thomas Spencer who was a radical nonconformist minister who supported the disestablishment of the Anglican Church, reform of the franchise, and repeal of the corn laws. Trained as railway engineer before becoming journalist for the *Economist*. Then private scholar. Became famous as sociologist and arch-opponent of socialism in late 19thC.

***b. Spencer's Anti-Statism***

At first sight Herbert Spencer appears to be a strict limited government advocate.<sup>76</sup> Government should be strictly limited to protecting property and individual liberty. Anything beyond this Herbert Spencer called "overlegislation" (*The Man versus the State* (1884) originally published in 1853 in *Westminster Review*). Believed that all social ills were the result of the government not doing what it should do (the equal protection of individual property rights), and the government engaging in "overlegislation". Similar to Bastiat's explanation of "disturbing factors." Herbert Spencer's view in 1843:

**We conceive that the great family of ills that have been for so long preying on the national prosperity... are all the offspring of one primary, and hitherto almost unsuspected evil - overlegislation... We can discover no remedy for our social maladies but a stringent regulation which shall confine our governors to the performance of their primitive duty - the protection of person and property. (Wiltshire, p. 139)**

Herbert Spencer presents a typical "strict limited government" view in chapters "The Duty of the State" and "The Limit of State Duty" in *Social Statics* (1851). Objected to following:

- establishment of the Anglican Church
- government control of banking - Peel's act of 1844 ending free baking experiment.
- Corn Laws
- Trade union interference in labour market

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<sup>76</sup>Herbert Spencer, *Social Statics: The Conditions essential to Human Happiness specified, and the first of them developed* (New York: Robert Schalkenbach Foundation, 1970), chapter XIX, "The Right to Ignore the State", pp. 185-94 which Spencer left out in later editions of *Social Statics*. David Wiltshire, *The Social and Political Thought of Herbert Spencer* (Oxford University Press, 1978), chapter 6, "The Limits of State Intervention", pp. 135-64. J.D.Y. Peel, *Herbert Spencer: The Evolution of a Sociologist* (London: Heinemann, 1971), "Anti-Politics of the 1840s" pp. 56-81. Spencer develops his arguments about industrial types of society in Herbert Spencer, *Principles of Sociology*, ed. Stanislaw Andreski (Hamden, Connecticut: Archon Books, 1969).

- public health legislation. Thought it would lead to growth of a new vested interest, the medical bureaucracy, the "genteel unemployed" would get sinecures.
- Poor relief
- state education. Believed it would create uniformity, the veneration of authority, had totalitarian implications, violated property rights of taxpayers. (Compare Herbert Spencer with Wilhelm von Humboldt's very similar views) (pp. 247-9 of SS)

Even though Herbert Spencer argues that the state must exercise police and defence functions, he is very suspicious of this power. His suspicions oblige him to ask the fundamental question whether the state should in fact have this vital function at all. In his evolutionary schema of social and economic evolution Herbert Spencer believed that there would come a time when "men's savageness and dishonesty" would be replaced with "universal uprightness" and respect for the rights of person and property of others. In this future state of society there would no longer be any need for the state and thus individuals could dispense with this necessary evil. The anarchist implications of his argument lead Herbert Spencer to what he calls "a somewhat startling conclusion." (Compare Herbert Spencer from SS p. 237 with Wilhelm von Humboldt p. 84.)

**By dispersing that haze of political superstition through which the state and its appendages loom so large, the foregoing considerations suggest a somewhat startling question. For if, when men's savageness and dishonesty render the administration of justice most necessary, it is impossible; if it becomes possible only in proportion as men themselves become just; and if that same universal uprightness which permits the administration of justice to become perfect also makes it needless, as it evidently must, then we may naturally ask: Can the state really administer justice to all? Does it, looking at society as a whole, secure to the people any fuller enjoyment of their rights than they would have without it? May we not conclude that it takes away from men's liberties in one direction as much as it gives in another? Is it not a mere dead mechanism worked by a nation's moral sense, neither adding to, nor deducting from the force of that moral sense, and consequently unable to alter the sum total of its effects?**

**A strange idea this, some will think: and so at first sight it seems. We have the habit of regarding government in its protective character and forgetting its aggressive one that to ask whether the rights it secures are not about balanced by the rights it violates seems almost laughable. Nevertheless, we shall find that on drawing up a debtor and creditor account the absurdity of the doubt disappears. (SS, pp. 237-8)**

Spencer argued that the state was not an "essential" institution and that it would not necessarily last forever.<sup>77</sup> As society progressed, government would inevitably become smaller and "decay" as voluntary market organizations replaced the coercive political institutions of the state. Using arguments that Molinari was to borrow for his later works (especially his double work on the evolution of societies; *L'Évolution politique et la révolution* [1884] and *L'Évolution économique du XIXè siècle* [1880]), Spencer asserted that this evolution "always [tended] towards perfection.... towards a complete development and a more unmixed good, subordinating in its universality all petty irregularities and fallings back, as the curvature of the earth subordinates mountains and valleys."<sup>78</sup>

Herbert Spencer asks what happens if a number of citizens decide that the costs of being ruled by a particular state eventually outweigh the benefits, what if they decide that the state has become "an aggressor instead of a protector"? (p. 247). Herbert Spencer concludes that they have the right to "secede" from the state in order to either go without state protection or to seek to provide it by some other means. Herbert Spencer comes to this conclusion because he views the strict limited state as "a voluntary mutual protection association" or alternatively as a "joint-stock protection society." (or "mutual safety confederation" p. 185). Thus, if the state itself becomes an aggressor, or if for any other reason a citizen does not believe they are getting value for money from the state, they have the right to go elsewhere for protection. If the state is like a "joint-stock protection society" then, like any other share holder who is unhappy with the performance of the company in which they own shares, they can sell up and invest elsewhere.

Quote p. 247.

**Now, when rightly ordered, the conditions on which this voluntary association offers its services must be such as enable it to afford the greatest amount of protection possible. If otherwise - if it insists on nonessential conditions which prevent some men from accepting its services, or on conditions which unnecessarily compromise the liberty of those men who do accept its services - it manifestly fails to that extent in performing its function... So long as our joint-stock protection society confines itself to guaranteeing the rights of its members, it is pretty certain to be co-extensive with the nation; for while such an organisation is needed at all, most men will sacrifice something to secure its guardianship. But let an additional duty be assigned to it, and there will immediately arise more or less a schism. The dissenting minority, may in such case consist of two parties: the one comprising those who have so**

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<sup>77</sup>*Ibid.*, p. 13.

<sup>78</sup>*Ibid.*, p. 263.

**great a repugnance to the contemplated arrangement as to resolve upon seceding rather than to consent to it, and a larger party consisting of those who grumble at the imposition of additional charges of the doing of what they do not wish to be done but who think well to submit rather than give up the benefits of protection. Toward both these parties the state fails in its duty. The one it drives away by disadvantageous terms, and from the other it extracts sacrifices beyond what are needed for the performance of its original function; and by so doing becomes an aggressor instead of a protector. (p. 247)**

In the chapter XIX of SS "The Right to Ignore the State" Herbert Spencer argues for this right to secede from the state at some length. Gives two reasons why an individual has the right to "adopt a condition of voluntary outlawry" (p. 185) or "to drop connection with the State - to relinquish its protection and to refuse paying towards its support" (p. 185):

- the "law of equal freedom" is universal (p. 185). "Every man has freedom to do all that he wills provided he infringes not the equal freedom of any other man" (p. 95) By withdrawing from the state and refusing to pay taxes for services one no longer uses, one is not violating the equal freedom of any other person. Therefore the state has no just cause to coerce the individual doing this. Furthermore, the principle also applies to the state and all its officials. They cannot legitimately initiate the use of force or deprive anyone of their property without violating this principle, i.e without becoming aggressors themselves.
- Herbert Spencer believes that the government exists for the benefit of individuals and not vice-versa. In fact that there is a contract or understanding between the state and its citizens to provide security. Hence his definition of government "as an agent employed in common by a number of individuals to secure to them certain advantages, the very nature of the connection implies that it is for each to say whether he will employ such an agent or not" (p. 185) Language he uses is related to his idea of the state as a "voluntary mutual protection association" or as a "joint-stock protection society." When state violates contract/agreement to protect individual security then individual has right to seek it elsewhere.
- coercion is evil - state is evil because it must use violence (p. 186). Government is essentially criminal, p. 189.

Key words here are "employ" and "joint-stock" society. However, Herbert Spencer does not take next logical step, i.e. to argue that privately owned competing protection companies could exist to satisfy the security needs of individuals. Herbert Spencer leaves the argument hanging at the point where the individual exercises their right to secede from the state when they believe it has become the aggressor, or when they believe their needs could be better satisfied elsewhere. In other words Herbert Spencer does not say what will replace the state with a monopoly of policing power, other than the rather vague notion of a "mutual safety confederation" or the "joint stock protection society." He also seems to believe that some

individuals will choose to do without organised protection (the state of "voluntary outlawry") or that society will eventually evolve to the stage where organised protection is no longer necessary since individuals have become more moral. Herbert Spencer sometimes talks about "progress toward a condition of social health" (p. 11) where the state will be no longer needed because crime no longer exists.

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

**Herbert Spencer<sup>79</sup>**

Two years after Molinari had first proposed his theory of the "production of security," the English political philosopher, Herbert Spencer, independently pushed free-market liberalism to its anarchist limits in his book *Social Statics*. Spencer deduced from the principle of equal liberty the individual's "right to ignore the state." In a chapter with the same name, which was deleted in later editions of *Social Statics* as Spencer drifted away from his radical anti-statism, he advocated the right of the individual to refuse to pay taxes to the state for the protection of his life and property. Spencer compared this right with the right claimed by the Dissenters to refuse to pay dues to the church and argued that if religious separation and

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<sup>79</sup>Herbert Spencer, *Social Statics* (1851; New York: Robert Schalkenbach Foundation, 1970), p. 185.



independence was just, then this, "if consistently maintained, implies a right to ignore the state entirely."<sup>80</sup> By exercising their natural rights to property and uncoerced activity, the political protestant who refused to pay taxes to the state became a "voluntary outlaw" who merely had exercised his right to "drop connection with the state—to relinquish its protection and to refuse paying towards its support."<sup>81</sup> If the state refused to recognize this right to peacefully withdraw from the state, then "its acts must be essentially criminal."<sup>82</sup>

Spencer's alternative to the coercive monopoly of the state was to convert it into a "mutual-safety confederation"<sup>83</sup> which would provide protection to all who paid its "taxes." Those who decided to secede would be free to make their own arrangements for defense, but Spencer did not go as far as Molinari in arguing that "competing governments" would spring up to provide the security of those who withdrew. He did, however, hint that this would be the case with the statement that

**if, as was shown, every man has a right to secede from the state, and if, as a consequence, the state must be regarded as a body of men voluntarily associated, there remains nothing to distinguish it in the abstract from any other incorporated body.<sup>84</sup>**

Spencer also hinted that this voluntary defense organization would be run on business principles. On several occasions he described it as a "mutual assurance," "insurance" or "joint-stock protection society confine[d]...to guaranteeing the rights of its members."<sup>85</sup> From Spencer's position it would be only a small step to the full free-market competing defense agencies as described by Molinari.

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

## **5. Auberon Herbert**

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<sup>80</sup>*Ibid.*, p. 191.

<sup>81</sup>*Ibid.*, p. 185.

<sup>82</sup>*Ibid.*, p. 189.

<sup>83</sup>*Ibid.*, p. 185.

<sup>84</sup>*Ibid.*, p. 224.

<sup>85</sup>*Ibid.*, pp. 241, 247.

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

**They are...the necessary deductions from the great principle that a man has inalienable rights over himself, over his own faculties and possessions — and those, who having once accepted this principle, who having once offered their allegiance to liberty, are prepared to follow her frankly and faithfully wherever she leads, will find, unless I am mistaken, that they are irresistibly drawn step by step to the same or to very similar conclusions.<sup>86</sup>**

He was aware that there were few men who were prepared to "loyally submit themselves to a great principle" and accept the conclusion that "if the great principle justifies itself anywhere, it justifies itself everywhere."<sup>87</sup> Herbert, however, was such a man and he was prepared to go even further than Spencer in defending the right of the individual to refuse to pay taxes to a coercive government.

Like Molinari, Herbert believed that, if the market were given a chance to operate free from the restrictions of the state, "every want that we have will be satisfied by means of a voluntary combination."<sup>88</sup> He extended Spencer's idea of the joint-stock protection society and argued that a "system of insurance" would develop on the free market whereby "voluntary protective associations of every kind and form" would replace the monopoly of the state.<sup>89</sup> These protective associations would be financed by "voluntary taxes"—insurance premiums in Molinari's system—paid by those individuals who voluntarily placed themselves under the jurisdiction of each association. In this "deofficialized" fully voluntary society.<sup>90</sup>

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<sup>86</sup>Auberon Herbert, "The Right and Wrong of Compulsion by the State," in *The Right and Wrong of Compulsion of the State, and Other Essays*, ed. Eric Mack (Indianapolis, Ind.: Liberty Classics, 1978), pp. 176-77. Molinari did become aware of Auberon Herbert's views well after he had developed his free-market anarchism. Herbert's book, *A Politician in Trouble about His Soul*, was reviewed by Yves Guyot in the *Journal des Économistes*, 4th ser. 30 (1885):246. In addition, many of Spencer's books were translated into French and reviewed in the *Journal des Économistes*, but, surprisingly, not *Social Statics*.

<sup>87</sup>Herbert, "The Right and Wrong," pp. 177, 178.

<sup>88</sup>*Ibid.*, p. 185. Herbert argues for "Friendly voluntary cooperation as free men and women, for all public wants and services" ("Mr. Spencer and the Great Machine," in *The Right and Wrong*, p. 303).

<sup>89</sup>Herbert, "The Right and Wrong," pp. 186-88.

<sup>90</sup>Herbert, "The Principles of Voluntaryism and Free Life," in *The Right and Wrong*, p. 378.

**the state should compel no services and exact no payments by force, but should depend entirely upon voluntary services and voluntary payments... it should be free to conduct many useful undertakings. . .but that it should do so in competition with all voluntary agencies, without employment of force, in dependence on voluntary payments, and acting with the consent of those concerned, simply as their friend and their adviser.<sup>91</sup>**

The similarity of Herbert's ideas to those of Molinari is quite striking and, again, there is no evidence suggesting that he had ever read or even heard of Molinari. Neither Spencer nor Herbert went as far as Molinari's suggestion that these voluntary defense agencies would be fully professional business organizations whose prices would be determined on the market by competition. They merely limited themselves to criticizing the monopoly of the state and arguing that the individual had the right to organize freely.

Herbert faced the same problem that Molinari had with labeling his philosophy. Like Molinari, he rejected the term "anarchism," which he associated with the socialism of Proudhon and the terrorism of the "detestable bomb," even though he was quite tolerant of Tolstoy's and Benjamin Tucker's "most peaceful and reasonable forms."<sup>92</sup> Herbert argued that the "sane, peaceful and reasonable section of anarchists," Tucker for example, were mistaken in their rejection of "government." He argued, like Molinari, that even in a fully free society there would exist a need for protection from aggression. Any organization which provided this service was called a "government," even if it did not have monopoly; thus the protective associations of the anarchists merely provided a government decentralized "to the furthest point, [split] up into minute fragments of all sizes and shapes."<sup>93</sup> In Herbert's mind, a true "anarchist" wished to do away with all organized forms of protection and, since this was impossible given human nature, "anarchy, or 'no government,' is founded on a fatal mistake." Thus

**by the necessity of things, we are obliged to choose between regularly constituted government, generally accepted by all citizens for the protection of the individual, and irregularly constituted government, irregularly accepted, and taking its shape just according to the pattern of each group. Neither in the one case nor in the other case is government got rid of.<sup>94</sup>**

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<sup>91</sup>*Ibid.*, p. 390.

<sup>92</sup>Herbert, "Mr. Spencer," p. 311.

<sup>93</sup>Herbert, "The Principles of Voluntaryism," p. 383.

<sup>94</sup>*Ibid.*

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

## **6. A True Liberal Anarchist: Gustave de Molinari (1819-1912)**

Importance of Molinari is that he is the first liberal political economist to extrapolate from contemporary business practice to suggest ways in which non-state, private protective agencies might operate. The Utopia of competing private protection companies. His solution literally takes up Herbert Spencer's idea of a "joint-Stock" protective agency. GM believes protection could be privately provided by:

- private police companies
- insurance companies
- local, privately owned communities/municipalities

### **a. Biography of Molinari**

Born in Belgium 1819. Went to Paris in 1840 to teach economics at the Collège de France. Joined the liberal Société d'économie politique, and active in Bastiat's Association pour la liberté des échanges. Active journalist during 1840s especially on free trade, railway development and slavery. Wrote for in Bastiat's free trade journal *Libre échange*, the *Journal des économistes*, and the *Dictionnaire de l'économie politique*. After coup d'état of December 1851 GM returned to Belgium to teach economics. Returned to Paris in 1860 to resume career as journalist. Editor of the *Journal des débats* 1871-76. Editor of JDE 1881-1909 (90 years old). Wrote extensively on economic issues, socialism, free trade, peace, natural law, the evolution of the state.

### **b. Molinari's Liberal Anarchism**

First presented ideas in essay "The Production of Security" in the JDE in February 184? Shared Bastiat's view of the dichotomy between natural and artificial order. GM believes that natural order grows out of the actions of self-interested individuals in the free market, voluntary exchange and the division of labour. Asks the key question posed by the strict limited state liberals like Wilhelm von Humboldt: why is government unique, why should it be the only institution in society not subject to the benefits of free competition. Asks, if liberal political economists believe in competition and "liberté du travail" (freedom to enter into any occupation without restriction) because it provides goods and services cheaply and efficiently, then why is this same principle not applied to government services. Economic laws "admit no exceptions" p. 4. GM believes the onus is on them to show why government is such a special case that competition should not be applied. Recall Wilhelm von Humboldt's explanation that security is only thing which individual cannot supply for themselves unaided.

Gustave de Molinari - “this rigorous implication of the principle of free competition” (p.3) must be applied in order to protect the interests of consumers.

Gustave de Molinari argues that if competition in the provision of government services is not permitted there are 2 alternatives, monopoly or communism p. 5. In the case of monopoly, Gustave de Molinari means the case of a king seizing the monopoly of police and defence forces through war and conquest. By communism he means that all consumers of security or their representatives control the industry by raising taxes and supervising it themselves. But as a liberal Gustave de Molinari opposes both monopoly and communism as inefficient ways to produce any good or service. Gustave de Molinari concludes that the free market should be allowed to provide security just as it does for any other good or service, and for exactly the same reasons.

How did Gustave de Molinari come to this radical extension of free market ideas? One explanation is that the use of the metaphor of a free society as a kind of "joint-stock" protection association with the citizens as "shareholders (Herbert Spencer's words) eventually led to Gustave de Molinari seeing it literally in this way. Gustave de Molinari used very similar language. Likened society to a mutual insurance company with the taxpayers as the payers of insurance premiums (i.e. taxes). It is only a small step from seeing the provision of security as a metaphor to actually believing that this could happen. Gustave de Molinari first to make this step.

Another explanation might lie in Gustave de Molinari's natural rights philosophy of individual liberty and property. Both Herbert Spencer and Gustave de Molinari believed that the individual had a natural right to dispose of their person and property in any peaceful way they saw fit. This included the right to withhold their taxes if they thought the state was no longer able to protect their property adequately. Both also believed that the reason why individuals would do this is because the state itself had become the aggressor rather than the protector of their rights. When this occurs, both Herbert Spencer and Gustave de Molinari believed individuals had the right to seek alternative suppliers of security services or “producers of security” (p.12). Only Gustave de Molinari however, argued that other individuals had the right to supply that service competitively on the free market. Both also believed that if the state forced individuals to contribute taxes when they had peacefully withdrawn or seceded from the state, then the state had become the aggressor. If the state allowed individuals to compete with it in the supply of security, then it would lose its monopoly and cease to be a state.

### ***c. The Production of Security—1849.***

Molinari's most original contribution to political and economic thought is his thesis that the market can provide more cheaply and more efficiently the service of police protection of life, liberty and property.

Hitherto, this had been considered to be the monopoly of the state, and it was Molinari's insight that the laws of political economy could and should be applied to the management of state functions.<sup>95</sup> His attempt to apply economic laws to the state led him to conclude that the market could in fact replace the state monopoly of police as well as the provision of roads, lighting, garbage collection, sewerage and education. Molinari argued, in summary, that if the market was more efficient in providing people with shoes or bread then, for exactly the same reasons, it would be better to hand over all monopoly state functions to the market. Thus the argument is tacitly made that "proprietary anarchism"<sup>96</sup> is inherent in the logic of the free market and that consistency requires that one pursue the minimization of state power to its logical conclusion, i.e., no government at all.

As far as it can be determined, Molinari's first efforts in applying the laws of political economy to the state were made in a short essay printed in the *Courrier français* in July 1846,<sup>97</sup> in which he likened the state to a "grand mutual insurance company." In his ideal state, individuals would only form a society in order to guarantee their security from outside threats. Only those who consent to "take part in a society"<sup>98</sup> would become members of the association. Only those who realized the benefits of organized society would be prepared to make the sacrifices necessary to sustain it. The individual members of the society would be required to "contribute to the maintenance of the government charged by society with the maintenance of security for the profit of all [its members]."<sup>99</sup> However, it is unclear whether Molinari accepted the idea that consent should be available to individuals who now compose the society (one of the major arguments of the anarchists) or whether this "act of incorporation" had taken place at one time in the past and was

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<sup>95</sup>"We have been accustomed to believing that government—charged with a sublime mission—has nothing in common in its establishment and functioning with the multitude of other enterprises. Similarly, no one has ever thought that the laws which apply to it are the same as those which apply to the others" (Molinari, *Cours d'économie politique* 2nd ed. rev. and enl., 2 vols. [1855; Paris: Guillaumin, 1863], 2:515, 521).

<sup>96</sup>It will be argued in section 2, which follows, that there are two main kinds of anarchist thought: "left-wing" communist anarchism which denies the right of an individual to seek profit, charge rent or interest and to own property, and "right-wing" proprietary anarchism, which vigorously defends these rights.

<sup>97</sup>Molinari, "Le droit electoral," *Courrier français* July 23, 1846, reprinted in "La liberté de gouvernement II," *Questions d'économie politique et de droit public*, 2 vols., (Brussels: Lacroix; Paris: Guillaumin, 1861), sec. 3.

<sup>98</sup>*Ibid.* p. 271.

<sup>99</sup>*Ibid.*

somehow binding on those living in the present. The latter thought seems to be implicit in this early essay, and it would not be until he published his essay "De la production de la sécurité" in 1849 that he would take the major step of abandoning the binding nature of the original social contract .

In Molinari's future society "where nothing would interfere with the free use of human faculties,"<sup>100</sup> each citizen would have an equal right to equal protection by the state but their contributions to the maintenance of the state would necessarily be unequal. Since each person's attributes and skills were naturally different, the rewards that would come to them as a result of their labor would also be different. Each person would acquire differing quantities of property which the state would have to protect. Molinari thought that the expense of protecting property was proportional to the amount or value of the property to be protected: "to protect each property owner, it expends a sum proportional to the value it is protecting or insuring."<sup>101</sup> The problem that he faced was in determining how much each citizen should pay the state to protect him and his property given that each had an equal right to equal protection and given the differing costs of providing the protection . It was in order to solve this problem that Molinari compared the state to a mutual insurance company and the taxpaying citizens to "stockholders." Thus, as with any insurance company, each should contribute "to the maintenance of society in proportion to the value of his investment, in proportion to the tax that he pays."<sup>102</sup> The rights of the shareholder should be proportional to the amount of his initial capital investment and should include the right to exercise some control over its use:

**In every well organized association, the rights of the stockholder are proportional to the value of his investment. An investment, in effect, represents a certain quantity of labor voluntarily alienated by the investor on the condition that he is able to direct and watch over its employment. If this power of direction and oversight does not correspond to the sacrifice of each member—if, for example, an investor had only as much power as someone who had invested one-half as much—we have a dear injustice, an inequality. In one case there is a diminution and in another an irrational augmentation of rights.**<sup>103</sup>

Molinari concluded that electoral rights, "the right to take part in the management of this great mutual insurance company which we call society,"<sup>104</sup> must also be proportional to property owned and taxes paid.

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<sup>100</sup> *Ibid.* p. 272.

<sup>101</sup> *Ibid.*

<sup>102</sup> *Ibid.*

<sup>103</sup> *Ibid.*

<sup>104</sup> *Ibid.* p. 273.

The alternatives to this "equitable and necessary"<sup>105</sup> property requirement for participation in governing the state were two. Either the lesser property owners were excluded from their fair (proportional) share in the management of the state, thus allowing the rich to concentrate political power in their hands to the detriment of the weak; or if electoral rights were equal for all property owners, such as was the case in the United States, the more industrious would be "at the mercy of the mass of lazy and incompetent men" and there would be "no respect for earned rights, no effective protection of life and property of each."<sup>106</sup> His scheme was designed to secure the "equality of protection" from threats from above and below, a common theme of the free-trade liberals who feared the oligarchy of the rich and powerful just as much as the unrestricted democracy of the mob.

What distinguished Molinari's criticism of democracy, the typical fear of the "displeasure of the people [which would paralyse] the free exercise of individual rights,"<sup>107</sup> from that of a conservative, was his uncompromising defense of the liberty of the individual.<sup>108</sup> In Molinari's eyes, the form of the government was not essential; rather it was the amount of liberty and the security of a person and property that a political system guaranteed that determined how it should be judged.<sup>109</sup> Without liberty for all, including the weak and poor, the powerful would seize the state for their own narrow interests and the result would be the perpetuation of inequality and the destruction of the equal right to protection.

**Under such a system, we know what would result. The large shareholders and those property owners in possession of the franchise would govern society for their own profit. The law which should protect all citizens equally would serve to increase the property of the strong shareholders at the expense of the weak. Political equality would be destroyed.**<sup>110</sup>

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<sup>105</sup>*Ibid.*

<sup>106</sup>*Ibid.* p. 273-74.

<sup>107</sup>*Ibid.* p. 274.

<sup>108</sup>"The true remedy for most evils is none other than liberty, unlimited and complete liberty, liberty in every field of human endeavor" (Molinari, *Journal des Éconornistes* 21 [1848]: 64).

<sup>109</sup>"I prefer governments based upon popular sovereignty. But so-called democratic republics are not at all true expressions of popular sovereignty. These governments are extended monopolies—communisms. Popular sovereignty is incompatible with monopoly and communism.... [Popular sovereignty] is the right of each man to dispose freely of his person and his property and to govern himself". (Molinari, *Les Soirées* p. 310).

<sup>110</sup>Molinari. "Le droit electoral." p. 273.



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

**Whatever inequalities might have existed, inequalities which the extension of liberty would quickly tend to diminish, the rights of the masses would inevitably gain an immediate and serious satisfaction without any threat to the rights of the heretofore privileged minority.<sup>111</sup>**

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

So radical was Molinari's proposal that private, competitive insurance companies could and should replace the state for the provision of police protection of life and property, that the editor of the *Journal des Économistes*, Joseph Garnier, felt obliged to write a short defense of his decision to print the article. Although he criticized the article for "smacking of utopia in its conclusions," he praised the attempt to delineate more clearly the true function of the state, which "up till now has been treated in a haphazard manner."<sup>112</sup> Few political theorists then, as now, were prepared to analyze the assumptions upon which their defense of the state rested. It is to the credit of the *économistes* that at least some of them were willing to do just that and this was recognized by Garnier. Those who "exaggerated the essence and

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<sup>111</sup>*Ibid.*, p. 275.

<sup>112</sup>Molinari, "De la production de la sécurité," *Journal des Économistes* 21 (1849): 277, n. 1. Reprinted in Molinari, *Questions d'économie politique* 1 :245; translated by J. Huston McCulloch. "The Production of Security," *Occasional Paper Series #2* (New York: Center for Libertarian Studies, 1977).

properties of government"<sup>113</sup> had been challenged by Molinari to justify and defend their position, and it is indeed unfortunate that more did not come to adopt his position. The reasons they gave for rejecting Molinari's views will be examined in more detail below, but it should be noted here that they did not squarely face the questions posed by Molinari's radical challenge nor did they do justice to their own ideology.

Molinari opened his essay with the bold and radical division of society into "natural" and "artificial" components. Following in the tradition of the young Edmund Burke, William Godwin, and the early nineteenth-century French liberals Charles Comte and Charles Dunoyer,<sup>114</sup> Molinari viewed the state, or "political society," as "organized in a purely factitious way by primitive lawgivers." Once created, it could also be "amended by other law makers" as society progressed.<sup>115</sup> The distinguishing feature of this society is that

**the government enjoys a considerable role because, as the repository of social authority, the task of modifying and reforming society on a day-to-day basis falls to government.**<sup>116</sup>

This form of society is strikingly contrasted with "natural society" which is "a purely natural fact; like the earth which supports it, it lives and dies by virtue of pre-existent, general laws." These laws of society required no other science than political economy to be explained, and it was the task of the *économistes* to describe the operation of this "natural, social organism."<sup>117</sup>

Unlike "political society", "natural society" arose spontaneously from the needs of individuals, which could be better satisfied by combining into groups. Once in a group, the law of the division of labor began to operate as individuals chose tasks they were better able to fulfill than others. Exchanges of goods immediately followed and a network of voluntary relations was established as each individual pursued his self-interest. Man is "fundamentally *sociable*"<sup>118</sup> because he realizes that only in a group can he best satisfy some of his most pressing needs. One of these is the need for security, both from wild animals and from other human beings, and in response to this need came the "beginning of establishments for the

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<sup>113</sup>*Ibid.*

<sup>114</sup>Concerning the origins of Molinari's thought, see David M. Hart, "Gustave de Molinari and the Anti-statist Liberal Tradition, Part 1." *Journal of Libertarian Studies* 5, no. 3 (Summer 1981), sec. 1.

<sup>115</sup>Molinari, "De la production de la sécurité," p. 277, n. 1.

<sup>116</sup>*Ibid.* p. 277.

<sup>117</sup>*Ibid.*

<sup>118</sup>*Ibid.* p. 278.

purposes of guaranteeing to each the peaceful possession of his person and his goods,"<sup>119</sup> to which is given the name of government. It was the fear of attack on their person or property that led men to organize themselves into societies and then to establish a government. Unfortunately, men erred when they allowed (either from ignorance of political economy or from physical weakness in the face of stronger, better-organized groups) the security business to be monopolized by one group or class. Men have suffered the consequences of this monopoly of government and, lacking a clear alternative, they "resign themselves to the harshest sacrifices rather than do without government, and thus security, never realizing the error of this calculation."<sup>120</sup>

Molinari believed that political economy provided an alternative to the sacrifices that men suffer under the expensive, inefficient and coercive government monopoly of security. He proceeded by stating two "truths" that had been established by political economy and deducing from them two conclusions about the function of government in a free society. If his conclusions followed from his "truths," then his fellow *économistes* would be forced to accept his anarchism or reject two fundamental premises of their philosophy. The two truths were:

**In all things—for all the commodities which satisfy man's material and immaterial needs—it is to the benefit of the consumer that labor and trade remain free, for free labor and free trade mean a necessary and permanent reduction in the price of all goods. The interests of the consumer with regard to any commodity ought to take precedence over the interests of the producer.**<sup>121</sup>

And from this he concluded that:

**In the interests of those who consume this service, the production of security ought to remain subject to the law of the free market.**

**No government ought to have the right to prevent another government from setting up in competition with it, or to impose a monopoly of its services upon consumers.**<sup>122</sup>

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<sup>119</sup>*Ibid.*

<sup>120</sup>*Ibid.* p. 279.

<sup>121</sup>*Ibid.*

<sup>122</sup>*Ibid.* On the distinction between "matériel" and "immatériel" values, see Charles Dunoyer, "Production," *Dictionnaire de l'économie politique* ed. Coquelin and Guillaumin, 2 vols. (Paris: Guillaumin, 1852), pp. 439-50; Molinari, *Cours d'économie politique* 1: 186ff; and Dunoyer, *De la liberté du travail* vols. I and 2, in *Oeuvres de Ch. Dunoyer* (Paris: Guillaumin, 1886), 1 :592. "Immatériel" values

The first conclusion can be reduced to the statement that all "immaterial," or intangible commodities<sup>123</sup> should be subjected to the law of free competition. This is true because all so-called intangible commodities require the use of tangible objects for their production or maintenance. For example, although the feeling of security is certainly intangible, the production of security requires physical objects such as vehicles, buildings, uniforms, weapons and the feeding and clothing of the men employed in its provision. All of these commodities have a price on the free market and, as Molinari would argue, these can be provided at the lowest price and highest quality only in a society with free competition. Similarly, in the twentieth century, the Austrian economist, Ludwig von Mises, has argued that whenever the state monopolizes an industry or even an entire economy (i.e., socialism) it destroys pricing arrangements and creates pockets of chaos. Prices indicate to the entrepreneur the state of supply and the intensity of consumer demand, information which no number of advisers, planning authorities and experts can satisfactorily supply. To the extent that the state blocks competition and pricing agreements from being freely reached, it prevents the rational allocation of resources and keeps the desires of consumers from being met.<sup>124</sup>

The second conclusion can be reduced to the statement that the government does not have the right to prevent any individuals from making any peaceful trade on the free market; nor should any individual be forced to deal with that government or with anyone else not freely chosen by that individual. This is based on the belief that each individual has a natural right to the free use of his person and justly acquired property.<sup>125</sup> No group or individual, therefore, can interfere in anyone's uncoercive activity nor can they

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did not have to be tangible objects; they could be services or skills. The advance made by Jean-Baptiste Say and Dunoyer was to break away from the physiocratic view that only solid objects could have value.

<sup>123</sup>This is how McCulloch translates "immatériel" (McCulloch. "The Production of Security. ")

<sup>124</sup>See Ludwig von Mises, "The Economics of a Socialist Community," *Socialism: An Economic and Sociological Analysis* (London: Jonathan Cape, 1969), pp. 111ff. Also see Murray N. Rothbard, *Man Economy and State* (Los Angeles, Calif.: Nash, 1970), pp. 825ff.

<sup>125</sup>"If the sovereign individual possesses the absolute right to dispose of his person and his property as he sees fit, then he naturally possesses the right to defend them. He possesses the right of free defense" (Molinari, *Les Soirées* p. 310). Molinari explained what he meant by individual and property sovereignty in *L'Évolution politique et la révolution* (Paris: C. Reinwald, 1884): "The Individual appropriates the totality of the parts, including the physical and moral forces, which constitute his being. This appropriation is the result of a process of discovery and recognition of these elements and forces, and of their application to the satisfaction of personal needs—that is their utilization. This is property in one's person. The individual appropriates and possesses himself. He appropriates as well, through another

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

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

**I must say that until now I have recoiled from this rigorous consequence of the principle of free competition.<sup>126</sup>**

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

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

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

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

<sup>126</sup>Molinari, "De la production de la sécurité," p. 279.

Molinari refused to accept any exceptions to the law of free competition and freedom to work and trade, which he considered to be a "complete and absolute" right of the individual.<sup>127</sup> If his colleagues refused to see the consistency of his position, then they were not "pure economists"<sup>128</sup>; it was their responsibility to demonstrate why the production of security should be the sole exception to their dearly held economic principles. *Laissez faire* led a priori<sup>129</sup> to anarchism, Molinari claimed, and if this was to be rejected then some other method of organizing the production of security would have to be found. The only two possible alternatives, in Molinari's view, were monopoly or communism.

**There is nowhere in this world a single enterprise for the production of security, a single government, which is not based upon either monopoly or communism.**<sup>130</sup>

Monopoly led inevitably to "an abusive surtax" and all monopolies, being maintained "necessarily by force,"<sup>131</sup> were therefore abhorrent to those who wished to see force reduced to a minimum in all human relations.<sup>132</sup> When a single commodity was monopolized, whether by a privileged individual or group or by the community itself, partial communism was the result. If all commodities were monopolized, then complete communism was the result.<sup>133</sup> Initially the government had been seized by "the strongest, most bellicose races" and monopolized for their benefit. The only way they could expand their profits from this monopoly was to expand their market by conquest, and seize more "coerced consumers."<sup>134</sup> Thus:

**War is the necessary, inevitable consequence of a monopoly or security... [and] this monopoly must give birth to all others.**<sup>135</sup>

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<sup>127</sup>*Ibid.*

<sup>128</sup>*Ibid.*, p. 280.

<sup>129</sup>*Ibid.*

<sup>130</sup>*Ibid.*

<sup>131</sup>*Ibid.*, p. 281.

<sup>132</sup>"The individual remains completely sovereign only under a regime of total liberty. Any monopoly, any privilege is an attack upon his sovereignty" (Molinari, *Les Soirées*, p. 311). "The liberal school teaches: Destroy monopoly and privilege, restore man to his natural right to freely exercise his industry and he will enjoy full sovereignty" (*ibid.*).

<sup>133</sup>Molinari, "De la production de la sécurité," p. 282.

<sup>134</sup> *Ibid.*

<sup>135</sup>*Ibid.*, p. 282.

Security had begun as the preserve of a privileged minority, "a caste,"<sup>136</sup> but under the pressure of the oppressed masses' demand for freedom, this monopoly was transformed into partial communism, a new monopoly ruled in the name of the masses. Thus gradually, with this important command post of the economy in the hands of vested interests, other sections of the economy became monopolized and communized by those who had the ear of the government. The monopoly of the use of force by the state is the means by which the other monopolies are maintained.<sup>137</sup> The people, then, are faced with two choices, to move towards "total communism or total liberty."<sup>138</sup> If communistic methods of production are more efficient than those of the market, then all production, not just security, should be organized communally. If, on the other hand, the free market is better, then it is better in all areas of production and should be extended to police, law courts and defense.<sup>139</sup> As far as Molinari was concerned "progress will inevitably consist in the replacement of communist production by free production."<sup>140</sup>

Another problem for those who would like the government to maintain its monopoly is that of legitimacy. If people cannot conceive of how the market could provide security services, it is because they view society as an "artifice"<sup>141</sup> in which the government must constantly "change and reform society."<sup>142</sup> In order to do this, the government must have more power than other groups in that society, and this power is based on authority. The two most common ways of justifying this authority of the government have been the appeal to God and to the majority of the people. The former has suffered because of demystification. The people,

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<sup>136</sup>*Ibid.*, p. 284.

<sup>137</sup>"Communism of security is the keystone in the ancient edifice of slavery" (Molinari, *Les Soirées*, p. 318).

<sup>138</sup>Molinari, "De la production de la sécurité," p. 284. This dichotomy is also maintained by the modern Austrian laissez-faire liberal Ludwig von Mises in his *A Critique of Interventionism. Inquiries into the Economic Policy and Economic Ideology of the Present*, trans. Hans F. Sennholz (1929; reprinted., New Rochelle, N. Y.: Arlington House, 1977).

<sup>139</sup>"Or liberty is preferable to communism and, if so, we should liberate all public industries including justice, the police, education, religion, transportation, the production of tobacco, etc." (Molinari, *Les Soirées*, p. 319).

<sup>140</sup>Molinari, "De la production de la sécurité," p. 284.

<sup>141</sup>*Ibid.*, p. 287.

<sup>142</sup>*Ibid.*, p. 284.

**simple mortals without the ear of Providence though they be, discover on examination and reflection that their rulers have governed them no better than they could have done themselves.**<sup>143</sup>

Popular sovereignty is questionable because it can "legally" deprive a minority of its justly acquired property and so, in Molinari's eyes, it loses its moral claim to legitimacy.<sup>144</sup> He concluded that in all regimes "men obey the wielders of authority only insofar as they believe themselves to have an interest in obedience,"<sup>145</sup> and since in all regimes the interests of the governed are constantly being harmed by the privileges of the ruling caste, the governors must ultimately resort to the hangman and to terror. In fact, it makes no difference whether a government is based on a simple monopoly of security or is organized along communist principles:

**Both schools, which are founded upon this artificial organization, necessarily conclude at the same point. TERROR** <sup>146</sup>

For Molinari, and all other anarchist theorists, the only legitimate form of authority is that which is based on the consent of *all* individuals.<sup>147</sup> This form of consensual authority arises "naturally" from society.

**A natural instinct teaches men that their person, the land which they occupy and cultivate, and the fruits of their labor are their property and that no one other than themselves has the right to dispose of it or even touch it.**<sup>148</sup>

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<sup>143</sup>*Ibid.*, p. 286.

<sup>144</sup>"The majority of citizens has the right to establish any industry they might wish and oblige the minority to contribute to the upkeep of these public enterprises" (Molinari, *Les Soirées*, p. 316). "In some countries, the government of the majority spends part of the public wealth to protect fundamentally illegitimate and immoral properties. For instance, in the United States, the government protects the property in slaves of southern planters. There are 'abolitionists' in the United States who rightly consider slavery to be a theft. What matter! The communal system forces them to contribute their goods to the maintenance of this theft" (*ibid.*, pp. 32S-26).

<sup>145</sup>Molinari, "De la production de la sécurité." p. 287.

<sup>146</sup>*ibid.*

<sup>147</sup>Molinari wanted "governments whose services I might refuse or accept of my own free will" (*Les Soirées*, p. 30S).

<sup>148</sup>Molinari, "De la production de la sécurité," p. 288.



From this natural instinct arises the necessity of an "industry which prevents and represses these abusive aggressions of force and fraud."<sup>149</sup> Thus, a man or a group of men, would form a business which would seek customers willing to pay for the protection of their person and property. This would occur for two reasons. Firstly, property ownership is a natural instinct of man, and because its protection is one of man's greatest needs, people would be willing to pay for it. Secondly, the self-interest of the businessman who sees a profit opportunity in the provision of security would take steps to attract customers by offering the best possible service for the lowest price.<sup>150</sup>

Once established, these defense agencies would compete for customers, and before any agreement is reached the potential customer would do the following things. He would determine whether the "producer of security"<sup>151</sup> had the ability to provide the services wanted by the consumers; he would seek guarantees that the business was reputable and that it would not aggress against him instead of defending him against aggression; he would examine the offers of other defense agencies to see whether they offered the same service at a better price or whether they offered a better service at the same price. Molinari believed that the terms offered by the various defense agencies would probably include the following conditions

**to guarantee to consumers complete security for their persons and property and, in case of damage, to pay them an amount proportional to the loss suffered;**

**That the producer would establish certain penalties for offenses against persons and property and that consumers would agree to submit to these same penalties if they were to commit some crime against persons or property;**

**That they would impose certain constraints upon their consumers to facilitate the discovery of wrongdoers;**

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<sup>149</sup>*Ibid.*

<sup>150</sup>"On the other hand, do not all property owners have the same need for justice and security? Consequently, would not everyone sacrifice to satisfy this urgent need, especially since they are incapable of satisfying it themselves or unable to spend a good deal of time and money?"

"Yet, if there are, on the one hand, men prepared to provide for a social need and, on the other, men prepared to sacrifice to satisfy this need, doesn't it suffice to leave each alone so that the demanded good, be it material or immaterial, will be produced and the need satisfied?" (Molinari, *Les Soirées*, p. 328).

<sup>151</sup>Molinari, "De la production de la sécurité." p. 288.

**That, to cover the costs of their production and the natural profit of their industry, they regularly charge a premium which varies according to the condition of the consumer, his occupation, and the extent, value and nature of his property.<sup>152</sup>**

Therefore, in Molinari's future society, the defense agency takes on some of the functions of an insurance company.<sup>153</sup> It levies a premium determined by the value of the property to be insured, recompenses the person insured for any possible loss, and takes steps to ensure that its insurance payments are kept to a minimum. The latter is a police and security guard function which flows naturally from the business of insurance. To reduce payments for stolen or damaged property, the insurance company would ensure that regular patrols be made by security guards to discourage thieves and that every effort be made to catch thieves in order to recover stolen property.

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

**If the conditions necessary for the exercise of this industry are agreeable to consumers, the transaction will occur; if not, consumers will do with out security or go to another producer.<sup>154</sup>**

If the defense agency raises its prices or does not provide adequate service, the disappointed consumers "will always have the ability to give their business to a new or competing entrepreneur."<sup>155</sup> Competition between the agencies to increase or maintain the number of their clients would ensure protection "at a good price with the promptest justice,"<sup>156</sup> thus avoiding the evils of the state monopoly, viz. arbitrary

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<sup>152</sup>*Ibid.*

<sup>153</sup>In *Les Soirées* Molinari speaks of "property insurance companies" (p. 331).

<sup>154</sup>Molinari, "De la production de la sécurité," p. 288. Molinari wrote elsewhere: "Competition among various courts improved justice and made it less costly. Adam Smith attributed the progress of the administration of justice in England to this cause" (Molinari, *Les Soirées*, p. 320). Molinari then quoted Adam Smith, *Wealth of Nations* (London: J. M. Dent, 1933), bk. 5, chap. 1.

<sup>155</sup>Molinari, "De la production de la sécurité," p. 289. And, elsewhere, "[property insurance companies] could neither exploit nor oppress their clients without seeing successful competitors instantly crop up all about them" (Molinari, *Les Soirées*, pp. 331-32).

<sup>156</sup>Molinari, "De la production de la sécurité," p. 289.

justice and bad management, high prices for poor service, and the constant battle of factions to secure the privileges that the state has at its disposal.

With the power of the state dissolved, there would be no mechanism for the central control of the economy, no "broker of privilege and monopoly," and hence no need for war. War is an activity that takes place between states, with their organized armies, conscripted troops, and tax-supported military expenditure. Where there is "freedom of government,"<sup>157</sup> there is no defense agency with a monopoly of power to provoke war. War in fact would become unprofitable because no agency would want to risk the heavy insurance payments that the destruction of property in a war would cause.<sup>158</sup> If a renegade defense agency tried to seek a monopoly, and thus become a state, the consumers "would quickly call to their aid all the free consumers similarly menaced, and they would have justice."<sup>159</sup> The renegade agency would have to conquer each separate company that was in the protection industry. Whereas in warfare between states, the take-over of a nation can be accomplished by seizing a single institution, any attempt to monopolize competing protection companies would be prohibitively expensive. The consumers would benefit from the fact that the security industry was decentralized because it would be more responsible to local and individual needs and because this decentralization would be a considerable barrier to any attempt to reestablish the state. Complete liberty to compete in the protection industry would be the precondition

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<sup>157</sup>*Ibid.*, 290.

<sup>158</sup>"Under this regime, governments could gain nothing by war; on the contrary, they could lose everything. What interest would they have to undertake a war? To increase their clientele? But since consumers are free to be governed as they like, they would immediately slip away from the conquerors. If the conquerors wished to impose their rule, having destroyed the existing government, the oppressed would soon receive the aid of other peoples....

"Wars between companies can only take place if the stockholders are willing to pay the cost. Since war cannot increase a clientele where consumers will not allow themselves to be conquered, the cost of the war can never be covered. Who then would agree to pay for it?" (Molinari, *Les Soirées*, p. 333-34).

<sup>159</sup>Molinari, "De la production de la sécurité," p. 290. "They would unite in their turn and since they possess far greater means of communication than their masters and are one hundred times more numerous than their old oppressors, the holy alliance of aristocracy [the would-be monopolists] would be quickly annihilated. No one thereafter, I swear, would attempt to erect a monopoly" (Molinari, *Les Soirées*, p. 332).

for peace<sup>160</sup> and when this has been achieved "the condition of the different members of society would be the *best possible*."<sup>161</sup>

Molinari believed that the defense agencies would limit themselves to a particular geographic area in order to provide the best service to their clients. This did not mean that each company would have a monopoly within a given area, but it rather reflected the problems of transportation and communication in mid-nineteenth-century Europe. As railways, telegraphs and roads improved, there was no theoretical reason why the clients of any company could not be quite widely dispersed geographically.<sup>162</sup> If such a wide geographical spread were possible, then the market would find the most efficient and profitable way of accomplishing it,<sup>163</sup> provided of course that all artificial restrictions were eliminated.

These ideas were expanded into a chapter in Molinari's remarkable book *Les Soirées de la rue Saint-Lazare* which was published in 1849. He revealed later that his reason for writing the book and for founding the *Économiste belge* was to demonstrate "the *nuisance* of government intervention."<sup>164</sup> In the "Onzième Soiree" he endeavored to explain how his system of "absolute property and complete economic liberty"<sup>165</sup> would operate. Although he repeated his main arguments from "De la production de la sécurité," he also added some important new material on compulsory jury service, how private competitive defense agencies might operate, how foreign invasions might be dealt with, how the government debt might be reduced, and whether nationalism would survive the transition to anarchism.

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

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<sup>160</sup>"As war is inevitable under a regime of monopoly [government], peace is inevitable under a regime of free government" (*Ibid.*, p. 333).

<sup>161</sup>Molinari, "De la production de la sécurité," p. 290.

<sup>162</sup>In *Les Soirées* Molinari suggests that these companies might be quite large (p. 330).

<sup>163</sup>"If this industry were free, we would witness as many companies founded as could be *usefully* formed. Too few, and the high price of security would make the formation of more companies profitable. Too many, and the superfluous ones would quickly dissolve. Thus the price of security would always be held to the cost of production" (*Ibid.*, p. 331).

<sup>164</sup>Molinari, *Cours d'économie politique*, 2:552.

<sup>165</sup>Molinari, *Les Soirées*, p. 303.

**In effect, we not only force taxpayers to support the cost of justice, we oblige them as well to perform the duties of judges. This is pure communism.... In political cases, are not juries more likely to judge according to the color of their opinions, be they red or white. than according to justice?<sup>166</sup>**

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

**within society [there are] some men particularly able to arbitrate the differences that arise among property-holders and to judge crimes against property, others best able to defend persons and property against the assaults of violence and fraud...and others, still, whose natural aptitudes are to be magistrates, policemen and soldiers.<sup>167</sup>**

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

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

**Political economy can say "If such a need exists, it will be satisfied, and it will be better satisfied under a regime of complete liberty than under the other." To this principle there is no exception! Nevertheless, political economy can never say how such an industry will be organized and what its technical procedures will be.<sup>168</sup>**

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<sup>166</sup>*Ibid.*, pp. 322-24.

<sup>167</sup>*Ibid.*, pp. 327-28.

<sup>168</sup>*Ibid.*, p. 329.

He believed that even with just one year's preparation the market would be able to provide a full range of services such as judges, soldiers and police.<sup>169</sup> To those who would scoff at the possibility of this revolution being achieved at all, let alone in one year, Molinari compared the present with the tightly controlled economy of the medieval community. If one had described to a medieval guildsman the massive growth in industry, the cheapening of prices and the increase in the number and quality of goods available on the market which would occur once the medieval restrictions had been cast aside by the industrial revolution, his response would have been one of disbelief. Such a concept would be beyond his understanding. Similarly with the production of security: what is inconceivable today, the market, if left alone, would supply tomorrow.<sup>170</sup>

Molinari also expanded his description of how an insurance company might operate in a totally free and competitive society. To ensure the security of the entire community, it is most likely that the various companies would cooperate in a manner similar to that of the various contemporary security forces. Just as local, provincial, and national forces cooperate to catch criminals, private companies would do likewise because it would be in their economic interest to do so. They would set up common facilities and perhaps share information on criminals because this would lower their costs and provide better security, thus attracting more customers to their businesses.<sup>171</sup>

If a country were threatened with an external invasion, it would be the companies and their clients who were directly threatened with the destruction of their property and the loss of their lives. Thus, they would again cooperate in the defense of their mutual interests. Molinari suggested that the companies would ask their clients for an additional premium to cover the costs of the extraordinary defense measures. If their

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<sup>169</sup>"I assert that, if a community gave notice that at the end of a certain period, for example one year, it would no longer pay judges, soldiers and policemen, a year later this community would not have any fewer tribunals and governments ready to operate. And I add that if in this new regime each had the right to freely practice these professions and to freely purchase their services, then their security would be the best and the most economical possible" (*Ibid.*).

<sup>170</sup>"If anyone had said that, in place of the mean and pitiful industries of the guilds, liberty would bring immense manufactures producing cheaper and more perfect goods, they would have given this dreamer short shrift. The conservatives of the day would have sworn to their gods that this was inconceivable" (*Ibid.*, p. 330).

<sup>171</sup>"They would cooperate as monopolist and communist governments cooperate today, because they would have an interest in doing so. The greater the mutual assistance they lend one another in the capture of thieves and murderers, the more they lower their own costs" (*Ibid.*, p. 331).

clients refused, this would indicate that they would prefer to run the risk of the invasion than pay the extra premium. They would be exercising their rights as free individuals to determine in what manner their property was to be used and what risks they were prepared to accept—rights which were not granted in a society where a military and political elite determine how taxpayers' money is spent. If those insured, however, considered the risks great enough to pose a threat, they would willingly pay the additional amount necessary to allow the companies to take extra precautions. In the fully free society of the future, however, Molinari believed that the risks of interstate war would no longer exist because the leviathan state monopolies would gradually dissolve into competing, free-market insurance companies. Standing armies would also disappear because they would be too expensive to maintain without conscription and taxation. War, as we know it, would no longer exist.<sup>172</sup>

As for the problems of the transition period from "monopolist or communist governments [to] free governments,"<sup>173</sup> many of these could be solved by the sale of government property such as roads, canals, rivers forests, buildings and equipment from public services. For example, the public debt could be completely paid off, Molinari believed, because the assessed value of all publicly owned property in France was greater than the value of the debt. The sale of this property would not only help to transfer it to private ownership, but would also pay off the state's financial liabilities in an orderly fashion.<sup>174</sup>

Furthermore, state coercion prevents formation of a true feeling of national identity. Most nations are "incoherent agglomerations of peoples formed by violence and most often maintained solely by violence,"<sup>175</sup> and are torn apart by the legitimate efforts of these suppressed groups to form their own governments and determine their own futures, free from the political intervention of a ruling class, often

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<sup>172</sup>"What would be in the best interests of these companies? It would be to repel invaders, for they would be the first victims of an invasion. They would, therefore, cooperate in this defense and they would charge their subscribers a premium to preserve them from this new danger. If these clients prefer to run the risks of an invasion, they would refuse to pay. If not, they would pay and thus provide the companies with the means to stave off the invasion" (*Ibid.*, p. 333). "I conclude that war would be materially impossible under this regime, since no war can be made without an advance of money" (*Ibid.*, p. 334).

<sup>173</sup>*Ibid.*, p. 335.

<sup>174</sup>"Don't you think that by selling all of the property which is now public—roads, canals, rivers, forests, local administrative buildings, and public materials—we could successfully retire the public debt? This debt is no more than six billions. The value of the public property of France is far greater than that" (*Ibid.*).

<sup>175</sup>*Ibid.*

of a different nationality. The concepts of "nation" and "government," Molinari warned, should not be confused. A nation can exist because of common customs, language, heritage and civilization, and it is irrelevant how many "governments" or defense companies there are within this nation. As long as these companies do not erect artificial barriers that restrict trade or the movement of people and do not engage in hostilities with each other, the people of this nation would be free to enjoy their common heritage or customs. Monopoly governments, on the contrary, divide national groups in order to more easily rule them, using the principle of "divide and conquer."<sup>176</sup> In a society where there is "freedom of government" a nation would willingly accept a plurality of defense agencies just as it accepts the usefulness of more than one bank, one school system, one church and one grocer's shop.<sup>177</sup> Such a system would also see the multiplication of voluntary ties connecting all national groups and would do much to reduce international tension and misunderstanding.

***d. Latter Developments in Molinari's Anti-Statism***

Gustave de Molinari developed his ideas on private, competitive protection companies in later writings for the next 40 years. In the *Cours d'économie politique* (1855) he argued that the "era of competition" was in the process of gradually replacing the "era of monopoly" (terms also used by B. Constant in 1815) in all areas of society. As the efficiency, low cost and morality of free competition became increasingly apparent, more and more monopolies (including that of protection/security) would be exposed to free competition. Gustave de Molinari believed this monopoly would be the last monopoly to be eliminated, mainly because it was the sole cause of monopolies in the first place. The vested interests created by the other monopolies had to be overcome before the final monopoly itself could be overcome. Basically Gustave de Molinari thought of the government as an ulcer on society which the free market would ultimately succeed in destroying.

Thirty years later Gustave de Molinari was still arguing for the ending of all government monopolies. In *L'évolution politique et la Révolution* (1884, but serialised in JDE) he developed a new argument. Now believed that proprietary communities (acting as private companies) will emerge to provide all public

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<sup>176</sup>*Ibid.*, p. 336.

<sup>177</sup>"The instinct of nationality will react against the barbarous divisions and artificial antagonisms imposed upon a single people and the disunited fractions of this people will tend incessantly to attract one another.... Let the diversity of governments cease to require the separation and division of peoples and you will witness the same nationality willingly governed by several. A single government is no more necessary for the unity of a people than a single bank, a single educational system, a single religion or a single grocery store, etc." (*Ibid.*).



services such as street lighting, roads, sanitation, electricity and security to those who live in them. These communities will be built by entrepreneurs (developers?), who would charge a fee to each person who lived in the community for the services provided. If the inhabitants did not like the fee or the service they could "secede" by moving to another community more suited to their needs.

In his last work on the subject, the years of isolation and criticism had taken their toll. In *Esquisse de l'organisation politique et économique de la société future* (1899) Gustave de Molinari had largely abandoned his original idea of private, competing security companies, and even his later idea of privately developed proprietary communities. He now advocated a view which is very similar to that of the New Right today, that the nation itself, rather than individuals, would subcontract out to companies for the efficient provision of public services, including protection. The state would retain its geographic monopoly but would tender services to competitive bidders, the winner of which would have the right to provide the service in a given place for a given period of time.

***e. Proprietary communities and the right to secede.***

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

**A day will nevertheless come, and perhaps this day will not be put off as long as one might believe considering the retrograde movement imposed upon civilized societies by the revolution; a day will come, we assert, when "political servitude" will lose all reason for existence and liberty of government, otherwise known as political liberty, will be added to the framework of other liberties.<sup>178</sup>**

He was still convinced that governments of the future free society would take the form of insurance companies that would compete for customers on the market.<sup>179</sup>

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<sup>178</sup>Molinari, "La Liberté du gouvernement," in *L'Évolution politique*, chap. 10, sec. 5., p. 381. Elsewhere Molinari described "the liberty of government" as "a logical and necessary complement to the liberty of industry" (*Les Lois naturelles de l'économie politique* [Paris: Guillaumin, 1887], p. 260).

<sup>179</sup>"Government will be nothing more than free insurance corporations guarding life and property" (Molinari, *L'Évolution politique*, p. 381).

What was new in his discussion was an argument that entire villages, suburbs or quarters could be built and owned by private bodies, thus permitting competition in the provision of "public goods" such as lighting, roads, public works, sanitation, etc. Molinari envisaged farsighted entrepreneurs who would purchase property in an area in which they thought people would want to live. They would choose land which was suitable because of its situation, accessibility and healthy condition and then design appropriate buildings, roads, schools, churches, theaters and meeting halls. This "proprietary company"<sup>180</sup> would also provide well-paved and lit roads, drainage, water, public transport, water, gas and electricity to all the homes and, most importantly, security of property and person in order to attract as many people as possible to come and live in their city. These services could be provided by the company itself or by subcontractors specializing in the various fields of transport, public utilities and sanitation. All services would be paid for by rents levied by the company on the inhabitants, and the administration of the community would be either left in the hands of the company itself or handled by special organizations be set up for this purpose.<sup>181</sup>

If there were several such realty companies within a single city, their rational self-interest would ensure that their roads, drainage, gas, electricity and public transport were compatible in order to lower costs and improve service. Most likely some form of permanent organization would be established to solve difficulties as they arose and to coordinate future planning. If problems remained or if serious disputes occurred between the property holders, then mutually agreed upon arbiters or tribunals would be turned to for a decision.<sup>182</sup> Whether a city was owned by a company, by shareholders or by individuals, some form of organization would arise which would be able to make decisions on matters of common interest.<sup>183</sup> As

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<sup>180</sup>*Ibid.*, p. 398. See also Molinari, *Les Lois naturelles*, pt. 4, chap. 14, "La Constitution naturelle des gouvernements. La Commune. La Province. L'Etat."; and chap. 15. "La Liberté de gouvernement."

<sup>181</sup>Molinari suggested an "urban agency" or a "rent collector's office" to manage local affairs. (Molinari, *L'Évolution politique*, p. 391.)

<sup>182</sup>"There are necessary relationships of mutual interest for the joining of roads, sewers and gas lines, the establishment of trams, etc.; they would be consequently obliged to form a permanent union or syndicate to regulate the various questions and other affairs resulting from the juxtaposition of their property. Under the influence of the same necessities this union would extend to neighboring rural communes. Ultimately, any disputes among the individual members would have to be brought before arbitrators or tribunals for settlement" (*Ibid.*, p. 392).

<sup>183</sup>Somewhat later (1887) Molinari considered some services as having a naturally collective character, such as roads, police, and sanitation, which could only be provided "communally" and not "individually"

with his plan for an ideal electoral system which he published in 1846,<sup>184</sup> Molinari thought that any common body would be arranged so that those who had the most property had proportionally the greater say in matters which affected the community. It was his intention that property owners should have a means of protecting their property from those who had no property or who wished to increase their property at the expense of others. Thus he wished to model his "city governments" on the limited liability and joint stock companies that had revolutionized business practices. If there were any fear that the larger property owners would use their wealth to exploit the poorer or smaller property owners, the latter could withdraw at any time and "secede" from the organization. They could annex themselves to neighboring cities or villages or even form a smaller "city" of their own.

**These unions would always be free to dissolve themselves or annex themselves to others.**

**They would naturally be interested in forming the most economic groupings to provide for the inherent necessities of their industry.<sup>185</sup>**

Large property owners would be safe from the "mob" and the smaller property owners would have a means of avoiding the exploitation of the powerful, Molinari believed, only in a system where all property was defended and where individuals had the right to organize their affairs in whatever manner suited

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on the market. Nevertheless he still believed that competition between administrative areas would lower prices and ensure the best service to the citizens. (See Molinari, *Les Lois naturelles*, p. 246.)

<sup>184</sup>See Section 1, "The Production of Security—1849," *supra*.

<sup>185</sup>Molinari, *L'Évolution politique*, p. 393. Molinari explicitly endorsed secession as a means of exercising one's right to self-government: "if the community is a vast one, the inhabitants of a wealthy region, oppressively taxed for the benefit of others or vice versa, could separate themselves from the whole, an act forbidden in the present regime, either to form an independent community or to annex themselves to a neighboring community" (Molinari, *Les Lois naturelles*, p. 263). Molinari believed that left-wing anarchists would quickly learn by experience how necessary a police force and other services would be if they were permitted to form "states" of their own, provided they made some contribution to common defense. Molinari also believed that this right to secede was a "double" one: the commune had the right to secede from the province just as the province had the right to secede from the state. "Undoubtedly, local circumstances could render the right to secede impractical, but as long as we do not insist upon the contiguity of territories as a necessity for the constitution of a state or province—and experience attests that a community or a province may exist as an enclave—then we can quickly convince ourselves that the right of a community or a province to secede will excite enough competition among provinces and states to improve the quality of their services and decrease their cost" (*Les Lois naturelles*, pp. 265-66).

them. This was possible in a society where the state did not have a monopoly on essential services and where individuals were free to form governments of their own choosing.

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

**The future will bring neither the absorption of society by the state, as the communists and collectivists believe, nor the suppression of the state which is the dream of the anarchists and nihilists. It will bring the diffusion of the state within society. That is, to recall a well-known phrase, "a free state in a free society."<sup>186</sup>**

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

**public opinion. . . would rise up against a system with illusory benefits for one class and crushing burdens for others. It would immolate the idol of the state which it today adores, and it would take up once more the work, interrupted by the revolution, of the reform and simplification of the machinery of government.<sup>187</sup>**

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

Molinari concluded *L'Évolution politique* with some extremely optimistic remarks about the necessity of society's progress. Although couched in Spencerian and religious terms, he merely repeated his conclusions which he had first put forward in *Cours d'économie politique* in 1855, that society had reached its final stage with the era of competition.<sup>188</sup> Molinari was so convinced of the inevitability of the market's ultimate success that he felt that no liberal propaganda could equal the effect of the "omnipotent state" itself in convincing people of its harmful consequences. In fact, liberals could fold their arms and let the workings of natural law bring about the society they desired. All they needed to do was to act occasionally to hasten the transformation. They could "level obstacles, accelerate or retard the march of

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<sup>186</sup>Molinari, *L'Évolution politique*, p. 393.

<sup>187</sup>*Ibid.*, p. 500.

<sup>188</sup>"What should reassure us above all is the indestructibility and providential necessity of civilization" (*Ibid.*, p. 504).

humanity, diminish or increase the sum of powers which lead to the mysterious goal which has been assigned to it."<sup>189</sup>

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

**We were acting as amateurs at a moment in history when we might have been able to say, varying a well known statement: "Give us an organisation of revolutionaries, and we will overturn Russia."**<sup>190</sup>

***f. Retreat to monopoly government.***

In spite of the lack of support for his anti-statist ideas, Molinari continued to espouse them as late as 1893.<sup>191</sup> It was not until 1899 that he withdrew from his position of fully competitive insurance companies and adopted a more moderate, semi-monopolistic view. In the *Esquisse*, Molinari still believed that the right of secession from a state was important in reducing the threat of war and revolution. Disaffected groups could form their own communities or even their own states, and inter-state problems could be solved by courts and tribunals applying the same principles of law that were used to settle disagreements between individuals.<sup>192</sup> Molinari continued to describe the functions and duties of the "producers of

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<sup>189</sup>Molinari, *Les Lois naturelles*, p. 276. "The friends of liberty could cross their arms and content themselves with allowing the free play of natural forces to assist the triumph of their doctrines" (*L'Évolution politique*, p. 504).

<sup>190</sup>V. I. Lenin, "What is to be done?" *Selected Works* (Moscow Progress Publishers, 1976), 3: 441-42.

<sup>191</sup>"[The consumer] has the right to accept or refuse [the services of security], to haggle over the price and to demand certain quality, exactly as he would with all other merchandise... [and] to patronize any other producer of security" (Molinari, *Précis d'économie politique et de morale* [Paris: Guillaumin, 1893], pp. 206-208).

<sup>192</sup>Molinari, *Esquisse de l'organisation politique et économique de la société future* (Paris Guillaumin, 1889), pp. 76-77.

security" as he had in his first essay on this question,<sup>193</sup> but a qualification had now been introduced which had not been present in his earlier works. This qualification concerned the consumers of security. Originally, Molinari had believed that each individual had the right to exercise his natural right to defend his own life and property from attack. Since the market had allowed the division of labor to operate, it was likely that individuals would decide not to exercise this right but delegate it to a company which would specialize in this business. At no time, Molinari argued in 1884, did this delegation of rights mean that the individual had given up any of his rights, as some "social contract" theorists claimed. Comparing the production of bread to that of security, Molinari had argued thus:

**I no longer exercise my right to produce bread, but I continue to possess it. In fact, that right is more extensive than before. To the right, which I continue to exercise, of making bread for my own consumption, is joined the right to make it for others, to open a bakery or participate in its establishment through my labor or my capital. My right as a consumer is equally extended, since I can obtain my bread from two producers in place of one, from the baker and from myself. If I buy it from the baker, it is because his bread is better and less costly than the bread I would make myself.<sup>194</sup>**

In the *Esquisse*, Molinari retreated somewhat from this position by suggesting that the nation rather than individual would contract with the competing security companies. These "judicial companies" would remain "completely independent and competitive,"<sup>195</sup> but it would now be the nation or "collective" which would

**contract preferably, through an agent or some other means, with the firm or company which offered the most advantageous conditions and the surest guarantees of the delivery of this naturally collective article of consumption.<sup>196</sup>**

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

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<sup>193</sup>See Section I, "The Production of Security—1849," *supra*.

<sup>194</sup>Molinari, *L'Évolution politique*, p. 404.

<sup>195</sup>Molinari, *Esquisse*, p. 85. Molinari quotes Adam Smith again on the English court system.

<sup>196</sup>*Ibid.*, p. 84.

security services with any number of competing companies. Like churches or bakeries, there could be many businesses providing the same or similar services within the same city or province, limited only by the size of the market and the efficiency and profitability of each enterprise. In the *Esquisse* these "competing governments" had given way to communes or provinces which had a monopoly in the provision of security within their geographic borders. Individuals would not make their own arrangements for security but would appoint delegates or "mandataires" to act on their behalf.<sup>197</sup> Once the contract had been concluded, whether for a short or long period, the mandate of the people's representatives would end and then only a small committee of consumers or their representatives would be necessary to oversee the fulfillment of the contract until its expiration. In some cases even this "rump" would not be necessary if the press and other consumer groups were active.<sup>198</sup> So, even though individuals or groups retained their right to secede from the larger administrative units, they would, in turn, set up monopolistic defense services within their borders. These states would not be very different from existing state monopolies, Molinari believed, because they would retain the most important characteristic of a state—the monopoly of the use of force in a given geographical area. In a society as Molinari described it in the *Esquisse*, states would be more numerous and their services would be cheaper and more efficient because of the competition of "sub-contractors"<sup>199</sup> but the state would still remain a monolithic entity from which the only escape would be to persuade a town or commune to secede. Molinari seemed to have forgotten his earlier insights into the nature of the state monopoly and how it arose. If minorities were unable to convince enough people to join them in seceding from the larger state or if the monopoly states grew too powerful and prevented them from exercising this right, the benefits of what little competition remained in the provision of security would be lost. With each area monopolized by a single defense agency, it would be easy for this company to establish itself as a permanent monopoly and prevent the consumers from taking their business elsewhere. Molinari had argued in "La production de la sécurité" that one of the major benefits of competing defense agencies within the same city or commune was that none would be able to become a monopoly and exclude others from offering their services to the community. Molinari

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<sup>197</sup>Individuals "associate and form a collective numerous enough to make the transaction in an economical and efficient manner. They choose delegates to deal competitively with an enterprise—a firm or corporation—combining the capital and abilities necessary for this protective service" (*Ibid.*, p. 97).

<sup>198</sup>*Ibid.*, pp. 98-99.

<sup>199</sup>"These conditions will not differ, theoretically at least, from those of the present regime for the provision of security except on one point, but it is an essential point: to wit, the provider [of security] will be obliged to pay to any insured who has been the victim of a crime against life or property an indemnity proportional to the damages suffered, less any restitution from the authors of the crime" (*Ibid.*, p. 84).

seemed also to have forgotten his arguments directed against government by representation. Only by exercising their rights directly could individuals ensure that their interests were protected. This included the right of each individual to determine for himself how his property should be protected and how much he was willing to spend to secure it. If the costs of paying a company were too high, then the individual had the right to decide to do without security or provide it himself. This right was now denied citizens of the commune or city who would be forced to pay for public goods by rents or taxes rather than by paying separate insurance premiums to the company of their choice.

The reason for Molinari's departure from his earlier, more radical position was his increasing emphasis on the spurious distinction between those goods and services which could be satisfied individually and those which were by nature of benefit to the entire community. In "La production de la sécurité" this distinction had been made, but it was argued that the market could provide so-called public goods because the same economic laws were at work. No monopolies were considered necessary, and the monopoly of security was considered both dangerous and inefficient. By 1899 Molinari abandoned this view of monopolies and accepted the need for certain geographic monopolies for the provision of such public goods as street lighting, roads, drainage and security but not, surprisingly, for money or the postal service.<sup>200</sup> He made a distinction between industries which could be provided competitively and natural monopolies, and, although he admitted that these monopolies were harmful to consumers, his only concession to his earlier views on competition was to allow indirect competition.<sup>201</sup> Molinari now argued in *Économie de l'histoire* that the state itself would contract with companies for the provision of security. Through their "mandataires" consumers would not even have direct control of the price or the terms of the contract, and the state itself would ensure that the contract was fulfilled. Thus Molinari fell into the trap of thinking that it was possible to simulate competition, in order to have its benefits, without having it in fact.<sup>202</sup> The result was that Molinari had abandoned his theoretical distrust of all government monopoly and had capitulated

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<sup>200</sup>Molinari, *Économie de l'histoire: Théorie de l'évolution*, p. 218.

<sup>201</sup>"There exists only an ever decreasing number of natural monopolies. These monopolies, starting with the protection of individual life and property and the preservation of the national domain, are administered by the state, and the sub-states of provinces, departments and communities. This administration by the state engenders the same wasting of strength which is in the nature of all monopolies. Nevertheless, it can be alleviated at least in part by an indirect recourse to competition" (*Ibid.*, p. 250).

<sup>202</sup>"It could contract for this administration on a temporary or even unlimited basis with competitive firms or associations providing the necessary material and moral guarantees, limited only by a surveillance over the execution of the contract. In such a case, the price of the product or service could not rise above that of a competitive industry, although the stimulus to improve its tools and procedures would be weaker" (*Ibid.*)



to the position of his early opponents in the *Société d'Économie politique* debate of 1849. Gone were the competing defense agencies and the state monopolies. Gone was the emphasis on the absolute right of each individual consumer to freely choose the company which would protect his or her own person and property from harm. Thus, Molinari had returned to the "night watchman" state of the classical liberals while still believing that "competition" within the government would stop the abuses of this monopoly.

## **7. Conclusion**

All this is pretty fanciful stuff. Some of it is prophetic, especially parts of Gustave de Molinari's theory that private companies could take over the provision of some security services, that proprietary communities could arise organised and planned by developers where all public services could be privately supplied. Reveals two things about 19thC liberal thought: the great hostility that many showed to any activity of the state and the optimism they had about the future progress of society.

I think the liberals discussed here show how reluctant many liberals were to accept any role for the state. Most grudgingly and reluctantly accepted the necessary evil of having a limited state to provide police and protection of person and property. Even JSM said any interference with LF principle was an evil (though perhaps necessary evil). Others rejected even this minimal amount and courted utopian anarchist ideas of private, competitive protection companies replacing the state completely.

The common view that either society will evolve into a truly liberal paradise where all rights to personal liberty and property will be respected, thus making the need for the state disappear, shows how optimistic some liberals were in the mid 19thC about the prospects of liberal reform, deregulation and the expansion of the free market. They really believed that the future was theirs, that deregulation and industrialisation would inevitably and for ever continue in a liberal direction. The theories of liberal anarchism discussed here are of societies of the future where current trends are continued indefinitely.

Questions to ask yourselves: are these theories the aberrations of a couple of utopians? is there something in the logic of natural rights and faith in the free market which leads to this extreme position?

Liberal anarchism did not become widespread. Gustave de Molinari was attacked by his colleagues in the Political Economy Society for his "fantasies." However, it was taken up by a handful of members of the Liberty and Property Defence League in the late 19thC in England, such as the radical individualist Auberon Herbert (a disciple of Herbert Spencer).

One reason liberals did not pursue this utopia was that it soon went onto the defensive against the rise of socialism and trade unionism, the new mercantilism and tariffs. It was more important for liberals to defend their basic liberal values than to discuss the future liberal utopia.

Nevertheless, these ideas are important because they provide us with an insight into mid-19thC liberal thought and its image of the future.



## V. SOCIALIST ADVOCATES OF THE “WITHERED STATE”

### A. 18thC Precursors

### B. 19thC Socialist Anti-Statism

#### 1. August Comte and the Saint-Simonians

Richard Vernon argues that Auguste Comte is very much part of the 19thC drift towards anti-statism.

Vernon argues that AC in the *Système de politique positive* (1851-54)

**called for the dissolution of the nation-state into regional units, sometimes termed *cités*,  
sometimes *républiques*, sometimes *pastries*, sometimes *sociétés civiles*.<sup>203</sup>**

AC’s vision seems to be in the radical French decentralist or federalist tradition and shares a number of ideas with Dunoyer concerning the breakup of the imperial state into municipalities as a result of the evolution of society towards a higher stage of development where “industrials” would rule the world. The links between the circle of Charles Comte, Charles Dunoyer, Augustin Thierry and Saint Simon are quite well known so some similarity in their thinking should be expected.<sup>204</sup> Although the state as we know it was going to vanish or disintegrate as the regime of industrialism took over, it was based upon the assumption that a new spiritual foundation for humanity would take the place of the consensus provided by the state. This would be provided by a revitalised and non-oppressive “triad of family, civil society and state” (Vernon, p. 559). The problem of economic scarcity and the conflict that arises from it would be solved by the abundance provided by the decentralised “*cit *” without much justification in my view. (Vernon, p. 566)

#### 2. Proudhon

*Du Principe F d ratif* (1863)

#### 3. Marx and Engels

Sanderson argues - two Marxian theories of the state (p. 55)

- class instrument theory

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<sup>203</sup>Richard Vernon, “Auguste Comte and the Withering-Away of the State,” *Journal of the History of Ideas* , vol. XLV, Oct-Dec. 1984, no. 4, pp. 549-566. Quote on p. 549.

<sup>204</sup>See Hart and Liggio

- independent parasite theory (2 powerful classes balanced by bureaucrats and politicians who run state) (p. 64) - Bonapartism (Napoleon I & III, Bismarck)

Although the literature on Marx's and Engels' idea of the state is considerable there are only a handful of works which deal with the anti-statist dimension to their political thought.<sup>205</sup> The classic statement on the problem is that of Avinieri who distinguishes between the more straight-forward biological simile of Engels' formulation of "Absterben des Staates" and Marx's more problematical (dialectical) formulation of "Aufhebung des Staates" (Avinieri, 203).

A revisionist account of the debate is provided by Adamiak who argues that Karl Marx and Friedrich Engels were convinced statist who wanted to centralise all power in the name of the revolution (the "spectre of bureaucracy" p. 6 FN), who adopted anti-statist even anarchistic rhetoric as part of a polemical campaign with anarchists and others, that they were playing with words in stating that the "class state" would disappear but that political power in some form would remain in a socialist society, that state ownership of everything would result in the abolition of the state, that the withering away of the state is a Marxist myth (p. 17). Adamiak quotes the irony noted by Alfred Cobban in an essay on "The Frustration of the Enlightenment: The Wars of the French Revolution"<sup>206</sup> in which the idea of popular sovereignty spawned by the French Revolution and much admired by Marx (universal suffrage) as the means to

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<sup>205</sup>Solomon F. Bloom, "The 'Withering Away' of the State", *Journal of the History of Ideas*, vol. VII, January 1946, no. 1, pp. 113-121; Richard Adamiak, "The 'Withering Away' of the State: A Reconsideration," *The Journal of Politics*, vol. 32, February 1970, no. 1, pp. 3-18; John Sanderson, *An Interpretation of the Political Ideas of Marx and Engels* (London: Longmans, 1969); Shlomo Avinieri, *The Social and Political Thought of Karl Marx* (Cambridge University Press, 1968); David McLellan, *The Thought of Karl Marx: An Introduction* (New York: Harper Torchbooks, 1974); Richard N. Hunt, *The Political Ideas of Marx and Engels. Vol. 1 Marxism and Totalitarian Democracy, 1818-1850* (London: Macmillan, 1975); Richard N. Hunt, *The Political Ideas of Marx and Engels. Vol. 2 Classical Marxism, 1850-1895* (London: Macmillan, 1984); Karl Marx. Friedrich Engels, *Staatstheorie: Materialien zur Rekonstruktion der marxistischen Staatstheorie*, ed. Eike Hennig et al. (Frankfurt/M: Ullstein, 1979); John Hoffman, *Beyond the State: An Introductory Critique* (Cambridge: Polity Press, 1995); David McLellan, "Marx, Engels and Lenin on Party and State," in *The Withering Away of the State? Party and State under Communism*, ed. Leslie Holmes (London: Sage, 1981), pp. 7-31.

<sup>206</sup>Alfred Cobban, "The Frustration of the Enlightenment: The Wars of the French Revolution" in *In Search of Humanity: The Role of the Enlightenment in Modern History* (New York: George Braziller, 1960), pp. 181- 193.

“universalise” and thus “abolish” a particular state, has resulted in the “apogee” of the state (Cobban, p. 192)

**a. *Not just the State is “aufgehoben”***

Hunt has useful discussion of the aspects of capitalist or market society which would be transcended in socialist society.

- money
- private property
- transcendence of the division of labour - (Hunt, Vol 2, pp. 213ff) job rotation, end of concentration of factories in towns, women to enter workforce and end DoL in family, end distinction between mind and manual labour, end to specialised public servants who run state (p. 223) (end to “trained caste” and deprofessionalisation of state, p. 224)
- state

**b. *The Verbs used By Marx and Engels “tell the whole story” (Hunt)***

Just as Hunt reminds us that more than the state was to be aufgehoben, so too more things were to be done to the state before it finally could be aufgehoben. Quoting Engels’ remarks from 1891 that the state is (Hunt, Vol. 2, pp. 235-6)

**“at best an evil inherited by the proletariat after its victorious struggle for class supremacy, whose worst sides the victorious proletariat, just like the Commune, cannot avoid having to lop off at once (*sofort möglichst zu beschneiden*).” He also referred to the same process as the “shattering (*Sprengung*) of the former state power.” For neither Marx nor Engels, then, does the state as parasite “wither away” slowly in some extended process; it is *aufgehoben*, dissolved, thrown off, *beseitigt*, smashed, reabsorbed, lopped off at once, shattered - the verbs tell the whole story. (pp. 235-6)**

And a bit later in the discussion (Hunt, vol. 2, pp. 241-2):

**A final note should be added concerning the famous phrase “withering away,” which suggests a long process and which the English-speaking world universally associates with Marx and Engels’ ideas. The phrase derives from Engels’ above quoted sentence in *Anti-Dühring*, “*er stirbt ab*,” which was translated for the first English edition of *Socialism, Utopian and Scientific* in 1892 as “it withers away.” While “*absterben*” in a figurative sense can mean “atrophy,” “wither,” or “fade away,” its primary and literal meaning is “die out,” and is so translated in almost all subsequent editions of the same work Since “withers away” is a dubious translation, since even “*er stirbt ab*” was used only once (never by Marx), one ought really to pay more attention to the other verbs used by the two men in conjunction**

**with the disappearance of the class state. If not so dramatic as “smashed” and “shattered”, nonetheless they suggest a fairly rapid process: breaks to pieces, falls away of itself, ceases to exist, is *aufgehoben*, comes to an end; also: disappears, dissovles, falls asleep, and is surmounted. Taken together the verbs again tell the whole story.**

***c. Friedrich Engels and the Absterben des Staates***

Engels makes his well-known statement that “der Staat wird nicht ‘abgeschafft’, er stirbt ab” (i.e. wither away) in *Anti-Dühring* (1878). Friedrich Engels’s notion of the state (the “class state”) is close to that of many classical liberals. It is controlled by a particular class who has seized control of the state in order to further its own economic interests.

***d. Karl Marx and the Aufhebung des Staates***

Marx used different verbs and different meanings of the same verb to refer to the abolition or transcendence of the state (*Aufhebung*). Hunt (vol. 1, p. 79) agrees with Avinieri’s method of distinguishing between 3 different meanings of *Aufhebung* for Karl Marx

- to abolish (in an old form)
- to transcend or supersede (that old form)
- to preserve (in a higher form)

First use of phrase in 1843 Kreuznach *Critique*. For Marx the state encapsulates the tension which exists between the ideal of universalism and the actual practice of sectional or class interest in the state. In Avinieri’s words

**the way to abolish thus dualism cannot be found within the framework of the state as a separate, partial organisation, since its partiality will always frustrate the attempts at universalism. The solution must be found beyond the state. The life of the individual can achieve universal content only after the framework of the state as a separate and distinct organisation has disappeared...<sup>207</sup>**

The means to achieve this universalism of the state was, strangely enough, the adoption of “universal suffrage” which would end the particularism of the existing state, a situation that was nearly achieved in the Paris Commune of 1870. As stated in the *Communist Manifesto* (1848) the first step in the revolution is to win the battle of democracy, after which the “10 point plan” of the CM would set about using the state for universal and not particularist ends. The end result would be the self-abolition (“self-*aufhebung*” - Avinieri, p. 243) of the state as “public power (lost) its political character” (quoted, in Avinieri, p. 207)

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<sup>207</sup>Avinieri, p. 203.

and as the capitalist system sowed the seeds for its own destruction (Avinieri mentions recent policies such as the introduction of progressive taxation on income, the monopoly powers of the Bank of England used to end free banking, and the use of compulsory purchase of land for railway development). As Avinieri correctly notes, it would not be by severely limiting the power of the state that “freedom” would be achieved, but by “maximising” it in such a way as to make it serve the universal interest (Avinieri, p. 243). In contrast to the radical liberals who also wanted to end the distinction between the state and civil society (by destroying the monopoly of the state in all areas and opening all its activities to competition - thus “civilising” or “marketising” the state), Karl Marx wanted to politicise society by deciding every aspect of economic life by democratic, political means. This would not only break the power of the capitalist owners but also those who controlled Parliament - thus Karl Marx’s “Aufhebung des Staates” would be radically decentralised.

Sanderson notes important passage in *Capital III* where Karl Marx remarks that production requires authority of a “double nature” (Sanderson, p. 104) - an exploitative authority inherent in the capitalist system; and a supervisory authority required for any cooperative undertaking even in a communist society. When the state is “aufgehoben” there still remains the need for local “supervision” of economic activity (which is left undefined, as is the central plan of the entire economy - or the “conductor of the orchestra” (Bloom, p. 120). Compare “the administration of things” not of people.

Bloom notes the use of the phrase “withering away of the state” in a review of the French liberal Émile de Girardin’s book on *Le socialisme et l’impôt* (1850) in which G argued that the state could be largely dispensed with by simplifying its functions and ending coercion by creating a simple, self-regulating system of taxation (Bloom, p. 114). Karl Marx’s response that the liberal desire to abolish taxes conceals a desire to abolish the state, whereas for a communist the abolition of the state could only have meaning as the result of the abolition of classes and class rule. Quoted in Bloom, p. 114 Marx states (like Dunoyer, Karl Marx sees the USA as the most advanced of the liberal states):

**Behind the abolition of taxes there is concealed the abolition of the state. The abolition of the state has meaning only for Communists, as the necessary result of the abolition of classes, with which the necessity of organised force of one class for the suppression of other classes falls away of itself. In bourgeois countries the abolition of the state signifies the reduction of state power to the level it has in North America. There the class contradictions are but incompletely developed; the class collisions are always stifled through the drain of the surplus proletarians to the West; the interference of the power of the state, which is reduced to a minimum in the East, does not occur in the West at all.**

Bloom concludes that Karl Marx was closer to the classical liberals than the anarchists, sharing with them a love of freedom and abhorrence of coercion, but not sharing with them any idea of economic freedom (p. 121).

Hunt has most thorough and subtle account of what Karl Marx & Friedrich Engels might have meant by “the disappearance of the State (Hunt, vol. 2, pp. 231ff). Hunt detects three different meanings of Aufhebung each with its own timetable:

- disappearance of the state as a cadre of professional politicians and bureaucrats - disbanding of professional army, bureaucracy, politicians, judges
- disappearance of the state as system of organised coercion
- creation of workers’ dictatorship and then its disappearance - proletariat seizes power, turns private property into state property, which is its last independent act as a state before it abolishes itself (Hunt, vol. 2, p. 240)

Model Hunt thinks Karl Marx had in mind was French Revolutionary National Convention of 1792: revolution and true democracy lead to the removal of the professional political class and thus the “disappearance of the state” in the first sense in a matter of a few weeks. His summary of Karl Marx’s and Friedrich Engels’ attitudes towards the disappearance of the state is (Hunt, vol. 2, p. 246):

**To sum up, then, Marx and Engels expected the state as parasite to disappear immediately through deprofessionalisation, the state as dictatorship, if required initially, to disappear by definition with the establishment of a new legality, and the state as coercive power to disappear substantially with the end of expropriations and bourgeois resistance, but only completely and absolutely after a new generation had so internalised the rules of social intercourse that no external coercion whatsoever would be required. If the first transcendence would be marked by the formation of a workers’ militia to replace the standing army, the last would be marked when no one remembered any longer the procedure for mobilising that militia.**



## VI. CONCLUSION

### A. The Convergence and Divergence of 19thC Political Traditions

#### 1. The Convergence of Opposing Ideologies in Practical Action

In a discussion of John Stuart Mill's ideas about "The Future of Society" Pedro Schwartz notes what he calls a "convergence of opposing ideologies in practical action". Although he is concerned with contrasting the 19thC paternalistic Tory and the self-help radical, he observes in passing how the 20thC radical has adopted the paternalism of the old Tory and states:

**In the nineteenth century, the enlightened Tory was a paternalist, while the radical egalitarian was a believer in the independence, self-government and personal responsibility of the lower, and indeed all, classes. Today (1972) the matter is less clear, since many egalitarians, if not most, believe in the protection of the working classes and the poor through a comprehensive system of social benefits and social security, which to a nineteenth century radical would have looked paternalistic. Thus apparently, the twentieth century egalitarian has sided with the paternalistic Tory against the self-help radical. In a way this is true and is but another example of that most useful of social mechanisms, the convergence of opposing ideologies in practical action.<sup>208</sup>**

#### 2. Shared Utopianism

utopian dimension to all 19thC political traditions

- Marxism in spite of itself
- hard-headed CL political economists

### B. The Problem of Realisation

common ideal of freedom but radically different means to achieve this end

- evolution vs. revolution
- cooperation vs. coercion
- self-help vs. paternalism
- extension or liberation of market vs. abolition or regulation of market

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<sup>208</sup>Pedro Schwartz, *The New Political Economy of J.S. Mill* (London: Widenfeld and Nicolson, 1972), p. 195.

Mechanisms to maintain this ideal society

- cooperation
- creation of new man, new morality
- market processes

**C. The Transformation of 19thC Political Thought from Anti-Statist Forms to Statist Forms**

anti-statism of late 18th and early 19thC

modernity's love affair with the state