

THE BEST OF THE OLL #53

Gustave de Molinari, “Of the Liberty of Government” (1849)
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“In the name of the principle of property, in the name of the right I possess to provide myself with security, or to buy it from whomever seems appropriate to me, I demand free governments.”



Gustave de Molinari (1819-1912)

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Editor's Introduction

Gustave de Molinari (1819-1912) was the leading representative of the laissez-faire school of classical liberalism in France in the second half of the 19th century. He began working as an economic journalist during the 1840s taking a special interest in the condition of workers and tariff policy. During the 1848 Revolution he worked with Frédéric Bastiat in editing a magazine which he handed out of the streets of Paris urging the rioters not to be swayed by appeals to socialism but to support free markets and limited government. After teaching economics for some years in Brussels and editing the prestigious *Journal des Débats* in Paris, Molinari became the editor of the *Journal des économistes* which he edited for 28 years before he retired in 1909. He continued to campaign against protectionism, statism, militarism, colonialism, and socialism well into his 90s on the eve of the First World War. As he said shortly before his death, his classical liberal views had remained the same throughout his long life but the world around him had managed to turn full circle in the meantime.

In 1849 Molinari wrote two works which challenged the orthodoxy of the classical political economists in Paris. The first was his article "The Production of Security" in the *JDE* in February and then somewhat later this chapter 11 of *Les Soirées* where he argued that even the provision of police and defence services could be better supplied competitively on the free market. His solution was to imagine a future society in which insurance companies would charge premiums to their customers to protect their lives and property against violence or theft. He regarded all monopolies, whether private or public, as suffering from the same problems of not attending properly to the needs of consumers, charging prices above what they would be in a competitive market, hampering innovation, and serving the needs of favoured vested interests.

Les Soirées was written in the form of a dialog between a Conservative, a Socialist, and an Economist, with Molinari obviously supplying the arguments of the latter. It should be noted that the book was written in 1849 soon after the revolution of February and June 1848 when a number of socialist experiments had been undertaken by the Provisional Government.

“On this subject all I can do is conjecture. This, however, is more or less how things would turn out. Since the need for security is still very great in our society, it would be profitable to set up businesses which provide government services. Investors could be certain of covering their costs. How would these firms be set up? Isolated individuals would not be adequate, any more than they would suffice for building railways, docks etc. Huge companies would be set up, therefore, in order to produce security. These would procure the resources and the workers they needed. As soon as they felt ready to operate, these property-insurance companies would look for a clientele. Each person would take out a subscription with the one which inspired him with most confidence and whose terms seemed to him the most favourable.”

“Of the Liberty of Government” (1849)¹

SUMMARY: *On government and its function*² – *Monopoly governments and communist governments.* – *On the liberty of government.* – *On divine right.* – *That divine right is identical to the right to work.* – *The vices of monopoly government.* – *War is the inevitable consequence of this system.* – *On the sovereignty of the people.* – *How we lose our sovereignty.* – *How we can retrieve it.* – *The liberal solution.* – *The communist solution.* – *Communist governments.* – *Their vices.* – *Centralization and decentralization.* – *On the administration of justice.* – *On its former organisation.* – *On its current organisation.* – *On the inadequacy of the jury system.* – *How the administration of security and of justice could be made free.* – *The advantages of free governments.* – *How nationality should be understood.*

THE CONSERVATIVE.

Under your system of absolute property rights and of full economic freedom, what is the function of government? [p. 304]

THE ECONOMIST.

The function of the government consists solely in assuring everyone of the security of his property.

THE SOCIALIST.

Right, this is the “State-as-Policeman” of Jean-Baptiste Say.³

But I in turn have a question to put to you:

There are in the world today two kinds of government: the former trace their origin to an alleged divine right.....

THE CONSERVATIVE.

Alleged? Alleged? Meaning what?

THE SOCIALIST.

The others spring from popular sovereignty. Which of them do you prefer?

THE ECONOMIST.

I want neither one nor the other. The former are monopoly governments and the latter are communist governments. In the name of the principle of property, in the name of the right I possess to provide myself with *security*, or to buy it from whomever seems appropriate to me, I demand *free governments*.⁴ [p. 305]

THE CONSERVATIVE.

Which means?

THE ECONOMIST.

It means governments whose services I may accept or refuse according to my own free will.

THE CONSERVATIVE.

Are you speaking seriously?⁵

“In the name of the principle of property, in the name of the right I possess to provide myself with security, or to buy it from whomever seems appropriate to me, I demand free governments... It means governments whose services I may accept or refuse according to my own free will.”

THE ECONOMIST.

You will soon see. You are a partisan of divine right,⁶ are you not?

THE CONSERVATIVE.

Since we have been living in a republic, I have rather inclined to that persuasion, I confess.

THE ECONOMIST.

And you regard yourself as an opponent of the *right to work*?⁷

THE CONSERVATIVE.

Regard myself? Why, I am quite sure of it. I attest.....

THE ECONOMIST.

Bear witness to nothing, for you are a declared supporter of the right to work.

THE CONSERVATIVE.

But once again, I.....

THE ECONOMIST.

You are a supporter of divine right. Well, the principle of divine right is absolutely identical with that of the right to work.

What is divine right? It is the right which certain families possess *to the government of the people*. Who conferred it on them? God himself.

Just read [p. 306] M. Joseph de Maistre's *Considerations on France* and his pamphlet *The Generating Principle of Political Constitutions*:⁸

“ Man cannot create a sovereign, says M. De Maistre. At most he can serve as an instrument for dispossessing a sovereign and delivering his estates into the hands of another sovereign, himself a prince by birth. Moreover, there has never been a sovereign family whose origin could be identified as plebeian. If such a phenomenon were to appear, it would be a new era for the world.

“It is written: *It is I who make the kings*. This is not a statement made by the Church, nor a preacher's metaphor; it is the literal, simple and palpable truth. It is a law of the political world. God *makes* kings, quite literally so. He prepares royal families. He nourishes them within a cloud which hides their origin. They next appear, crowned with glory and honor. They assume their place.”⁹

All of which signifies that God has invested certain families with the right to govern men and that nobody can deprive them of the exercise of this right.

Now if you recognise that certain families have the exclusive right to carry out that special form of industry which we call government, if furthermore you agree with most of the theorists of divine right, that the people are obliged to supply, either subjects to be governed, or funds, in the form of unemployment benefits to members of these families – all this down through the centuries – are you then properly justified in rejecting [p. 307] the Right to work? Between this oppressive demand that society supply the workers with work which suits them, or with a sufficient benefit in lieu thereof, and this other oppressive that society supply the workers of royal families with work appropriate to their abilities and to their dignity, namely the work of government, or else with a Salary at least to meet minimum subsistence, where is the difference?

THE SOCIALIST.

In truth there is none.

THE CONSERVATIVE.

What does it matter if the recognition of divine right is indispensable to the maintenance of society?

THE ECONOMIST.

Could not the Socialists reply to you that the recognition of the right to work is no less necessary to the maintenance of society? If you accept the right to work for some, must you not accept them for everyone? Is the right to work anything other than an *extension* of divine right?

You say that the recognition of divine right is indispensable to the maintenance of society. How then does it happen that all nations aspire to rid themselves of these monarchies by divine right? How does it happen that old monopoly governments are either ruined or on the edge of ruin?

THE CONSERVATIVE.

The people are in the throes of vertigo.

THE ECONOMIST.

That is a widespread vertigo. Believe me, however, the people have good reasons for liberating themselves from [p. 308] their old despots. Monopoly government is no better than any other. One does not govern well and above all one does not govern cheaply, when there is no competition to be feared, when the governed are deprived of the right to choose their rulers freely. Grant a grocer the exclusive right to supply a particular part of town, forbid the inhabitants of that district to buy any commodities from neighboring grocers or even to provide themselves with their own groceries, and you will see what trash the privileged grocer will end up selling and at what price. You will see how he lines his pockets at the expense of the unfortunate consumers, what regal splendour he will display for the greater glory of the neighbourhood. .. Well, what is true for the smallest services is no less true for the greatest ones. A monopoly government is certainly worth more than that of a grocery shop. The *production of security*¹⁰ inevitably becomes expensive and of poor quality when it is organized as a monopoly.

The monopoly of security is the main cause of the wars which up until our own day have caused such distress to the human race.

“A monopoly government is certainly worth more than that of a grocery shop. The production of security inevitably becomes expensive and of poor quality when it is organized as a monopoly. The monopoly of security is the main cause of the wars which up until our own day have caused such distress to the human race.”

THE CONSERVATIVE.

How should that be so?

THE ECONOMIST.

What is the natural inclination of any producer, privileged or otherwise? It is to raise the numbers of his clients in order to increase his profits. Well, under a regime of monopoly, what means can producers of security employ to increase their clientele? [p. 309]

Since the people do not count in such a regime, since they are simply the legitimate domain over which the Lord's anointed can hold sway, no one can call upon their assent in order to acquire the right to administer them. Sovereigns are therefore obliged to resort to the following measures to increase the number of their *subjects*: first they may simply buy provinces and realms with cash; secondly they marry heiresses, either bringing kingdoms as their dowries or in line to inherit them later; or thirdly by naked force to conquer their neighbours' lands. This is the first cause of war!

On the other hand when peoples revolt sometimes against their legitimate sovereigns, as happened recently in Italy and in Hungary, the Lord's anointed are naturally obliged to force back their rebellious herd into obedience. For this purpose they construct a *Holy Alliance*¹¹ and they carry out a great slaughter of their revolutionary subjects, until they have put down their rebellion.¹² If the rebels are in league with other peoples, however, the latter get involved in the struggle, and the conflagration becomes general. A second cause of war!

I do not need to add that the consumers of security, pawns in the war, also pay the costs.

Such are the advantages of monopoly governments.

THE SOCIALIST.

Therefore you prefer governments based on the sovereignty of the people. You rank democratic republics higher than monarchies or aristocracies. About time!

THE ECONOMIST.

Let us be clear, please. I prefer governments [p. 310] which spring from the sovereignty of the people. But the republics which you call “democratic” are not in the least the true expression of the sovereignty of the people. These governments are extended monopolies, forms of communism. Well, the sovereignty of the people is incompatible with monopoly or communism.

THE SOCIALIST.

So what is the sovereignty of the people, in your view?

THE ECONOMIST.

It is the right which every man possesses to use freely his person and his goods as he pleases, the right to govern himself.

If the sovereign individual has the right to use his person and his goods, as master thereof, he naturally also has the right to defend them. He possesses the right of free defence.

Can each person exercise this right, however, in isolation? Can everyone be his own policeman or soldier?

No! No more than the same man can be his own ploughman, baker, tailor, grocer, doctor or priest.

It is an economic law that man cannot fruitfully engage in several jobs at the same time. Thus, we see from the very beginning of human society, all industries becoming specialised, and the various members of society turning to occupations for which their natural abilities best equip them. They gain their subsistence by exchanging the products of their particular occupation for the various things necessary to the satisfaction of their needs.

Man in isolation is, incontestably, fully master of his [p. 311] sovereignty. The trouble is this sovereign person, obliged to perform himself all the tasks which provide the necessities of life, finds himself in a wretched condition.

When man lives in society, he can preserve his sovereignty or lose it.

How does he come to lose it?

He loses it, in whole or in part, directly or indirectly, when he ceases being able to use as he chooses, his person or his goods.

Man remains completely sovereign only under a regime of full freedom. Any monopoly or special privilege is an attack launched against his sovereignty.

Under the ancien régime, with no one having the right freely to employ his person or use his goods, and no one having the right to engage freely in any industry he liked, sovereignty was narrowly confined.

Under the present régime, attacks on sovereignty, by a host of monopolies and privileges restrictive of the free activities of individuals, have not ceased. Man has still not fully recovered his sovereignty.

How can he recover it?

There are two opposing schools, which offer quite opposite solutions to this problem: the liberal school and the communist school.

The liberal school says: eliminate monopolies and privileges, give man back his natural right to carry out freely any work he chooses, and he will have full exercise of his sovereignty.

“The liberal school says: eliminate monopolies and privileges, give man back his natural right to carry out freely any work he chooses, and he will have full exercise of his sovereignty. “

The communist school says to the contrary: be careful not to allow everyone the right to produce freely anything [p. 312] he chooses. This will lead to oppression and anarchy! Grant this right to the community and *exclude* individuals from it. Let all individuals unite and organize production communistically. Let the state be the sole producer and the sole distributor of wealth.

What is there behind this doctrine? It has often been said: slavery. It is the absorption and cancellation of individual will by the collective will. It is the destruction of individual sovereignty.

The most important of the industries organised *in common* is the one whose purpose is to protect and

defend the ownership of persons and things, against all aggression.

How are the communities formed in which this activity takes place, namely the nation and communes?

Most nations have been successively enlarged by the alliances of owners of slaves or serfs as well as by their conquests. France, for example, is the product of successive alliances and conquests. By marriage, by force or fraud,¹³ the rulers of the Île de France successively extended their authority over the different parts of ancient Gaul. The twenty monopolistic governments which occupied the land area of France at that time, gave way to a single monopolistic government. The kings of Provence, the dukes of Aquitaine, Brittany, Burgundy and Lorraine, the counts of Flanders etc., gave way to the King of France.

The King of France was given charge of the internal and external defence of the State. He did not, however, [p. 313] manage internal defence and civil administration on his own.

Originally, each feudal lord managed the policing¹⁴ of his domain; each commune, freed by the use of force or by buying their way out from the onerous tutelage of his lord, handled the policing of his recognised area.

Communes and feudal lords contributed to some extent to the general defence of the realm.

We can say that the King of France had a monopoly of the general defense and the feudal lords and the burghers of the cities and towns had a monopoly of local defense.

In certain communes, policing was under the direction of an administration elected by city burghers, as in Flanders, for example. Elsewhere, policing was set up as a privileged corporation such as the bakers, butchers, and shoe makers, or in other words like all the other industries.

In England this latter form of the production of security has persisted until modern times. In the City of London, for example, policing was until not long ago still in the hands of a privileged corporation. And what was extraordinarily strange, this corporation refused to come to any agreement with the police of other districts, to such an extent that the City became a veritable place of refuge for criminals. This anomaly was not removed until the era of Sir Robert Peel's reforms.¹⁵

What did the French Revolution do? It took from the king of France the monopoly of the general

defence; but it did not destroy this monopoly. It put it in the hands [p. 314] of the nation, organised henceforth like one immense commune.

The little communes into which the former kingdom of France was divided, continued to exist. Their number was even considerably increased. The government of the large commune had the monopoly of general defence, while the governments of the small communes, under the surveillance of the central government, exercised the monopoly of local defence.

This, however, was not the end of it. Both at general commune level and at individual commune level, other industries were organised, notably education, religion and transport, etc., and citizens were variously taxed to defray the costs of these industries which were organised communally.

Later, the Socialists, poor observers of what was going on if ever there were any, not noticing that the industries which were organized in the general commune or the individual communes, functioned both more expensively and less efficiently than the industries which remained free, demanded the communal organization of all branches of production. They wanted the general commune and the individual communes no longer to limit themselves to policing, to building schools, constructing roads, paying the salaries of priests, opening libraries, subsidising theaters, maintaining stud farms, manufacturing tobacco, carpets, porcelain, etc., but rather to set about producing *everything*.

The public's sound common sense was shocked by this most distasteful Utopia, but it did not react further. People understood well enough that it would be disastrous to produce everything in common. What they [p. 315] did not understand was that it was also ruinous to produce certain specific things in this way. They continued therefore to engage in *partial communism*, while despising the Socialists calling at the top of their voices for *full communism*.

The Conservatives, however, supporters of partial communism and opponents of full communism, today find themselves divided on an important issue.

Some of them want partial communism to continue to operate mainly in the general commune; they support *centralisation*.

The others, on the other hand, demand a much larger allocation of resources for the small communes. They want the latter to be able to engage in diverse industries such as founding schools, constructing roads,

building churches, subsidising theatres, etc., without needing to get the authorization of the central government. They demand *decentralization*.

Experience has revealed the faults of centralisation.¹⁶ It has shown that industries run by the large commune, by the State, supply dearer goods and ones of lower quality than those produced by free industry.

Is it the case, however, that decentralization is superior? Is the implication that it is more useful to free the communes, or – and this comes down to the same thing – allow them freely to set up schools and charitable institutions, to build theaters, subsidize religion, or even also engage freely in other industries?

What do communes need to meet the expenses of the services of which they charged with? They need capital. Where can they get access to it? In [p. 316] private individuals' pockets and nowhere else. Consequently they have to levy various taxes on the people who live in the communes.

These taxes consist for the most part today, in the extra centimes added to the taxes paid to the State. Certain communes, however, have also received authorisation to set up around their boundaries a small customs office to exact tolls. This system of customs, which applies to most of the industries which have remained free, naturally increases the resources of the commune considerably. So the authorisation for setting up tolls is frequently sought from the central government. The latter rarely grants it¹⁷ and, in this, is acting wisely; on the other hand it quite often permits the communes to exert their authority in an extraordinary manner, or to put it another way, it permits the majority of the administrators of the commune to set up an extraordinary tax which *all* the people they administer are obliged to pay.

Let the communes be emancipated, permit the *majority* of the inhabitants in each locality to have the right to set up as many industries as they please, and *force* the minority to contribute to the expenses of these industries organised communally, then let the majority be authorised to establish freely every kind of local tax, and you will soon see as many small, various and separate States being set up in France as one can count communes. You will see in succession, forty four thousand internal customs created in order to meet the local tax bill, under the title *tolls*; you will see in a word the reconstitution of the Middle Ages.

Under this regime, free trade and the liberty of working¹⁸ [p. 317] will be under assault, both by the monopolies which the communes will grant to certain branches of production, and by the taxes which they will levy on certain other branches of production to support the industries operated communally. The property of all will be exposed to the mercy of majorities.

I ask you, in the communes where socialist ideas predominate, what will happen to property? Not only will the majority levy taxes to meet the expenses of policing, road maintenance, religion, charitable institutions, schools etc., but it will levy them also to set up communal workshops, trading outlets etc. Will not the non-socialist minority be obliged to pay these local taxes?

Under such a regime, what happens to the people's sovereignty? Will it not disappear under the tyranny of the majority?

More directly even than centralisation, decentralisation leads to complete communism, that is to say to the complete destruction of sovereignty.

What has to be done to restore to men that sovereignty which monopoly robbed them of in the past; and which communism, that extended monopoly, threatens to rob them of in the future?

“Quite simply the various industries formerly established as monopolies and operated today communally, need to be given their freedom. Industry still managed or regulated by the State or by the communes, must be handed over to the free activity of individuals.”

Quite simply the various industries formerly established as monopolies and operated today communally, need to be given their freedom. Industry still managed or regulated by the State or by the communes, must be handed over to the free activity of individuals.

In this way, man possessing, as was the case before the establishment of societies, the right to apply his faculties freely, to any kind of labor, without hindrance

[p. 318] or any charge, will once again fully enjoy his sovereignty.

THE CONSERVATIVE.

You have reviewed the various branches of industry which are still monopolies, or enjoy privileges or are subject to controls, proving to us, with greater or lesser success, that for the common good such production should be left in freedom. Very well then. I do not wish to return to a worn-out subject. Is it really possible, however, to take away from the State and from the communes the task of general and local defence?

THE SOCIALIST.

And the administration of justice too?

THE CONSERVATIVE.

Yes, and the administration of justice. Is it possible that these industries, to use your word, might be undertaken other than collectively, by the nation and the commune?

THE ECONOMIST.

I would perhaps be willing to say no more about these two particular communisms if you were to agree very frankly to leave me all the others; if you would agree to reduce the size of the State so that henceforth it would be only a policeman, a soldier and a judge. This, however, is impossible!... For communism in matters of security is the keystone of the ancient edifice of servitude. Anyway, I see no reason to grant you this one rather than the others.

You must choose one or the other:

Either communism is better than freedom, and in that case all industries should be organized in common, in the State or in the commune. [p. 319]

Or freedom is preferable to communism, and in that case all industries still organised in common should be made free, including justice and police, as well as education, religion, transport, production of tobacco, etc.

THE SOCIALIST.

This is logical.

THE CONSERVATIVE.

But is it possible?

THE ECONOMIST.

Let us see! Are we talking about justice? Under the old regime the administration of justice was not organised and its workforce paid, communally. It was organised as a monopoly and its workforce paid by those who made use of it.

For a number of centuries, no activity was more independent. It constituted, like all the other forms of material or non-material production, a privileged corporation. The members of this corporation could bequeath their offices or functions to their children, or even sell them. Possessing these offices in *perpetuity*, the judges made themselves well-known for their independence and integrity.

Unfortunately these arrangements had, looked at in another way, all the vices inherent in monopoly. Monopolised justice was paid for very dearly.

THE SOCIALIST.

And God knows how many complaints and claims required the payment of bribes to the judges.¹⁹ Witness the little verse scrawled on the door of the Palais de Justice after a fire: [p. 320]

One fine day, Dame Justice

Set the palace all on fire

Because she'd eaten too much spice.²⁰

Should not justice be essentially free of charge? Now, does not being free of charge entail collective organisation?

THE ECONOMIST.

The complaints were about the justice system receiving too many bribes. It was not a complaint about the bribing itself. If the system had not been set up as a monopoly, if the judges had been able to demand only what was their legitimate payment for their industry, people would not have been complaining about the corruption.

In some countries, where those due to be tried had the right to choose their judges, the vices of monopoly were very markedly attenuated. The competition established in this case by the different courts ameliorates the justice process and makes it cheaper. Adam Smith attributed the progress of the administration of justice in England to this cause. His words are striking and I hope the passage will allay your doubts: [p. 321]

The fees of court seem originally to have been the principal support of the different

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

have invented the artificial and fictitious writ of ejectment, the most effectual remedy for an unjust ouster or dispossession of land.²¹

THE SOCIALIST.

But once again would not a system with no charges be preferable?

THE ECONOMIST.

So you have not yet retreated from the illusion of something being free of charge. Do I need to demonstrate to you again that the administration of justice without charges is more expensive than the alternative, given the cost of collecting the taxes paid out to maintain your free courts and to give salaries to your free judges.²² Need I show you again that the provision of justice at no charge is necessarily iniquitous because not everyone makes *equal* use of the justice system and not everyone is equally litigious? What is more, justice is far from free under the present regime, as you are aware. [p. 322]

THE CONSERVATIVE.

Legal proceedings are ruinously expensive. Can we complain, however, about the present administration of justice? Is not the organization of our courts irreproachable?

THE SOCIALIST.

What! Irreproachable. An Englishman whom I accompanied one day to the Assize Court, came away from the hearing quite indignant. He could not conceive how a civilised people could permit a prosecutor of the Crown or the Republic to engage in rhetoric when calling for a death sentence. He was horror-struck that such eloquence could serve as a purveyor to the executioner. In England they are content to lay out the accusation before the court; they do not inflame it.

THE ECONOMIST.

Add to that the proverbial delays in our law courts, the sufferings of the unfortunates who await their sentences for months, sometimes for years, when the inquiry could be conducted in a few days; the costs and the enormous losses which these delays entail, and you will be convinced that the administration of justice has scarcely advanced in France.

THE SOCIALIST.

We should not exaggerate, however. Today, thank Heaven, we have the jury system.

THE ECONOMIST.

Which means that, not content with forcing taxpayers to pay the costs of the justice system, we also make them carry out the functions of judges. This is pure communism: *ab uno disce omnes*.²³ Personally, I do not think [p. 323] the jury is any better at judging than the National Guard, another communist institution!, is at making war.²⁴

“Which means that, not content with forcing taxpayers to pay the costs of the justice system, we also make them carry out the functions of judges. This is pure communism: ab uno disce omnes. Personally, I do not think the jury is any better at judging than the National Guard, another communist institution!, is at making war.”

THE SOCIALIST.

Why is that?

THE ECONOMIST.

Because the only thing one does well is one's trade or speciality, and the jury's speciality is not acting as a judge.

THE CONSERVATIVE.

So it suffices for the jury to identify the crime and to understand the circumstances in which it was committed.

THE ECONOMIST.

This is to say that it carries out the most difficult, most thorny function of the judge. It is a task so delicate, demanding judgment so sane and so practiced, a mind so calm, so dispassionate, so impartial, that we entrust the job to the chance of names in a lottery. It is exactly as if one drew by lot the names of the citizens who would be entrusted every

year with the making of boots or the writing of tragedies for the community.

THE CONSERVATIVE.

The comparison is forced.

THE ECONOMIST.

It is more difficult in my opinion to deliver a good judgment than to make a fine pair of boots or to produce a few hundred decent rhyming couplets. A perfectly enlightened and impartial judge is rarer than a skilful shoemaker or a poet capable of writing for the Théâtre Français.

In criminal cases, the jury's lack of skill [p. 324] is revealed every day. Sad to say, however, only scant attention is ever paid to mistakes made in the Court of Assize. Nay, I would go further. People regard it almost as a crime to criticise a judgment rendered in court. In political cases does not the jury tend to pronounce according to its opinion, white (conservative) or red (radical), rather than according to what justice demands? Will not any man who is condemned by a conservative jury be absolved by a radical one and *vice versa*?

THE SOCIALIST.

True alas!

THE ECONOMIST.

Already minorities are very weary of being judged by juries belonging to majorities. See how it turns out...

Is the point at issue the industry which supplies our external and internal defence? Do you think it is worth much more than the effort committed to justice? Do not our police and especially our army cost us very dearly for the real services they supply us with?²⁵

In short, is there no disadvantage in this industry of defence being in the hands of the majority?

Let us examine this issue.

In a system in which the majority determines the level of taxation, and directs the use of public funds, must not taxation weigh more or less heavily on certain parts of the society, according to the predominant influences? Under the monarchy, when the majority was purely notional, when the upper class claimed for itself the right to govern the country to the exclusion of the rest of the nation,²⁶ did not taxation weigh principally on the consumption [p. 325] of the lower classes, on salt, wine, meat etc.²⁷ Doubtless the bourgeoisie played its part in paying these taxes, but

the range of its consumption being infinitely wider than that of the consumption of the lower classes, its income ended up, all said and done, much more lightly attacked. To the extent that the lower class, in becoming better educated, will gain more influence in the State, you will see a contrary tendency emerge. You will see progressive taxation, today turned against the lower class, turned against the upper class. The latter will doubtless resist this new tendency with all its powers. It will cry out and protest, quite rightly, against the plunder and the theft; but if the communal institution of universal suffrage is maintained, if a surprise reversal of power does not once again put the government of society into the hands of the rich classes, to the exclusion of the poor classes, the will of the majority will prevail, and progressive taxation will be established. Part of the property of the rich will then be legally confiscated to relieve the burden of the poor, just as a part of the property of the poor has been confiscated for too long in order to relieve the burden of the rich.

But there is worse still.

Not only can the majority of a communal government set the level of taxation wherever it chooses, but it can also make whatever use of that taxation it chooses, without taking account of the will of the minority.

“In certain countries, the government of the majority uses a portion of public monies to protect essentially illegitimate and immoral properties. In the United States, for example, the government guarantees the southern planters the ownership of their slaves. There are, however, in the United States, abolitionists who rightly consider slavery to be a theft. It counts for nothing!”

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Elsewhere, it can come about that the majority, pushed by political intrigue or by religious fanaticism, declares war on some foreign nation. However much the minority are horrified by this war, and curse it, they are obliged to contribute their blood and their funds to it. Once again this is the law of the majority.

So what happens? What happens is that the majority and the minority are in perpetual conflict and that war sometimes comes down from the parliamentary arena into the streets.

Today it is the red minority which is in revolt.²⁸ If this minority were to become a majority, and if using its majority rights, it reshaped the constitution as it wished, if it decreed progressive taxation, forced loans and paper money, who could assure you that the whites would not be in revolt tomorrow?

There is no lasting security under this system. And do you know why? Because it endlessly threatens property; because it puts at the mercy of a majority, whether blind or enlightened, moral or immoral, the persons and the goods of everybody.

If the communal regime, instead of being applied [p. 327] as in France, to a multitude of objects, found itself narrowly limited as in the United States, the causes of disagreement between the majority and the minority being less numerous, the disadvantages of this regime would be fewer. They would not, however, disappear entirely. The recognised right of the majority to tyrannise over the will of the smaller, would still in certain circumstances be likely to cause a civil war.²⁹

THE CONSERVATIVE.

Once again, though, it is not easy to see how industry which provides the security of persons and property, could be managed, if it were made free. Your logic leads you to dreams worthy of Charenton.³⁰

THE ECONOMIST.

Oh, come on ! Let us not get angry. I suppose that after having recognised that the partial communism of the State and of the commune is decidedly bad, we could let all the branches of production operate freely, with the exception of the administration of justice and public defence. Thus far I have no objection. But a *radical economist*, a dreamer,³¹ comes along and says: Why then, after having freed the various uses of property, do you not also set free those who secure the maintenance of property? Just like the others, will not these industries be carried out in a way more equitable and useful if they are made free? You maintain that it is impracticable. Why? On the one hand, are there not, in society, men especially suited, some to judge the disputes which arise between proprietors and to assess the offences committed against property, others [p. 328] to defend the property of persons and of things, against the assaults of violence and fraud? Are there not men whom their natural aptitudes make especially fit to be judges, policemen or soldiers? On the other hand, do not all proprietors, without exception, have need for security and justice? Are not all of them inclined, therefore, to impose sacrifices on themselves to satisfy this urgent need, above all if they are powerless to satisfy it themselves, or can do so only by expending a lot of time and money?

Now, if on the one hand there are men suitable for meeting one of society's needs, and on the other hand men ready to make sacrifices to obtain the satisfaction of this need, is it not enough to allow both groups *to go about their business freely*³² so that the good demanded, whether material or non-material, is produced and that the need is satisfied?

Will not this economic phenomenon be produced irresistibly, inevitably, like the physical phenomenon of falling bodies?

Am I not justified in saying, therefore, that if a society renounced the provision of public security, this important industry would nonetheless be carried out? Am I not right to add that it would be done better in a system based on liberty than a system based on community?

THE CONSERVATIVE.

In what way?

THE ECONOMIST.

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

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Thus I can affirm that if the need for food is plainly visible in society, this need will be satisfied, and satisfied all the better, when each person remains as free as possible to produce food or to buy from whomever he thinks fit.

I can give assurances, too, that things will work out in exactly the same way, if rather than food, security is the issue.

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

THE CONSERVATIVE.

I will still reply to you that this is not conceivable.

THE ECONOMIST.

At the time when the regulatory regime kept industry prisoner within its communal boundaries, and when each privileged corporation had exclusive control of [p. 330] the communal market, people said that society was threatened, each time some audacious innovator strove to attack that monopoly. If anyone had come and said at that time that instead of the feeble and stunted industries of the privileged corporations, liberty would one day build immense factories turning out cheaper and superior products, this dreamer would have been very smartly put in his place. The conservatives of that time would have sworn by all the gods that *such a thing was inconceivable*.

THE SOCIALIST.

Oh come on! How can it be imagined that each individual has the right to create his own government, or to choose his government, or even not choose it...? How would things turn out in France, if having freed all the other industries, French citizens announced by common agreement, that after a year, they would cease to support the government of the community?

“Huge companies would be set up, therefore, in order to produce security. These would procure the resources and the workers they needed. As soon as they felt ready to operate, these property-insurance companies would look for a clientele. Each person would take out a subscription with the one which inspired him with most confidence and whose terms seemed to him the most favourable.”

THE ECONOMIST.

On this subject all I can do is conjecture. This, however, is more or less how things would turn out. Since the need for security is still very great in our society, it would be profitable to set up businesses which provide government services.³³ Investors could be

certain of covering their costs. How would these firms be set up? Isolated individuals would not be adequate, any more than they would suffice for building railways, docks etc. Huge companies would be set up, therefore, in order *to produce security*. These would procure the resources and the workers they needed. As soon as they felt ready to operate, [p. 331] these *property-insurance companies*³⁴ would look for a clientele. Each person would take out a subscription with the one which inspired him with most confidence and whose terms seemed to him the most favourable.

THE CONSERVATIVE.

We would queue up to take out subscriptions. Most definitely we would queue up!

THE ECONOMIST.

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

THE CONSERVATIVE.

How would these free companies arrange things among themselves in order to provide national security?

THE ECONOMIST.

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

By the very nature of their industry, these property-insurance companies would not be able to venture outside certain prescribed limits: they would lose by maintaining police in places where they had very few clients. Within their district they would nevertheless not be able [p. 332] to oppress or exploit their clients, on pain of seeing competition spring up immediately.

THE SOCIALIST.

And if the existing company wanted to prevent the competitors establishing themselves?

THE ECONOMIST.

In a word, if they encroached on the *property* of their competitors and on the sovereignty of all...Oh! In that case all those whose property and independence were threatened by the monopolists would rise up and punish them.

THE SOCIALIST.

And if all the companies agreed to establish themselves as monopolies, what then? What if they formed a *holy alliance*³⁵ in order to impose themselves on their peoples, and if, emboldened by this coalition, they mercilessly exploited the unfortunate consumers of security, and if they extracted from them by way of heavy taxes the best part of the results of the labor of these peoples?

THE ECONOMIST.

If, to tell the whole story, they started doing again what the old aristocracies did right up until our era...Well, then, in that case the peoples would follow the advice of Béranger:

Peoples, form a Holy Alliance

And take each other by the hand.³⁶

They would unite in their turn and since they possess means of communication which their ancestors did not, and since they are a hundred times more numerous than their old rulers, the holy alliance of the aristocracies would soon be destroyed. No one would any longer be tempted in this case, I swear to you, to set up a monopoly. [p. 333]

THE CONSERVATIVE.

What would one do under this regime to repulse a foreign invasion?

THE ECONOMIST.³⁷

What would be the interest of the companies? It would be to repel the invaders, for they themselves would be the first victims of the invasion. They would agree among themselves, therefore, in order to repel them, and they would demand from those they insured, a supplementary premium for saving them from this new danger. If the insured preferred to run the risks of invasion, they would refuse to pay this supplementary premium; if not they would pay it and they would thus put the companies in a position to ward off the danger of invasion.

Just as war is inevitable in a regime of monopoly, so peace is inevitable under a regime of free government.

Under this regime governments can gain nothing through war; on the contrary they can lose everything. What interest would they have in undertaking a war? Would this be to increase their clientele? But the consumers of security, being free to create their own government as they saw fit, would escape their conquerors. If the latter wished to impose their domination on them, after having destroyed the existing government, the oppressed would immediately demand the help of other nations

“Just as war is inevitable in a regime of monopoly, so peace is inevitable under a regime of free government. Under this regime governments can gain nothing through war; on the contrary they can lose everything. What interest would they have in undertaking a war?”

The wars of company against company could take place, moreover, only insofar as the shareholders were willing to advance the costs. Now, war no longer being able to bring to anyone an increase in the number of clients, since consumers will no longer allow themselves to be conquered, the [p. 334] costs of war would obviously no longer be covered. Who would want therefore to advance them the funds?

I conclude from this that war would be *physically impossible* under this system, for no war can be waged without an advance of funds.

THE CONSERVATIVE.

What conditions would a property-insurance company impose on its clients?

THE ECONOMIST.

These conditions would be of several different kinds.

In order to be in a position to guarantee full security of person and property to those they have insured, it would be necessary:

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

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

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

If the conditions stipulated were acceptable to those buying security, the deal would be concluded; otherwise the consumers would approach other companies, or provide for their security themselves.

Follow this hypothesis in all its details, and I think you will be convinced of the possibility of [p. 335] transforming monopolistic or communist governments into free ones.

THE CONSERVATIVE.

I still see plenty of difficulties in this. For example, who will pay the debt?³⁸

THE ECONOMIST.

Do you think that in selling all the property today held in common – roads, canals, rivers, forests, buildings used by all the commune governments, the equipment of all the communal services – we would not very easily succeed in reimbursing the capital debt? The latter does not exceed six billion. The value of communal property in France is quite certainly far greater than that.

THE SOCIALIST.

Would not this system entail the destruction of any sense of nationality? If several property-insurance companies established themselves in a country, would not National Unity be destroyed?

THE ECONOMIST.

First of all, National Unity would have to exist before it could be destroyed. Well, I do not see national unity in these shapeless agglomerations of people, formed out of violence, which violence alone maintains, for the most part.

Next, it is an error to confuse these two things, which are naturally very distinct: nation and government. A nation is *one* when the individuals who compose it have the same customs, the same language, the same civilisation; when they constitute a distinct and original variety of the human race. Whether this nation [p. 335] has two governments or only one, matters very little, unless one of these government surrounds, with an artificial barrier, the territories under its domination, and undertakes incessant wars against its neighbours. In this last instance, the instinct of nationality will react against this barbarous fragmentation and artificial antagonism imposed on a single people, and the disunited fractions of the people will strive incessantly to draw together again.

“the instinct of nationality is not selfish, as is often claimed; it is, on the contrary, essentially sympathetic towards others. Once the various governments cease dragging peoples apart and dividing them, you will see a given nationality happily accepting several others.”

Now governments have until our time divided people in order to retain them the more easily in obedience; *divide and rule*, such has been at all times the fundamental maxim of their policy. Men of the same race, to whom a common language would supply an easy means of communication, have reacted vigorously against the enactment of this maxim; at all times they have striven to destroy the artificial barriers which separated them. When they achieved this result, they wished to have a single government in order not to be disunited again. Note, however, that they have never demanded that this government should separate them from other people...So the instinct of nationality is not selfish, as is often claimed; it is, on the contrary, essentially sympathetic towards others. Once the various governments cease dragging peoples apart and dividing them, you will see a given nationality happily accepting several others. A single government is no more necessary to the unity of a people, than a single

bank, a single school, a single religion, a single grocery store, etc. [p. 337.]

THE SOCIALIST.

There, in truth, we have a very singular solution to the problem of government!

THE ECONOMIST.

It is the sole solution consistent with the nature of things.

Endnotes

¹ This extract is chapter 11 [Soirée 11] of Gustave de Molinari, *Les Soirées de la rue Saint-Lazare: entretiens sur les lois économiques et défense de la propriété* (Paris: Guillaumin, 1849) which is being translated by Liberty Fund as *Evenings on Saint Lazarus Street: Discussions on Economic Laws and the Defence of Property*, edited and with an Introduction by David M. Hart. Notes by the author are indicated by “GdM”. The other notes are by the editor. Original page numbers are shown in red. An earlier version of this chapter is online at the OLL <http://oll.libertyfund.org/index.php?option=com_content&task=view&id=1658&Itemid=371#s11>.

² GdM - For a long time, economists have refused to concern themselves not only with government, but also with all purely non-material activities. Jean-Baptiste Say was the first to insist on including production of this kind within the domain of political economy, by his applying to all its contents the category *non-material products*. He thereby rendered economic science a more substantial service than might readily be supposed:

The work of a doctor, he says, and if we want to add to the examples, the work of anyone engaged in administering public matters, of a lawyer [p. 304] or a judge, who belong to the same category, meet such fundamental needs, that without their contributions, no society could survive. Are not the fruits of these labors real? They are sufficiently real that people procure them in exchange for material products, and that by means of repeated exchanges their producers acquire fortunes. – It is therefore quite wrong for the Comte de Verri to claim that the work of princes, of magistrates, soldiers and priests, does not fall immediately into the sphere of those objects with which political economy is concerned. [Jean-Baptiste Say, *Traité d'Économie politique*, T. 1, chap.XIII.]

[See, Jean Baptiste Say, *A Treatise on Political Economy; or the Production, Distribution, and Consumption of Wealth*, ed. Clement C. Biddle, trans. C. R. Prinsep from the 4th ed. of the French, (Philadelphia: Lippincott, Grambo & Co., 1855. 4th-5th ed.). Book I, Chapter XIII: Of Immaterial Products, or Values consumed at the Moment of Production. <<http://oll.libertyfund.org/title/274/37996>>.]

³ The expression used is “l'État-gendarme” or the “nightwatchman state” . Say provides the most detailed discussion of his views on the proper function of government in the *Cours complet* (1828), vol. 2, part VII, chaps XIV to XXXII. He essentially follows Adam Smith's plan that there are only 3 proper duties of a government: to provide national defence, internal police, and some public goods such as roads and bridges. [See his quoting Smith approvingly on pp. 261-62 of the 1840 revised edition]. However, there is some evidence from an unpublished *Traité de Politique pratique* (written 1803-1815) and lectures he gave at the Athénée in Paris in 1819 that suggest that his anti-statism went much further than this and that he did toy with the idea of the competitive, non-government provision of police services along the lines developed at more length here by Molinari. [See the glossary entry on “Say's Anti-Statism.”]

⁴ Molinari uses the phrase “gouvernements libres”.

⁵ Charles Coquelin, the reviewer of Molinari's book in the *JDE* in October 1849 criticized Molinari for putting forward a view of government in the name of “The Economist” which no other Economist of the period supported, thus suggesting that this was a widely held view. At the monthly meeting of the Société d'Économie Politique on 10 October of that year not one of those present came to Molinari's defense. The main critics were Charles Coquelin who began the discussion, then Frédéric Bastiat, and finally Charles Dunoyer. It was the latter who summed up the view of the Economists that Molinari had been “swept away by illusions of logic” . [See, Coquelin's review in *JDE*, October 1849, T. 24, pp. 364-72, and the minutes of the meeting of the October meeting of the Société d'Économie Politique in *JDE*, October 1849, T. 24, pp. 314-316. Dunoyer's comment is on p. 316.]

⁶ The idea that monarchs had a “divine right” to rule was an essential part of the ancien régime which was overturned by the French Revolution of 1789. “Legitimists” in the Restoration period attempted to revive this view with mixed success and it was severely weakened by the Revolution of 1848 and the creation of the Second Republic. However, legitimists continued to press their claims throughout the 19th century.

⁷ Molinari uses the socialist expression “la liberté au travail” (right to a job) in order to provoke the Conservative.

⁸ Maistre, *Considérations sur la France* (Considerations on France) (1796) and *Principe générateur des Constitutions politiques* (Essay on the Generating Principle of Political Constitutions) (1809). See *Oeuvres du comte J. de Maistre*. Publiées par M. l'abbé Migne (J.-P. Migne, 1841).

⁹ GdM - *Du Principe générateur des Constitutions politiques*. – Preface. *Oeuvres*, p. 109-10.

¹⁰ Molinari uses here the phrase “la production de la sécurité” (the production of security) which is title of the provocative essay on this topic which he published in the *JDE* in February 1849, sparking an extended controversy among the members of the Société d'Économie Politique. [See, Gustave de Molinari, “De la production de la sécurité,” in *JDE*, Vol. XXII, no. 95, 15 February, 1849, pp. 277-90.

¹¹ The Holy Alliance was a coalition between Russia, Austria, and Prussia organized by Tsar Alexander I of Russia during the meeting of the Congress of Vienna following the defeat of Napoleon in 1815. The purpose was to defend the principles of monarchical government, aristocracy, and the Catholic Church against the forces of liberalism, democracy, and secular enlightenment which had been unleashed by the French Enlightenment and Revolution. See the note below (p. ???) which describes Molinari's interest in the poet Béranger's poem about the need for the people to form their own Holy Alliance, "The Holy Alliance of the People" (1818).

¹² The revolutions which broke across Europe in 1848 began with an uprising in Sicily in January 1848, spread to Paris in February, and then the southern and western German states, Vienna and Budapest in March. As a result of political divisions among the revolutionaries the forces of counter-revolution led by Field Marshall Radetzky of Austria, with the assistance of the Russian army, were able to crush the uprisings in central and eastern Europe during 1849. In France the Revolution led to the formation of the Second Republic and eventually the coming to power of Louis Napoleon and the Second Empire in 1852. The number of people killed during the uprisings and their suppression are hard to estimate but they are in the order of many thousands.

¹³ Molinari uses the term "la ruse" here which was a key term used by Bastiat in his theory of "sophisms". Bastiat thought that vested interests who wished to get privileges from the state cloaked their naked self interest by using deception, trickery, or fraud ("la ruse") in order to confuse and distract the people at whose expense these privileges were granted.

¹⁴ Molinari uses the word "la police" which had a complex meaning in the ancien regime. On the one hand, it meant more narrowly the protection of life and property of the inhabitants from attack, in other words what we would understand as modern police and defence activities. On the other hand, it also had a much broader meaning concerning the entire "civil administration" of the commune, such as ensuring the provision of public goods like lighting and water, the enforcement of censorship of dissenting political and religious views, the control of public gatherings to prevent protests getting out of hand, the collection of taxes and the supervision of compulsory labour; in other words, the complex mechanism of public control which had evolved during the ancien regime. Since Molinari is talking about security matters in this chapter we have chosen to use the word "police" or "policing" in this context.

¹⁵ GdM - See *Studies on England* by Léon Faucher. Léon Faucher, *Études sur l'Angleterre* (Paris: Guillaumin, 1845, 2nd ed. 1856), 2 vols. The anecdote Molinari refers to can be found in vol. 1, p. 47. Faucher relates how one rundown district in London known as "Little Ireland" had become off limits to the police. Sir Robert Peel (1788-1850) was Prime Minister of Britain twice (1834-35 and 1841-46) and during his second stint he successfully repealed the protectionist Corn Laws in 1846. When he was Home Secretary (1822-29) he reformed the police force of London by creating the Metropolitan Police Force in 1829 which became the model for all modern urban police forces.

¹⁶ The Economists condemned the bureaucratic or administrative centralisation which had made France the most centralised state in the world, as Coquelin phrased it: "In no other time nor in any other country has the system of centralisation been as rigorously established as that which exists today in France" (p. 291). The French State exercised a monopoly in dozens of industries, it claimed title to all mineral resources under the surface of the land, and it exercised the right to inspect and license nearly all businesses. In addition to these interventions in economic activity the central state also regulated and supervise to a large extent the activities of the administrative bodies at the local level, such as provinces, départements, and communes, which may have once exercised some autonomy, but which now were subject to stifling regulation and "the perpetual tutelage of the State" (DuPuynode, p. 417). For many of the Economists the ideal was the political decentralisation described by Tocqueville in America which Coquelin regarded as "the most most decentralised country in the world" (p. 300). Dunoyer went so far as to advocate the radical break up of the centralised bureaucratic state into much smaller jurisdictions, or what he called "the municipalisation of the world" (p. 366). See Charles Coquelin, "Centralisation" in *DEP*, vol. 1, pp. 291-301; Gustave Dupuynode, "De la centralisation," *JDE*, 15 July 1848, T. 20, pp. 409-18 and *JDE*, 1 August 1848, T. 21, pp. 16-24; Charles Dunoyer, *L'Industrie et la Morale considérées dans leurs rapports avec la liberté* (Paris: A. Sautet, 1825), p. 366.

¹⁷ Bastiat has an amusing "economic sophism" on this very idea. In "The Mayor of Énios" (6 February, *Le Libre-Échange*, reprinted *Collected Works*, vol. 3 (Liberty Fund, forthcoming), pp. ???) the mayor of a small town wants to "stimulate" local industry in the same way as the nation "stimulates" national industry with high tariffs on goods being brought into his town. His great plans are shot down by the local Prefect who tells him that he believes in free trade within the nation but is a protectionist when it comes to trading with other nations. The mayor cannot understand the difference. Surely what is good for French industry must also be good for the industry in his commune.

¹⁸ Molinari uses the expression “la liberté du travail” (the liberty to engage in work) and “la liberté des échanges” (free trade)..

¹⁹ GdM uses the word “épices” (spices) which was a slang word for bribes paid to officials.

²⁰ The Palais de Justice (Law Courts) of Paris were burned to the ground in 1618. The satirical and libertine poet Marc-Antoine Girard de Saint-Amant (1594-1661) wrote this verse to suggest that it might have been in revenge by Lady Justice for the corruption that went on within the building. See, *Oeuvres complètes de Saint-Amant. Nouvelle édition. Publiée sur les manuscrits inédits et les éditions anciennes. Précédée d'un Notice et accompagnée de notes par M. Ch.-L. Livet* (Paris: P. Janet, 1855), vol. 1, “Epigramme” , p. 185.

²¹ Adam Smith, *An Inquiry Into the Nature and Causes of the Wealth of Nations*, Vol. I and II, ed. R. H. Campbell and A. S. Skinner, vol. II of the *Glasgow Edition of the Works and Correspondence of Adam Smith* (Indianapolis: Liberty Fund, 1981). Chapter: [Vi.b] part ii: Of the Expence of Justice. <<http://oll.libertyfund.org/title/200/217494/2316390>>.

²² According to the budget for 1848 the Ministry of Justice spent a total of fr. 26.7 million out of total expenditure of fr. 1.45 billion (or 18.5%). The government spent a total of fr. 156.9 million in administrative and collection costs, the share of the Ministry of Justice was therefore fr. 29 million, which is more than was spent in providing justice. See “Budget de 1848” in *AEPS pour 1848* (Paris: Guillaumin, 1848), pp. 29-51. See the Appendix on French Government Finances 1848-49.”

²³ This maxim from Vergil’s *Aeneid*, Book II, line 65, means “From one thing, learn about everything.”

²⁴ The National Guard was founded in 1789 as a national armed citizens' militia in Paris and soon spread to other cities and towns in France. Its function was to maintain local order, protect private property, and defend the principles of the Revolution. The Guard consisted of 16 legions of 60,000 men and was under command of the Marquis de Lafayette. It was a volunteer organization and members had to satisfy a minimum tax-paying requirement and had to purchase their own uniform and equipment. They were not paid for service, thus limiting its membership to the more prosperous members of the community. The Guard was closed down in 1827 for its opposition to King Charles X but was reconstituted after the 1830 Revolution and played an important role during the July Monarchy in support of the constitutional monarchy. Membership was expanded or “democratized” in a reform of 1837 and opened to all males in 1848 tripling its size to about 190,000. Since many members of the Guard supported the revolutionaries in June 1848 they refused to join the army in suppressing the rioting. This is what Molinari is probably referring to in his comment that it had become “communist” . The Guard gradually began to lose what cohesion it had and further reforms in 1851 and 1852 forced it to abandon its practice of electing its officers and to give up much of its autonomy. Because of its active participation in the 1871 Paris Commune many of its members were massacred in the post-revolutionary reprisals and it was closed down in August 1871. [See the history of the National Garde by Charles Comte, *Histoire complète de la Garde nationale, depuis l'époque de sa foundation jusqu'à sa réorganisation définitive et la nomination de ses officiers, en vertu de la loi du 22 mars 1831, divisée en six époques; les cinq prière par Charles Comte; et la sixième par Horace Raison* (Paris: Philippe, Juillet 1831).]

²⁵ According to the budget for 1848 the Ministry of War spent a total of fr. 305.6 million out of total expenditure of fr. 1.45 billion (or 21.1%). The government spent a total of fr. 156.9 million in administrative and collection costs, the share of the Ministry of War was therefore fr. 33.1 million, which is 10.8% of the cost of providing defense. See “Budget de 1848” in *AEPS pour 1848* (Paris: Guillaumin, 1848), pp. 29-51.

²⁶ Bastiat calls the very limited number of individuals who were allowed to vote during the July Monarchy the “classe électorale.” Suffrage was limited to those who paid an annual tax of fr. 200 and were over the age of 25; and only those who paid fr. 500 in tax and were over the age of 30 could stand for election. The taxes which determined eligibility were direct taxes on land, poll taxes, and the taxes on residence, doors, windows, and businesses. By the end of the Restoration (1830) only 89,000 tax payers were eligible to vote. Under the July Monarchy this number rose to 166,000 and by 1846 this had risen again to 241,000. The February Revolution of 1848 introduced universal manhood suffrage (21 years or older) and the Constituent Assembly (April 1848) had 900 members (minimum age of 25). Furthermore, the “Law of the Double Vote” was introduced on 29 June 1820 to benefit the ultra-monarchists who were under threat after the assassination of the Duke de Berry in February 1820. The law was designed to give the wealthiest voters two votes so they could dominate the Chamber of Deputies with their supporters. Between 1820 and 1848, 258 deputies were elected by a small group of individuals who qualified to vote because they paid more than 2-300 francs in direct taxes (this figure varied over time from 90,000 to 240,000). One quarter of the electors, those who paid the largest amount of taxes, elected another 172 deputies. Therefore, those wealthier electors enjoyed the privilege of a double vote.

²⁷ According to the budget for 1848 the government raised fr. 202.1 million from customs and salt taxes, as well as another fr. 204.4 million in indirect taxes on drink, sugar, tobacco, and other items, making a total of fr. 406.5 million. Total receipts from taxes and other charges was fr. 1.39 billion. The share of indirect taxes was thus 29.2% of the the total. See “Budget de 1848” in *AEPS pour 1848* (Paris: Guillaumin, 1848), pp. 29-51.

²⁸ Molinari is referring to the socialist supporters of Louis Blanc, Pierre Leroux, and Auguste Blanqui who made up a sizable faction in the National Assembly during the Second Republic and who organized numerous political clubs during 1848-49. Several of the clubs adopted names reminiscent of groups in the radical phase of the first French Revolution, such as “The Mountain” and “The Society of the Rights of Man” . In the election for the Constituent Assembly held on 23 and 24 April 1848 about half of the 900 members were moderate republicans, 250 were royalists of various kinds, and about 200 were more radical republicans, and many of these would have been socialist. Blanc was made a Minister without portfolio and headed the Luxembourg Commission to look into labour questions such as the National Workshops program and “right to work” legislation. In the election of 19 January 1849 of the 705 seats, 450 were won by members of the “Party of Order” (an alliance of legitimists and other conservatives), 75 by moderate republicans, and 180 by “the Mountain” (radical democrats and socialists). Left wing protesters were joined by several dozen left-wing Deputies in a demonstration on 13 June which was suppressed upon orders of the President of the Republic, Louis Napoleon. This led to the closing down a several left-wing newspapers and the political clubs.

²⁹ The irony of this passage is that Molinari has earlier pointed out the class based structure and injustice of the U.S. slave system and the stresses which this creates, and then argued that the smaller size of the U.S. government means that these tensions would be reduced. It should be pointed out that the Civil War broke out in 1861 only 12 years after the *Soirées* was published.

³⁰ The “Maison royal de Charenton” , also known as the “Hôpital Esquirol” , was a psychiatric hospital which was founded in 1641. One of its most famous inmates was the Marquis de Sade in the late 18th century. The Hospital was the subject of a major study, “Rapport statistique sur la maison royale de Charenton” , in 1829.

³¹ Molinari is hinting here that he is “Le Rêveur” (the Dreamer), the radical liberal, who wrote but did not sign the essay “L’Utopie de la liberté. Lettres aux socialistes” in the *JDE*, 15 June, 1848, vol. XX, pp. 328-32. This is an appeal written just prior to the June Days insurrection of 1848 for liberals and socialists to admit that they shared the common goals of prosperity and justice but differed on the correct way to achieve these goals. Molinari reveals that he was in fact the author in an appendix he included with *Esquisse de l’organisation politique et économique de la société future* (Paris: Guillaumin, 1899), p. 237, written 50 years later. Note also that Bastiat wrote a thinly disguised account of a Prime Minister who was appointed out of the blue to enact radical liberal reforms but who refuses to at the last moment because reform imposed from the top down was doomed to failure. See “The Utopian” in *Economic Sophisms. Series II*, chap. XI (17 January, 1847), *Collected Works*, vol. 3 (forthcoming).

³² Molinari actually uses the phrase “laissez faire” here: “de *laissez faire* les uns et les autres.”

³³ Molinari uses the phrase “des entreprises de gouvernements” (businesses which provide government services).

³⁴ Molinari calls them “compagnies d’assurances sur la propriété” (property insurance companies).

³⁵ See the earlier footnote on the Holy Alliance in 1815 which was designed to protect the monarchies of Prussia, Austria, and Russia against the threats of liberalism and democracy.

³⁶ Pierre-Jean de Béranger (1780-1857) was a poet and songwriter who rose to prominence during the Restoration period with his funny and clever criticisms of the monarchy and the church, which got him into trouble with the censors who imprisoned him for brief periods in the 1820s. The quotation is the refrain in Béranger’s anti-monarchical and pro-French poem, “La sainte Alliance des peuples” (The Holy Alliance of the People) (1818) in *Oeuvres complètes de P.J. de Béranger contenant les dix chansons nouvelles, avec un Portrait gravé sur bois d’après Charlet* (Paris: Perrotin, 1855), vol. 1, pp. 294-96. For a translation see, *Béranger’s Songs of the Empire, the Peace, and the Restoration*. Translated into English verse by Robert B. Clough (London: Addey and Co., 1856), pp. 59-62. The first verse goes as follows: “I saw fair Peace, descending from on high, Strewing the earth with gold, and corn, and flow’rs; The air was calm, and hush’d all soothingly The last faint thunder of the War-gods pow’rs. The goddess spoke: ‘Equals in worth and might, Sons of French, Germans, Russ, or British lands, Form an alliance, Peoples, and unite, In Friendship firm, your hands’.”

³⁷ This is in fact the Economist speaking. It is listed as the Socialist in the French original.

³⁸ Total debt held by the French government in 1848 amounted to fr. 5.2 billion which required annual payments of fr. 384 million to service. Since total annual income for the government in 1848 was fr. 1.4 billion the outstanding debt was 3.7 times receipts and debt repayments took up 27.6% of annual government income. See Gustave de Puynode, “Crédit public,” *DEP*, vol. 1, pp. 508-25.

Further Information

SOURCE

The edition used for this extract: This extract is chapter 11 [Soirée 11] of Gustave de Molinari, *Les Soirées de la rue Saint-Lazare: entretiens sur les lois économiques et défense de la propriété* (Paris: Guillaumin, 1849) which is being translated by Liberty Fund as *Evenings on Saint Lazarus Street: Discussions on Economic Laws and the Defence of Property*, edited and with an Introduction by David M. Hart. An earlier version of this chapter is online at the OLL <http://oll.libertyfund.org/index.php?option=com_content&task=view&id=1658&Itemid=371#s11>.

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FURTHER READING

Other works by Gustave de Molinari (1819-1912) <<http://oll.libertyfund.org/person/136>>.

School of Thought: 19th Century French Liberalism <<http://oll.libertyfund.org/collection/28>>.

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[Ludwig von Mises, “Liberty and Property” (1958)]



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