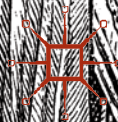


Edited by
David M. Hart,
Gary Chartier,
Ross Miller Kenyon,
and Roderick T. Long

Social Class and State Power

Exploring an Alternative Radical Tradition



Social Class and State Power

I do not claim to have discovered either the existence of classes in modern society or the struggle between them. Long before me, bourgeois historians had described the historical development of this struggle between the classes, as had bourgeois economists their economic anatomy. My own contribution was 1. to show that the existence of classes is merely bound up with certain historical phases in the development of production; 2. that the class struggle necessarily leads to the dictatorship of the proletariat; 3. that this dictatorship itself constitutes no more than a transition to the abolition of all classes and to a classless society.

—KARL MARX

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For
Jorie Blair Long
Murray Rothbard
Lalé Welsh
Leonard Liggio
Walter Grinder

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For a work on violence and exploitation, this collection has in fact emerged quite peacefully.

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¹Among Matt's many contributions: he's invested hours in the process of standardizing the references here. As much as possible, endnote style and the way in which sources are listed in endnotes have been rendered consistent throughout, as has the orthography of referenced sources—and the orthography of the text itself where this has been necessary to integrate edits smoothly. References have also occasionally been updated, and no gaps have been left in the numbers of the endnotes even when notes have been removed.

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It's hard to imagine that without the commitment of Leonard Liggio, Murray Rothbard, and Walter Grinder to retrieving and extending the tradition of classical liberal class analysis, this book would have been conceived, much less published. They showed us the way, and we thank them.

INTRODUCTION

[M]en placed in society . . . are divided into two classes, *Ceux qui pillent*,—*et Ceux qui sont pillés* (those who pillage and those who are pillaged); and we must consider with some care what this division, the correctness of which has not been disputed, implies.

The first class, *Ceux qui pillent*, are the small number. They are the ruling Few. The second class, *Ceux qui sont pillés*, are the great number. They are the subject Many.

—James Mill, “The State of the Nation” (1835)¹

Classical liberalism and libertarianism have embraced a distinctive understanding of class, which we call Classical Liberal Class Analysis (CLCA). On this understanding, class membership is constituted not, as on Marxist and similar views, by relationships to the means of production (though these are certainly implicated in various ways) but rather by relationship to predatory power. This distinctive understanding possesses substantial illuminating power, and it is a vital component of any classical-liberal or libertarian political theory. This is so because it helps to make clear that the libertarian or classical liberal understands, is sensitive to, is concerned about those deep-seated frustrations that give rise to movements like Occupy! and the Tea Party. Perhaps more importantly, it also helps to underscore the fact that the libertarian or classical liberal can offer an effective response to these frustrations that is consistent with her own political philosophy—and so is not *ad hoc*.

¹James Mill, “State of the Nation,” *London Review* 25 (April–July 1835): 6.

In this book, we seek to excavate CLCA, which emerged during the eighteenth, nineteenth, and early twentieth centuries before it was forgotten, only to be rediscovered by Murray Rothbard and his circle of friends (in particular Ralph Raico and Leonardiggio) in the 1950s and 1960s, and which has exerted a certain influence on the modern libertarian movement. The introduction serves to highlight this distinctive approach, explain how we will explore it throughout this book, distinguish a range of sub-traditions within CLCA, consider the question of how the classes with which CLCA is concerned might be identified, distinguish CLCA from Marxist class analysis (while noting that proponents of CLCA can join Marxists in discerning a nonrandom relationship between class membership and access to the means of production), and point the way forward toward the continued development of this stimulating tradition.

I. DISCERNING AN ALTERNATIVE TRADITION

When one hears the word “class,” one usually thinks of Marxist-inspired social theorists, who talk about the exploitation of the “working class” by the “capitalist class,” which owns the factories in which the workers labor away producing valuable goods but who do not receive the “full value” of what they produce; thus they are “exploited.” Or more recently, one thinks of those who rail against the “1 percent,” the “wealthy elites” of “Wall Street” who own 90+ percent of “society’s wealth” and who have “rigged the system” so that they continue to receive “excessive profits” at the expense of “the rest of us.” Other common understandings of class have their origins in the work of Max Weber on class and status,² or perhaps in the elaboration by C. Wright Mills and others of “power-elite” theories.³

However, this initial reaction would be wrong, or, rather, incomplete, because it ignores a set of much older classical-liberal theories of class and exploitation which predate Marxism and which in fact partially inspired Marx’s own ideas about class, developed during the 1840s and 1850s. In this anthology, we want to present some samples of CLCA.

²See, for example, Max Weber, *Sociological Writings*, ed. Wolf Heydebrand (New York: Continuum 1994); Max Weber, “The Rational State,” *General Economic History*, trans. Frank H. Knight (Atlantic Highlands, NJ: Transaction 1927).

³C. Wright Mills, *The Power Elite* (New York: OUP 1956).

II. THE SHAPE OF THE ALTERNATIVE TRADITION: VOCABULARIES AND ACTIVITIES

This long but relatively unknown other tradition is quite diverse, but the variations have a number of features in common:

1. Societies can be divided into two antagonistic groups, most simply identified as “the people” and their “rulers,” defined in virtue of access to political (i.e., coercive) power within a given society. One of these groups, “the ruling few,” “exploits” or “plunders” the other by taking the latter’s property without its consent or by passing laws which benefit the former at the expense of the latter. The vocabulary used to describe this relationship is quite varied and has included the following:
 - “the ruling few” versus “the subject many” (Bentham, James Mill)
 - “ceux qui pillent” (those who pillage) versus “ceux qui sont pillés” (those who are pillaged) (James Mill)
 - “the plunderers” versus “the plundered” (Bastiat)
 - “the conquerors” versus “the conquered” (Thierry, Spencer, Oppenheimer)
 - “tax-payers” versus “tax consumers” (Calhoun) or “the budget eaters” (Molinari) or the “caterpillars” (the Levellers)

2. This political arrangement is unjust and should be changed so that the people, the industrious producers of wealth, can keep their own justly acquired property. In order to bring that change about, classical liberals and radicals have engaged in various activities such as the following:
 - participating in revolution (Overton, Paine, Bastiat)
 - attempting gradual political reform (Bentham, Mill, Calhoun)
 - organizing mass meetings and protests to lobby governments (Cobden, Bastiat)
 - exposing the nature of state power through journalism and writing books (Godwin, Leggett, Mill, Wade, Spooner, Tucker)
 - teaching and researching in colleges and universities (Hodgskin, Blanqui, Sumner)

The key period during which traditional CLCA emerged in a coherent form was roughly the one hundred years between 1750 and 1850, a period which, not incidentally, coincided with the Enlightenment in Europe and North America and the liberal revolutions which accompanied the Enlightenment in America and France in the eighteenth century and across much of Europe in 1848. It continued to evolve during the second half of the nineteenth century and the early twentieth century before petering out as classical liberalism declined as a political ideology and was replaced by various forms of socialism and welfare statism until it began to revive in the post-World War II period.

III. INTELLECTUAL CURRENTS AND COUNTER-CURRENTS

The intellectual tradition we are interested in representing in this anthology is not a rigid or monolithic one, but rather a family of approaches which shared a number of values, such as a belief in the value of individual liberty, property rights, the justice of uncoerced labor and trade in a free market, very limited government or even no government at all, and opposition to the use of coercion to acquire property or legal privileges for one group at the expense of others. This family of positions includes traditional classical liberals like Adam Smith, Richard Cobden, and Frédéric Bastiat; radical individualists like Thomas Paine, William Godwin, Lysander Spooner, and Benjamin Tucker; and Classical and Austrian School economists like Ludwig von Mises; as well as advocates of other types of libertarianism, both “Left” and “Right,” which emerged in the 1970s.

Chronologically speaking, we believe that there are nine ideological currents of thought which have contributed to the formation of CLCA. We have attempted to give each one some representation in this anthology, although reasons of space have forced us to exclude many others of importance.

The first current makes up what might be termed “the prehistory” of the tradition. Included in this group are some early modern and early eighteenth-century thinkers who made the rather crude distinction between “the people” and “the King (or Prince) and his courtiers,” such as Étienne de La Boétie, the Levellers Richard Overton and William Walwyn, who talked about rulers as “conquerors” or parasitical caterpillars eating the people’s livelihood, and the eighteenth-century Commonwealthmen John Trenchard and Thomas Gordon who talked in very Roman terms about

tyrants, their hangers-on, and the deep corruption in the British state. From this group we include a short essay by Richard Overton.

The second current is the Anglo-Scottish Enlightenment, which includes thinkers like Adam Ferguson, John Millar, David Hume, and Adam Smith, who were interested in the nature of productive labor and in determining who should be understood to engage in it, and developed theories about “rank” within societies and a multi-stage theory of history (such as slavery, feudalism, commerce) each of which had a corresponding ruling elite whose members benefited from their privileged political position. The third current comes from the French Enlightenment. Several thinkers, especially among the Physiocrats (like Turgot), had a similar stage theory of history which was to have a profound impact on nineteenth-century ideas about class in both the classical-liberal and Marxist camps. Of these two groups we have limited our selection to just Adam Smith, since their work is quite well known.⁴

A fourth important current comprises Radical Individualists and Republicans. These thinkers were influenced by the American and French revolutions and were active in England, America, and France. They developed ideas about oligarchies (both aristocratic and mercantile), the growing importance of public debt and central banks, the role of an expanded military and its elites which controlled the empire, and the opposition of established political elites to the rising lower orders who wanted to participate in politics, such as working-class men and women. The main sub-branches of this group included Thomas Paine, Mary Wollstonecraft, William Godwin, Vicesimus Knox, William Cobbett, and Percy Shelley in England; Thomas Jefferson, John Taylor, John Calhoun, and William Leggett in America; and Jean-Baptiste Say, Benjamin Constant, Charles Comte, Charles Dunoyer, and Augustin Thierry in France. The latter were particularly important in the development of CLCA because of the special problem in France created by the Restoration of the monarchy and the aristocracy after 1815, the legacy of Napoleon’s militarism and centralization of the state, and the rise of a centralized bureaucracy and the “place-seeking” (job-seeking) which took place within the French state. From this large group we have selected texts by Paine, Godwin, and Knox in England, Leggett and Calhoun in America, and Thierry in France.

⁴A history of the four-stage theory can be found in Ronald L. Meek, *Social Science and the Noble Savage* (Cambridge: CUP 1976).

The Philosophic Radicals and the Benthamites in England constitute the fifth intellectual current. The two main thinkers in this group were Jeremy Bentham and James Mill, who had a profound impact on the thinking of diverse radicals in the first half of the nineteenth century in England, such as John Wade and Thomas Hodgskin. Bentham's idea of the "sinister interest" of the ruling elite and James Mill's contrast between the ruling few and ruled many were particularly influential. These ideas led John Wade to write an extraordinarily detailed catalog of exactly what groups and individuals in the British ruling elite benefited from taxpayer's money. We have included extracts from the work of all four of these thinkers in the anthology.

A sixth current comes from the Classical Political Economists and their supporters. The English branch of the school got side-tracked by their labor theory of value and theory of rent which led others (such as Marxists and other socialists in France like Louis Blanc) to argue that employers did not pay workers the full value their labor produced and hence "exploited" them, or that the rent paid for land was unearned by the landowner. However, two of the founding members of the Classical School, Adam Smith and David Ricardo, were strong supporters of free trade, and political agitators like Richard Cobden adapted their economic theory into an understanding of class they used to criticize the landed oligarchy which ruled Britain and benefited from tariffs at the expense of ordinary consumers. Other topics in which Classical School economists were interested which were related to class and privilege included the condition of the working class men and women (J.S. Mill) and slavery (William Stanley Jevons). The French members of the classical school were interested in the productive role played by the entrepreneur (J.B. Say), whom they argued was not a parasite or exploiter, the idea of the existence of an "industrial class" (Charles Comte and Charles Dunoyer), the importance and essential productivity of nonmaterial goods or "services" (J.B. Say and Frédéric Bastiat), the economics of slavery (Heinrich Storch and Gustave de Molinari), the continuing problem of the centralization of government power (Alexis de Tocqueville), the growth of bureaucracy and "place-seeking" (Dunoyer and Molinari), and the nature of organized, legal "plunder" (Bastiat and Ambroise Clément). From the English Classical School we have an extract from Richard Cobden, and from the French extracts from Adolphe Blanqui, Bastiat, Charles Renouard, and Molinari.

A seventh cluster is made up of the nineteenth-century American individualist anarchists. The thinkers of this school, partially inspired by the French anarchist P.J. Proudhon, challenged the authority of the state

(Benjamin Tucker and Lysander Spooner). But they and their fellow travelers also addressed a wide range of contemporary social issues, including the status of women (Voltairine de Cleyre), the relationship between labor and capital (Tucker, J. A. Labadie), money (William B. Greene), land tenure (J. K. Ingalls), and free love (Moses Harman). Tucker and Spooner highlighted in different ways the link between state action and economic privilege. While the individualists were deeply rooted in the classical liberal tradition, they were also deeply engaged with social and political radicals from other schools of thought, whom they seem to have felt comfortable viewing as allies even if also as intellectual sparring partners. The excerpt from Tucker we have included here encapsulates the individualists' view of the state as the source of the class rule that the Marxists and their allies (mis)attributed to the market.

With the rise of sociology as a separate discipline in the late nineteenth and early twentieth centuries, the eighth current of classical-liberal thought about class, the Sociological School, emerged. From this school we get the idea of the militant versus industrial types of society (Herbert Spencer and Molinari), “the forgotten man” (i.e., the ordinary taxpayer) and rule by a plutocracy (William Graham Sumner), the circulation of elites (Vilfredo Pareto), the nature of status and rank (Max Weber), and overall theories about the growth of the modern state (Molinari, Gaetano Mosca, and Franz Oppenheimer). Oppenheimer in particular is important because of his later influence on Murray Rothbard in the 1950s and 1960s. From the Sociological School we have included extracts from Spencer, Sumner, and Oppenheimer.

The reappearance of classical liberalism and libertarianism after World War II led to a rediscovery of CLCA, especially in North America; this rediscovery is the source of the ninth intellectual current featured in this book. It comprises the Austrian and Public Choice schools of economic thought, as well as the modern libertarian movement. During World War II, Ludwig von Mises turned to a form of economic sociology with his writings on bureaucracy (1944) and the total state (Nazism and Stalinism) (1944), and his general theory of interventionism (1940).⁵ Yet he refused to embrace the idea of “class” (perhaps because it smacked too much of Marxism), preferring

⁵Ludwig von Mises, *Bureaucracy*, ed. Bettina Bien Greaves (Indianapolis, IN: Liberty Fund 2007); Ludwig von Mises, *Interventionism: An Economic Analysis*, ed. Bettina Bien Greaves (Indianapolis, IN: Liberty Fund 2011); Ludwig von Mises, *Omnipotent Government: The Rise of the Total State and Total War*, ed. Bettina Bien Greaves (Indianapolis, IN: Liberty Fund 2011).

instead to use the older term “caste” in his writings.⁶ As a graduate student attending Mises’s seminar at New York University, Murray Rothbard played the central role in the rediscovery of CLCA, drawing on components from Calhoun, Bastiat and Molinari, Oppenheimer, and Nock, which he integrated with the economic theory of Mises. Rothbard’s synthesis inspired two younger scholars, Walter Grinder and John Hagel,⁷ to take his ideas further with an Austrian-inspired class analysis of “state capitalism” in the mid-1970s. In a recent paper, Jayme Lemke has urged modern Austrian economists to revisit this work from the 1970s.⁸

Another sub-stream appeared beginning in the 1960s, as the key players in the Public Choice school, James Buchanan and Gordon Tullock,⁹ applied their version of free-market economics to the study of rent-seeking, the politics of bureaucracy, and the “Leviathan” state. While they did not explicitly embrace a theory of class, their work fits in very well with CLCA. There has also been an interesting contribution by Margaret Levi, who applied a rational-choice perspective to an analysis of the state and class rule, which she appropriately called “predatory rule”; this appears to be a clear link back to mid-nineteenth-century classical liberal theories of class.¹⁰ We have regretfully omitted selections from these authors for reasons of space, and because of our primary interest in highlighting the main currents of the historical tradition rather than

⁶Ludwig von Mises, *The Clash of Group Interests and Other Essays* (New York: Center for Libertarian Studies 1978 [1945]) 1–12.

⁷Walter E. Grinder and John Hagel, “Toward a Theory of State Capitalism: Ultimate Decision-Making and Class Structure,” *Journal of Libertarian Studies* 1.1 (1977): 59–79; and John Hagel and Walter E. Grinder, “From Laissez-Faire to *Zwangswirtschaft*: The Dynamics of Interventionism,” *The Dynamics of Intervention: Regulation and Redistribution in the Mixed Economy*, ed. Peter Kurrild-Klitgaard, *Advances in Austrian Economics* 8 (Amsterdam: Elsevier 2005) 59–86.

⁸Jayme S. Lemke, “An Austrian Approach to Class Structure,” *New Thinking in Austrian Political Economy*, ed. Christopher J. Coyne and Virgil Henry Storr, *Advances in Austrian Economics* 19 (Bingley, UK: Emerald 2015) 167–92.

⁹See several works by Tullock in *The Selected Works of Gordon Tullock: The Rent-Seeking Society* (Indianapolis, IN: Liberty Fund 2005); *Bureaucracy* (Indianapolis, IN: Liberty Fund 2005), especially “The Politics of Bureaucracy” (1965); and *The Social Dilemma of Autocracy, Revolution, Coup d’Etat, and War* (Indianapolis, IN: Liberty Fund 2005), especially “The Exploitative State” (1974) and “The Goals and Organizational Forms of Autocracies” (1987).

¹⁰Margaret Levi, “The Theory of Predatory Rule,” *Of Rule and Revenue* (Berkeley: U of California P 1988) 10–40, first published as “A Theory of Predatory Rule,” *Politics and Society* 10.4 (1981): 431–65.

examining all of its current permutations. Thus, from the post-World War II group of libertarian class theorists, we have included extracts from works by Mises, Rothbard, Childs, Grinder and Hagel, Hans-Hermann Hoppe, and Roderick Long.

IV. IDENTIFYING CLASSES

A useful approach to class analysis unavoidably involves not merely talking in the abstract about class but also actually identifying particular classes. Classical liberal and libertarian thinkers have offered various strategies for identifying the rulers and the ruled. There are obvious difficulties with the strategies some theorists have proposed—like analyzing class in terms of net tax consumption and similar variables. We are all tax consumers in one way or another, even if some of us benefit more than others. The difficulty lies, arguably, not only in the complexities associated with performing the needed computations and making the needed accounting decisions (how to allocate this or that benefit, etc.) but also in the focus of this sort of analysis, familiar though it is from such class theorists as Calhoun and Rothbard, on the outcome of state action.

Of course, the growth of the regulatory-cum-administrative state has meant that state benefits can't all be seen in terms of cash transfers. Tariffs would have played a significant role in shifting wealth to privileged groups in the eras of Smith and Say, Bastiat and Calhoun. But today state regulations of all kinds also help to confer class position. These include everything from occupational licensing rules to building codes to institutional accreditation requirements (for entities like banks and hospitals). Artificial property rights—especially rights to “intellectual property”—are also obviously vital. And while these factors, along with straightforward subsidies and tariffs, help to shift wealth and influence to well-connected groups, they do so in complicated and subtle ways.

It's not just the multiple sources of class privilege that should be seen as relevant in constituting classes from a libertarian/classical-liberal perspective, however. Equally important is the role of those who possess or seek privilege in *influencing* or *effecting* grants of privilege. And it is this additional factor—related to the springs of state action and not merely its outcomes—that helps to distinguish the rulers and their allies on the one hand from mere beneficiaries of state action on the other. (Defining beneficiaries of state privilege in narrow terms as net tax receivers may have been especially convenient for the pro-slavery Calhoun, since this allowed many slave owners to qualify as members of the exploited class, whereas

most CLCA theorists would have assigned slaveholders unequivocally to the exploiter category.)

Except in the fantasies of some naïve culture warriors, single mothers benefiting from government financial assistance do not constitute an effective power bloc. While those who receive such assistance may, indeed, acquire more from the state than they pay in taxes, they are not members of the ruling class or closely associated with it, since in no obvious sense are they in a position to move the levers of power, nor are they, in general, seeking to do so. No doubt state actors do sometimes confer financial benefits on the poor and marginal to keep them pacified or to promote other benefits sought by the powerful and well-connected; and no doubt wealthy elites sometimes encourage the conferral of such benefits for this reason. But when this sort of thing occurs, it doesn't somehow make the poor and the marginal into politically efficacious actors.

It is also worth emphasizing that, while poor people may sometimes receive more in tax revenue than they pay in taxes, treating them as net consumers of state benefits will often make sense only if we ignore the multiple disabilities imposed on them by the state,¹¹ not to mention the “subsidy of history” effected by massive asset theft by wealthy and well-connected elites.¹² State actors and their allies have thus both actively dispossessed poor people (with obvious, even if not always inescapable consequences for their successors in interest) and shackled them with constraints that make achieving economic well-being difficult. When these factors are taken into account, it is much less clear that many poor people, even if they do receive state-conferred benefits, qualify as net beneficiaries of state action.

Whether they do or not, however, the active role played by elite factions and their allies in securing state benefits for themselves (and imposing regulatory and other costs on others) distinguishes these groups from the economically marginal in an important way. This distinction helps to justify referring to these groups as elements of the ruling class (or as that class's upper- and upper-middle-class associates) quite apart from the specific benefits they receive.

¹¹See Charles Johnson, “Scratching By: How Government Creates Poverty As We Know It,” *The Freeman*, Dec. 2007 <<https://fee.org/articles/scratching-by-how-government-creates-poverty-as-we-know-it/>>; Gary Chartier, “Government Is No Friend of the Poor,” *The Freeman*, Jan. 2012 <<https://fee.org/articles/government-is-no-friend-of-the-poor/>>.

¹²See Kevin A. Carson, “The Subsidy of History,” *The Freeman*, June 2008 <<https://fee.org/articles/the-subsidy-of-history/>>.

V. THE MARXIST DETOUR

In the mid-nineteenth century, the classical-liberal approach to thinking about class was taken up by Karl Marx, altered considerably, and then diverted into an entirely different theory of class. Ralph Raico and Tom Palmer have documented how Marx borrowed key ideas from the classical-liberal tradition but emphasized the Smithian and Ricardian errors concerning the labor theory of value and built upon the foundation of these errors a theory of class based upon the inevitable and necessary exploitation of workers via the payment of wages by employers.¹³ When Marx wrote as a journalist, as in *The 18th Brumaire of Louis Napoleon* (1852),¹⁴ he reverted to an approach closer to CLCA; but when he wrote as an economist in *Das Kapital* (1859) and elsewhere he increasingly abandoned CLCA and used a more “Marxist” Ricardian approach.

The intellectual error which Marx introduced into class theory—the mistaken view that class rule is rooted in market exchange, particularly in payment for labor—was exposed during the twentieth century when Marxist and socialist states were erected following the Bolshevik Revolution of 1917 and welfare states took shape in the West following World War II. The emergence of a new exploiting ruling class of party bosses, factory managers, and military elites in explicitly communist states, and of economic elites enriched by state-secured privilege in tandem with increasingly powerful and insular bureaucracies in overtly social democratic western societies should have been impossible under socialism according to Marxist class theory. According to CLCA it was both inevitable and entirely predictable. So long as there is a state with the power to coerce and groups who wish to use that power to achieve their political and economic goals, there will inevitably emerge a class of rulers and groups of potential beneficiaries who will exploit the ordinary working and tax-paying public. Classical liberal class theorists working in the twentieth and early twenty-first centuries would not have been at all surprised by the

¹³Ralph Raico, “Classical Liberal Exploitation Theory: A Comment on Professor Liggio’s Paper,” *Journal of Libertarian Studies* 1.3 (Sum. 1977): 179–83; Ralph Raico, “Classical Liberal Roots of the Marxist Doctrine of Classes,” *Requiem for Marx*, ed. Yuri N. Maltsev (Auburn, AL: Mises 1992) 189–220; Tom G. Palmer, “Classical Liberalism, Marxism, and the Conflict of Classes: The Classical Liberal Theory of Class Conflict,” *Realizing Freedom: Libertarian Theory, History, and Practice* (Washington, DC: Cato 2009) 255–75.

¹⁴Karl Marx, “The 18th Brumaire of Louis Napoléon,” *Surveys from Exile: Political Writings*, ed. David Fernbach (New York: Vintage 1974).

appearance of new forms of class society in Russia, China, Cuba, or Venezuela. In fact, they would have expected it.

Also appearing, interestingly, in the same period was a non-Marxist version of the labor theory of value allied with CLCA. Kevin A. Carson, working in the tradition of the American individualist anarchists, has sought to rehabilitate the labor theory of value and to recast it in terms compatible with the marginalist and subjectivist insights of modern economics; but Carson's version of the labor theory, unlike Marx's, does not carry the implication that wage labor is inherently exploitative, while Carson's version of class theory identifies the state as the chief agent or enabler of exploitation.¹⁵

VI. CLASS AND THE MEANS OF PRODUCTION

A particular source of tension between CLCA and Marxist class theory might be thought to concern the relationship between class membership and ownership of the means of production. Social class in the Marxist and related traditions is constituted by relationships to the means of production, so that the ruling class just is the class that owns the means of production. The state, on this view, serves as the executive committee of the ruling class and safeguards the property rights claimed by this class. By contrast, social class in the classical-liberal-cum-libertarian tradition is constituted by relationships with predatory power. Does this mean that, on this view, answers to questions about the means of production are irrelevant to identifying the ruling class and the associated upper and upper-middle classes or to understanding class dynamics and class rule?

The short answer is no.

- (i) For CLCA, ownership of the means of production will sometimes serve as a signal of class position. While class position is not constituted by ownership of the means of production, a relationship with predatory—ordinarily state—power increases the odds that someone will have access to the means of production. This is true for multiple reasons. (a) The state may directly provide someone with monopoly privileges, privileges without which ownership of this or that productive asset would be legally impermissible. (b) The state

¹⁵See Kevin A. Carson, *Studies in Mutualist Political Economy* (Charleston, SC: BookSurge 2007).

may use confiscatory power to acquire a productive asset and transfer it to a favored person. (c) Someone may be able to pay for the acquisition and maintenance of a productive asset precisely because she has received a contract from the state the fulfillment of which involves using the asset. (d) Someone may be able to acquire and maintain a productive asset simply because she is wealthy in virtue of state-secured privilege. (e) An intimate relationship with the state may further access to social networks that facilitate acquisition and maintenance of productive assets. (f) Politicians and senior bureaucrats can use their positions of state power, and so of class position, to acquire productive assets or the resources needed to acquire such assets, and so, even if they are not already wealthy, to become owners of the means of production in virtue of their preexisting state positions.

- (ii) It will also be true for CLCA that access to the means of production may give someone access to state power and thus to state-secured privilege. This will, again, be true for multiple reasons. (a) Wealth, even legitimately acquired wealth, may be used directly to exert influence on state actors. (b) Business relationships with the state will facilitate access to state actors, and simple access can enhance influence. (c) Business relationships with the state can create indirect opportunities for those who own the means of production to do non-monetary favors for state actors in their official and unofficial capacities. (d) Wealth can be used to influence the climate of public debate in ways that influence state actors to confer privileges on holders of productive assets.

Thus, while for CLCA one is not a member of the ruling class or its satellite classes simply in virtue of owning productive assets, owning productive assets can serve as a pathway to membership in the ruling class or its satellite classes and as evidence that one belongs to these classes. Proponents of CLCA can agree, therefore, with Marxist theories and their cousins who understand ownership of the means of production and class membership as belonging together. (Sumner's discussion of plutocrats and plutocracy provides one way into thinking about the relationship.)

This helps to explain why CLCA can readily find common ground with populist movements like Occupy! or the original Tea Party. While CLCA has no commitment to the idea that wealth inequality as such is morally or politically objectionable, it can regard actually existing inequalities as frequently problematic for two reasons. (a) These inequalities not infrequently

result from state-secured privileges. (b) They also can be and not infrequently are used to facilitate the acquisition of such privileges. Thus, while not all inequalities are objectionable from the perspective of CLCA, many actually existing ones will be. Proponents of CLCA will wish sharply to distinguish wealth acquired peacefully through the direct or indirect satisfaction of consumers from wealth acquired primarily as a result of state-secured privilege, and will not wish to endorse the politics of envy practiced by some populists. But they can and should join with populists in condemning those inequalities that result from state-secured privilege.

VII. LOOKING FORWARD

The notion of class continues to offer a fruitful basis for political critique. Many radical thinkers have emphasized the importance of class analysis as a powerful tool for use not only in understanding but also in changing the world. CLCA emphasizes the constitutive link between class position and systemic violence. In so doing, it enables us to see what is persuasive, but also what is deficient, in alternative views that focus on group identity or market position.

CLCA offers both scholars and activists the opportunity to respond effectively to contemporary concerns about such issues as wealth concentration, police violence, and the military-industrial complex in ways that highlight the essential role of the state in making these social phenomena possible. It thus enables radical advocates of freedom to make common cause with a variety of protest movements across the ideological spectrum without compromising their commitment to liberty.

An immensely rich tradition has developed and extended CLCA over the last four centuries. We hope in this book to spur not only appreciation for that tradition but also ongoing participation in its refinement and extension. This will obviously take different forms as different thinkers engage with the tradition and with each other. Proponents of CLCA can be expected to differ with each other regarding the relationship between the approach to class analysis they advocate and concerns related to industrial organization, gender and ethnocultural identities, and even the role and significance of the state itself. But our hope is that giving the tradition a name and introducing it to scholars across a range of disciplines and to activists representing a range of perspectives will enable it to grow, to thrive, and to continue contributing to a critical and transformative engagement with power and the defense of human freedom and peaceful social cooperation.

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PART I

Classic Works of Classical Liberal Class Analysis

Richard Overton, “Monopolists as Frogs and Vermin” (1641)

Abstract The English Leveller Richard Overton uses biblical references like plagues of frogs and “Diabolical *Parasites*” to criticize those who have government-issued monopolies for the sale of goods like soap, playing cards, butter, salt, and tobacco which they use to exploit ordinary consumers. He wittily appeals to Parliament for help in putting an end to “the Tyranny of these insulting Projectors.”

Monopolers by their nefarious Projects, and impious exactions, have contaminated the Land with such a contagious exulceration of wicked impositions, that I may with a coequall sympathie, assimilate them to the *Frogs of Ægypt*. First, In regard that those Frogs were the second Plague that was brought upon the *Ægyptians*: So these Monopolers (in respect that Bishops had the priority) were the second Plague, which with disastrous aspersions, did infect our Nation. Secondly, As those Frogs came unto *Pharaoes* Bed-chamber, and upon his Bed: So these Diabolically *Parasites*, did creep into our Kings bosome, with their Pharitically Calumny. Thirdly, Those Frogs did come upon all the people in *Ægypt*, throughout their Territories: And who is there in all our Kingdom, that have not beene infected by the contagion of their venenosive aspersions: they were a Nest of Wasps, which did Tyrannically sting the Kings loyal Subjects with their exacting impositions: They were a swarme of Vermine, which did pollute sincere purity, and like the *Frogs of Ægypt*, did over-creep the Land. They warmed themselves at other mens fires, and though the peoples fingers ends were a cold, by

regard of their impious Project, yet they would alwayes remember to say with *Mantuan*, *Optimum est alieni a frui pecunia*. They sip't of honest mens cups, and did distend their purses in their Bacchanalian ryot, for they drowned themselves in *Bacchus* Fountaine, while other men payd the reckoning. They did alwaies share with the Butler in his Box, yea they grew so fat and plump with damned Projects, that it was easier for *Hercules* to beate the Triple-headed Cerberous out of Hells Stygian Portals, then for us of late, to speake against these cursed Projectors, who abused the Triple Crowne.

But (we thank the all-directing providence of the mighty and Almighty *God*) we have found the like successe with *Hercules*, and by the inflexible Justice of the *Parliament*, we shall with him, drag these Hell-hounds upon the earth, who did eradicate the well planted branch of Plenty. They were heretofore so Epidemically strict, that they would not bate us a pin in their exactions; they have worne a Vizard a long time: But a Vizard sayd I? Their pride was a sufficient Vizard, for it was no marvaile that no man else could know them, when they knew not themselves. But when the *Parliament* shall once unface these, they will prove as bad as any cards in the packe. They were *Janus*-like, and had two Cloakes to hide their knavery; and like the Pythagorean Monster, they did threaten to devoure the whole Commons at a mouth-full. In *Ægypt* the thirsty Dog could never lap of the River *Nilus*, but the Crocodile would assault him immediatly. Neither in our Land could any honest man, whom dire necessitie by compulsive coercion required to allay his sitiating thirst, sip at the odoriferous Spring of *Bacchus*, but incontinently he was assayled by these cursed Crocodiles, the rubbish of Babylon, Honesties Hangman, fomenters of Impietie, Iniquities prodigious Monsters, Plenties execrable Foes, Envyes individuall Companions, detestable Enemies to loyall Subjects; and in a word, that I may fully paint them out, The Devills Journey-men. The *Romans* were never in more danger of the *Sabines*, than wee have beene of these pernicious members: the *Sicilians* never feared the *Basilisk* more, nor the *Cretans* the *Minotaure* neither the *Athenians* that pestiferous Serpent *Epidaurus*, than we have justly feared these wicked Dragons of implety. They are like the *Grecian* Horse, in the midst of *Troy*, under pretence of safety, but at length consumed the whole city: So these firebrands of iniquitie would have extirpated the flourishing plenty of the Land, but (thanks be to God and the righteous Parliament) they are now extinguished. For as a rotten member *Ense recidendum est ne pars sincer a trahatur*, ought to be cut off, least it infect, and contaminate the whole body; so ought these wicked members of the Common-wealth to

be executed with the Sword of Iustice, who have already too farre polluted the body of the Realme. Tis a plausible assimulation which *Hippocrates* observeth, that in the body naturall, as it must be truely purged, before it can be truely sound: so likewise in the body politicke, unlesse these improbous malefactors be purged out, it can never be truely sound.

Their very name Monopolers doth stigmatize them under the brand of knavery, which is derived from *monos* which signifies in English, *Onely*: so that Monopolers, are the *Onely Polers* of the people, which have abused them by their Projects: But now (alas poore men!) they are intruss'd and like to be whipp'd. Their very Projects themselves are set against them: Their Coles which they did aggerate are ready to consume them: The Butter, which before greased their pockets, now melts in their mouthes: The Sope scorne to be projected any longer, and will invert its first Letter S. into R. and become a Rope to them rather. The Salt is ready to powder them to Tiburne: The Cards scorne that they should play the Knave any longer: The Pinnes could pin their Heads to the Gall-house, The Wine threatens to lay them dead—drunke: but hang them they are so crafty, that although they fall downe in a Wine-Seller, yet they know how to rise up agine in a Tobacco-Shop, but I hope before they rise there, they will first rise up at the Gall house: where I'le leave them—By these, and the like enormities have our Land beene too farre overspread, it hath lately flourished too luxuriously in impiety, which did accumulate such insupportable burthens to the weather-beaten Commons of this Realme, that they were almost everted. But thankes be to the all-disposig omnipotence of immortall God, who have alwayes preserved this Kingdome from innumerable evils, and have kept it as the apple of his eye. I say thankes be to his Supremacy, who among other evils have preserved us likewise from the Tyranny of these insulting Projectors. But we now solely depend upon the Parliaments exemplary piety and great Justice, of whom we beg with all humility, and with affectionate servency to the truth, doe supplicate that they would with expedition extinguish these cursed firebrands of the Land, who like *Samsons* Foxes have consumed the Lands and Possions of the Commons. Wherefore let every true hearted Subject enumerate his expresse thankfulnessse to Almigty God for the preservation of this Kingdome, and the multitude of his favours irrigated thereon with all alacritie.

Richard Overton (1631–1664) was an actor, playwright, and Leveller pamphleteer during the English Revolution. He had his own secret printing press and wrote many articles for the Leveller journal *The Moderate*. His

most important works include *Mans Mortalitie* (1644), *An Arrow Against All Tyrants* (1646), and *A Defiance Against All Arbitrary Usurpations* (1646). *Source*: Richard Overton, *The Frogges of Egypt, or the Caterpillers of the Commonwealth, Truely Dissected and Laid Open; With the Subjects Thankfulness unto God for Their Deliverance from That Nest of Vermin* ([London]: npu 1641) 1–5.

Adam Smith, “On Conspiracies, Monopolies, and Unproductive Labour” (1776)

Abstract Smith’s book *Wealth of Nations* is peppered with insights about how some groups conspire together in order to persuade the government to restrict the trade of their competitors in order to benefit themselves. He believes that merchants and manufacturers are particularly susceptible to this, whereas “country gentlemen and farmers” are not. The problem for taxpayers is compounded by the existence of “unproductive hands” who gather in “a numerous and splendid court, a great ecclesiastical establishment, great fleets and armies” and are “all maintained by the produce of other men’s labor.”

But the annual revenue of every society is always precisely equal to the exchangeable value of the whole annual produce of its industry, or rather is precisely the same thing with that exchangeable value. As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value; 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. By preferring the support of domestic to that of foreign industry, he intends only his own security; 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 it always

the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. [...]

People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices. It is impossible indeed to prevent such meetings, by any law which either could be executed, or would be consistent with liberty and justice. But though the law cannot hinder people of the same trade from sometimes assembling together, it ought to do nothing to facilitate such assemblies; much less to render them necessary. [...]

Country gentlemen and farmers are, to their great honour, of all people, the least subject to the wretched spirit of monopoly. The undertaker of a great manufactory is sometimes alarmed if another work of the same kind is established within twenty miles of him. . . . Farmers and country gentlemen, on the contrary, are generally disposed rather to promote than to obstruct the cultivation and improvement of their neighbours farms and estates. They have no secrets, such as those of the greater part of manufacturers, but are generally rather fond of communicating to their neighbours, and of extending as far as possible any new practice which they have found to be advantageous. . . . Country gentlemen and farmers, dispersed in different parts of the country, cannot so easily combine as merchants and manufacturers, who, being collected into towns, and accustomed to that exclusive corporation spirit which prevails in them, naturally endeavour to obtain against all their countrymen the same exclusive privilege which they generally possess against the inhabitants of their respective towns. They accordingly seem to have been the original inventors of those restraints upon the importation of foreign goods, which secure to them the monopoly of the home-market. It was probably in imitation of them, and to put themselves upon a level with those who, they found, were disposed to oppress them, that the country gentlemen and farmers of Great Britain so far forgot the generosity which is natural to their station, as to demand the exclusive privilege of supplying their countrymen with corn and butcher's-meat. They did not perhaps take time to consider, how much less their interest could be affected by the freedom of trade, than that of the people whose example they followed. [...]

Great nations are never impoverished by private, though they sometimes are by public prodigality and misconduct. The whole, or almost the whole public revenue, is in most countries employed in maintaining unproductive hands. Such are the people who compose a numerous and splendid court, a

great ecclesiastical establishment, great fleets and armies, who in time of peace produce nothing, and in time of war acquire nothing which can compensate the expence of maintaining them, even while the war lasts. Such people, as they themselves produce nothing, are all maintained by the produce of other men's labour. When multiplied, therefore, to an unnecessary number, they may in a particular year consume so great a share of this produce, as not to leave a sufficiency for maintaining the productive labourers, who should reproduce it next year. The next year's produce, therefore, will be less than that of the foregoing, and if the same disorder should continue, that of the third year will be still less than that of the second. Those unproductive hands, who should be maintained by a part only of the spare revenue of the people, may consume so great a share of their whole revenue, and thereby oblige so great a number to encroach upon their capitals, upon the funds destined for the maintenance of productive labour, that all the frugality and good conduct of individuals may not be able to compensate the waste and degradation of produce occasioned by this violent and forced encroachment.

This frugality and good conduct, however, is upon most occasions, it appears from experience, sufficient to compensate, not only the private prodigality and misconduct of individuals, but the public extravagance of government. The uniform, constant, and uninterrupted effort of every man to better his condition, the principle from which public and national, as well as private opulence is originally derived, is frequently powerful enough to maintain the natural progress of things toward improvement, in spite both of the extravagance of government, and of the greatest errors of administration. Like the unknown principle of animal life, it frequently restores health and vigour to the constitution, in spite, not only of the disease, but of the absurd prescriptions of the doctor. [...]

Adam Smith (1723–1790) was one of the leading figures in the Scottish Enlightenment and a “founding father” of the modern discipline of economics with his book *The Wealth of Nations* (1776). He also wrote a major work on moral philosophy, *The Theory of Moral Sentiments* (1759), as well as on jurisprudence, rhetoric, and literature. *Source*: Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (London: Methuen 1904) 1–2: 421; 130; 426–27; 324–25.

Thomas Paine, *The Rights of Man* (1792)

Abstract In his reply to Burke’s criticism of the French Revolution, Paine outlines his history of the origin of the state into its present form which the American and French people had rejected in their respective revolutions. He argues that peace and order existed in society prior to the formation of governments, that the first state arose when a band of ruffians or robbers seized control in order to exploit ordinary people, that in the case of England the robbers were the Norman conquerors, that kingship evolved into a “trade” of systematic exploitation which turned into an absurd system of hereditary monarchy which deserved to be overthrown.

CHAPTER I. OF SOCIETY AND CIVILIZATION

Great part of that order which reigns among mankind is not the effect of government. It has its origin in the principles of society and the natural constitution of man. It existed prior to government, and would exist if the formality of government was abolished. The mutual dependence and reciprocal interest which man has upon man, and all the parts of civilised community upon each other, create that great chain of connection which holds it together. The landholder, the farmer, the manufacturer, the merchant, the tradesman, and every occupation, prospers by the aid which each receives from the other, and from the whole. Common interest regulates their concerns, and forms their law; and the laws which common usage

ordains, have a greater influence than the laws of government. In fine society performs for itself almost everything which is ascribed to government.

To understand the nature and quantity of government proper for man, it is necessary to attend to his character. As Nature created him for social life, she fitted him for the station she intended. In all cases she made his natural wants greater than his individual powers. No one man is capable, without the aid of society, of supplying his own wants; and those wants, acting upon every individual, impel the whole of them into society, as naturally as gravitation acts to a centre.

But she has gone further. She has not only forced man into society by a diversity of wants which the reciprocal aid of each other can supply, but she has implanted in him a system of social affections, which, though not necessary to his existence, are essential to his happiness. There is no period in life when this love for society ceases to act. It begins and ends with our being.

If we examine with attention into the composition and constitution of man, the diversity of his wants, and the diversity of talents in different men for reciprocally accommodating the wants of each other, his propensity to society, and consequently to preserve the advantages resulting from it, we shall easily discover, that a great part of what is called government is mere imposition.

Government is no farther necessary than to supply the few cases to which society and civilisation are not conveniently competent; and instances are not wanting to show, that everything which government can usefully add thereto, has been performed by the common consent of society, without government.

For upwards of two years from the commencement of the American War, and to a longer period in several of the American States, there were no established forms of government. The old governments had been abolished, and the country was too much occupied in defence to employ its attention in establishing new governments; yet during this interval order and harmony were preserved as inviolate as in any country in Europe. There is a natural aptness in man, and more so in society, because it embraces a greater variety of abilities and resource, to accommodate itself to whatever situation it is in. The instant formal government is abolished, society begins to act: a general association takes place, and common interest produces common security.

So far is it from being true, as has been pretended, that the abolition of any formal government is the dissolution of society, that it acts by a contrary impulse, and brings the latter the closer together. All that part of its organisation which it had committed to its government, devolves again upon itself, and acts through its medium. When men, as well from natural instinct as from reciprocal benefits, have habituated themselves to social and civilised life, there is always enough of its principles in practice to carry them through any changes they may find necessary or convenient to make in their government. In short, man is so naturally a creature of society that it is almost impossible to put him out of it.

Formal government makes but a small part of civilised life; and when even the best that human wisdom can devise is established, it is a thing more in name and idea than in fact. It is to the great and fundamental principles of society and civilisation—to the common usage universally consented to, and mutually and reciprocally maintained—to the unceasing circulation of interest, which, passing through its million channels, invigorates the whole mass of civilised man—it is to these things, infinitely more than to anything which even the best instituted government can perform, that the safety and prosperity of the individual and of the whole depends.

The more perfect civilisation is, the less occasion has it for government, because the more does it regulate its own affairs, and govern itself; but so contrary is the practice of old governments to the reason of the case, that the expences of them increase in the proportion they ought to diminish. It is but few general laws that civilised life requires, and those of such common usefulness, that whether they are enforced by the forms of government or not, the effect will be nearly the same. If we consider what the principles are that first condense men into society, and what are the motives that regulate their mutual intercourse afterwards, we shall find, by the time we arrive at what is called government, that nearly the whole of the business is performed by the natural operation of the parts upon each other.

Man, with respect to all those matters, is more a creature of consistency than he is aware, or than governments would wish him to believe. All the great laws of society are laws of nature. Those of trade and commerce, whether with respect to the intercourse of individuals or of nations, are laws of mutual and reciprocal interest. They are followed and obeyed, because it is the interest of the parties so to do, and not on account of any formal laws their governments may impose or interpose.

But how often is the natural propensity to society disturbed or destroyed by the operations of government! When the latter, instead of being

ingrafted on the principles of the former, assumes to exist for itself, and acts by partialities of favour and oppression, it becomes the cause of the mischiefs it ought to prevent.

If we look back to the riots and tumults which at various times have happened in England, we shall find that they did not proceed from the want of a government, but that government was itself the generating cause; instead of consolidating society it divided it; it deprived it of its natural cohesion, and engendered discontents and disorders which otherwise would not have existed. In those associations which men promiscuously form for the purpose of trade, or of any concern in which government is totally out of the question, and in which they act merely on the principles of society, we see how naturally the various parties unite; and this shews, by comparison, that governments, so far from being always the cause or means of order, are often the destruction of it. The riots of 1780 had no other source than the remains of those prejudices which the government itself had encouraged. But with respect to England there are also other causes.

Excess and inequality of taxation, however disguised in the means, never fail to appear in their effects. As a great mass of the community are thrown thereby into poverty and discontent, they are constantly on the brink of commotion; and deprived, as they unfortunately are, of the means of information, are easily heated to outrage. Whatever the apparent cause of any riots may be, the real one is always want of happiness. It shews that something is wrong in the system of government that injures the felicity by which society is to be preserved.

But as fact is superior to reasoning, the instance of America presents itself to confirm these observations. If there is a country in the world where concord, according to common calculation, would be least expected, it is America. Made up as it is of people from different nations, accustomed to different forms and habits of government, speaking different languages, and more different in their modes of worship, it would appear that the union of such a people was impracticable; but by the simple operation of constructing government on the principles of society and the rights of man, every difficulty retires, and all the parts are brought into cordial unison. There the poor are not oppressed, the rich are not privileged. Industry is not mortified by the splendid extravagance of a court rioting at its expence. Their taxes are few, because their government is just: and as there is nothing to render them wretched, there is nothing to engender riots and tumults.

A metaphysical man, like Mr. Burke, would have tortured his invention to discover how such a people could be governed. He would have supposed

that some must be managed by fraud, others by force, and all by some contrivance; that genius must be hired to impose upon ignorance, and shew and parade to fascinate the vulgar. Lost in the abundance of his researches, he would have resolved and re-resolved, and finally overlooked the plain and easy road that lay directly before him.

One of the great advantages of the American Revolution has been, that it led to a discovery of the principles, and laid open the imposition, of governments. All the revolutions till then had been worked within the atmosphere of a court, and never on the great floor of a nation. The parties were always of the class of courtiers; and whatever was their rage for reformation, they carefully preserved the fraud of the profession.

In all cases they took care to represent government as a thing made up of mysteries, which only themselves understood; and they hid from the understanding of the nation the only thing that was beneficial to know, namely, That government is nothing more than a national association acting on the principles of society.

Having thus endeavored to show that the social and civilised state of man is capable of performing within itself almost everything necessary to its protection and government, it will be proper, on the other hand, to take a review of the present old governments, and examine whether their principles and practice are correspondent thereto.

CHAPTER II. OF THE ORIGIN OF THE PRESENT OLD GOVERNMENTS

It is impossible that such governments as have hitherto existed in the world, could have commenced by any other means than a total violation of every principle sacred and moral. The obscurity in which the origin of all the present old governments is buried, implies the iniquity and disgrace with which they began. The origin of the present government of America and France will ever be remembered, because it is honourable to record it; but with respect to the rest, even Flattery has consigned them to the tomb of time, without an inscription.

It could have been no difficult thing in the early and solitary ages of the world, while the chief employment of men was that of attending flocks and herds, for a banditti of ruffians to overrun a country, and lay it under contributions. Their power being thus established, the chief of the band contrived to lose the name of Robber in that of Monarch; and hence the origin of Monarchy and Kings.

The origin of the Government of England, so far as relates to what is called its line of monarchy, being one of the latest, is perhaps the best recorded. The hatred which the Norman invasion and tyranny begat, must have been deeply rooted in the nation, to have outlived the contrivance to obliterate it. Though not a courtier will talk of the curfeubell, not a village in England has forgotten it.

Those bands of robbers having parcelled out the world, and divided it into dominions, began, as is naturally the case, to quarrel with each other. What at first was obtained by violence was considered by others as lawful to be taken, and a second plunderer succeeded the first. They alternately invaded the dominions which each had assigned to himself, and the brutality with which they treated each other explains the original character of monarchy. It was ruffian torturing ruffian. The conqueror considered the conquered, not as his prisoner, but his property. He led him in triumph rattling in chains, and doomed him, at pleasure, to slavery or death. As time obliterated the history of their beginning, their successors assumed new appearances, to cut off the entail of their disgrace, but their principles and objects remained the same. What at first was plunder, assumed the softer name of revenue; and the power originally usurped, they affected to inherit.

From such beginning of governments, what could be expected but a continued system of war and extortion? It has established itself into a trade. The vice is not peculiar to one more than to another, but is the common principle of all. There does not exist within such governments sufficient stamina whereon to engraft reformation; and the shortest and most effectual remedy is to begin anew on the ground of the nation. [...]

CHAPTER III. OF THE OLD AND NEW SYSTEMS OF GOVERNMENT

[...] All hereditary government is in its nature tyranny. An heritable crown, or an heritable throne, or by what other fanciful name such things may be called, have no other significant explanation than that mankind are heritable property. To inherit a government, is to inherit the people, as if they were flocks and herds. [...]

Hereditary succession is a burlesque upon monarchy. It puts it in the most ridiculous light, by presenting it as an office which any child or idiot may fill. It requires some talents to be a common mechanic; but to be a king requires only the animal figure of man—a sort of breathing automaton. This sort of superstition may last a few years more, but it cannot long resist the awakened reason and interest of man. [...]

That monarchy is all a bubble, a mere court artifice to procure money, is evident (at least to me,) in every character in which it can be viewed. It would be impossible, on the rational system of representative government, to make out a bill of expences to such an enormous amount as this deception admits. Government is not of itself a very chargeable institution. The whole expence of the federal government of America, founded, as I have already said, on the system of representation, and extending over a country nearly ten times as large as England, is but six hundred thousand dollars, or one hundred and thirty-five thousand pounds sterling. [...]

Thomas Paine (1737–1809) was a vigorous defender of and participant in both the American and French revolutions. His most famous work is *Common Sense* (1776) which was an early call for the independence of the American colonies from Britain. His other well-known work is *The Rights of Man* (1791) which was a reply to Burke's critique of the French Revolution. *Source:* Thomas Paine, *The Writings of Thomas Paine*, ed. Moncure Daniel Conway (New York: Putnam 1894) 2: 406–28. We have removed the notes for reasons of length.

Thomas Paine, Letter Addressed to the Addressers on the Late Proclamation (June 1792)

Abstract In this piece, Paine is more specific about what groups benefited from having privileged access to tax payers' money, namely placemen, pensioners, and other members of the Civil List. He divides the country into two distinct classes—those who pay taxes and those who receive and live upon taxes—with the latter, whom he called “locusts,” benefiting from “perpetual corruption” within the government. Most taxpaying men were excluded from voting and those who did vote sought to become members of the “Ins” who controlled government expenditure and not to be members of the “Outs” who were temporarily out of favor.

To overthrow Mr. Burke's fallacious book was scarcely the operation of a day. Even the phalanx of Placemen and Pensioners, who had given the tone to the multitude, by clamouring forth his political fame, became suddenly silent; and the final event to himself has been, that as he rose like a rocket, he fell like the stick. [...]

When the Second Part of *Rights of Man, combining Principle and Practice*, was preparing to appear, they affected, for a while, to act with the same policy as before; but finding their silence had no more influence in stifling the progress of the work, than it would have in stopping the progress of time, they changed their plan, and affected to treat it with clamorous contempt. The Speech-making Placemen and Pensioners, and Place-expectants, in both Houses of Parliament, the *Outs* as well as the *Ins*,

represented it as a silly, insignificant performance; as a work incapable of producing any effect; as something which they were sure the good sense of the people would either despise or indignantly spurn; but such was the overstrained awkwardness with which they harangued and encouraged each other, that in the very act of declaring their confidence they betrayed their fears. [...]

The nation exhibits no signs of fear at the Rights of Man; why then should the Government, unless the interest of the two are really opposite to each other, and the secret is beginning to be known? That there are two distinct classes of men in the nation, those who pay taxes, and those who receive and live upon the taxes, is evident at first sight; and when taxation is carried to excess, it cannot fail to disunite those two, and something of this kind is now beginning to appear. [...]

When the mass of the nation saw that Placemen, Pensioners, and Borough-mongers, were the persons that stood forward to promote Addresses, it could not fail to create suspicions that the public good was not their object; that the character of the books, or writings, to which such persons obscurely alluded, not daring to mention them, was directly contrary to what they described them to be, and that it was necessary that every man, for his own satisfaction, should exercise his proper right, and read and judge for himself. [...]

Why, then, some calm observer will ask, why is the work prosecuted, if these be the goodly matters it contains? I will tell thee, friend; it contains also a plan for the reduction of Taxes, for lessening the immense expences of Government, for abolishing sinecure Places and Pensions; and it proposes applying the redundant taxes, that shall be saved by these reforms, to the purposes mentioned in the former paragraph, instead of applying them to the support of idle and profligate Placemen and Pensioners.

Is it, then, any wonder that Placemen and Pensioners, and the whole train of Court expectants, should become the promoters of Addresses, Proclamations, and Prosecutions? or, is it any wonder that Corporations and rotten Boroughs, which are attacked and exposed, both in the First and Second Parts of *Rights of Man*, as unjust monopolies and public nuisances, should join in the cavalcade? Yet these are the sources from which Addresses have sprung. Had not such persons come forward to oppose the *Rights of Man*, I should have doubted the efficacy of my own writings: but those opposers have now proved to me that the blow was well directed, and they have done it justice by confessing the smart.

The principal deception in this business of Addresses has been, that the promoters of them have not come forward in their proper characters. They have assumed to pass themselves upon the public as a part of the Public, bearing a share of the burthen of Taxes, and acting for the public good; whereas, they are in general that part of it that adds to the public burthen, by living on the produce of the public taxes. They are to the public what the locusts are to the tree: the burthen would be less, and the prosperity would be greater, if they were shaken off. [...]

It is a good Constitution for courtiers, placemen, pensioners, borough-holders, and the leaders of Parties, and these are the men that have been the active leaders of Addresses; but it is a bad Constitution for at least ninety-nine parts of the nation out of an hundred, and this truth is every day making its way.

It is bad, first, because it entails upon the nation the unnecessary expence of supporting three forms and systems of Government at once, namely, the monarchical, the aristocratical, and the democratical.

Secondly, because it is impossible to unite such a discordant composition by any other means than perpetual corruption; and therefore the corruption so loudly and so universally complained of, is no other than the natural consequence of such an unnatural compound of Governments; and in this consists that excellence which the numerous herd of placemen and pensioners so loudly extol, and which at the same time, occasions that enormous load of taxes under which the rest of the nation groans. [...]

I have asserted, in the Work RIGHTS OF MAN, that as every man in the nation pays taxes, so has every man a right to a share in government, and consequently that the people of Manchester, Birmingham, Sheffield, Leeds, Halifax, &c. have the same right as those of London. Shall, then, twelve men, picked out between Temple-bar and Whitechapel, because the book happened to be first published there, decide upon the rights of the inhabitants of those towns, or of any other town or village in the nation? [...]

It has ever been the craft of Courtiers, for the purpose of keeping up an expensive and enormous Civil List, and a mummy of useless and antiquated places and offices at the public expence, to be continually hanging England upon some individual or other, called *King*, though the man might not have capacity to be a parish constable. The folly and absurdity of this, is appearing more and more every day; and still those men continue to act as if no alteration in the public opinion had taken place. They hear each other's nonsense, and suppose the whole nation talks the same Gibberish. [...]

Whoever will read the declarations of this Society, of the 25th of April and 5th of May, will find a studied reserve upon all the points that are real abuses. They speak not once of the extravagance of Government, of the abominable list of unnecessary and sinecure places and pensions, of the enormity of the Civil List, of the excess of taxes, nor of any one matter that substantially affects the nation; and from some conversation that has passed in that Society, it does not appear to me that it is any part of their plan to carry this class of reforms into practice. No Opposition Party ever did, when it gained possession. [...]

Wretched as the state of representation is in England, it is every day becoming worse, because the unrepresented parts of the nation are increasing in population and property, and the represented parts are decreasing. It is, therefore, no ill-grounded estimation to say, that as not one person in seven is represented, at least fourteen millions of taxes out of the seventeen millions, are paid by the unrepresented part; for although copyholds and leaseholds are assessed to the land-tax, the holders are unrepresented. Should then a general demur take place as to the obligation of paying taxes, on the ground of not being represented, it is not the Representatives of Rotten Boroughs, nor Special Juries, that can decide the question. This is one of the possible cases that ought to be foreseen, in order to prevent the inconveniencies that might arise to numerous individuals, by provoking it. [...]

As to Petitions from the unrepresented part, they ought not to be looked for. As well might it be expected that Manchester, Sheffield, &c. should petition the rotten Boroughs, as that they should petition the Representatives of those Boroughs. Those two towns alone pay far more taxes than all the rotten Boroughs put together, and it is scarcely to be expected they should pay their court either to the Boroughs, or the Borough-mongers. [...]

As to the Civil List of a million a year, it is not to be supposed that any one man can eat, drink, or consume the whole upon himself. The case is, that above half the sum is annually apportioned among Courtiers, and Court Members, of both Houses, in places and offices, altogether insignificant and perfectly useless as to every purpose of civil, rational, and manly government. [...]

Such reforms will not be promoted by the Party that is in possession of those places, nor by the Opposition who are waiting for them; and as to a *mere reform*, in the state of the Representation, the idea that another Parliament, differently elected from the present, but still a third component

part of the same system, and subject to the controul of the other two parts, will abolish those abuses, is altogether delusion; because it is not only impracticable on the ground of formality, but is unwisely exposing another set of men to the same corruptions that have tainted the present. [...]

Instead, then, of referring to rotten Boroughs and absurd Corporations for Addresses, or hawking them about the country to be signed by a few dependant tenants, the real and effectual mode would be to come at once to the point, and to ascertain the sense of the nation by electing a National Convention. By this method, as already observed, the general will, whether to reform or not, or what the reform shall be, or how far it shall extend, will be known, and it cannot be known by any other means. Such a body, empowered and supported by the nation, will have authority to demand information upon all matters necessary to be enquired into; and no Minister, nor any person, will dare to refuse it. It will then be seen whether seventeen millions of taxes are necessary, and for what purposes they are expended. The concealed Pensioners will then be obliged to unmask; and the source of influence and corruption, if any such there be, will be laid open to the nation, not for the purpose of revenge, but of redress. [...]

As every man in the nation, of the age of twenty-one years, pays taxes, either out of the property he possesses, or out of the product of his labor, which is property to him; and is amenable in his own person to every law of the land; so has every one the same equal right to vote, and no one part of the nation, nor any individual, has a right to dispute the right of another. The man who should do this ought to forfeit the exercise of his *own* right, for a term of years. This would render the punishment consistent with the crime. [...]

Exclusions are not only unjust, but they frequently operate as injuriously to the party who monopolizes, as to those who are excluded. When men seek to exclude others from participating in the exercise of any right, they should, at least, be assured, that they can effectually perform the whole of the business they undertake; for, unless they do this, themselves will be losers by the monopoly. This has been the case with respect to the monopolized right of Election. The monopolizing party has not been able to keep the Parliamentary Representation, to whom the power of taxation was entrusted, in the state it ought to have been, and have thereby multiplied taxes upon themselves equally with those who were excluded. [...]

Neither from elections thus conducted, nor from rotten Borough Addressers, nor from County-meetings, promoted by Placemen and Pensioners, can the sense of the nation be known. It is still corruption appealing

to itself. But a Convention of a thousand persons, fairly elected, would bring every matter to a decided issue. [...]

Who are those that are frightened at reforms? Are the public afraid that their taxes should be lessened too much? Are they afraid that sinecure places and pensions should be abolished too fast? Are the poor afraid that their condition should be rendered too comfortable? Is the worn-out mechanic, or the aged and decayed tradesman, frightened at the prospect of receiving ten pounds a year out of the surplus taxes? Is the soldier frightened at the thoughts of his discharge, and three shillings per week during life? Is the sailor afraid that press-warrants will be abolished? The Society mistakes the fears of borough-mongers, placemen, and pensioners, for the fears of the people; and the *temperate and moderate Reform* it talks of, is calculated to suit the condition of the former. [...]

Thomas Paine (1737–1809) was a vigorous defender of and participant in both the American and French revolutions. His most famous work is *Common Sense* (1776) which was an early call for the independence of the American colonies from Britain. His other well-known work is *The Rights of Man* (1791) which was a reply to Burke's critique of the French Revolution. *Source:* Thomas Paine, *The Writings of Thomas Paine*, ed. Moncure Daniel Conway (New York: Putnam 1894) 3: 45–95.

William Godwin, “Of Courts, Subjects, and Pensions” (1793)

Abstract Godwin focuses on the power relationships within a monarch’s court beginning with ministers who must flatter a monarch who is ignorant of much of what is going on around him and who have their own “ministers” and other subordinates to control. The gradations of power within the court make possible caprice, personal advancement, and corruption at taxpayer’s expense. The king’s subjects are kept in place by expensive displays of pomp and ceremony and the perpetuation of the myth of the monarch’s supernatural abilities. The pensions and salaries of the court are paid for by a system of taxation which is unequal and oppressive.

CHAPTER V. OF COURTS AND MINISTERS

We shall be better enabled to judge of the dispositions with which information is communicated and measures are executed in monarchical countries, if we reflect upon another of the evil consequences attendant upon this species of government, the existence and corruption of courts.

The character of this, as well as of every other human institution, arises out of the circumstances with which it is surrounded. Ministers and favourites are a sort of people who have a state prisoner in their custody, the whole management of whose understanding and actions they can easily engross. This they completely effect with a weak and credulous master, nor can the most cautious and penetrating entirely elude their machinations. They unavoidably desire to continue in the administration of his functions,

whether it be emolument, or the love of homage, or any more generous motive by which they are attached to it. But the more they are confided in by the sovereign, the greater will be the permanence of their situation; and the more exclusive is their possession of his ear, the more implicit will be his confidence. The wisest of mortals are liable to error; the most judicious projects are open to specious and superficial objections; and it can rarely happen but a minister will find his ease and security in excluding as much as possible other and opposite advisers, whose acuteness and ingenuity are perhaps additionally whetted by a desire to succeed to his office.

Ministers become a sort of miniature kings in their turn. Though they have the greatest opportunity of observing the impotence and unmeaningness of the character, they yet envy it. It is their trade perpetually to extol the dignity and importance of the master they serve; and men cannot long anxiously endeavour to convince others of the truth of any proposition without becoming half convinced of it themselves. They feel themselves dependent for all that they most ardently desire upon this man's arbitrary will; but a sense of inferiority is perhaps the never failing parent of emulation or envy. They assimilate themselves therefore of choice to a man to whose circumstances their own are considerably similar.

In reality the requisites, without which monarchical government cannot be preserved in existence, are by no means sufficiently supplied by the mere intervention of ministers. There must be the ministers of ministers, and a long bead roll of subordination descending by tedious and complicated steps. Each of these lives on the smile of the minister, as he lives on the smile of the sovereign. Each of these has his petty interests to manage, and his empire to employ under the guise of servility. Each imitates the vices of his superior, and exacts from others the adulation he is obliged to pay.

It has already appeared that a king is necessarily and almost unavoidably a despot in his heart. He has been used to hear those things only which were adapted to give him pleasure; and it is with a grating and uneasy sensation that he listens to communications of a different sort. He has been used to unhesitating compliance; and it is with difficulty he can digest expostulation and opposition. Of consequence the honest and virtuous character, whose principles are clear and unshaken, is least qualified for his service; he must either explain away the severity of his principles, or he must give place to a more crafty and temporising politician. The temporising politician expects the same pliability in others that he exhibits in himself; and the fault which he can least forgive is an ill timed and inauspicious scrupulosity.

Expecting this compliance from all the coadjutors and instruments of his designs, he soon comes to set it up as a standard by which to judge of the merit of all other men. He is deaf to every recommendation but that of a fitness for the secret service of government, or a tendency to promote his interest and extend the sphere of his influence. The worst man with this argument in his favour will seem worthy of encouragement; the best man who has no advocate but virtue to plead for him will be treated with superciliousness and neglect. It is true the genuine criterion of human desert can never be superseded and reversed. But it will appear to be reversed, and appearance will produce many of the effects of reality. To obtain honour it will be thought necessary to pay a servile court to administration, to bear with unaltered patience their contumely and scorn, to flatter their vices, and render ourselves useful to their private gratification. To obtain honour it will be thought necessary by assiduity and intrigue to make to ourselves a party, to procure the recommendation of lords and the good word of women of pleasure and clerks in office. To obtain honour it will be thought necessary to merit disgrace. The whole scene consists in hollowness, duplicity and falshood. The minister speaks fair to the man he despises, and the slave pretends a generous attachment, while he thinks of nothing but his personal interest. That these principles are interspersed under the worst governments with occasional deviations into better it would be folly to deny; that they do not form the great prevailing features wherever a court and a monarch are to be found it would be madness to assert.

The fundamental disadvantage of such a form of government is, that it renders things of the most essential importance subject through successive gradations to the caprice of individuals. The suffrage of a body of electors will always bear a resemblance more or less remote to the public sentiment. The suffrage of an individual will depend upon caprice, personal convenience or pecuniary corruption. If the king be himself inaccessible to injustice, if the minister disdain a bribe, yet the fundamental evil remains, that kings and ministers, fallible themselves, must upon a thousand occasions depend upon the recommendation of others. Who will answer for these through all their classes, officers of state and deputies of department, humble friends and officious valets, wives and daughters, concubines and confessors?

It is supposed by many, that the existence of permanent hereditary distinction is necessary to the maintenance of order among beings so imperfect as the human species. But it is allowed by all, that permanent hereditary distinction is a fiction of policy, not an ordinance of immutable

truth. Wherever it exists, the human mind, so far as relates to political society, is prevented from settling upon its true foundation. There is a perpetual struggle between the genuine sentiments of understanding, which tell us that all this is an imposition, and the imperious voice of government, which bids us, Reverence and obey. In this unequal contest, alarm and apprehension will perpetually haunt the minds of those who exercise usurped power. In this artificial state of man powerful engines must be employed to prevent him from rising to his true level. It is the business of the governors to persuade the governed, that it is their interest to be slaves. They have no other means by which to create this fictitious interest, but those which they derive from the perverted understandings and burdened property of the public, to be returned in titles, ribbands and bribes. Hence that system of universal corruption without which monarchy could not exist. [...]

CHAPTER VI. OF SUBJECTS

Let us proceed to consider the moral effects which the institution of monarchical government is calculated to produce upon the inhabitants of the countries in which it flourishes. And here it must be laid down as a first principle that monarchy is founded in imposture. It is false that kings are entitled to the eminence they obtain. They possess no intrinsic superiority over their subjects. The line of distinction that is drawn is the offspring of pretence, an indirect means employed for effecting certain purposes, and not the offspring of truth. It tramples upon the genuine nature of things, and depends for its support upon this argument, "that, were it not for impositions of a similar nature, mankind would be miserable."

Secondly, it is false that kings can discharge the functions of royalty. They pretend to superintend the affairs of millions, and they are necessarily unacquainted with these affairs. The senses of kings are constructed like those of other men, they can neither see nor hear what is transacted in their absence. They pretend to administer the affairs of millions, and they possess no such supernatural powers as should enable them to act at a distance. They are nothing of what they would persuade us to believe them. The king is often ignorant of that of which half the inhabitants of his dominions are informed. His prerogatives are administered by others, and the lowest clerk in office is frequently to this and that individual more effectually the sovereign than the king himself. He knows nothing of what is solemnly transacted in his name.

To conduct this imposture with success it is necessary to bring over to its party our eyes and our ears. Accordingly kings are always exhibited with all the splendour of ornament, attendance and equipage. They live amidst a sumptuousness of expence; and this not merely to gratify their appetites, but as a necessary instrument of policy. The most fatal opinion that could lay hold upon the minds of their subjects is that kings are but men. Accordingly they are carefully withdrawn from the profaneness of vulgar inspection; and, when they are exhibited, it is with every artifice that may dazzle our sense and mislead our judgment.

The imposture does not stop with our eyes, but addresses itself to our ears. Hence the inflated style of regal formality. The name of the king every where obtrudes itself upon us. It would seem as if every thing in the country, the lands, the houses, the furniture and the inhabitants were his property. Our estates are the king's dominions. Our bodies and minds are his subjects. Our representatives are his parliament. Our courts of law are his deputies. All magistrates throughout the realm are the king's officers. His name occupies the foremost place in all statutes and decrees. He is the prosecutor of every criminal. He is "Our Sovereign Lord the King." Were it possible that he should die, "the fountain of our blood, the means by which we live," would be gone: every political function would be suspended. It is therefore one of the fundamental principles of monarchical government that "the king cannot die." Our moral principles accommodate themselves to our veracity: and accordingly the sum of our political duties (the most important of all duties) is loyalty; to be true and faithful to the king; to honour a man, whom it may be we ought to despise; and to obey; that is, to acknowledge no immutable criterion of justice and injustice. [...]

CHAPTER IX. OF PENSIONS AND SALARIES

An article which deserves the maturest consideration, and by means of which political institution does not fail to produce the most important influence upon opinion, is that of the mode of rewarding public services. The mode which has obtained in all European countries is that of pecuniary reward. He who is employed to act in behalf of the public, is recompensed with a salary. He who retires from that employment, is recompensed with a pension. The arguments in support of this system are well known. It has been remarked, "that it may indeed be creditable to individuals to be willing to serve their country without a reward, but that it is a becoming pride on the part of the public, to refuse to receive as an alms that for which they are

well able to pay. If one man, animated by the most disinterested motives, be permitted to serve the public upon these terms, another will assume the exterior of disinterestedness, as a step towards the gratification of a sinister ambition. If men be not openly and directly paid for the services they perform, we may rest assured that they will pay themselves by ways ten thousand times more injurious. He who devotes himself to the public, ought to devote himself entire: he will therefore be injured in his personal fortune, and ought to be replaced. Add to this, that the servants of the public ought by their appearances and mode of living to command respect both from their own countrymen and from foreigners; and that this circumstance will require an expence for which it is the duty of their country to provide."¹

Before this argument can be sufficiently estimated, it will be necessary for us to consider the analogy between labour in its most usual acceptation and labour for the public service, what are the points in which they resemble and in which they differ. If I cultivate a field the produce of which is necessary for my subsistence, this is an innocent and laudable action, the first object it proposes is my own emolument, and it cannot be unreasonable that that object should be much in my contemplation while the labour is performing. If I cultivate a field the produce of which is not necessary to my subsistence, but which I propose to give in barter for a garment, the case then becomes different. The action here does not properly speaking begin in myself. Its immediate object is to provide food for another; and it seems to be in some degree a perversion of intellect, that causes me to place in an inferior point of view the inherent quality of the action, and to do that which is in the first instance benevolent, from a partial retrospect to my own advantage. Still the perversion here, at least to our habits of reflecting and judging, does not appear violent. The action differs only in form from that which is direct. I employ that labour in cultivating a field, which must otherwise be employed in manufacturing a garment. The garment I propose to myself as the end of my labour. We are not apt to conceive of this species of barter and trade as greatly injurious to our moral discernment.

But then this is an action in the slightest degree indirect. It does not follow, because we are induced to do some actions immediately beneficial to others from a selfish motive, that we can admit of this in all instances with

¹The substance of these arguments may be found in Mr. Burke's *Speech on Oeconomical Reform*.

impunity. It does not follow, because we are sometimes inclined to be selfish, that we must never be generous. The love of our neighbour is the great ornament of a moral nature. The perception of truth is the most solid improvement of an intellectual nature. He that sees nothing in the universe deserving of regard but himself, is a consummate stranger to the dictates of immutable reason. He that is not influenced in his conduct by the real and inherent natures of things, is rational to no purpose. Admitting that it is venial to do some actions immediately beneficial to my neighbour from a partial retrospect to myself, surely there must be other actions in which I ought to forget, or endeavour to forget myself. This duty is most obligatory in actions most extensive in their consequences. If a thousand men be to be benefited, I ought to recollect that I am only an atom in the comparison, and to reason accordingly.

These considerations may qualify us to decide upon the article of pensions and salaries. Surely it ought not to be the end of a good political institution to increase our selfishness, instead of suffering it to dwindle and decay. If we pay an ample salary to him who is employed in the public service, how are we sure that he will not have more regard to the salary than to the public? If we pay a small salary, yet the very existence of such a payment will oblige men to compare the work performed and the reward bestowed; and all the consequence that will result will be to drive the best men from the service of their country, a service first degraded by being paid, and then paid with an ill-timed parsimony. Whether the salary be large or small, if a salary exist, many will desire the office for the sake of its appendage. Functions the most extensive in their consequences will be converted into a trade. How humiliating will it be to the functionary himself, amidst the complication and subtlety of motives, to doubt whether the salary were not one of his inducements to the accepting the office? If he stand acquitted to himself, it is however still to be regretted, that grounds should be afforded to his countrymen, which tempt them to misinterpret his views.

Another consideration of great weight in this instance is that of the source from which salaries are derived: from the public revenue, from taxes imposed upon the community. But there is no practicable mode of collecting the superfluities of the community. Taxation, to be strictly equal, if it demand from the man of an hundred a year ten pounds, ought to demand from the man of a thousand a year nine hundred and ten. Taxation will always be unequal and oppressive, wresting the hard earned morsel from the gripe of the peasant, and sparing him most whose superfluities most defy the limits of justice. I will not say that the man of clear

discernment and an independent mind would rather starve than be subsisted at the public cost: but I will say, that it is scarcely possible to devise any expedient for his subsistence that he would not rather accept. [...]

William Godwin (1757–1836) was an English radical journalist, political philosopher, and novelist. He was one of the first explicitly anarchist theorists and an early advocate of utilitarianism. Godwin was active in radical circles in England during the French Revolution when it became increasingly difficult to be associated with radical and republican ideas. He married Mary Wollstonecraft, a feminist. *Source*: William Godwin, *An Enquiry Concerning Political Justice, and Its Influence on General Virtue and Happiness* (London: Robinson 1793) 2: 414–22, 673–82.

Vicesimus Knox, *The Spirit of Despotism* (1795)

Abstract In these extracts, Knox argues that in time of war there emerges a form of despotism which consists of a “ministerial oligarchy” and powerful “grandees.” The “ministerial oligarchy” is able to control the state by offering favors to the rich and powerful and preventing criticism of their actions by influencing juries to convict opponents of the war in treason trials. Powerful “grandees” seize the chance to command large armies and hence increase their own power and prestige at the expense of “the people” who die on the battlefield and are bled dry by onerous taxes.

SECTION XXIX. OF THE DESPOTISM OF INFLUENCE; WHILE THE FORMS OF A FREE CONSTITUTION ARE PRESERVED

[...] The magnitude of the national debt, and the share that almost every family in the kingdom, directly or indirectly, possesses in the public funds, contribute, more than all other causes, to increase the influence of the crown among the mass of the people. But the debt is still increasing, in consequence of war. Property in the funds is still more widely diffused; the influence, in consequence, more extended. Liberty may be more effectually invaded by the influence of the stocks, than it ever was invaded, in the days of the Stuarts, by the abuse of prerogative.

We are happy in a king, who, making the happiness of the people his first object, certainly would not avail himself of any advantages afforded by

circumstances, to intrench upon their liberty. But be it remembered, that ministers in this country, with their favourites, often constitute an oligarchy.

This ministerial oligarchy may certainly abuse the influence of the crown, so as to render itself virtually superior to the limited and constitutional monarchy. Should such ever be the case, the oligarchy will be a species of despotism, the more formidable as the more insidious; possessing the power, but denying the form. By a judicious distribution of favours, by alluring all the rich and great to its side, either by hope or by fear, it may erect a rampart, which the independent part of the people, acting from no system, and disunited, may vainly seek to demolish. The monarch and the people may join hand in hand, without effect, against a ministerial oligarchy, thus buttressed by a faction composed of rank and wealth artfully combined, in the meanest manner, for the basest purposes. False alarms may be spread on the danger of property from the diffusion of new principles, so as to drive all who possess an acre of land, or a hundred pounds in the public funds, within the ministerial pale. Religion may be said to be in danger, in order to bring in the devout and well-disposed. Order may be declared in jeopardy, that the weak, the timid, and the quiet may be led, by their fears, to unite with wealth and power. Plots and conspiracies are common expedients of delusion. They have been used, by profligate ministers, with such a total disregard to truth and probability, that they now begin to lose their effect. But how dreadful, if influence should ever prevail with juries, to gratify the inventors of false plots, treasons, and conspiracies, by bringing in verdicts favourable to the views of the villainous fabricators! English juries are indeed still uncorrupted. They are unconnected with courts and ministers. And the uncorrupt part of our system, in cases of state trials, is able to prevent the mischief which would be caused by the corrupt part of it. The honest juries, in the late trials for treason, have not only done honour to our country and to human nature, but added great strength to the cause of truth, justice, and the constitution.

But it is truly alarming, to hear the verdicts of juries obliquely impeached by eminent men in the legislative assemblies. There has appeared no stronger symptom of the spirit of despotism, than the attempts of courtiers and crown lawyers, in the public senate, to vilify juries and their verdicts, given after a more solemn and longer investigation than ever took place on similar trials. Persons acquitted after such an ordeal, have been said to be no more innocent than acquitted felons. That the people have born such an insult on their most valuable privilege, with patience, is a proof that a tame acquiescence has been produced among them, unknown to their virtuous

ancestors. It is to be hoped the insult will stimulate future juries to preserve their rights with jealous vigilance, and render them impregnable by ministerial influence, directly or indirectly applied. If the men who disapprove the verdicts of the virtuous juries, on the late occasions, had themselves been the jurors, they would have given different verdicts, pronounced the prisoners guilty, and assigned them over to the resentment of irritated, aristocratic pride. So mighty is the despotism of influence, that neither justice nor mercy can check it in the breast of a proud parasite. [...]

SECTION XXX. THE SPIRIT OF DESPOTISM DELIGHTS IN WAR OR SYSTEMATIC MURDER

[...] But to an accurate observer it is an alarming proof of the spirit of despotism, when the great are eager to rush into war; when they listen to no terms of accommodation, and scorn to negotiate, in any mode or degree, previously to unsheathing the dreadful instrument of slaughter. If war, instead of being what it has been called, the *ratio ultima*, becomes the *ratio prima regum*, it is a proof that reason has lost her empire, and force usurped her throne.

Fear is the principle of all despotic government, and therefore despots make war their first study and delight. No arts and sciences, nothing that contributes to the comfort or the embellishment of human society, is half so much attended to, in countries where the spirit of despotism is established, as the means of destroying human life. Tigers, wolves, earthquakes, inundations, are all innocuous to man, when compared with the fiercest of monsters, the gory despots. Fiends, furies, demons of destruction! may the day be near, when, as wolves have been utterly exterminated from England, despots may be cut off from the face of the whole earth; and the bloody memory of them loaded with the execration of every human being, to whom God has given a heart to feel, and a tongue to utter!

Wherever a particle of their accursed spirit is found, there also will be found a propensity to war. In times of peace, the grandes find themselves shrunk to the size of common mortals. A finer house, a finer coach, a finer coat, a finer livery than others can afford, is all that they can display to the eye of the multitude, in proof of their assumed superiority. Their power is inconsiderable. But no sooner do you blow the blast of war, and put armies under their command, than they feel themselves indeed great and powerful. A hundred thousand men, in battle array, with all the instruments of

destruction, under the command of a few grandees, inferior, perhaps, in bodily strength, to every one of the subject train, and but little superior in intellect or courage, yet holding all, on pain of death, in absolute subjection; how must it elevate the little despots in their own opinion! “This it is to live,” (they exclaim, shaking hands with each other) “this is to be great indeed. Now we feel our power. Glory be to us on high; especially as all our fame and greatness is perfectly compatible with our personal safety; for we will not risk our precious persons in the scene of danger, but be content with our extended patronage, with the delight of commanding the movements of this human machine, and with reading of the blood, slaughter, and burnt villages, in the Gazette, at our fire-side.”

All the expense of war is paid by the people, and most of the personal danger incurred by those, who, according to some, have no political existence; I mean the multitude, sold by the head, like sheep in Smithfield. Many of these troublesome beings in human form, are happily got rid of in the field of battle, and more by sickness and hardship previous or subsequent to the glorious day of butchery. Thus all makes for the spirit of despotism. There are, in consequence of a great carnage, fewer wretches left to provide for, or to oppose its will; and all the honour, all the profit, all the amusement, falls to the share of the grandees, thus raised from the insignificance and inglorious indolence of peace, to have their names blown over the world by the trumpet of Fame, and recorded in the page of history.

But a state of war not only gives a degree of personal importance to some among the great, which they could never obtain by the arts of peace, but greatly helps the cause of despotism. In times of peace the people are apt to be impertinently clamorous for reform. But in war, they must say no more on the subject, because of the public danger. It would be ill-timed. Freedom of speech also must be checked. A thousand little restraints on liberty are admitted, without a murmur, in a time of war, that would not be borne one moment during the halcyon days of peace. Peace, in short, is productive of plenty, and plenty makes the people saucy. Peace, therefore, must not continue long after a nation has arrived at a certain degree of prosperity. This is a maxim of Despotism. Political phlebotomy is necessary in a political plethora. “Bleed them *usque ad deliquium*,” (said the arbitrary doctor,) “and I will undertake that in future the patient shall be more tractable.” [...]

Let any dispassionate man, uninfluenced by placemen, pensioners, contractors, and expectants of court favour, impartially consider, from the earliest ages to the present, the history of war. He must observe that scarcely

any wars have been just and necessary; though they almost all have claimed these epithets, with a persevering formality which would excite ridicule, if ridicule were not lost in abhorrence. He will find that folly, extreme folly, wearing a crown instead of a fool's cap, has, in many countries, from the mere wantonness of mischief, cried, "Havoc, and let slip the dogs of war." He will find that in most countries (our own, of course, always excepted) war has been eagerly sought, from policy, to divert the people's attention from domestic abuse, to aggrandize those who build the fabric of their grandeur on the ruins of human happiness, and to depress, impoverish, and humble the people.

There is nothing from which the spirit of liberty has so much to fear, and consequently the spirit of despotism so much to hope, as from the prevalence of military government, supported by vast standing armies, and encouraged by alliances with military despots on the continent of Europe. The whole energy of the sound part of our free constitution should be exerted in its full force to check a proud minister, who rashly runs into a war, and notwithstanding accumulated disasters, perseveres in its prosecution. He cannot hope for victory. He must have some other motive for persevering against all rational hope. Let the people investigate the motive; and if it be inimical to liberty, let them succour her in distress, by calling in her best auxiliary, peace.

Vicesimus Knox (1752–1821) was an English minister who ran afoul of the British authorities in the 1790s with his sermons opposing the war against the French. He was educated at home by his father, attended St. John's College, Oxford, where he became a fellow, and then was headmaster of Tonbridge School from 1778 to 1812. His main work, *The Spirit of Despotism*, is an analysis of how political despotism at home can arise under the cover of fighting a foreign war. *Source*: Vicesimus Knox, *The Works of Vicesimus Knox, D.D. with a Biographical Preface*, 7 vols. (London: Mawman 1824) 5: 320–32 (extracts).

Jeremy Bentham, “Causes of All Mischiefs,”
Plan of Parliamentary Reform (1817)

Abstract Bentham believed that Britain was controlled by two domineering interests, the monarchical and the aristocratical, who joined forces to subdue the democratical or popular interest. They created a system of “drains” which they used to draw money out of the pockets of the blinded and delude people, which comprised war, overseas colonies, the British Navy, the splendor of the Monarch’s court, and the salaries of the placemen, pensioners, and other hangers-on of the state. The end result was the universal corruption of the ruling few at the expense of the subject many.

Goaded to the task by the groans of all around me, of late,—with an attention, which the nature of the objects that were continually forcing themselves upon all eyes and upon all ears, rendered more and more painful to me,—I have been looking more closely than ever into the constitution;—I mean the present state of it;—and, in as few words as possible, of this most appalling of all examinations, what follows is the result.

As early as the year 1809, and I forget how much earlier, it had seemed to me (it has been already hinted,) that in the principle which, by those in whose hands the fate of the country rested, had not only been acted upon but avowed, the road to national ruin might be but too clearly traced. This principle was—that in the hands of the trustees of the people, the substance of the people was a fund, out of which, without breach of trust, and without just reproach in any shape—*fortunes*—as the phrase is—by those who, without exposing themselves to punishment, could contrive to lay their

hands on the means, might be—nay—and, it being matter of necessity, at any price, and to an amount absolutely unlimited, ought to be—*made*.

In this principle I saw the two domineering interests—the monarchical and the aristocratical—which in our mixed constitution—(for such at least it was at one time)—antagonizing with the every now and then struggling, but always vainly and feebly struggling, democratical: completely agreed,—and without concert, because without need of concert, co-operating with each other,—in the dissemination, and in the inculcation of it: the party out of power as well as the party in power inculcating it in theory; the party in power, by theory and practice.

That, on the part of both these interests, this principle, together with the practice that belonged to it, was but too natural—was abundantly evident: that, for its adoption, it had any such plea as that of necessity, was a notion which, when once taken in hand, vanished at the slightest touch.

Power, money, factitious dignity—by an attractive force, the existence of which, and the omnipotence, is as indisputable as that by which the course of the heavenly bodies is determined—*each* of these elements of the *matter of good*—that precious matter, the whole mass of which, in so far as at the hands of the monarch it is sought by a member of either of the two other branches of the efficient sovereignty, operates in the character of *matter of corruptive influence*—attracts and draws to it the *two others*: the greater the quantity a man has of any one of them, the greater the facility he finds in his endeavours to obtain for himself the two others; each in a quantity proportioned to his desires:—those desires, which in human nature have no bounds.

The more he has of any one of them, the more therefore it is his *wish* to have of *that* and all of them. But the more he has of any one of them, the more is it *right* also that he should have of them? All of them at the expense of the people,—the poor people, at whose expense whatsoever is enjoyed by their rulers is enjoyed? Oh gross, oh flagitious absurdity! The more? No: but on the contrary the less. Whatsoever be the quantity of the *matter of reward*, which, in any shape whatsoever, may be necessary to obtain at a man's hands the requisite service, the more he has of it in any *one* shape,—the less the need he has of it in any *other* shape.

In the case of the poorest individual,—in the character of a *guardian*, by any man has any such immoral notion ever been started, as that, in the substance of his *ward*, any proper source of enrichment to himself is to be found? Power, over a single individual and his little property, a sufficient payment for the labour: and power over twenty millions, and their property,

together with all that mass of patronage,—lucrative of necessity, a great part of it,—shall it not be sufficient? Those who either have no property, or have it not in sufficient quantity for their maintenance,—such men must, indeed, either be paid or not employed:—but, among men who not only have property, but have it in sufficiency, is it supposable that there can ever be a deficiency in the number of those, in whom the *pleasure* of possessing such power will be sufficient compensation for all the *pain* attached to the exercise of it? Look at the country magistracy: see we not there—not only an example, but a host of examples? Yes: and in those examples a host of proofs.

Unfortunately—in the breasts of all who have *power, merit* being, as they all agree and certify—to one another and to the people, infinite—so must be the *reward*.

Of the demand for the matter of reward—viz. money, power, and factitious dignity—(these are its principal shapes)—the infinity and absolute irresistibility being thus established, then and thereupon comes the demand for the supply—and that supply a proportionable one. Here, however, to a first view, comes somewhat of a difficulty. From the body of the people—how habitually soever blind and passive—money in *infinite* quantity cannot be demanded all at once: they would become desperate; they would rise: better (they would say to themselves,) better be shot or hanged at once, than starved.

A set of *drains* must therefore be established and set to work: drains, by and through which, by degrees—those degrees ever in the eyes of the devourers but too slow—under colour either of use, or what is so much better, of *necessity*—money may be drawn out of the pockets of the blinded, deluded, unsuspecting, uninquisitive, and ever too patient people:—1. Wars: 2. Distant and proportionably burthensome dependencies all over the habitable globe—(and note, that, in prosecution of these views, every such dependency, without exception, has been made a source of net expense—net expense, the amount of which is destined to perpetual and unlimited increase:) 3. Penal colonies: 4. Claims of universal dominion over the universal water-way of nations, with a determination to destroy the shipping of all nations by whom those claims shall be contested: 5. Annexation of "*Hanover to Hampshire*:" and that to the end that not a hostile gun may be fired anywhere on the continent, but that we may be in readiness to interfere, subsidizing one of the contending parties, and helping to oppress the other! 6. Splendour of the crown; that effulgence, with the increase of which—and in exact proportion to that increase—will increase the respect,

and with it the submission, and with it the happiness of the people: 7. Erection of *Hanover* into a kingdom for that purpose, and that the Hanoverians may the less grudge the increase of taxes that will be necessitated by the increase of *dignity*. Here, though not yet a complete one, is a list of these productive drains:—and are they not efficient ones?

As for *war*—never can a pretence for it be wanting—a pretence not yielding to any, in which, at any time in the course of the present reign, it has ever been made:—no; never can a pretence be wanting, so long as that nation exists anywhere, against which war can be made. [...]

In regard to all these drains of money, and all these sources of merit and reward,—the great misfortune is this: For every shilling which, by means of any one of these drains, unless it be the last, the men of merit—and all placemen without exception are *ex officio* men of merit,—for every shilling which the men of merit thus put into their pockets, some score, or some dozen at least, must come out of the pockets of the poor people. A man who sets his neighbour's house on fire, that he may roast an egg for himself,—is the emblem by which a certain sort of man is pictured by Lord Bacon. Would you see a man of this sort, you need not look far, so you look high enough for these five-and-twenty years, or thereabouts—to go no further back—has this poor nation been kept on fire, lest the emblematic eggs in sufficient quantity should be wanting to its rulers.

Money, is it wanting (and it always is wanting) for the support of the *splendour of the crown*?—for the support of *royal dignity*? Money supplied by parliament—supplied in a direct way, and without a burthen more than correspondent to the supply being deficient—and it always is deficient—Droits of Admiralty are sent by Almighty Providence to feed, but never to fill up—for nothing can ever fill up—the deficiency. The persons, for the reward of whose merit more and more of that object of universal desire is everlastingly wanted—these persons join with one another, not only in commencing groundless war, but in commencing that groundless war in a piratical manner,—in a manner in which the monarch and his instruments may add millions to the conjunct splendour,—not only the foreigners who thus and for this purpose have been converted into enemies, are plundered, but the men, by whose hands the plunder is got in, deprived of that which, had the war been commenced otherwise than in the way of piracy, would have been their due. Thus do these on whom it depends bribe one another to commit piracy!—piracy, which has been made legitimate, because, by their power and for their own benefit, it has been made unpunishable!

Money, power, factitious dignity—among the *modifications* of the *matter of good*—among the *good things* of this wicked world—these, as it is the *interest*, so has it ever been the study,—as it has been the study, so has it been the endeavour—of the monarch—as it has been, so will it, and where the monarch is a human being, so must it be everywhere—to draw to himself in the greatest quantity possible. And here we have one *partial*, one *separate*, one *sinister* interest, the *monarchical*—the interest of the ruling *one*—with which the *universal*, the *democratical* interest has to antagonize, and to which that all-comprehensive interest has all along been,—and unless the only possible remedy—even parliamentary reform, and that a radical one, should be applied,—is destined to be for ever made a sacrifice [...]

Meantime the money, which, in an endless and boundless stream, is thus to keep flowing into the monarchical coffers—this one thing needful cannot find its way into those sacred receptacles without instruments and conduits—pipes. Upon and out of the pockets of the people it cannot be raised, but through the forms of parliament:—not but through the forms of parliament, nor therefore without the concurrence of the richest men in the country, in their various situations—in the situation of peers, great landholding, and as yet uncoroneted commoners, styled *country gentlemen*,—and others. In those men is the chief *property* of the country, and with it—(for in the language of the aristocratic school, *property* and *virtue* are synonymous terms)—the *virtue* of the country. And here we have another partial, separate, and sinister interest—the *aristocratical* interest—with which the democratical interest has also to antagonize:—another overbearing, and essentially and immutably hostile interest,—against which, and under which, the universal interest has to struggle, and as far as possible to defend itself.

Such is the state in which the country lies:—the universal interest crouching under the conjunct yoke of two partial and adverse interests, to which, to a greater or less extent, it ever has been made,—and to the greatest extent possible, as far as depends upon them, cannot, in the nature of man and things, ever cease to be made, a continual sacrifice. [...]

Well: such being the swell of voracious power, what are the means—what the instrument—by which it has been effected? What but the precious matter already mentioned?—Yes, the very matter of good:—for such in itself it is, but, by reason of the two relative situations—the situation of the hands by which it is possessed, and that of the hands, which the very

nature of man keeps ever open to receive it, operating—and by the whole amount of it—in the character of matter of evil—matter of corruptive influence. Ever upon the increase is the quantity of this essentially good, this accidentally, but alas! how extensively pernicious, matter:—ever upon the increase the pernicious effect of it. In an endless series of alternating and reciprocating operations, this matter is itself both effect and cause. Waste begets corruption; corruption, waste. Fed through the already enumerated drains—viz. useless places, needless places, overpay of needful places, groundless pensions, and sinecures, some number of times more richly endowed than the most richly endowed efficient offices—these, together with peerages, and baronetages, and ribbons—for peerage-hunters, baronetage-hunters, and ribbon-hunters—these, by their bare existence, and without need of their being either asked or offered,—always with the fullest effect, never with the personal danger, or so much as the imputation, attached to the word bribery,—operate in the character, and produce the effect, of matter of corruptive influence: that pestilential matter, against the infection of which not a household in the country can be said to be secure, from the archiepiscopal palace down to the hovel by the road side. [...]

Now of this almost universal corruption, what is the effect? A mere moral spot?—a mere ideal imperfection? Alas! no: but a somewhat more palpable and sensible one. What the real, the sensible mischief consists in is—the sacrifice made, as above, of the interest and comfort of the subject-many, to the overgrown felicity of the ruling few: the effect of the corruption being—to engage all whom it has corrupted to bear their respective parts in the perpetual accomplishment of their perpetual sacrifice. Is not this sufficiently intelligible? Well, if that expression be not, perhaps this may be: viz. that the subject-many long have been, and, but for the only remedy, may with but too much reason for ever expect to be, continually more and more grievously oppressed, that the ruling few may be more and more profusely pampered. [...]

Jeremy Bentham (1748–1832) trained as a lawyer and founded the early nineteenth-century school of political thought known as “Benthamism” later called “utilitarianism”—based on the idea that governments should act so as to promote “the greatest good of the greatest number” of people. An early and effective opponent of usury legislation, he spent much of his life attempting to draw up an ideal Constitutional Code, but he was also active in parliamentary, educational, and prison reform. He influenced the

thinking of James Mill and his son John Stuart Mill. *Source*: Jeremy Bentham, “Causes of the Above and All Other Mischiefs: Particular Interests Monarchical and Aristocratical, Adverse to the Universal—Their Ascendency,” *The Works of Jeremy Bentham 3: Plan of Parliamentary Reform* (Edinburgh: Tait 1838–43) 438–45.

Jeremy Bentham, “How the Demand for Political Fallacies Is Created by the State of Interests,” *The Book of Fallacies* (1824)

Abstract In his book on political fallacies, Bentham lists the many ways by which the state deceives and confuses ordinary people into letting the “ruling few” control the “subject many.” He recognizes the fact that everyone has a “self-regarding interest” and that there is a “universal interest” which those in power ought to respect. However, when a ruling few get control of the state they inevitably pursue their own “sinister interest” to the neglect or detriment of the interests of the subject many. The only exception to this rule he believes might be the new United States of America.

In order to have a clear view of the object to which political fallacies will in the greatest number of instances be found to be directed, it will be necessary to advert to the state in which, with an exception comparatively inconsiderable, the business of government ever has been, and still continues to be, in every country upon earth; and for this purpose must here be brought to view a few positions, the proof of which, if they require any, would require too large a quantity of matter for this place—positions which, if not immediately assented to, will at any rate, even by those whom they find most adverse, be allowed to possess the highest claim to attention and examination:

1. The end or object in view, to which every political measure, whether established or proposed, ought according to the extent of it to be

- directed, is the greatest happiness of the greatest number of persons interested in it, and that for the greatest length of time.
2. Unless the United States of North America be virtually an exception, in every known state the happiness of the many has been at the absolute disposal either of the one or of the comparatively few.
 3. In every human breast—rare and short-lived ebullitions, the result of some extraordinary strong stimulus or incitement excepted—self-regarding interest is predominant over social interest: each person's own individual interest, over the interests of all other persons taken together. [...]
 7. If this be true, it follows, by the unchangeable constitution of human nature, that in every political community, by the hands by which the supreme power over all the other members of the community is shared, the interest of the many over whom the power is exercised, will on every occasion, in case of competition, be in act or in endeavour sacrificed to the particular interest of those by whom the power is exercised. [...]
 10. In so far as any competition is seen, or supposed to have place, the interests of the subject many being on every occasion, as above, in act or in endeavour constantly sacrificed by the ruling few to their own particular interests,—hence, with the ruling few, a constant object of study and endeavour is the preservation and extension of the mass of abuse: at any rate, such is the constant propensity.
 11. In the mass of abuse, which, because it is so constantly their interest, it is constantly their endeavour to preserve, is included not only that portion from which they derive a direct and assignable profit, but also that portion from which they do not derive any such profit. For the mischievousness of that from which they do not derive any such direct and particular profit, cannot be exposed but by facts and observations, which, if pursued, would be found to apply also to that portion from which they do derive direct and particular profit. Thus it is, that in every community, all men in power—or, in one word, the *ins*—are, by self-regarding interest, constantly engaged in the maintenance of abuse in every shape in which they find it established.
 12. But whatsoever the *ins* have in possession, the *outs* have in expectancy. Thus far, therefore, there is no distinction between the sinister interests of the *ins* and those of the *outs*, nor, consequently, in the

fallacies by which they respectively employ their endeavours in the support of their respective sinister interests. [...]

15. But in whatsoever shape the ins derive reputation to themselves, and thus raise themselves to a higher level in the scale of comparative reputation, it is the interest of the outs, as such, not only to prevent them from obtaining this rise, but if possible, and as far as possible, to cause their reputation to sink. Hence, on the part of the outs there exists a constant tendency to oppose all good arrangements proposed by the ins. But, generally speaking, the better an arrangement really is, the better it will generally be thought to be; and the better it is thought to be, the higher will the reputation of its supporters be raised by it. In so far, therefore, as it is in their power, the better a new arrangement proposed by the ins is, the stronger is the interest by which the outs are incited to oppose it. But the more obviously and indisputably good it is when considered in itself, the more incapable it is of being successfully opposed in the way of argument otherwise than by fallacies; and hence, in the aggregate mass of political fallacies, may be seen the character and general description of that portion of it which is employed chiefly by the outs. [...]

Jeremy Bentham (1748–1832) trained as a lawyer and founded the early nineteenth-century school of political thought known as “Benthamism” later called “utilitarianism”—based on the idea that governments should act so as to promote “the greatest good of the greatest number” of people. An early and effective opponent of usury legislation, he spent much of his life attempting to draw up an ideal Constitutional Code, but he was also active in parliamentary, educational, and prison reform. He influenced the thinking of James Mill and his son John Stuart Mill. *Source*: Jeremy Bentham, “The Demand for Political Fallacies: How Created by the State of Interests,” *The Works of Jeremy Bentham 2: The Book of Fallacies* (Edinburgh: Tait 1838–43) 482–84.

Thomas Hodgskin, “On Obedience as the Object of Legislation” (1832)

Abstract Hodgskin makes a distinction between the dominion of the law and the natural right of property. The former is maintained by a certain group of people, the “legislative classes,” who are “law-makers” at the expense of the “industrious” or “laboring” classes, who are the producers of wealth. The legislative class comprises the King, the aristocracy, the landed aristocracy, ministers of religion, and the capitalists, and they make sure that the people respect property in land and obey the laws concerning excise and the raising of revenue for the state. The capitalists in his view are split between those who are very often also a laborer and those who make a living lending the state money to pay for the national debt and to fund its annual operation.

TO H. BROUGHAM, ESQ. M. P. F.R.S. &c.

Sir,

When we inquire, casting aside all theories and suppositions, into the end kept in view by legislators, or examine any existing laws, we find that the first and chief object proposed is to preserve the unconstrained dominion of the law over the minds and bodies of mankind. It may be simplicity in me, but I protest that I see no anxiety to preserve the natural right of property but a great deal to enforce obedience to the legislator. No misery indeed is deemed too high a price to pay for his supremacy, and for the quiet submission of the people. To attain this end many individuals, and even nations, have been extirpated. Perish the people, but let the law live, has ever

been the maxim of the masters of mankind. Cost what it may, we are continually told, the dominion of the law, not the natural right of property, must be upheld. Every writer, in our newspapers, whether he writes about a rebellion in Ireland, or killing partridges, loudly and continually repeats this maxim of our masters. Society, it is said, will fall into anarchy, the human race will first relapse into barbarism, and then pass out of existence if law be not obeyed. By a most ridiculous analogy—the precept of self preservation, the dictate of the holy and delightful impulse by which we cherish our happy animal existence, is transferred to the institutions of barbarous men. Self preservation is said to be the first duty of corporate bodies, as of individual animals, as if the ignorant contrivances of men less instructed than we are, deserved the veneration justly due to the works of the Almighty.

We are on this principle, singularly enough, continually called on to preserve the institutions of the legislator by violating the principle from which the analogy is derived. In many cases, the corporate existence decreed by the legislator can only be maintained by putting individuals out of existence, and men are massacred that governments may be upheld. Looking at this question practically, let us coolly inquire what is this said law, before which every thing, whether it be that which is holy in affection, or ought to be held sacred among men, and before which even the laws of nature must quail, and wither and perish?

The law, to preserve which is said to be the first duty of communities, as to preserve life is that of individuals, is a set of rules and practices laid down and established, partly by the legislator, partly by custom, and partly by the judges, supported and enforced by all the power of the government, and intended as far as our subject is concerned, to secure the appropriation of the whole annual produce of labour. Nominally these rules and practices are said to have for their object to secure property in land; to appropriate tithes, and to procure a revenue for the government; actually and in fact they are intended to appropriate to the law-makers the produce of those who cultivate the soil, prepare clothing, or distribute what is produced among the different classes, and among different communities. Such is law.

It is a not less important question, *who* is the law-maker, who made, who makes, who enforces obedience to these rules and practices? Can he show a title bestowed upon him by nature, derived from the laws of his organization, and the constitution of the universe, to have and to own, and to appropriate all the wealth that is created? Now it is an important fact, but it is so obvious that one is sneered at for drawing a deduction from it, that the law has always been, and is at present made, by men who are not

labourers. It is actually made by those who derive from nature no title whatever to any wealth. But as law in fact is only a general name for the will of the law-maker, being, the expression of his desire to have wealth, and retain power and dominion, it is clear that in making laws for the appropriation of property, he will not, consistently with nature, give to every one what he produces. This object always has been, and now is, so to dispose of the annual produce as will best tend to preserve his power. Nature rewards industry and skill, the legislator be he who he may, is utterly regardless of the connection between industry and plenty. Let us look closer at who is the legislator, and what is his object in making laws.

In some countries the power of making laws is vested in a king; in others in an aristocracy; and in others, though they are few, the great body of the community has a direct share in legislation. Some times a particular class of men, as the ministers of religion, has made regulations for the whole society. In no part of Europe, however, which is the main fact for our consideration, had the producers of wealth, in any form or shape, any direct share in legislation for many ages. Nor have they yet as such any direct share. Our own country does not differ in this respect, at least not in principle, from most of the countries of Europe. One man has a right to assist in making laws, because he is a king, another because he is a peer, a third because he is a bishop, a fourth because he legally owns a large estate, and a fifth because he served his time to a particular tradesman in a particular place, or because he was born there of parents who were born there before him; but no man merely because he is a producer of wealth, has any right to assist in making the laws which appropriate, or attempt to appropriate, the whole of his produce.

Laws being made by others than the labourer, and being always intended to preserve the power of those who make them, their great and chief aim for many ages, was, and still is, to enable those who are not labourers to appropriate wealth to themselves. In other words, the great object of law and of government has been and is, to establish and protect a violation of that natural right of property they are described in theory as being intended to guarantee. This chief purpose and principle of legislation is the parent crime, from which continually flow all the theft and fraud, all the vanity and chicanery, which torment mankind worse than pestilence and famine. They only, but kindly and speedily, destroy them. The first and chief violation of the right of property, which pervades and disturbs all the natural relations of ownership, confusing, and perplexing the ideas of all men as to the source of the right of property, and what is their own, of which so many actions

stigmatized by the law as crimes, are the necessary consequences, and the natural corrections,—the parent theft from which flow all other thefts, is that of the legislator, who, not being a labourer, can make no disposition of any property whatever, without appropriating what does not naturally belong to him.

Those who make laws, appropriate wealth in order to secure power. All the legislative classes, and all the classes whose possessions depend not on nature, but on the law, perceiving that *law* alone guarantees and secures their possessions, and perceiving that government as the instrument for enforcing obedience to the law, and thus for preserving their power and possessions, is indispensable, unite one and all, heart and soul to uphold it, and, as the means of upholding it, to place at its disposal a large part of the annual produce of labour. One of the first objects then of the law, subordinate to the great principle of preserving its unconstrained dominion over our minds and bodies, is to bestow a sufficient revenue on the government. Who can enumerate the statutes imposing and exacting taxes? Who can describe the disgusting servility with which all classes submit to be fleeced by the demands of the tax-gatherer, on all sorts of false pretences, when his demands cannot be fraudulently evaded? Who is acquainted with all the restrictions placed on honest and praiseworthy enterprise; the penalties inflicted on upright and honourable exertions;—what pen is equal to the task of accurately describing all the vexations, and the continual misery, heaped on all the industrious classes of the community, under the pretext that it is necessary to raise a revenue for the government? "The miseries inflicted upon individuals and families by fiscal prosecutions, founded on excise laws, stamp laws, post-office laws, &c. are equal to those arising from some of the most extensive natural calamities." Perhaps they are far greater. Nature may annihilate, but she never tortures. Equally benevolent and wise, she warns us by pain against injury; so she instructs her children; and whenever she finds either the race or the individual incorrigible,—when pain ceases to be useful,—she mercifully puts an end to existence. Not so the legislator. He has inflicted on mankind for ages the miseries of revenue laws,—greater than those of pestilence and famine, and sometimes producing both these calamities, without our learning the lesson which nature seems to have intended to teach, viz. the means of avoiding this perpetual calamity. Revenue laws meet us at every turn. They embitter our meals, and disturb our sleep. They excite dishonesty, and check enterprize. They impede division of labour, and create division of interest. They sow strife and enmity amongst townsmen and brethren; and they frequently lead to

murders, that are not the less atrocious because they are committed in battle with smugglers, or consummated on the gallows. The preservation of government, it is said, must be purchased at whatever sacrifice; and it is impossible to enumerate the vexatious statutes and cruel penalties, by which its preservation is sought to be attained. Government, as such, produces nothing, and all its revenues are exacted by violating the natural right of property. This I put down as the first point aimed at by all laws. That all this misery is gratuitously inflicted; that the power of the government is not preserved according to the wish of the legislator, by means of the revenue raised, is perhaps a trifle in the account, but it is one which I shall hereafter attempt to render important, shewing that the folly of making and of submitting to revenue laws, is just equal to the pain they inflict.

Among the legislative classes embodied into, and constituting the government, we must place the landed aristocracy. In fact, the landed aristocracy and the government are one—the latter being nothing more than the organized means of preserving the power and privileges of the former. After securing a revenue for the government,—the landed aristocracy sacrificing to this even a part of their private property, or rather taking a portion from rent, which they appropriate as taxes, transferring their cash from one hand to the other,—after securing a revenue to the state, the laws have been made with a view to guarantee the possessions and the wealth of the landowners. Numberless are the statutes and the decisions at common law, having the force of statutes, intended solely to secure their rights and privileges. Subject to supporting the government—the instrument for protecting their privileges—they may do what they please with the land. In some countries also, by the transmitted remnant of an ancient practice, founded on the fact that the labourers belonged like cattle to the landowners, the latter are obliged to maintain all the people born on their land; otherwise they might quarter their sick and destitute slaves on other landowners. With these exceptions, the landowner may leave his land uncultivated, or he may let it on what conditions he pleases, and the law is always ready to support him with its powerful aid. His right to possess the land, not to possess the produce of his own labour, is as admirably protected as can be effected by the law. Another must not even walk on it, and all the wild animals and fruit it bears are said by the law to be his. Nature makes it a condition of man having land, that he must occupy and cultivate it, or it will yield nothing. The instant he ceases his labour, she decks it with flowers, and stocks it with the birds and animals which she delights to clothe and feed; exacting no payment but their happiness. The mere landowner is not a labourer, and he never has been

even fed but by violating the natural right of property. Patiently and perseveringly, however, has the law endeavoured to maintain his privileges, power, and wealth. To support the government the aristocracy has sometimes made laws trenching on its own privileges, but after enforcing submission to government, the next object of the law has been to preserve the dominion and power of the aristocracy over the land.

In most countries the ministers of religion support the government, and inculcate obedience to the law. For this they receive a share of legislation, and of the annual produce of labour. The laws, at least of this country, after providing a revenue for the government, and securing the wealth of the aristocracy, seek to bestow a liberal allowance on the priesthood. We can neither eat nor drink, be neither legally born nor buried, neither married nor enter into the community of our fellows, without paying the parson. He who objects to comply with his demands, and to give him what the *law*, — not what nature, or the free-will of the labourer, bestows on him,—must suffer under denunciations of future punishment; and, what is more compulsory he is scourged through ecclesiastical and other courts, till he be turned naked and flayed upon the world. Such is the charity of those whose office it is to preach meekness and forbearance. The law grants tithes, and enforces the payment of them. It gives the soil, and a power to exact rent to the landlord, and a revenue to the government; but in all these, the great and leading objects of law, I see no protection for the natural right of property. On the contrary, not one of them can be thought of without trenching on this natural right.

At present, besides the government, the aristocracy, and the church, the law also protects, to a certain extent, the property of the capitalist, of whom there is somewhat more difficulty to speak correctly than of the priest, the landowner, and the administerer of the law, because the capitalist is very often also a labourer. The capitalist as such, however, whether he be a holder of East India stock, or of a part of the national debt, a discounter of bills, or a buyer of annuities, has no natural right to the large share of the annual produce the law secures to him. There is sometimes a conflict between him and the landowner, sometimes one obtains a triumph, and sometimes the other; both however willingly support the government and the church; and both side against the labourer to oppress him; one lending his aid to enforce combination laws, while the other upholds game laws, and both enforce the exaction of tithes and of the revenue. Capitalists have in general formed a most intimate union with the landowners, and except when the interest of these classes clash, as in the case of the corn laws, the

law is extremely punctilious in defending the claims and exactions of the capitalist.

In all these circumstances which in relation to the right of property may be considered as the leading objects of legislation, I see no guarantee or protection of the natural right of property. The end for which men are said by Mr. Locke to unite into commonwealths, and put themselves under government, is in practice unknown to the law. The natural right of property far from being protected, is systematically violated, and both government and law seem to exist chiefly or solely, in order to protect and organize the most efficacious means of protecting the violation. On the men who produce a bushel of malt, nature bestows it every grain; the law instead of guaranteeing to them its full use and enjoyment, takes three-fourths of it from them. To those by whose combined labour the ground is cultivated, and the harvest gathered in, nature gives every sheaf and every stalk which they choose to collect; the law, however, takes almost the whole of it away. Under the false pretence of protecting them in the use and enjoyment of the produce of their labour, it takes so large a portion of it for those who make and administer the law, that what it leaves, did it secure that, would scarcely be worth having; but the system, for administering which payment is demanded, is so completely one of extortion, that the actual labourer is only allowed to retain for his own use as small a portion as possible of the munificent gift with which nature rewards his exertions. Under one miserable pretext or another, the *wisdom* of politicians continually thwarts the decrees of the Almighty. To ensure a national superiority, or the welfare of men's souls, are maxims equally efficacious in their eyes to justify violating the natural right of property.

When we look at the great number of laws restricting industry, and at the great number intended to exact a revenue for the government, rent for the landowner, tithes for the priests, and profit for the capitalist, we feel more surprised that industry should have survived the immense burdens laid on it, than that a few thieves should prefer living by open plunder, risking the punishment of the laws, to a life of unrewarded labour. That men yet labour at all, is an admirable contradiction of the law-makers' base assertion, I say base, because it is made for a base purpose—that men are naturally averse from labour. The legislator has been careful to punish combinations of workmen, careful to compel the labourer to work, careful to enforce the payment of tithes and taxes, but, I protest that I never yet heard of a law which had for its object to secure to the labourer the undisturbed, unfettered, unlimited enjoyment of the gifts which nature bestows on him, and

him alone. I do not believe, indeed, that any law can effect this for every law effecting appropriation is, in principle, an alteration or a violation of the natural right. [...]

Thomas Hodgskin (1787–1869) was an officer in the British Navy before leaving because of his opposition to the brutal treatment of sailors. He worked for the free trade magazine *The Economist* and wrote and lectured on laissez-faire economic ideas to working men's institutes. He was one of the earliest popularizers of economics for audiences of non-economists and gave lectures on free trade, the corn laws, and labor even before Jane Haldimand Marcet. Hodgskin passionately cared about the concerns of laborers after his experience with the maltreatment of sailors. His discussions of the labor theory of value followed up on David Ricardo and pre-dated John Stuart Mill's expositions on similar themes. He was later cited by Karl Marx and Frederick Engels in Marx's *Capital*. He is commonly, though incorrectly, referred to as a Ricardian socialist. *Source*: Thomas Hodgskin, *The Natural and Artificial Right of Property Contrasted: A Series of Letters, Addressed Without Permission to H. Brougham, Esq. M.P. F.R.S.* (London: Steil 1832) 44–60. Hodgskin's notes have been removed for reasons of space.

William Leggett, “The Lordlings of the Paper Dynasty” (1834)

Abstract The Jacksonian democrat Leggett mocked the “scrip nobility” and “chartered libertines” who had emerged in America after the War of 1812 and lived by seeking government monopoly bank charters, loans and deals to launch canal projects, and interest earned from government loans and debt. He objected to their opposition to ordinary working people, those who worked with their own hands, forming associations and joining political parties to protect their own interests. He reminded them that there was no hereditary nobility in America and that they might well end up as poor as the ordinary working people they now disdained.

The rich perceive, acknowledge, and act upon a common interest, and why not the poor? Yet the moment the latter are called upon to combine for the preservation of their rights, forsooth the community is in danger! Property is no longer secure, and life in jeopardy. This cant has descended to us from those times when the poor and labouring classes had no stake in the community, and no rights except such as they could acquire by force. But the times have changed, though the cant remains the same. The scrip nobility of this Republic have adopted towards the free people of this Republic the same language which the Feudal Barons and the despot who contested with them the power of oppressing the people, used towards their serfs and villains, as they were opprobiously called.

These would-be lordlings of the Paper Dynasty, cannot or will not perceive, that there is some difference in the situation and feelings of the

people of the United States, and those of the despotic governments of Europe. They forget that at this moment our people, we mean emphatically the class which labours with its own hands, is in possession of a greater portion of the property and intelligence of this country, ay, ten times over, than all the creatures of the paper credit system put together. This property is indeed more widely and equally distributed among the people than among the phantoms of the paper system, and so much the better. And as to their intelligence, let any man talk with them, and if he does not learn something it is his own fault. They are as well acquainted with the rights of person and property, and have as just a regard for them, as the most illustrious lordling of the scrip nobility. And why should they not? Who and what are the great majority of the wealthy people of this city—we may say of this country? Are they not (we say it not in disparagement, but in high commendation) are they not men who began the world comparatively poor with ordinary education and ordinary means? And what should make them so much wiser than their neighbours? Is it because they live in better style, ride in carriages, and have more money—or at least more credit than their poorer neighbours? Does a man become wiser, stronger, or more virtuous and patriotic, because he has a fine house over his head? Does he love his country the better because he has a French cook, and a box at the opera? Or does he grow more learned, logical and profound by intense study of the daybook, ledger, bills of exchange, bank promises, and notes of hand?

Of all the countries on the face of the earth, or that ever existed on the face of the earth, this is the one where the claims of wealth and aristocracy are the most unfounded, absurd and ridiculous. With no claim to hereditary distinctions; with no exclusive rights except what they derive from monopolies, and no power of perpetuating their estates in their posterity, the assumption of aristocratic airs and claims is supremely ridiculous. To-morrow they themselves may be beggars for aught they know, or at all events their children may become so. Their posterity in the second generation will have to begin the world again, and work for a living as did their forefathers. And yet the moment a man becomes rich among us, he sets up for wisdom—he despises the poor and ignorant—he sets up for patriotism: he is your only man who has a stake in the community, and therefore the only one who ought to have a voice in the state. What folly is this? And how contemptible his presumption? He is not a whit wiser, better or more patriotic than when he commenced the world, a waggon driver. Nay not half so patriotic, for he would see his country disgraced a thousand times, rather than see one fall of the stocks, unless perhaps he had been speculating

on such a contingency. To him a victory is only of consequence, as it raises, and a defeat only to be lamented, as it depresses a loan. His soul is wrapped up in a certificate of scrip, or a Bank note. Witness the conduct of these pure patriots, during the late war, when they, at least a large proportion of them, not only withheld all their support from the Government, but used all their influence to prevent others from giving their assistance. Yet these are the people who alone have a stake in the community, and of course exclusively monopolize patriotism.

But let us ask what and where is the danger of a combination of the labouring classes in vindication of their political principles, or in defence of their menaced rights? Have they not the right to act in concert, when their opponents act in concert? Nay, is it not their bounden duty to combine against the only enemy they have to fear as yet in this free country, monopoly and a great paper system that grinds them to the dust? Truly this is strange republican doctrine, and this is a strange republican country, where men cannot unite in one common effort, in one common cause, without rousing the cry of danger to the rights of person and property. Is not this a government of the people, founded on the rights of the people, and instituted for the express object of guarding them against the encroachments and usurpations of power? And if they are not permitted the possession of common interest; the exercise of a common feeling; if they cannot combine to resist by constitutional means, these encroachments; to what purpose were they declared free to exercise the right of suffrage in the choice of rulers, and the making of laws?

And what we ask is the power against which the people, not only of this country, but of almost all Europe, are called upon to array themselves, and the encroachment on their rights, they are summoned to resist? Is it not emphatically, the power of monopoly, and the encroachments of corporate privileges of every kind, which the cupidity of the rich engenders to the injury of the poor?

It was to guard against the encroachments of power, the insatiate ambition of wealth that this government was instituted, by the people themselves. But the objects which call for the peculiar jealousy and watchfulness of the people, are not now what they once were. The cautions of the early writers in favour of the liberties of mankind, have in some measure become obsolete and inapplicable. We are menaced by our old enemies, avarice and ambition, under a new name and form. The tyrant is changed from a steel-clad feudal baron, or a minor despot, at the head of thousands of ruffian followers, to a mighty civil gentleman, who comes mincing and bowing to

the people with a quill behind his ear, at the head of countless millions of magnificent *promises*. He promises to make every body rich; he promises to pave cities with gold; and he promises to pay. In short he is made up of promises. He will do wonders, such as never were seen or heard of, provided the people will only allow him to make his promises, equal to silver and gold, and human labour, and grant him the exclusive benefits of all the great blessings he intends to confer on them. He is the sly, selfish, grasping and insatiable tyrant, the people are now to guard against. A CONCENTRATED MONEY POWER; a usurper in the disguise of a benefactor; an agent exercising privileges which his principal never possessed; an impostor who, while he affects to wear chains, is placed above those who are free; a chartered libertine, that pretends to be manacled only that he may the more safely pick our pockets, and lord it over our rights. This is the enemy we are now to encounter and overcome, before we can expect to enjoy the substantial realities of freedom.

William Leggett (1801–1839) was a Jacksonian era journalist and the intellectual leader of the laissez-faire wing of Jacksonian democracy. He was a founder of the *Plain Dealer* and began his career as a poet and gravitated toward writing impassioned editorials in support of individual liberties and private property rights while working with William Cullen Bryant at the *Evening Post*. Source: William Leggett, *Democratic Editorials: Essays in Jacksonian Political Economy* (Indianapolis: Liberty Fund 1984) 246–49.

James Mill, “On Those Who Pillage and Those Who Are Pillaged” (1835)

Abstract James Mill combines a French view of class exploitation, where society is divided into “those who pillage” and “those who are pillaged,” with Bentham’s idea of the “ruling few” and the “subject many.” He examines the complex system whereby the many are kept subject: the fear of foreign invasion thus requiring a large military establishment, the pomp and ceremony of the ruling elite, the priestly class which instills habits of subservience through the education system, and the lawyers who maintain the legal system which controls the people.

[...] To understand this unhappy position of a portion of our fellow-citizens, we must call to mind the division which philosophers have made of men placed in society. They are divided into two classes, *Ceux qui pillent*,—*et Ceux qui sont pillés*, and we must consider with some care what this division, the correctness of which has not been disputed, implies.

The first class, *Ceux qui pillent*, are the small number. They are the ruling Few. The second class, *Ceux qui sont pillés*, are the great number. They are the subject Many.

It is obvious that, to enable the Few to carry on their appropriate work, a complicated system of devices was required, otherwise they would not succeed; the Many, who are the stronger party, would not submit to the operation. The system they have contrived is a curious compound of force and fraud:—force in sufficient quantity to put down partial risings of the people, and, by the punishments inflicted, to strike terror into the rest;

fraud, to make them believe that the results of the process were all for their good.

First, the Many were frightened with the danger of invasion and ravage, by foreign enemies; that so they might believe a large military force in the hands of the Few to be necessary for their protection; while it was ready to be employed in their coercion, and to silence their complaints of anything by which they might find themselves aggrieved.

Next, the use of all the circumstances calculated to dazzle the eyes, and work upon the imaginations of men, was artfully adopted by the class of whom we speak. They dwelt in great and splendid houses; they covered themselves with robes of a peculiar kind; they made themselves be called by names, all importing respect, which other men were not permitted to use; they were constantly followed and surrounded by numbers of people, whose interest they made it to treat them with a submission and a reverence approaching adoration; even their followers, and the horses on which they rode, were adorned with trappings which were gazed upon with admiration by all those who considered them as things placed beyond their reach.

And this was not all, nor nearly so. There were not only dangers from human foes; there were invisible powers from whom good or evil might proceed to an inconceivable amount. If the opinion could be generated, that there were men who had an influence over the occurrence of this good or evil, so as to bring on the good, or avert the evil, it is obvious that an advantage was gained of prodigious importance; an instrument was found, the power of which over the wills and actions of men was irresistible.

Ceux qui pillent have in all ages understood well the importance of this instrument to the successful prosecution of their trade. Hence the Union of Church and State; and the huge applauses with which so useful a contrivance has been attended. Hence the complicated tissue of priestly formalities, artfully contrived to impose upon the senses and imaginations of men—the peculiar garb—the peculiar names—the peculiar gait and countenance of the performers—the enormous temples devoted to their ceremonies—the enormous revenues subservient to the temporal power and pleasures of the men who pretended to stand between their fellow-creatures and the evils to which they were perpetually exposed, by the will of Him whom they called their perfectly good and wise and benevolent God.

If, besides the power which the priestly class were thus enabled to exercise over the minds of adult men, they were also permitted to engross the business of education—that is, to create such habits of mind in the rising

generation, as were subservient to their purposes, and to prevent the formation of all such habits as were opposed to them—the chains they had placed on the human mind would appear to have been complete: the prostration of the understanding and the will—the perpetual object of their wishes and endeavours down to the present hour—to have been secured for ever.

The alliance of the men, who wielded the priestly power, was, in these circumstances, a matter of great importance to those who wielded the political power; and the confederacy of the two was of signal service to the general end of both—the maintenance of that old and valuable relation—the relation between Those *qui pillent*, and Those *qui sont pillés*.

There was another instrument—not, indeed, of so great, but of no mean potency. We allude to the lawyers. Men speedily discovered how much they were exposed to injury from one another, even in the state of social union, and found how greatly they were dependent on the protection which was afforded them against such injuries. They greatly valued that protection, and respected greatly the men who were its more immediate instruments. These men naturally thought of serving themselves by the advantageous situation in which they were placed. They wished to make the dependence upon them of the other members of the community as great as possible. This was to be done mainly by rendering the mode in which they yielded that protection mysterious and obscure. Obscurity, especially in the less instructed states of the human mind, is a powerful cause of that kind of reverence which is mixed with fear. No body knows what may be in a thing which is obscurely seen. It is almost always swelled into something of vast dimensions and pregnant with good or evil according to the frame in which the imagination of the half-observer may be at the time. More than this: when law was obscure, nobody could obtain the benefit of it but by means of the lawyers, because by them alone was it understood. This created a state of profound dependence on the part of all the rest of the community. It proved, of course, to the lawyers, a fertile source both of riches and power. The alliance of the men of law with the men of the state and the men of the altar, became thence a matter of importance to the trade of all; and the union of Law and State has not been less real, though less talked about, than the union of Church and State. It is unfortunate that it never obtained a name, and therefore is more frequently overlooked.

A threefold cord is not easily broken. The doom of mankind might now have appeared to be sealed. The shackles on the mind secured the shackles

on the body; and the division of mankind into *ceux qui pillent, et ceux qui sont pillés*, might have been thought to be established for ever.¹

There was, however, in the womb of time, a small event, which was destined to give a turn to the tide of human affairs. A German tradesman, not one of the high classes, not one of those *qui pillent*, but one of those *qui sont pillés*, invented a method of stamping written characters on paper, and, by that means, of multiplying the copies of a writing to any extent. At that moment the voice of Heaven went forth—*Let there be light!* and the voice was heard in Erebus—in the deepest cells, and strongest holds of the friends of darkness.

Of this light the effects were visible, first, in the affairs of the church. The grossness of the priestly frauds and delusions had been not only observed, but remarked upon, sometimes with scorn, sometimes with indignation, by the prime spirits of the age, before the appearance of Luther—the most heroic of the sons of men, and the greatest earthly benefactor, beyond compare, of the species to which he belonged.

When the human mind had burst the shackles imposed upon it by one class of those who desired to hold it in bondage, and refused to take the word of priests for the standard of what was good and evil for human nature, it could not forbear examining the shackles of all other kinds with which it was loaded, and the use to which they were converted. The acts of those who wielded the powers of government began to be scanned, and to be tried by the test of their conduciveness to the weal or ill of those over whom, and in whose behalf, they were exercised.

That criticism, that examining, and testing, has been going on from that day to this. It has been going on, indeed, under the greatest disadvantages, and its progress has been slow. The advance has, notwithstanding, been unintermitted. The movement has been irresistibly, and unchangeably, forward; and latterly, as we have seen, it has been wonderfully accelerated.

The artifices by which it has been resisted have always been very similar. Such manifestations of it as could be punished were repressed by violence and cruelty. This expedient was at first extensively used. Still there were operations which could not be combated in this way. These were to be attacked by defamation. [. . .]

¹ "Tyranny and oppression never wanted either a plea or an advocate for whatever they did: for the majority of the lawyers, the divines, and all quæstuary professions, will be sure to run over to the stronger side, where will pass for law, and rapine for Providence."—*L'Estrange*, Fab. 483.

The enemies of reform,—we mean the enemies of all but the crumb,—may be assured, that the public now see far too clearly the reason of the case, to be stayed by the pretence, that seeking good they will catch evil. They ask themselves, and have gone too far ever to cease asking, ‘Why should not we be as good judges of what is beneficial, what hurtful, as the men who never yet were found to offer us any advice, except on matters which concern themselves.’ Whensoever we, the portion of the community *qui sont pillés*, seek an atom more of protection to ourselves against those *qui pillent*, they are in an uproar; the evils, which are not only threatened, but certain, are the most horrible which can be presented to the imagination. On the other hand, whatever is done to take from our protection, and add to the facilities with which the trade of those *qui pillent* is carried on, is done with the utmost coolness. Never any forebodings of danger from that source.—The public have learned to suspect such advisers. They say, and they say with a witness,—‘When we look at the body to which we belong, and the body to which they belong, not only is the greater wisdom with us, but there is no wisdom to be found anywhere else. Look at the body *qui pillent*; how small the number among them who are good for anything; to whom any other man would confide the management of his ordinary affairs; who have an understanding comparable to that of an ordinary tradesman! And even among those who stand foremost in the class, there is not one that passes mediocrity. A wit among lords is, proverbially, only a lord among wits. On the other hand, all that is great and powerful in intellect,—all that excels in any of its walks,—all the men from whose minds anything signally beneficial has proceeded in former times, or can now be expected to proceed, have been, are, and ever will be found in the class to which we belong. Why then should we not trust to our own wisdom as much as to theirs.’ [...]

We can state, in narrow compass, the reasons on which we consider any defalcation in the power of the people to choose their representatives, as a master evil.

We go upon the postulate, that the power, by which the class *qui pillent* succeed in carrying on their vocation, is an evil; and ought to be abated. This postulate, indeed, has been refused, and with cries of great indignation; but we have not time at present to examine them.

We assume, then, that this power ought to be taken away; and we say, that we know but one way of accomplishing our object, which is, to grant to the people the entire and complete choice of their representatives.

This has ever been the great problem of Government. The powers of Government are of necessity placed in some hands; they who are intrusted

with them have infinite temptations to abuse them, and will never cease abusing them, if they are not prevented. How are they to be prevented? The people must appoint watchmen. But *quis custodiet ipsos custodes?* Who are to watch the watchmen?—The people themselves. There is no other resource; and without this ultimate safeguard, the ruling Few will be for ever the scourge and oppression of the subject Many. [...]

The operation of particular taxes—for the general amount of them is a topic for many a mouth—is another object of particular attention to the philosophical reformers. Any tax which, in its operation, takes money out of the pockets of the people, to put it, not into the treasury of the state, but into the pockets of individuals, they should never cease to expose. Such a tax is spoliation, annual robbery, established by club-law; one of those institutions of ours, of which our *Conservatives* have erected themselves into the body-guards. Such is the tax on imported corn, which, so long as it exists, will so long stand an unanswerable, a trumpet-tongued, argument of the need of further parliamentary reform.

The abolition, also, of any tax, which must be replaced by some other tax, not less burdensome to the nation, while the operation of the removal will be to put money into the pockets of individuals which it takes out of the pockets of the people, making so far a clear addition to their burdens, is another instance of robbery, which ought to be luminously exposed, and strenuously resisted. Such would be the repeal of the malt-tax, so clamorously called for by a class of men whose predominance in parliament has ever been, and continues to be, the grand obstruction to good legislation. No man doubts that if the malt-tax is taken off, other taxes to an equal amount must be laid on. How, then, are the landlords to find their advantage? By a rise in the price of bread; a necessary consequence of an increased demand for another product of the soil. The people, therefore, to please the landlords, would have to pay some other tax or taxes to the state in lieu of the malt-tax, and an additional tax, a tax on bread, to the landlords—to the men who already levy a tax on bread, and who would never rest satisfied so long as any other men have anything they can call their own. The poor farmers! is their cant; such a piece of naked hypocrisy, as it is wonderful even they have the impudence to put forth. The cause, and the sole cause, of any undue pressure, which may be sustained by the farmers, is the extortion of too much rent. If the farmer's rent is proportioned, as it ought to be, to the price of the produce he raises, it is equal to him if the price is high or low; or rather he has an interest in low prices, as in that case he pays less in wages, and has thereby higher profits of stock. [...]

James Mill (1773–1836) was an early nineteenth-century Philosophic Radical, journalist, and editor from Scotland. He was very influenced by Jeremy Bentham's ideas about utilitarianism which he applied to the study of British India, political economy, and electoral reform. Mill wrote on the British corn laws, free trade, comparative advantage, the history of India, and electoral reform. His son, John Stuart, after a rigorous home education, became one of the nineteenth century's leading English classical liberals. *Source*: James Mill, "State of the Nation," *London Review* 25 (April–July 1835): 1–24. Some notes have been reduced for reasons of space.

John Wade, “The Aristocracy and the Oligarchy” (1835)

Abstract Land ownership was not the only way the ruling elite in Britain earned income at the expense of ordinary people. There was a veritable “System” of highly paid government jobs, sinecures, pensions, and patronage for their friends and families which satisfied the needs of a “menagerie” of “tax-eaters, public cormorants, and vultures” which fed at the public trough. He documents the salaries of the thousands of “placemen” who work collecting taxes and for the monopoly post office. He particularly dislikes the custom of “pluralities” whereby some people have more than one government job; those who earn more than 1,000 pounds per annum; and the lawyers whom he says, of all those who prey on the community, need to be “the most narrowly watched.”

So far we have penetrated into the recesses of the Oligarchy! Our first entrance was into Holy Church, passing, with fear and trembling, through the venerable cathedrals, the collegiate establishments, the stalls, chapters, cloisters, and parsonages—glancing, as we proceeded, at the lawn sleeves, silk aprons, shovel-hats, surplices, hat-bands, and gloves. Next we ventured into the precincts of royalty, surveying the pomp and gorgeous pageants of courts and palaces; loitering, as we went along, in the pleasant retreats, in the woods and forests, the manors, chases, and crown-lands; afterwards we entered the domains of feudality, looking over the inheritances and possessions of the Percys, the Wentworths, Cavendishes, Pelhams, and other lords of the soil. Next, we plunged into the rookery among the wigs and gowns,

the owls and owlets of Westminster; passing over thence into the treasury, the exchequer, and admiralty; from which we proceeded eastward into the purlieu of the India House and Threadneedle-street; and finally concluded our exploratory researches among the muniments, charters, trusts and revenues of Companies, Guilds, and Corporations.

After all this long and devious tour, without mentioning sundry off-sets and ramblings by the way, our readers, we fear, are only yet imperfectly acquainted with the System; they comprehend only its geography—its general departments and divisions—and know nothing of the various *living creatures*—the birds and beasts, and creeping things it contains. Our next object, therefore, will be, to introduce them into the *menagerie* of placemen, pensioners, sinecurists, reversionists, compensationists, superannuationists, and what not; first, describing their classes, genera, and species; and, afterwards, concluding with a catalogue of their names and qualities. This department of our work will be found a museum of rarities, embracing every link in the human creation, every description of men, women, and children. Like the ark of Noah, there has been nothing too great or mean in nature to find admission. It exhibits all the vice, the caprice, and injustice, of aristocratic government: the highest services to the state almost without notice, and the greatest gifts of the Crown lavished on profligacy, servility, and intrigue. It exhibits indolence and luxury devouring the bread for which poverty and industry have toiled, and for which they are now starving. It exhibits the strength, arcana, and machinery of the English government. It is a real picture of our boasted constitution—if not by law, as by practice established; and is a source whence a foreigner may draw far more correct notions of the checks, balances, and supports of the government, than from the visionary and panegyric descriptions of Blackstone and De Lolme.

Before giving a list of the public cormorants, let us briefly describe their orders and degrees, beginning with the host of placemen filling the public offices.

From returns to parliament, it appears there are 22,912 persons employed in the public departments, whose salaries amount to £2,788,907.¹ This does not include the immense number of persons employed in courts of law, the royal household, nor the colonies, and which, if included, would almost double the number of functionaries and

¹ Parliamentary Paper, No. 552, Session 1828.

their emoluments. The following exhibits a statement of the principal branches of revenue, in which this vast army of tax-gatherers and collectors is distributed, and a comparison of their relative numbers and emoluments in 1797 and 1827.

Offices		Year 1797		Year 1827	
		No. of Persons	Salaries	No. of Persons	Salaries
Customs	United Kingdom	6,004	£338,648	11,346	£964,750
Excise	United Kingdom	6,580	413,281	6,491	768,795
Stamps	United Kingdom	521	78,746	519	134,065
Taxes	United Kingdom	291	58,331	347	74,190
Post-Office	Great Britain	957	54,030	1,377	85,970
Post-Office	Ireland	153	9,278	333	21,961

An important consideration is the comparative remuneration of placemen in 1797 and at present. In the year 1797 there were 16,267 persons employed in the public departments; and they received £1,374,561 a year. In 1827 there were 22,912 persons, and they received £2,788,907: the average income of each individual was £84 in 1797, and about £121 in 1827, being at the rate of *thirty-three per cent.* increase of salary.

Now, can any just cause be assigned, why the whole mass of salaries should not be reduced to the rate of 1797, thereby effecting a saving of upwards of one-third in an expenditure of £2,788,907 per annum. All the reasons which have ever been alleged for an augmentation in the pay of public servants have ceased to exist. The price of wheat in consequence of the corn laws is rather higher in 1832 than in 1797; but manufactured articles and articles of domestic use are mostly one-third or two-thirds cheaper than in 1797. How much better circumstanced are placemen now than in 1810; in that year there were 22,931 persons receiving £2,822,727, averaging about the same income as in 1827: but, at the former period, wheat was 105 s. a quarter; while, at present, it is 61 s. a quarter. Why should those who live on the taxes enjoy such advantages over those who pay them? Rents, profits, wages, every description of income, the produce of industry and capital, has fallen at least one-third since 1810, and why should not those who are paid by the public be compelled to retrench in an equal ratio? Do not let a suffering community be insulted by the declaration, that

there is no *room for retrenchment*—that it has already been carried to the utmost limit. Here is the proof to the contrary; here it is shown that, without the least injustice to individuals, in the single item of SALARIES, one million per annum might be saved, which is nearly equal to the produce of the window-duties, and more than double the produce of all the taxes on newspapers, advertisements, and knowledge!

After all, it is not the clerks—the mere underlings of office—that we wish to see exclusively curtailed; it is the vultures of the system whom we wish to see scotched—the chairmen of boards—the commissioners of stamps, of the excise, the customs, and assessed taxes—the joint secretaries of the Treasury—the tellers of the Exchequer—the great officers of the king's household—the judges, masters, registrars, secretary of bankrupt, prothonotaries, filacers, and custos brevium in the courts of law—the comptrollers, paymasters, treasurers, solicitors of taxes, and solicitors of stamps: it is these, the great birds of prey, whom we first wish to be brought down, and then the inferior race may be pounced upon.

The increase in salaries is not confined to civil offices; it extends equally to military, naval, and ordnance pay and allowances. In all these branches of service, there has been a great augmentation in consequence of the rise in the price of provisions, which is a reason that can be no longer urged against reduction. In 1792, the pay of a private soldier in the regular infantry was only £9 : 2 : 6 for 365 days; it is now £18 : 5. The pay of the regular cavalry has been increased in the same proportion. The pay of a commander in the navy, in 1792, was 20s. per diem; in 1829, 60s. per diem. The allowance to the widow of a colonel, in 1792, was £50 per annum; in 1827, £90 per annum.² A similar scale of augmentation has been applied to almost every other class; but the time has arrived when they ought all to be reduced to the rate before the war. The productive orders of society have long since been compelled to retrograde, and those who live on the produce of their industry must follow them. While the tide was at flood all officers and placemen were wafted too high on the beach; now the tide has fallen, they must either voluntarily glide or supinely wait to be forced into the common channel.

One of the greatest abuses in the public service is *pluralities*. When a single individual can adequately discharge the duties of half a dozen different offices, the duties of these offices must be either very small or

² Parliamentary Paper, No. 594, Session 1830.

unimportant, and consequently some of them might either be abolished or united, and the salaries saved or reduced. It is unnecessary to cite examples of either civil, judicial, or military pluralities; they will be found in abundance in our *List of Places*. The Whig ministers have consolidated some offices: they have also abolished some offices, and reduced the salaries of others: the changes they have introduced or contemplated we shall notice in a separate section; but it does not appear they have determined to act on the general principle of reducing all salaries and emoluments to the standard existing prior to the war. There is, however, no good reason why this course should not be followed. Look at the enormous fall in the prices of Sheffield cutlery and Birmingham hardwares recently published! All articles of domestic use and consumption, except *bread*, have fallen in a corresponding proportion, and many of them have fallen greatly below the prices they were at in 1797. In 1797 the average price of sugar, per cwt., was 60s.; in 1832 it is only 23 s. per cwt.; in 1797 coffee was 124 s., in 1832 it is 33 s. 6d.; sheeting calicoes in 1797 were 1 s. 6d. per yard, in 1832 *sixpence*; broad cloth 22 s. 6d. per yard in 1797, in 1832 *nine shillings*; iron per ton in 1797 £23, in 1832 £5 : 10. While the prices of these articles have fallen from 60 to 75 per cent. *below* what they were in 1797, the price of corn has *risen*. In 1797, the average price was 44 s. per quarter at Mark-lane; in January 1832 it was 61 s. 6d. These are the different results of *free* and *restricted* trade—free, as respects manufactures—restricted as respects the produce of the soil.

The price of tea has been kept up from the same cause—monopoly in the East India Company. The high price of corn is no reason whatever for not returning to the standard before the war, because the high price is voluntary—the result of the selfish and pernicious policy of the Aristocracy—of those who chiefly profit not only by the exorbitant price of corn, which they have artificially created, but by exorbitant salaries. [. . .]

SALARIES AND PENSIONS EXCEEDING ONE THOUSAND POUNDS

Great as are the salaries, pensions, and emoluments of individuals, it must be constantly borne in mind that these constitute the smallest part of the advantages, or perhaps we may term it corruptive influence, to which official men are exposed. The most important, the most seductive, and most tempting adjuncts to public offices of the higher grade are the vast patronage, the power and personal consideration they confer on the possessors. In

this consists the great difference between government employments and the pursuits of trade and commerce. There are, we doubt not, individual merchants and manufacturers who do—or at least have—realized an annual profit equal to the salaries of a first lord of the Treasury, Secretary of State, the Chief Justice, or even the Lord Chancellor. But observe the difference in their respective situations; observe the dazzling and glittering elevation of the state functionaries; observe the good things they have at their disposal—the benefices, bishoprics, commissionerships of customs and excise; the clerkships, registrarships, and secretaryships, worth from £1000 to £10,000 a-year—and think of the opportunities afforded by these splendid gifts for enriching their families and friends—and think, too, of the delightful incense of adulation and obsequiousness the dispensers of such favours must inhale, and of the host of fawning sycophants, expectants, and dependents, they must every where raise up around them. Here are the real *sweets of office*, the delicious flavour of which can never be tasted by a mercantile man, however successful in his vocation.

What is it which makes individuals seek anxiously to be placed in the magistracy, or sacrifice a fortune for a seat in the House of Commons? It is not the direct salary or emoluments, for there are none; it is the power and the chance of obtaining power, and the personal consideration it gives. A directorship in the Bank of England, or in the East-India Company is comparatively unprofitable, except from opening a wide field for valuable appointments and individual influence. But if objects like these can rouse up to an intense degree human cupidity, how much more must it be excited by a chance of obtaining the great prizes of state, which yield not only great direct emolument, but boundless patronage, and an authority and pagantry almost regal!

In considering, therefore, the salaries of civil and judicial officers, it is always necessary to bear in mind that they form only a single element in the multifarious advantages of their situations. The patronage of most public officers would be ample remuneration; and were it limited to that alone, we have no apprehension there would be a dearth of candidates for official employments, no more than there are for the magistracy, shrievalties, custos rotulorum, lord lieutenancies, and other unpaid services.

We have been drawn into these observations from reflecting on a singular public document before us, and of the contents of which we shall give the reader some account. We have hitherto spoken of placemen and pensioners

generally; we shall now direct attention to the highest class, whose emoluments *exceed* £1000 per annum, and of which a return has been made to parliament.³ Why Sir James Graham restricted his motion to tax and fee-eaters of the transcendental order, it is not easy to conjecture; perhaps it is the intention of the Whig ministry to make £1000 the maximum of official remuneration,—a proposition which the community would hail with great thankfulness as one of the most effective blows ever aimed at sinecurism, deputyships, and aristocrat idlers. Our opinion indeed is that, with a few exceptions, the emoluments of no public officer ought to exceed £1000; few persons with higher incomes will work, and they only tend to generate a taste for luxury, equipage, club-houses, gambling, and the frivolities and dissipation of fashionable life.

To come, however, to an analysis of the return to which we have alluded. It comprises 956 individuals whose incomes amount to £2,161,927, averaging £2261 each; there are forty-two persons whose incomes are not less than £5000 each, and whose united incomes amount to £339,809; and there are eleven individuals whose incomes are not less than £10,000 each, and who altogether receive £139,817 per annum. Of the whole 956 names the following is a classification, showing the total income of the several classes, and the average income of each individual.

Classification of 956 Placemen and Pensioners whose Salaries, Profits, Pay, Fees, and Emoluments exceeded, January 5, 1830, £1000 per Annum

<i>No. of Officers</i>	<i>Description</i>	<i>Total Emoluments</i>	<i>Average Income</i>
350	Civil Officers	£698,805	£1997
50	Court of Chancery	137,216	2744
112	King's Bench and other Judicial Officers	338,651	3023
100	Ambassadors and Consuls	256,780	2567
134	Military Officers	240,847	1794
36	Ordnance and Artillery	50,155	1390
19	Naval Officers	39,835	2076
147	Colonial Officers	378,996	2578
8	Officers of the House of Commons	20,642	2567

³ Parliamentary Paper, No. 23, Session 1830-1.

The lawyers evidently profit most by the system; their average emoluments exceed those of any other class; the civilians of all classes are better remunerated than the military; and the officers of the army rather better than those of the navy. The worst paid are *employés* in the Ordnance; this branch of the service requiring men of science and application, is not sought after by the great families, and hence we observe the *working* of our aristocratical government in this department as in every other; the most meritorious and arduous duty not being performed by the Oligarchy and their dependents, it is rewarded by the fewest number and least valuable prizes.

It is not, however, by *averaging* the incomes of public functionaries that we see the iniquities of the System in its most conspicuous light. In the state, as in the church, the most flagrant abuse consists in *pluralities*, in the power which individuals of title, influence, and connexion have to heap upon themselves, families, and friends, a multiplicity of offices. Next to this abuse is that of patronage. We know that the direct income of a lord of the Treasury, or a secretary of state, is very considerable, and that of a lord chief justice or lord chancellor is enormous; but what is that to the value of their patronage. All their immense patronage is so much direct revenue, and we know that it is applied as such in making provisions for sons, sons-in-law, and collaterals. We might cite the Bathursts, Manners, Abbots, Scotts, and others; but we think the subject has been already sufficiently illustrated, and further proof will be found in our *Place and Pension List*.

Of all classes who prey on the community the lawyers require to be most narrowly watched. By the classification above it is evident they have contrived to have more sumptuous pickings than any other description of *employés*, official, military, or naval. They are talkers by profession, and the gift of tongues enables them to set forth their claims and withstand reduction of emolument with superior effect and clamour. The claim for legal fees has been a principal obstacle to judicial reform, and it has only been by the most extravagant concessions this obstacle has been surmounted. The lavish settlement for the sinecures in equity under the Bankruptcy Court Act we have before noticed. It has been the same in the common law courts. Under the 1 Will. IV. c. 58, commissioners were appointed to ascertain the value of legal fees received in the superior courts, and fix a rate of compensation for them according to their average amount in the ten preceding years. But it was found on inquiry that several fees and emoluments had been received in the courts, the *legality* of which it was difficult to determine. Here then was a case of *doubt*, and the question was, who were to have the benefit of it, the

public or the profession. The “Guardians of the Public Purse” certainly ought to have guarded the weal of the former; but they did not. Under the same legal intelligence, we presume, as that which advised the continuance of the payment of the Russo-Dutch loan, another act was passed the 1 & 2 Will. IV. c. 35, by which it was provided that all fees, whether legal or extortionate, which had arisen or been received within the preceding fifty years, should be allowed by the commissioners. Further, if any more doubts arose as to the legality or reasonableness of such fees, to whom does the reader imagine the commissioners were to refer?—To the lords of the treasury, to Mr. Gordon, or to some other impartial tribunal perhaps—No! by all that is inept and ridiculous, they were to refer to the judges of the court in which the questionable fees had been received, and by whom the fee-gatherers are appointed! [...]

John Wade (1788–1875) was a member of the group of English radicals which formed around Francis Place and Jeremy Bentham in the early nineteenth century. He agitated for electoral reform in order to allow the working class to vote and as part of his campaign he documented in great detail the corruption, monopolies, and state benefits which the aristocracy, the military, the clergy, and others enjoyed from the state in his book *The Extraordinary Black Book, or Corruption Unmasked*. Source: John Wade, *The Black Book: An Exposition of Abuses in Church and State, Courts of Law, Municipal Corporations, and Public Companies; with a Précis of the House of Commons, Past, Present, and to Come. A New Edition, Greatly Enlarged and Corrected to the Present Time* (London: Wilson 1835) 479–82, 497–500. Some notes have been removed for reasons of space.

Adolphe Blanqui, “The Class Which Does Not Kill or Pillage” (1837)

Abstract In his history of economic thought, the French economist Blanqui provides an historical survey of the universal existence of privileges, taxes, and fiscal regulations which have pitted two classes against each for centuries, namely those who live by their own labor and those who live by the labor of others. Over time this unequal relationship was turned into a system of class control and exploitation, but this system has been repeatedly challenged by insurrections and revolutions, especially the American and French revolutions. He concludes that the class “which neither kills nor pillages” needs to have its history written.

[...] From this time, I devoted myself earnestly to researches among the historians of all ages for the facts of most interest in the study of economic and social questions. I had soon found paupers at Rome and at Athens, as there are at Paris and at London; and I must confess that privileges, taxes, and fiscal vexations were no more rare among the ancients than in our day. Then, as now, the least ray of peace and liberty was followed by a shower of riches and prosperity; the same causes, in short, produced the same effects, notwithstanding the difference of customs and institutions. The distress of the people may always be recognized by the inequality of the burdens, the vicious distribution of the profits of labor, and the prevailing tendency of a few designing classes to place abuses under the protection of law.

But the world did not always remain indifferent, in the presence of these social calamities; and more than once, in the course of the centuries,

magnanimous protests were made in favor of the disregarded rights of humanity. A few noble sovereigns aided in these efforts, which were sometimes perseveringly followed up, at others interrupted by the misfortunes of the times. [...]

In all the revolutions, there have been but two parties confronting each other; that of the people who wish to live by their own labor, and that of those who would live by the labor of others. These two classes¹ dispute with each other the powers and the honors only in order to repose in that beatific region where the conquering party never lets the conquered sleep in tranquillity. *Patricians and plebeians, slaves and freemen, guelphs and ghibellines, red roses and white roses, cavaliers and roundheads, liberals and serviles*, are only varieties of the same species. The question that divides them is always that of their well-being, each one wishing, if I may be permitted a common expression, to draw the coverlid over himself at the risk of uncovering his neighbor. So, in one country the fruit of his labor is taken from the workman by taxes, under pretence of the *welfare of the state*; in another, by privileges, declaring labor a royal concession, and making one pay dearly for the right to devote himself to it. The same abuse is reproduced under forms more indirect, but not less oppressive, when, by means of customs, the state shares with the privileged industries the benefits of the taxes imposed on non-privileged classes.

See the Romans in their conquered countries and the Spanish in their American colonies: more than a thousand years apart, you find the same contempt for human life, the same abominable paradoxes on the necessity of some being worked for the profit of others. This is more distressing than what happens among animals, where the devouring species live on the devoured without at least erecting their voracity into a system, and because they cannot do otherwise. All these horrible social iniquities have been propagated for ages, under various forms, sometimes tempered by the progress of human reason, but always alive at the bottom, and everywhere sustained, sometimes with audacity, sometimes with hypocrisy. At one time, it is the clergy who seize all the property and deign to give alms to the dispossessed human race, threatening with anathema whoever dare trouble the repose of the house of God. Farther on, the tithe belongs to the lords,

¹ Editor's note: Blanqui doesn't use word "classes" but "on" = "les parties."

because they are lords, and because there are no lords without tithes. Peasants are still sold in Russia, like agricultural implements, and the English aristocracy haggle with the poor Irish about a few blades of straw and the scanty supply of potatoes which they share with the cattle.

It is not, then, so far as one may think from the Greek and Roman political economy, cruel, insatiable, inexorable, to the political economy of more than one country in Europe. In our beautiful France, so rich in vines and harvests, several millions of men eat no bread, and drink only water. Salt abounds under their feet, but the tax weighs on their heads, and the *gabelleur*, the odious tax-gatherer of the middle ages, has only changed his name and dress. If one discovers a new plant, tobacco, for example, the law will forbid its cultivation. We may well exclaim with Rousseau: "Everything is good when it comes from the hand of the Creator: everything degenerates in the hand of man." Those poor girls of Lyons whose fairy fingers weave satin and poplin, have no chemises; the *canuts* who decorate with their magnificent tapestry our palaces and our temples, are often without sabots.

No, this is not the final word of Providence, for of those who formerly would have been bound, struggling for breath, to the soil, not a few live to-day in the bosom of opulence, and this number is constantly increasing. There is not an important event of history which does not concur in this great result. After the crusades, land begins to be divided; maritime commerce opens new sources of profit; the arts and manufactures emancipate thousands of vassals. Listen to the sad complaints of the people: what do they ask, when they raise their voices? Reductions of the taxes. What wished those wild peasants of the *Jacquerie*,² weary of seeing themselves decimated by famine, by leprosy, and by despair? A more equitable distribution of the profits of labor. They were still more modest they asked people who did not work, to at least let them live from the humblest part of the fruit of their toil. The first who had that audacity perished under torture, as might have happened at Rome if any slave had dared to ask the least right of his master.

Thus appear to the economist all the struggles whose sanguinary details fill the pages of history. [...]

Sometimes, when after long discords, the two principles of exploitation and of liberty seem near succumbing before each other, and make, so to speak, a final summation, the social problem appears in all its simplicity,

² Editor's note: a peasant rebellion of 1358.

just as our fathers laid it down on the famous night of August 4, 1789,³ as the insurgent communes of Spain had already submitted it to Charles V by Padilla;⁴ as, in short, it tends to become formulated before the Commons of England since the reform of 1832. All the theories of political economy, then, may be reduced to short maxims which clearly sum it up in the view of the people: freedom to work: freedom to have the profits of one's labor. The protestant reformation, the insurrection in the Netherlands against Philip II, the independence of the colonies of North and South America, the civil wars and the foreign wars, are only symptoms of this irresistible movement which bears humanity along. I have thought it better to point out carefully its principal economic phases, than to neglect entirely European history and make a science as ancient as society commence almost with our century. [...]

But because I think I have seen in political economy a science truly social, rather than a theory of finance, I have wished to show, as far as the vision of man can extend, the providential thread which guides nations in the accomplishment of their destiny. I firmly believe that some day there will be no more pariahs at the banquet of life, and I find the source of that hope in the study of history, which shows us the generations marching from conquest to conquest in the career of civilization. By the progress that has been made, I judge of that yet to be; and when I see labor, extricated from the Roman galleys, take refuge in feudal servitude, then organize into corporations and fly across the seas on the wings of commerce, to rest at length in the shadow of political liberty, I feel that there is in economic science something besides a question of words, and I trust I shall be pardoned for having sketched in bold outlines the history of its progress through nations and ages.

The first volume contains such an exposition from the time of the ancients to the ministry of Colbert. More than once, in tracing it, I have experienced regret for having circumscribed my subject within the limits which I had imposed upon myself. The materials which I had at hand were immense in quantity, for the most part unpublished, though extracted from works well-known. A simple list of them arranged in order would alone form an economic monograph extremely curious; and more than one well-informed reader would be very much astonished to find, in these too long-

³ Editor's note: the date of the official legal abolition of feudalism in France.

⁴ Editor's note: Juan López de Padilla (1490–1521), one of the leaders of the Castilian rebellion against the Holy Roman Empire.

neglected documents, an inexhaustible mine for study and meditation. Such facts are not what we ordinarily look for among historians, and most of the latter have at all times so well understood the indifference of the public to facts of this kind, that they have been very quiet about them, and feared so much to burden their annals with them, that we are obliged to obtain them mostly by induction. Armies and courts occupy the foreground; the *human* species, that which neither kills nor pillages, hardly figures even in the background, and that at a distance so obscure that one scarcely knows what became of it for thirty centuries. [...]

The living economists, with a few exceptions, form a new school, as far from the utopias of Quesnay as from the severity of Malthus; and I see with a philosophic and patriotic satisfaction that this school originated in France and is composed almost entirely of Frenchmen. This school it is which will mark out the course of political economy during the nineteenth century. It will consider production no longer as an abstraction independent of the fate of the workers: it is not sufficient for it that wealth be created, but it must be equitably distributed. In its view, men are *really* equal before the law as before the Eternal. The poor are not a text for declamations, but a portion of the great family, worthy of the deepest solicitude. It takes the world as it is, and knows how to stop at the limits of the possible; but its mission is to increase daily the circle of guests at the legitimate enjoyments of life. I say that this school is eminently French, and I am proud of my country that it is so. [...]

It is upon this ground that all questions of political economy must henceforth be decided. The true aim of the science from this time forward is to call the greatest possible number of men to a share in the benefits of civilization. The terms *division of labor, capital, banks, association, free trade*, have no other signification. Such is, at least, the tendency of the modern school, to which I have the honor to belong, and under the inspiration of which appears the work which I to-day offer the public. [...]

Jérôme Adolph Blanqui (1798–1854) was a liberal political economist and brother of the revolutionary socialist Auguste Blanqui. He succeeded Jean-Baptiste Say to the chair of political economy at the Conservatoire national des arts et métiers, and was the editor of the *Journal des économistes* between 1842 and 1843. *Source*: Jérôme-Adolphe Blanqui, "Introduction," *History of Political Economy in Europe*, trans. Emily Leonard (New York: Putnam 1880) xxvi, xxviii–xxx, xxxi, xxxii–xxxiii, xxxvi, xxxviii.

Richard Cobden, “England Is a Perfect Paradise for the Aristocracy” (1845–49)

Abstract The English cotton manufacturer and politician Cobden brilliantly used class analysis to get the protectionist corn laws repealed in 1846. He argued that tariffs and restrictions on imported grain benefited the class of aristocratic land owners at the expense of the class of middle and industrious English people and used his rhetorical skills to rip away “the transparent veil of mystification” which hid how this was accomplished. He also was able to split the landowning class and use threats of further political upheavals to intimidate those who refused to reform the unequal system of taxation, whom he mockingly called “the Noodles and Doodles of the aristocracy.”

FREE TRADE. XVIII. BIRMINGHAM, NOVEMBER 13, 1845

... The aristocracy of this country have the army, the navy, the colonies, and a large amount of expenditure, at their disposal. 'Tis a perfect paradise for the aristocracy in this country, if they knew only how to behave themselves—not as angels, but as decent, honest, rational men. Whom have they to govern? Practical, industrious, intelligent men, whose thoughts centred in their business, and who would gladly leave to those above them the toil of government, if those were willing to allow commerce and industry fair play. What a people for an aristocracy to govern! And yet they risk all for the sake of a miserable tax on bread, which is of no earthly benefit even to themselves. Be prepared for a crisis as to this law, which may come on even before

the next dissolution. You will see by the swaying of parties, and the general agitation of the public mind in the next session, that some great change is approaching; and when you discover these symptoms, don't mind who goes out or in, but keep your eyes steadily fixed on this corn question; and when the crisis does come, let the multitudinous numbers of Lancashire, Yorkshire, and Staffordshire be prepared to act with united strength against the vile fabric of monopoly, over which, when levelled with the earth, will be driven the ploughshare of peace, that prosperity may arise out of its ruins.

FREE TRADE. XIX. LONDON, DECEMBER 17, 1845

[. . .] I warn Ministers, and I warn landowners, and the aristocracy of this country, against forcing upon the attention of the middle and industrious classes the subject of taxation. For, great as I consider the grievance of the protective system, mighty as I consider the fraud and injustice of the Corn-laws, I verily believe, if you were to bring forward the history of taxation in this country for the last 150 years, you will find as black a record against the landowners as even in the Corn-law itself. I warn them against ripping up the subject of taxation. If they want another League, at the death of this one—if they want another organisation, and a motive—for you cannot have these organisations without a motive and principle—then let them force the middle and industrious classes of England to understand how they have been cheated, robbed, and bamboozled upon the subject of taxation; and the end will be—(now I predict it for the consolation of Sir Robert Peel and his friends)—if they force a discussion of this question of taxation; if they make it understood by the people of this country how the landowners here, 150 years ago, deprived the sovereign of his feudal rights over them; how the aristocracy retained their feudal rights over the minor copyholders; how they made a bargain with the king to give him 4s. in the pound upon their landed rentals, as a quit charge for having dispensed with these rights of feudal service from them; if the country understand as well as I think I understand, how afterwards this landed aristocracy passed a law to make the valuation of their rental final, the bargain originally being that they should pay 4s. in the pound of the yearly rateable value of their rental, as it was worth to let for, and then stopped the progress of the rent by a law, making the valuation final,—that the land has gone on increasing tenfold in many parts of Scotland, and fivefold in many parts of England, while the land-tax has remained the same as it was 150 years ago—if they force us to understand how they have managed to exempt themselves from the probate and

legacy duty on real property—how they have managed, sweet innocents that taxed themselves so heavily, to transmit their estates from sire to son without taxes or duties, while the tradesman who has accumulated by thrifty means his small modicum of fortune is subject at his death to taxes and stamps before his children can inherit his property; if they force us to understand how they have exempted their tenants' houses from taxes, their tenants' horses from taxes, their dogs from taxes, their draining-tiles from taxes—if they force these things to be understood, they will be making as rueful a bargain as they have already made by resisting the abolition of the Corn-law.

Do not let them tell me I am talking in a wild, chimerical strain; they told me so, seven years ago, about this Corn-law. I remember right well, when we came to London six years ago, in the spring of 1839, there were three of us in a small room at Brown's Hotel, in Palace Yard, we were visited by a nobleman, one who had taken an active part in the advocacy of a modification of the Corn-laws, but not the total repeal; he asked us, 'What is it that has brought you to town, and what do you come to seek?' We said, 'We come to seek the total and immediate repeal of the Corn-laws.' The nobleman said, with a most emphatic shake of the head, 'You will overturn the monarchy as soon as you will accomplish that.' Now, the very same energy, starting from our present vantage-ground, having our opponents down as we have them now—the same energy—ay, half the energy, working for seven years—would enable a sufficient number of the middle and working classes of this country to qualify for the counties, and might transfer the power utterly and for ever from the landowners of this country to the middle and working classes, and they might tax the land, and tax the large proprietors and rich men of every kind, as they do in all the countries of Europe but England.

Again and again I warn Sir Robert Peel—I warn the aristocracy of this country—that, on the settlement of this question, they do not force us into a discussion upon the peculiar burthens upon land. . . .

I am not going to talk argumentatively to-night; and I have but to add, that the times that are coming are just those that will most require our vigilance and activity. Demonstrations now are comparatively valueless; we shall want you all next spring. There is a great struggle for that period. The Duke of Richmond has told us he shall trust to the hereditary legislators of the country. Well, I might say,—

'Hereditary bondsmen, know ye not?'

I will back the 'hereditary bondsmen' against the hereditary legislators upon this question. But, no; we have not all the hereditary legislators opposed to us I am glad of it; we have the best of them in our ranks; we always had the best of them with us. If they have not all joined our club we do not care about it, so long as they adopt our principles.

I have never been for making this a class question. I have preached from the first that we would have the cooperation of the best and most intelligent of all ranks in life—working, middle, and upper classes. No, no; we will have no war of classes in this country. It is bad enough that in free and constitutional States you must, have your parties; we cannot, in our state of enlightenment, manage our institutions without them; but it shall never be our fault if this question of the Corn-laws becomes a class question, between the middle and working classes on the one side, and the hereditary legislators on the other. No, no; we will save the Duke of Richmond's order from the Duke of Richmond. We have got Lord Morpeth, and we have also Lords Radnor, Ducie, and Kinnaird, and a good many more; and among the rest Earl Grey, our earliest and most tried champion of the aristocracy. This is one proof that ours is not a class question, and that we are not at war with the whole landed aristocracy; but if the Duke of Richmond sets up the Noodles and Doodles of the aristocracy, why, before we have done with them, they shall be as insignificant and more contemptible than the round-frocked peasantry upon his Grace's estate. . . .

PARLIAMENTARY REFORM. II. LONDON, NOVEMBER 26, 1849

[. . .] I have explained practically what is the object of this association; suppose I go a little more widely into the question. Leaving our immediate practical object to others who will follow me, and who will answer any questions that may be put to them, let us look at this matter generally. Now, here we are, standing in the ancient ways of our Constitution. Nobody can say that we are red republicans or revolutionists. Here we are, trying to bring back the people to the enjoyment of some of their ancient privileges. Why, we have dug into the depths of four centuries, at least, to find the origin of this 40s. freehold qualification. But now, as to the practicability of our plan, as a means of effecting great changes in the depository of political power in this country. That is the question. Can you by this means effect a great change in the depository of political power? Because I avow to you that I want, by constitutional and legal means, to place, as far as I can, political power in this country in the hands of the middle and industrious

classes; in other words, the people. When I speak of the middle and industrious classes, I regard them, as I ever did, as inseparable in interest. You cannot separate them. I defy any person to draw the line where the one ends and the other begins. We are governed in this country—I have said this again and again, and I repeat it here to-night—we are governed, in tranquil and ordinary times, not by the will of the middle and industrious classes, but by classes and interests which are insignificant in numbers and in importance in comparison with the great mass of the people. Every session of Parliament, every six months that I spend in the House of Commons, convinces me more and more that we waste our time there—I mean the seventy or eighty men with whom I have been accustomed to vote in the House of Commons, and to whom your chairman has alluded in terms of so much kindness—I say, we waste our time in the House of Commons, if we do not, in the recess, come to the people, and tell them candidly that it depends upon them, and upon them alone, whether any essential amelioration or reform shall be effected in Parliament. I repeat, that in ordinary times we are governed by classes and interests, which are insignificant, in real importance, as regards the welfare of the country; and if we did not occasionally check them—if we did not, from time to time, by the upheaving of the mass of the people, turn them from their folly and their selfishness,—they would long ago have plunged this country in as great a state of confusion as has been witnessed in any country on the Continent. Take the class of men who are ordinarily returned by the agricultural counties of this country. What would they do, if you let them alone? Nay, what are they trying to do at this moment? Why, at the very time, when even the Austrian Government is proposing to abandon the principle of high restrictive tariffs; when the Government of Russia has in hand a reduction of duties; when America has participated in the spirit of the times; when Spain, which some wicked wag has called the ‘beginning of Africa,’ has imitated the example set by Sir R. Peel three years ago; these county Members and Members for agricultural districts are thinking of nothing but how they may restore protection. Surely such people must be the descendants of those inquisitors who put Galileo into prison! Galileo was imprisoned because he maintained that the physical world turned upon its axis, whereas these men insist that the moral world shall stand still; and, if left to themselves, they would soon reduce England to the state in which Austria is now. But is it a wholesome state of things, that nothing can be done in this country except by means of great congregations of the people forcing the so-called representatives of the people to something like justice and common sense in their legislation?

Nothing of importance is ever done by Parliament until after a seven-years' stand-up fight between the people on the one side, and those who call themselves the people's representatives on the other. Now, I say that this is an absurd state of things, and that, by constitutional and moral means, we must try to alter it; and I believe that we have now before us a means by which such an alteration can be effected. . . .

FREE TRADE. XXIV. LEEDS, DECEMBER 18, 1849

[. . .] Well, I belong to another association; and it is to relieve the burdens of those who have no property. Their plan is this—that the burdens hitherto put upon the land shall henceforth be paid out of the taxes wrung from the agricultural labourer upon his ounce of tea, and the half-starved needle-woman in London upon her half-pound of sugar. That is the thing, undisguised, and stripped of the transparent veil of mystification that is thrown over it by those new champions of the agricultural interest, who talk to us in strange parables anything but English—I hardly know whether it is Hebrew, or what it is. Yes, all their mystification amounts to this, that the 12,000,000*l.* of local taxes for poor-rates, highway-rates, church-rates, and the rest, shall be, half of them, if they cannot get the whole—they had rather put the whole upon your shoulders—shall be taken off the land, and put upon the Consolidated Fund; that is, taken out of the taxes raised upon the necessaries and comforts of the masses of the people. [. . .]

Now, I warn the landlords against the attempt to enter the lists in this country with the whole mass of the population—I warn them, in these days, and in the temper and spirit of the time, from entering upon a new conflict with this population, to try and put on the shoulders of this already overburdened people those taxes which of right belong to them as a class. [. . .]

Let them take my word for it, they will never have another agitation carried on with that subserviency to politico-economical argument which was observed by the Anti-Corn-law League. It cost me some argument, as my friends know, to prevent the League from going into other topics; but, let another agitation arise, a serious one, such as these individuals would try to persuade their followers to enter upon—let it be seen that they bring the Parliament into such a state of confusion that Government is compelled to dissolve—let it be seen that a protectionist statesman, like Lord Stanley, is prepared to get into the saddle, and to spur over the country with his haughty paces—and they will hear this question argued in a very different manner from what it was before. They will have the whole aristocratic

system, under which the country has been governed for the last 150 years, torn to pieces; they will have the law of primogeniture, and the whole feudal system which exists in this country, and exists on sufferance only after it has been abolished everywhere else—they will have these questions brought up in a way which they, weak and foolish men, little expect,—and let them once enter the list again, either for another Corn-law, or for the transference of this taxation upon your shoulders, and I give them my word of promise that they will come out of the conflict right happy to abandon not only the Corn-law and any taxation which they are going to try to avoid, but they will be glad to escape by a composition of much heavier terms than that. [...]

I have always contemplated a transition state, when there would be pinching and suffering in the agricultural class, in passing from a vicious system to a sound one; for you cannot be restored from bad health to good, without going through a process of languor and suffering; and my great aim has been, from the moment I returned from the Continent, to try to ease that transition by reducing the expenditure of the country, feeling that, if you could, within a few years, cause a large reduction in the expenditure of the State, you will give such an impetus to trade and commerce, and so improve the condition of the mass of the people, that you would aid very materially in relieving the farmers and labourers from the inconvenience of that transition state, from which they cannot escape. It was with that view that I preferred my budget, and advocated the reduction of our armaments: it is with that view, coupled with higher motives, that I have recommended arbitration treaties, to render unnecessary the vast amount of armaments which are kept up between civilised countries. It is with that view—the view of largely reducing the expenditure of the State, and giving relief, especially to the agricultural classes—that I have made myself the object of the sarcasms of those very parties, by going to Paris, to attend peace meetings. It is with that view that I have directed attention to our colonies, showing how you might be carrying out the principle of Free Trade, give to the colonies self-government, and charge them, at the same time, with the expense of their own government. There is not one of these objects that I have taken in hand, in which I have not had, for a paramount motive, serving of the agricultural class, in this transition state from protection to Free Trade. [...]

I am convinced that it would be distasteful to the landlord party to have a general reduction of the expenditure, particularly in that great preserve of the landlord class for their younger sons, the army and navy. I believe they are averse to retrenchment—at least, they have done nothing to aid those

who wished to accomplish it; and now, I tell them again, as I told them before from this great metropolis of industry, that to a farthing of protection to agriculture they shall not go. And if they will make us pay high taxes to keep up useless establishments, and unnecessary sinecures, and wasteful expenditure, in every department of the State, why, they shall pay their share of that taxation, with wheat at 40s. per quarter.

Richard Cobden (1804–1865) was a cotton manufacturer, a member of the British Parliament, and an advocate of free trade, a non-interventionist foreign policy, peace, and parliamentary reform. He is best remembered for his activity on behalf of the Anti-Corn Law League, which helped reduce British tariffs in 1846 and for negotiating the Anglo-French trade agreement of 1860. *Source:* Richard Cobden, *Speeches on Questions of Public Policy by Richard Cobden, M.P.* (London: Unwin 1908) 172, 177–79; 552–53; 215–18.

Frédéric Bastiat, “The English Oligarchy” (1845)

Abstract Bastiat traces the origin of the oligarchy which ruled England back to the Norman Conquest. The large land owners dominated the industrious class they controlled and seized the legislature to pass laws in their favor. The uniqueness of the English system of class rule was its combination of internal and external plunder. Internal plunder came about by unequal taxation, access to government offices, the granting of monopolies, and agricultural protection. The profits they acquired enabled them to engage in external plunder through foreign wars, conquest of territory, and the acquisition of colonies. Given the docility of the English people the oligarchy was able to methodically exploit them over centuries.

But it is essential to make the following clear here and now: the economic regime of Great Britain is far from being based on the principle of freedom; wealth there is by no means distributed in a natural way; and finally it is far from being the case that, as Mr. Lamartine so nicely put it, thanks to free enterprise every activity obtains results such as no arbitrary system could offer. In fact, there is no country in the world, save those still cursed with slavery, where Adam Smith’s theory—the doctrine of *laissez-faire, laissez-passer*—is less put into practice than in England, and where the exploitation of man by man has been more systematically developed.

And it should not be imagined, as some might argue, that it is precisely free competition that eventually brought about the subjection of labor to capital, of the working class to the idle. No, that unjust domination cannot

be considered to result from, nor even to be a misapplication of, a principle that never guided British industry. In order to determine the origin of that domination, one would have to go back to an era that was most certainly not a period of freedom: to the conquest of England by the Normans.

But without retracing the history of the two races that tread the soil of Britain and who fought each other in so many bloody battles over civil, political, and religious matters, it is appropriate here to recall their respective positions from the economic point of view.

The English aristocracy, as you know, owns all the land in the country. Moreover, they hold the legislative power. The question is simply: have they used that power in the interests of the community or in their own interests?

In Parliament, Mr. Cobden addressed the aristocracy itself in these words, "If our financial system, our statute book, could reach the moon, alone and without any historical commentary, it would take nothing more to show its inhabitants that it was the work of an assembly of *landlords*."

When an aristocratic race has both the right to make laws and the power to enforce them, it is unfortunately only too true that they will legislate to their own advantage. That is a painful truth, which will, I know, sadden those kindly souls who rely, to remedy unjust practices, not on the reaction of those who suffer such practices, but on the free and brotherly initiative of those who exploit them. I wish someone could point out to me an example in history of such self-sacrifice. But there has never been any example of it, be it among the upper castes in India, or among the Spartans, Athenians, and Romans who are forever being held up to our admiration, or among the feudal lords of the Middle Ages, or the planters of the West Indies, and it is even most improbable that all those oppressors of mankind ever considered their power to be either unjust or illegitimate.

If one looks into what one could call the inevitable necessities of aristocratic races, one soon perceives that they are considerably modified and aggravated by what has been called the principle of population.

If the aristocratic classes were by nature stationary; if they were not endowed, like all other classes, with the ability to multiply, some degree of happiness and even of equality might be compatible with a regime resulting from conquest. Once the land had been shared out between the noble families, each of them would hand down its estates, generation after generation, to its only descendant, and one can imagine that in such a situation it would not be impossible an industrious class to grow and prosper peacefully alongside the conquering race.

But conquerors multiply rapidly just like plain *proletarians*. While the frontiers of the country are unalterable, while the number of manorial estates remains the same,—because, so as not to weaken its power, the aristocracy is careful not to divide them up and hands them down in their entirety from eldest son to eldest son,—many families spring from the *younger sons* and multiply in their turn. These families cannot support themselves through work, since in the eyes of the nobility work is degrading. So there is only one means of providing for them, and that means is the exploitation of the working classes. External plunder corresponds to war, conquests, colonies. Internal plunder corresponds to taxes, government offices, monopolies. Civilized aristocracies usually practice both forms of plunder; primitive aristocracies are compelled to deny themselves the latter form for a very simple reason, which is that there is no industrious class around them to plunder. But should the resources of external plunder also happen to be lacking, what becomes of the children born of the younger branches of those aristocracies in primitive societies? What becomes of them? They are smothered; for it is in the nature of aristocracy to prefer death itself to work.

In the archipelagoes of the vast Ocean, the younger sons have no share in their father's estate. They can therefore live only off the food given them by their elders, if they remain within the family; or off what may be given them by the enslaved population, if they enter the military association of the *arreoys*. But, whichever of the two choices they make, they cannot hope to perpetuate their race. The fact that they are unable to hand down any property to their children and maintain them in the status in which they are born, is no doubt what drove them to make a rule of smothering them.¹

The English aristocracy, although influenced by the same instincts as those that motivate Malay aristocracy (for circumstances vary, but human nature is the same the world over), found itself in a more favorable environment, if I may say so. Facing it and under it, the English aristocracy had the most hard-working, active, persevering, energetic and, at the same time, the most docile population in the world; it methodically exploited that population.

Nothing has ever been more vigorously devised or more resolutely carried out than that exploitation. The ownership of the soil puts legislative

¹ Anderson, *3e. Voyage de Cook*.

power in the hands of the English oligarchy; through legislation, this class systematically robs industry of its riches. Those riches are used by the oligarchy to pursue the policy of encroachments abroad that has subjected forty-five colonies to Great Britain; and those colonies in turn serve as a pretext for levying heavy taxes, large armies and a powerful navy, all at the expense of industry and to the advantage of the younger branches of aristocratic families.

We must give the English oligarchy its due. In its twofold policy of internal and external plunder, it displayed remarkable cleverness. Two words, which imply two prejudices, were all it needed to win over the very classes that bear all the burden of its policy: it called monopoly *Protection* and it called the colonies *Markets*.

Thus the existence of the British oligarchy, or at least its legislative power, is not only a curse for England, it is furthermore a permanent danger for Europe. [...]

Frédéric Bastiat (1801–1850) was a magistrate and land owner from Gascony who moved to Paris in 1846 to organize the French Free Trade Association. After the February Revolution of 1848, he was elected to the Chamber of Deputies and was vice-president of the Finance Committee. He is best known for his witty journalism opposing tariffs and subsidies to industry, his series of anti-socialist pamphlets, and an unfinished treatise on economics. *Source*: Frédéric Bastiat, *Cobden et la ligue, ou l'Agitation anglaise pour la liberté du commerce* (1845) 8–12. The work was translated by David M. Hart.

Frédéric Bastiat, “The Physiology of Plunder” (1847)

Abstract Bastiat believes that there are only two ways of acquiring wealth, either by production or by plunder. The history of the world is a history of how one group of people have plundered others, often in a systematic way, by means of war, slavery, theocracy, monopoly, economic privileges, and control of the government to distribute favors. Most people are unaware of this and it is the task of the economist to expose the “sophisms” which are used to delude the people about their true situation. There is also a practical Malthusian limit to how much the plunderers and the state can grow. They can grow only as long as there is a means of existence which they can exploit. Eventually the people will resist and fight back.

[. . .] There are only two ways of acquiring the things that are necessary for the preservation, improvement and betterment of life: PRODUCTION and PLUNDER.

Some people say: “PLUNDER is an accident, a local and transitory abuse, stigmatized by moral philosophy, condemned by law and unworthy of the attentions of *Political Economy*.”

But whatever the benevolence and optimism of one’s heart one is obliged to acknowledge that PLUNDER is exercised on too a vast scale in this world, that it is too universally woven into all major human events, for any social science, above all *Political Economy*, to feel justified in disregarding it.

I will go further. What separates the social order from a state of perfection (at least from the degree of perfection it can attain) is the constant effort of its members to live and progress at the expense of one another.

So that, if PLUNDER did not exist, society would be perfect and the social sciences would be superfluous.

I will go even further. When PLUNDER has become the means of existence of a large group of men mutually linked by social ties, they soon contrive to pass a law that sanctions it and a moral code that glorifies it.

You need name only a few of the most clear-cut forms of *Plunder* to show the place it occupies in human affairs.

First of all, there is WAR. Among savage peoples, the victor kills the vanquished in order to acquire a right to hunt game that is if not incontestable, at least *uncontested*.

Then there is SLAVERY. Once man grasps that it is possible to make land fertile through work, he strikes this bargain with his fellow: "You will have the fatigue of work and I will have its product."

Next comes THEOCRACY. "Depending on whether you give me or refuse to give me your property, I will open the gates of heaven or hell to you."

Lastly, there is MONOPOLY. Its distinctive characteristic is to allow the great social law, *a service for a service*, to continue to exist, but to make force part of the negotiations and thus distort the just relationship between the *service received* and the *service rendered*.

Plunder always carries within it the deadly seed that kills it. Rarely does the majority plunder the minority. In this case, the minority would immediately be reduced to the point where it could no longer satisfy the greed of the majority, and Plunder would die for want of sustenance.

It is almost always the majority that is oppressed, and Plunder is also destined in this case as well to receive a death sentence.

For if the use of Force is Plunder's agent, as it is for War and Slavery, it is natural for Force to go over to the side of the majority in the long run.

And if the agent is Fraud, as in Theocracy and Monopoly, it is natural for the majority to become informed on this score, or intelligence would not be intelligence.

Another providential law that has planted a second deadly seed in the heart of Plunder is this:

Plunder does not only *redistribute* wealth, it always *destroys* part of it.

War annihilates many things of value.

Slavery paralyses a great many human abilities.

Theocracy diverts a great deal of effort to puerile or disastrous purposes.

Monopoly also moves wealth from one pocket to another but a great deal is lost in the transfer.

This law is admirable. In its absence, provided that there were a stable balance of power between the oppressors and the oppressed, Plunder would have no end. Thanks to this law, the balance always tends to be upset, either because the Plunderers become aware of the loss of so much wealth, or, where this awareness is lacking, because the harm constantly grows worse and it is in the nature of things that constantly deteriorate to come to an end.

In fact, there comes a time when, in its gradual acceleration, the loss of wealth is so great that Plunderers are less rich than they would have been if they had remained honest.

An example of this is a nation for which the cost of war is greater than the value of its booty;

A master who pays more for slave labor than for free labor;

A Theocracy that has so stupefied the people and sapped their energy that it can no longer wring anything out of them;

A Monopoly that has to increase its efforts to suck consumers dry as there is less to be sucked up, just as the effort needed to milk a cow increases as the udder dries up.

As we see, Monopoly is a Species of the Genus, Plunder. There are several Varieties of it, including Sinecure, Privilege and Trade Restriction.

Among the forms it takes, there are some that are simple and naïve. Such were feudal rights. Under this regime the masses were plundered and knew it. It involved the abuse of force and perished with it.

Others are highly complex. In this case, the masses are often plundered unaware. It may even happen that they think they owe everything to Plunder; what is left to them, as well as what is taken from them and what is lost in the operation. Further than that I would propose as time goes on, and given the highly ingenious mechanism of *custom*, many Plunderers are plunders without knowing it and without wishing it. Monopolies of this type are generated through Fraud and they feed on Error. They only disappear with Enlightenment.

I have said enough to show that Political Economy has an obvious practical use. It is the flame that destroys this social disorder which is Plunder, by unveiling Fraud and dissipating Error. Someone, I believe it

was a woman and she was perfectly right, defined political economy thus: *It is the safety lock on popular savings*. [...]

I will review briefly a few of the forms of plunder that are exercised by Fraud on a grand scale.

The first to come forward is Plunder by theocratic fraud.

What is this about? To get people to provide real services, in the form of foodstuffs, clothing, luxury, consideration, influence and power, in return for imaginary ones.

If I said to a man "I am going to provide you with some immediate services," I would have to keep my word, otherwise this man would know what he was dealing with and my fraud would be promptly unmasked.

But if I told him "In exchange for your services, I will provide you with immense services, not in this world but in the next. After this life, you will be able to be eternally happy or unhappy and this all depends on me; I am an intermediary between God and his creation and can, at will, open the gates of heaven or hell to you." Should this man believe me at all, he is in my power.

This type of imposture has been practiced widely since the beginning of the world, and we know what degree of total power Egyptian priests achieved.

It is easy to see how impostors behave. You have to only ask yourself what you would do in their place.

If I came, with ideas like this in mind, amongst an ignorant clan and succeeded by dint of some extraordinary act and an amazing appearance to be taken for a supernatural being, I would pass for an emissary of God with absolute discretion over the future destiny of men.

I would then forbid any examination of my titles. I would go further; since reason would be my most dangerous enemy, I would forbid the use of reason itself, at least when applied to this awesome subject. I would make this question, and all those relating to it, *taboo*, as the savages say. To solve them, discuss them or even think of them would be an unpardonable crime.

It would certainly be the height of skill to set up a *taboo* as a barrier across all the intellectual avenues that might lead to the discovery of my deception. What better guarantee of its longevity is there than to make doubt itself a sacrilege?

However, to this fundamental guarantee I would add ancillary ones. For example, in order that enlightenment is never able to reach down to the masses, I would grant to my accomplices and myself the monopoly of all knowledge. I would hide it under the veils of a dead language and a

hieroglyphic script and, so that I would never be taken by surprise by any danger, I would take care to invent an institution which would, day after day, enable me to enter into the secret of all consciences.

It would also not be a bad thing for me to satisfy some of the genuine needs of my people, especially if, by doing so, I was able to increase my influence and authority. Given that men have a great need of education and moral instruction, I would take it upon myself to dispense this. Through this, I would direct the minds and hearts of my people as I saw fit. I would weave morality and my authority into an indissoluble chain; I would represent them as being unable to exist without each other, so that if a bold individual attempted to raise a question that was *taboo*, society as a whole, unable to live without a moral code, would feel the earth tremble beneath its feet and would turn in anger against this daring innovator.

Should things reach this pass, it is clear that this people would belong to me more surely than if they were my slaves. Slaves curse their chains, while my people would bless theirs, and I would have succeeded in imprinting the stamp of servitude not on their foreheads, but in the depths of their conscience.

Opinion alone is capable of tearing down an edifice of iniquity like this, but how will it set about this if each stone is *taboo*? It is a question of time and the printing press.

God forbid that I should wish to undermine here the consoling beliefs that *link* this life of trials to a life of happiness! No one, not even the head of the Christian church, could deny that the irresistible urge which leads us to these beliefs has been taken advantage of. There is, it seems to me, a sign by which we can see whether a people have been duped or not. Examine Religion and priest alike; see whether the priest is the instrument of Religion or Religion the instrument of the priest.

If *the priest is the instrument of Religion*, if he thinks only of spreading its morals and benefits around the world, he will be gentle, tolerant, humble, charitable and full of zeal. His life will reflect that of his divine model. He will preach freedom and equality among men, peace and fraternity between nations; he will reject the attractions of temporal power, not wishing to ally himself with what most needs to be restricted in this world. He will be a man of the people, a man of good counsel and gentle consolation, a man of good Opinion and a Man of the Gospel.

If, on the other hand, *Religion is the instrument of the priest*, he will treat it as some people treat an instrument that is altered, bent and turned in many ways so as to draw the greatest benefit for themselves. He will increase

the number of questions that are *taboo*; his moral principles will bend according to the climate, men and circumstances. He will seek to impose it through studied gestures and attitudes; he will mutter words a hundred times a day whose meaning has disappeared and which are nothing other than empty *conventionalism*. He will peddle holy things, but just enough to avoid undermining faith in their sanctity and he will take care to see that this trade is less obviously active where the people are more keen-sighted. He will involve himself in terrestrial intrigue and always be on the side of the powerful, on the sole condition that those in power ally themselves with him. In a word, in all his actions, it will be seen that he does not want to advance Religion through the clergy but the clergy through Religion, and since so much effort implies an aim and as this aim, according to our hypothesis, cannot be anything other than power and wealth, the definitive sign that the people have been duped is when priests are rich and powerful.

It is very clear that one can abuse a true Religion as well as a false one. The more its authority is respectable, the greater is the danger that it may be improperly used. But the results are very different. Abuse always revolts the healthy, enlightened and independent sector of a nation. It is impossible for faith not to be undermined and the weakening of a true Religion is more of a disaster than the undermining of a false one.

Plunder using this procedure and the clear-sightedness of a people are always in inverse proportion one to the other, for it is in the nature of abuse to proceed wherever it finds a path. Not that pure and devoted priests are not to be found within the most ignorant population, but how do you prevent a swindler from putting on a cassock and having the ambition to don a miter? Plunderers obey Malthus's law: they multiply in line with the means of existence, and the means of existence of swindlers is the credulity of their dupes. It is no good searching; you always find that opinion needs to be enlightened. There is no other panacea.

Another type of Plunder by fraud is *commercial fraud*, a name that I think is too limited since not only are merchants who adulterate their goods and give short measure guilty of this, but also doctors who get paid for disastrous advice, lawyers who overcomplicate lawsuits, etc. In these exchanges of services, one is done in bad faith, but in this instance, as the service received is always agreed upon voluntarily in advance, it is clear that Plunder of this kind is bound to retreat as public clear-sightedness increases.

Next comes the abuse of *government services*, a huge field of Plunder, so huge that we can only cast a glance at it.

If God had made man to be a solitary animal, each would work for his own benefit. Individual wealth would be in proportion to the services that each person rendered to himself.

However, *as man is sociable, services are exchanged for one another*, a proposition that you can, if you like, construct in reverse.

In society, there are needs that are so general and universal that its members supply them by organizing *government services*. An example of this is the need for security. People consult with other and agree to tax themselves in order to pay with various *services* those who supply the *service* of watching over common security.

There is nothing in this that is outside the scope of Political Economy: *Do this for me and I will do that for you*. The essence of the transaction is the same, the procedure of paying for it alone is different, but this difference is of far-ranging importance.

In ordinary transactions, each person remains the judge either of the service he receives or of the service he renders. He can always either refuse the exchange or make it elsewhere, which gives rise to the necessity of bringing into the market only services that will be voluntarily agreed upon.

This is not so with regard to the State, especially before the arrival of representative governments. Whether we need its services or not, whether they are good or bad quality, the State always obliges us to accept them as they are supplied and pay for them at the price it sets.

Well, all men tend to see the services they render through the small end of the telescope and the services they receive through the large end, and things would be in a fine state if we did not have the guarantee of a *freely negotiated price* in private transactions.

We do not have or scarcely have this guarantee in our transactions with the government. And yet the State, made up of men (although these days the contrary is insinuated), obeys the universal trend. It wants to *serve* us a great deal, indeed with more than we want, and make us accept as a *genuine* service things that are sometimes far from being so, in order to require us to supply it with *services* or taxes in return.

The State is also subject to Malthus's Law. It tends to exceed the level of its means of existence, it expands in line with these means and what keeps it in existence is whatever the people have. Woe betide those peoples who cannot limit the sphere of action of the State. Freedom, private activity, wealth, well-being, independence and dignity will all disappear.

For there is one fact that should be noted and it is this: of all the services we require from the State, the principal one is *security*. In order to guarantee

this to us, it has to have a force capable of overcoming all other forces, whether individual or collective, internal or external, which might compromise it. If we link this thought with the unfortunate tendency we have noted in men to live at the expense of others, there is a danger here that leaps to the eye.

This being so, just look at the immense scale on which Plunder has been carried out throughout history by the abuse and excesses of the government? One might well ask what services were provided to the people and what services were exacted by governments in the Assyrian, Babylonian, Roman, Persian, Turkish, Chinese, Russian, English, Spanish and French states! The mind boggles at this huge disparity.

Eventually, the representative system of government was invented, and a priori it might have been thought that the disorder would disappear as though by magic.

In practice, the operating principle of these governments is this:

The population itself will decide, through its representatives, on the nature and extent of the functions that it considers appropriate to establish as *government services* and the amount of revenue it intends to allocate to these *services*.

The tendency to seize the goods of others and the tendency to defend one's own were thus brought face to face. It was bound to be thought that the latter would overcome the former.

Certainly I am convinced that in the long run this outcome will prevail. But it has to be said that up to now it has not done so. [...]

Frédéric Bastiat (1801–1850) was a magistrate and land owner from Gascony who moved to Paris in 1846 to organize the French Free Trade Association. After the February Revolution of 1848, he was elected to the Chamber of Deputies and was vice-president of the Finance Committee. He is best known for his witty journalism opposing tariffs and subsidies to industry and his series of anti-socialist pamphlets and an unfinished treatise on economics. *Source*: Frédéric Bastiat, *Collected Works of Frédéric Bastiat*, 6 vols., ed. Jacques de Guenin and David M. Hart (Indianapolis: Liberty Fund 2017) 3: 114–16, 121–26. The notes have been removed for reasons of space.

John C. Calhoun, “Tax Payers versus Tax Receivers” (1849)

Abstract Calhoun is aware of the basic public choice insight that politicians, bureaucrats, and the interests they serve act to “aggrandize themselves,” thus placing the rulers and the ruled in an “antagonistic relation” with each other. Politics thus becomes a struggle between the ruling majority to retain it and the minority to obtain it. The struggle centers on the unequal fiscal action of the government which inevitably creates through the institution of taxation: a group of “tax-payers” who pay more in taxes than they receive in benefits and a group of “tax-receivers” who receive more in benefits than they pay in taxes.

[...] But government, although intended to protect and preserve society, has itself a strong tendency to disorder and abuse of its powers, as all experience and almost every page of history testify. The cause is to be found in the same constitution of our nature which makes government indispensable. The powers which it is necessary for government to possess, in order to repress violence and preserve order, cannot execute themselves. They must be administered by men in whom, like others, the individual are stronger than the social feelings. And hence, the powers vested in them to prevent injustice and oppression on the part of others, will, if left unguarded, be by them converted into instruments to oppress the rest of the community. That, by which this is prevented, by whatever name called, is what is meant by CONSTITUTION, in its most comprehensive sense, when applied to GOVERNMENT. [...]

With these remarks, I proceed to the consideration of the important and difficult question: How is this tendency of government to be counteracted? Or, to express it more fully—How can those who are invested with the powers of government be prevented from employing them, as the means of aggrandizing themselves, instead of using them to protect and preserve society? It cannot be done by instituting a higher power to control the government, and those who administer it. This would be but to change the seat of authority, and to make this bigger power, in reality, the government; with the same tendency, on the part of those who might control its powers, to pervert them into instruments of aggrandizement. Nor can it be done by limiting the powers of government, so as to make it too feeble to be made an instrument of abuse; for, passing by the difficulty of so limiting its powers, without creating a power higher than the government itself to enforce the observance of the limitations, it is a sufficient objection that it would, if practicable, defeat the end for which government is ordained, by making it too feeble to protect and preserve society. The powers necessary for this purpose will ever prove sufficient to aggrandize those who control it, at the expense of the rest of the community. [. . .]

There is but one way in which this can possibly be done; and that is, by such an organism as will furnish the ruled with the means of resisting successfully this tendency on the part of the rulers to oppression and abuse. Power can only be resisted by power—and tendency by tendency. Those who exercise power and those subject to its exercise—the rulers and the ruled—stand in antagonistic relations to each other. The same constitution of our nature which leads rulers to oppress the ruled—regardless of the object for which government is ordained—will, with equal strength, lead the ruled to resist, when possessed of the means of making peaceable and effective resistance. Such an organism, then, as will furnish the means by which resistance may be systematically and peaceably made on the part of the ruled, to oppression and abuse of power on the part of the rulers, is the first and indispensable step towards *forming* a constitutional government. And as this can only be effected by or through the right of suffrage—(the right on the part of the ruled to choose their rulers at proper intervals, and to hold them thereby responsible for their conduct)—the responsibility of the rulers to the ruled, through the right of suffrage, is the indispensable and primary principle in the *foundation* of a constitutional government. When this right is properly guarded, and the people sufficiently enlightened to understand their own rights and the interests of the community, and duly to appreciate the motives and conduct of those appointed to make and execute

the laws, it is all-sufficient to give to those who elect, effective control over those they have elected. [...]

If the whole community had the same interests, so that the interests of each and every portion would be so affected by the action of the government, that the laws which oppressed or impoverished one portion, would necessarily oppress and impoverish all others—or the reverse—then the right of suffrage, of itself, would be all-sufficient to counteract the tendency of the government to oppression and abuse of its powers; and, of course, would form, of itself, a perfect constitutional government. The interest of all being the same, by supposition, as far as the action of the government was concerned, all would have like interests as to what laws should be made, and how they should be executed. All strife and struggle would cease as to who should be elected to make and execute them. The only question would be, who was most fit; who the wisest and most capable of understanding the common interest of the whole. This decided, the election would pass off quietly, and without party discord; as no one portion could advance its own peculiar interest without regard to the rest, by electing a favorite candidate.

But such is not the case. On the contrary, nothing is more difficult than to equalize the action of the government, in reference to the various and diversified interests of the community; and nothing more easy than to pervert its powers into instruments to aggrandize and enrich one or more interests by oppressing and impoverishing the others; and this too, under the operation of laws, couched in general terms—and which, on their face, appear fair and equal. Nor is this the case in some particular communities only. It is so in all; the small and the great—the poor and the rich—irrespective of pursuits, productions, or degrees of civilization—with, however, this difference, that the more extensive and populous the country, the more diversified the condition and pursuits of its population, and the richer, more luxurious, and dissimilar the people, the more difficult is it to equalize the action of the government—and the more easy for one portion of the community to pervert its powers to oppress, and plunder the other.

Such being the case, it necessarily results, that the right of suffrage, by placing the control of the government in the community must, from the same constitution of our nature which makes government necessary to preserve society, lead to conflict among its different interests—each striving to obtain possession of its powers, as the means of protecting itself against the others—or of advancing its respective interests, regardless of the interests of others. For this purpose, a struggle will take place between the various interests to obtain a majority, in order to control the government.

If no one interest be strong enough, of itself, to obtain it, a combination will be formed between those whose interests are most alike—each conceding something to the others, until a sufficient number is obtained to make a majority. The process may be slow, and much time may be required before a compact, organized majority can be thus formed; but formed it will be in time, even without preconcert or design, by the sure workings of that principle or constitution of our nature in which government itself originates. When once formed, the community will be divided into two great parties—a major and minor—between which there will be incessant struggles on the one side to retain, and on the other to obtain the majority—and, thereby, the control of the government and the advantages it confers.

So deeply seated, indeed, is this tendency to conflict between the different interests or portions of the community, that it would result from the action of the government itself, even though it were possible to find a community, where the people were all of the same pursuits, placed in the same condition of life, and in every respect, so situated, as to be without inequality of condition or diversity of interests. The advantages of possessing the control of the powers of the government, and, thereby, of its honors and emoluments, are, of themselves, exclusive of all other considerations, ample to divide even such a community into two great hostile parties.

In order to form a just estimate of the full force of these advantages—without reference to any other consideration—it must be remembered, that government—to fulfill the ends for which it is ordained, and more especially that of protection against external dangers—must, in the present condition of the world, be clothed with powers sufficient to call forth the resources of the community, and be prepared, at all times, to command them promptly in every emergency which may possibly arise. For this purpose large establishments are necessary, both civil and military (including naval, where, from situation, that description of force may be required) with all the means necessary for prompt and effective action—such as fortifications, fleets, armories, arsenals, magazines, arms of all descriptions, with well-trained forces, in sufficient numbers to wield them with skill and energy, whenever the occasion requires it. The administration and management of a government with such vast establishments must necessarily require a host of employees, agents, and officers—of whom many must be vested with high and responsible trusts, and occupy exalted stations, accompanied with much influence and patronage. To meet the necessary expenses, large sums must be collected and disbursed; and, for this purpose, heavy taxes must be

imposed, requiring a multitude of officers for their collection and disbursement. The whole united must necessarily place under the control of government an amount of honors and emoluments, sufficient to excite profoundly the ambition of the aspiring and the cupidity of the avaricious; and to lead to the formation of hostile parties, and violent party conflicts and struggles to obtain the control of the government. And what makes this evil remediless, through the right of suffrage of itself, however modified or carefully guarded, or however enlightened the people, is the fact that, as far as the honors and emoluments of the government and its fiscal action are concerned, it is impossible to equalize it. The reason is obvious. Its honors and emoluments, however great, can fall to the lot of but a few, compared to the entire number of the community, and the multitude who will seek to participate in them. But, without this, there is a reason which renders it impossible to equalize the action of the government, so far as its fiscal operation extends—which I shall next explain.

Few, comparatively, as they are, the agents and employees of the government constitute that portion of the community who are the exclusive recipients of the proceeds of the taxes. Whatever amount is taken from the community, in the form of taxes, if not lost, goes to them in the shape of expenditures or disbursements. The two—disbursement and taxation—constitute the fiscal action of the government. They are correlatives. What the one takes from the community, under the name of taxes, is transferred to the portion of the community who are the recipients, under that of disbursements. But, as the recipients constitute only a portion of the community, it follows, taking the two parts of the fiscal process together, that its action must be unequal between the payers of the taxes and the recipients of their proceeds. Nor can it be otherwise, unless what is collected from each individual in the shape of taxes, shall be returned to him, in that of disbursements; which would make the process nugatory and absurd. Taxation may, indeed, be made equal, regarded separately from disbursement. Even this is no easy task; but the two united cannot possibly be made equal.

Such being the case, it must necessarily follow, that some one portion of the community must pay in taxes more than it receives back in disbursements; while another receives in disbursements more than it pays in taxes. It is, then, manifest, taking the whole process together, that taxes must be, in effect, bounties to that portion of the community which receives more in disbursements than it pays in taxes; while, to the other which pays in taxes more than it receives in disbursements, they are taxes in reality—burthens, instead of bounties. This consequence is unavoidable. It results from the

nature of the process, be the taxes ever so equally laid, and the disbursements ever so fairly made, in reference to the public service.

It is assumed, in coming to this conclusion, that the disbursements are made within the community. The reasons assigned would not be applicable if the proceeds of the taxes were paid in tribute, or expended in foreign countries. In either of these cases, the burthen would fall on all, in proportion to the amount of taxes they respectively paid.

Nor would it be less a bounty to the portion of the community which received back in disbursements more than it paid in taxes, because received as salaries for official services; or payments to persons employed in executing the works required by the government; or furnishing it with its various supplies; or any other description of public employment—instead of being bestowed gratuitously. It is the disbursements which give additional, and, usually, very profitable and honorable employments to the portion of the community where they are made. But to create such employments, by disbursements, is to bestow on the portion of the community to whose lot the disbursements may fall, a far more durable and lasting benefit—one that would add much more to its wealth and population—than would the bestowal of an equal sum gratuitously: and hence, to the extent that the disbursements exceed the taxes, it may be fairly regarded as a bounty. The very reverse is the case in reference to the portion which pays in taxes more than it receives in disbursements. With them, profitable employments are diminished to the same extent, and population and wealth correspondingly decreased.

The necessary result, then, of the unequal fiscal action of the government is, to divide the community into two great classes; one consisting of those who, in reality, pay the taxes, and, of course, bear exclusively the burthen of supporting the government; and the other, of those who are the recipients of their proceeds, through disbursements, and who are, in fact, supported by the government; or, in fewer words, to divide it into tax-payers and tax-consumers.

But the effect of this is to place them in antagonistic relations, in reference to the fiscal action of the government, and the entire course of policy therewith connected. For, the greater the taxes and disbursements, the greater the gain of the one and the loss of the other—and vice versa; and consequently, the more the policy of the government is calculated to increase taxes and disbursements, the more it will be favored by the one and opposed by the other.

The effect, then, of every increase is, to enrich and strengthen the one, and impoverish and weaken the other. This, indeed, may be carried to such an extent, that one class or portion of the community may be elevated to wealth and power, and the other depressed to abject poverty and dependence, simply by the fiscal action of the government; and this too, through disbursements only—even under a system of equal taxes imposed for revenue only. If such may be the effect of taxes and disbursements, when confined to their legitimate objects—that of raising revenue for the public service—some conception may be formed, how one portion of the community may be crushed, and another elevated on its ruins, by systematically perverting the power of taxation and disbursement, for the purpose of aggrandizing and building up one portion of the community at the expense of the other. That it *will* be so used, unless prevented, is, from the constitution of man, just as certain as that it *can* be so used; and that, if not prevented, it must give rise to two parties, and to violent conflicts and struggles between them, to obtain the control of the government, is, for the same reason, not less certain.

Nor is it less certain, from the operation of all these causes, that the dominant majority, for the time, would have the same tendency to oppression and abuse of power, which, without the right of suffrage, irresponsible rulers would have. No reason, indeed, can be assigned, why the latter would abuse their power, which would not apply, with equal force, to the former. The dominant majority, for the time, would, in reality, through the right of suffrage, be the rulers—the controlling, governing, and irresponsible power; and those who make and execute the laws would, for the time, be, in reality, but *their* representatives and agents.

Nor would the fact that the former would constitute a majority of the community, counteract a tendency originating in the constitution of man; and which, as such, cannot depend on the number by whom the powers of the government may be wielded. Be it greater or smaller, a majority or minority, it must equally partake of an attribute inherent in each individual composing it; and, as in each the individual is stronger than the social feelings, the one would have the same tendency as the other to oppression and abuse of power. The reason applies to government in all its forms—whether it be that of the one, the few, or the many. In each there must, of necessity, be a governing and governed—a ruling and a subject portion. The one implies the other; and in all, the two bear the same relation to each other—and have, on the part of the governing portion, the same tendency to oppression and abuse of power. Where the majority is that portion, it matters not how its powers

may be exercised—whether directly by themselves, or indirectly, through representatives or agents. Be it which it may, the minority, for the time, will be as much the governed or subject portion, as are the people in an aristocracy, or the subjects in a monarchy. The only difference in this respect is, that in the government of a majority, the minority may become the majority, and the majority the minority, through the right of suffrage; and thereby change their relative positions, without the intervention of force and revolution. But the duration, or uncertainty of the tenure, by which power is held, cannot, of itself, counteract the tendency inherent in government to oppression and abuse of power. On the contrary, the very uncertainty of the tenure, combined with the violent party warfare which must ever precede a change of parties under such governments, would rather tend to increase than diminish the tendency to oppression. [. . .]

The conflict between the two parties, in the government of the numerical majority, tends necessarily to settle down into a struggle for the honors and emoluments of the government; and each, in order to obtain an object so ardently desired, will, in the process of the struggle, resort to whatever measure may seem best calculated to effect this purpose. The adoption, by the one, of any measure, however objectionable, which might give it an advantage, would compel the other to follow its example. In such case, it would be indispensable to success to avoid division and keep united—and hence, from a necessity inherent in the nature of such governments, each party must be alternately forced, in order to insure victory, to resort to measures to concentrate the control over its movements in fewer and fewer hands, as the struggle became more and more violent. This, in process of time, must lead to party organization, and party caucuses and discipline; and these, to the conversion of the honors and emoluments of the government into means of rewarding partisan services, in order to secure the fidelity and increase the zeal of the members of the party. The effect of the whole combined, even in the earlier stages of the process, when they exert the least pernicious influence, would be to place the control of the two parties in the hands of their respective majorities; and the government itself, virtually, under the control of the majority of the dominant party, for the time, instead of the majority of the whole community—where the theory of this form of government vests it. Thus, in the very first stage of the process, the government becomes the government of a minority instead of a majority—a minority, usually, and under the most favorable circumstances, of not much more than one-fourth of the whole community. [. . .]

John C. Calhoun (1782–1850) was a slave-owner from South Carolina who served as a member of the House of Representatives, Secretary of War, Vice-President, and Senator. In his writings, he was concerned with state rights, tariff policy, limits to federal power and majority rule, and slavery. *Source:* John C. Calhoun, *Union and Liberty: The Political Philosophy of John C. Calhoun*, ed. Ross M. Lence (Indianapolis: Liberty Fund 1992) 9–10, 12–21, 32–33.

Charles Renouard, “Robbers as Parasites” (1852)

Abstract Renouard distinguishes between “harmless” parasites and “harmful” parasites. A harmless parasite is someone who does not produce anything themselves but who is freely given goods by someone else, such as an heir or child (from their parents), the recipient of private charity (from the donor), or a member of a mutual aid society (from the previous dues they have paid). A harmful parasite is someone, like a robber, who does not produce anything but lives by forcibly taking property from others; those who get special privileges from the government, by acts of fraud, and compulsory state charity. Renouard fears that a socialist regime will stimulate the “parasitic spirit” and systematize the harmful form of parasitism.

[...] The parasite uses his neighbor’s goods, that is, his property or his labor, without giving in return anything or any service. But it does not follow because an object was acquired parasitically, that it was illegitimately obtained. Ownership of things originates in several legitimate ways. Its first source is in the right of occupation; by virtue of which a vacant thing is appropriated by the person who first takes it. This origin excludes all idea of a parasitic acquisition, since it relates only to things to which no other person had acquired a right. Things already occupied can only be acquired by transmission. Transmission is legitimately effected in three different ways. One is inheritance, which, considering as a unit the natural association of relationship or affection, transfers the property of a deceased person to his heirs, by title of the civil continuation of his person. The heir is not a

parasite, since he acquires in virtue of his own right, which is the complement and consequence of the full and entire right of his parent. Another way is exchange, through which property is acquired for an equivalent furnished in things or in services. Thanks to exchange, each man need owe to himself alone the means of living and owning property, and thus obtain independence and dignity from his own free acts. The third legitimate way of transmission is the way of gift. This is the only source of existence regularly open to parasite life. Outside of these four modes of acquisition, morality and law recognize no other. Robbery, rapine, cheating, extortion, confiscation, war, every act which takes another's goods by fraud or violence, should be ranked as a crime or misdemeanor. There are some distinctions to be made on the subject of confiscation and war, which may be legitimate by way of exception, but which are then resolved into forms of exchange, and as a reparation for damage caused.

Parasites live irregularly, by misdemeanors, or regularly by gift. With regard to parasites of the first order, Mirabeau was right when he called them robbers; it is for the penal laws to settle with them. These parasites are found in every station of life, in all degrees of the social scale, and even among the wealthy. To live by confiscation, to grow rich by unjust privileges, to receive pay for work which is never done, for a place which is never filled, to break a contract or one's word, to appropriate by violence, by cunning, by credit or by power, the goods, the work, the liberty, the rights of others, is to take the place of the lowest of parasites without any exhibition of shame.

Society, in its relations with this corrupt and corrupting class of men, has duties of various kinds to fulfill. The first is to punish them; the second is to see that the punishments inflicted furnish security and serve as an example to the rest of the people; the third is to turn the penalties into an effort to reform the guilty, and above all to prevent their becoming, through the fault of institutions, a new cause of individual corruption and social danger. With these public duties is connected everything which relates to penal legislation, to the administration of repressive justice, to the management of prisons, to banishment, and to the penitentiary system. Too mild punishment disarms and discourages society. Excessive severity destroys the sentiment of justice, and causes it to degenerate by putting vengeance in its place. It invites impunity. The cause of the greatest moral disturbance is to be found in a cowardly complaisance toward wealthy parasites, whom their social position raises up to serve as an example, which position they have not been able to protect from the baseness of living at the expense of others. To

surround illy acquired wealth with honor, to lavish unmerited bounties, to urge to cupidity, to arouse vicious inclinations, as happens, for instance, when the official character is soiled by connecting it with lotteries and gaming establishments, is to widen the breach for the invasion of parasites. The want of enlightenment and mistakes of calculation lead society to such a result, when, even without immoral intent, it combines or manages its institutions in such a manner as to take from the common fund, made up of the contributions of all, the means to support monopolies, privileges or franchises, which return nothing to compensate therefor, monopolies created in certain kinds of labor, services, commerce, industry. If we examine the protective system closely, it will not be difficult to perceive that its principal wrong is that it establishes and develops artificially parasitic privileges, covering them, often in good faith, and without understanding their real effect, with the cloak of general utility. It is not given to human laws to remedy everything; and, whatever be their wisdom, a part of the race will always live on the spoils taken from the other part. But we are justified in wishing that laws and governments should have a sound understanding of what is just, and should unite to the sagacity which points out evil, the probity to hunt it down, and the constancy to stop its progress as far as lies in the power of man. [...]

The family is not the only collective being on which the responsibility rests of supporting its members. The same duty is imposed, in different measures and proportions, on numberless associations into which men are collected. There is a class of associations, such as the societies of mutual aid, whose capital, formed by means of individual contributions, is intended for those of its members who are in distress or who reach a certain age, or a certain time of service. The assistance demanded in this case is not a donation, it is a credit, a regular and foreseen employment of a common saving collected for this purpose. The party who receives aid here is in no way a parasite, not even with regard to those particular bodies, so long as he receives his share only after having fulfilled the conditions of his contract. He becomes a parasite with reference to the association, if, without having furnished his due, he receives from its bounty, instead of from his own contribution, the assistance which is given him. But the individual thus assisted is not a parasite on the rest of society, since he lives on resources which the rest of society did not contribute to provide for him. A county undertakes the support of its poor. These are parasites with reference to it, but not to the rest of the country, which is not called on to do anything for them. The same must be said of individuals assisted by private charity;

which, by taking them in charge, relieves society in general to that extent. It is to be remarked, however, that, as the resources of private charity are limited, the parasites who exhaust it prevent it from being extended to others who need it as much or more than they; and in this manner they contribute to increase the number of the needy. It is a fundamental truth, too little recognized, that, different from other duties, which have corresponding rights, there is no right which corresponds to the duty of charity. The rich man must relieve the poor without the poor having any right as against the rich. Religion has admirable doctrines on this subject which public law might profit by: while it teaches charity to some, it commands gratitude and resignation to others. Private charity is a debt of conscience and love, and not a debt by right; it does not obey precise rules, and is not governed by the calculations of human prudence; it feels that its most urgent cares, its most bountiful assistance, its most affectionate consolations, should be given to unmerited suffering, but it desires to assist even those who have deserved their misfortune by their faults. Thus, to extend its benevolent duties, it is enough for charity to say that each man ought to feel his weakness to be such, that he should not arm himself arrogantly against indulgence. Charity has its eyes fixed, not on what it gives, but on what it has itself received. All men would be charitable if they would remember the large number of services which each one receives from his neighbors, no matter how brilliant his actual situation may be. There is not an individual who does not draw abundantly from this large capital of the universal domain transmitted and increased from generation to generation, and who does not take much more from it than he can ever return to it. We owe too much to others to be authorized to bargain our assistance to those whom it is possible for us to aid.

Public charity is governed by narrower and more worldly rules than private charity. Consequently, men correctly cease to call it charity, and give it the more modern name of public assistance. Charity, which is love, strips itself to give to others. When the state gives and assists, it strips itself of nothing; its action is limited to distributing in a certain fashion the contributions which it levies on its citizens. Not every gift is charity; the assistance distributed by the state is only a branch of the public administration. The only parasites at the expense of the state should be the poor who can not be properly cared for by their families, associations or private charity. To live in a purely gratuitous manner at the expense of the state when not compelled to accept the gifts by which it supports the needy and unfortunate, is to belong to the worst class of parasites, to that class of people who are able not

to be parasites, a perverse class, a public pest, whose close relationship with robbers we have previously pointed out, and to which we need not return. It only remains for us to speak of parasites who are really poor people. State donations, like private gifts, are essentially one-sided, in this sense, that the moral duty imposed on the donor does not suppose any right in the recipient. Where credit begins, donation ceases. It is the desire of humanity that human beings should not be left to perish of distress; it is the dictate of prudence that a mass of men excited to disorder and crime by the spur of want should not be left to increase in the bosom of society; but the duty of the state to be humane and prudent creates no right to demand its assistance. The destructive sophism which converts want into credit has been revived in our time under the names of the right to existence, the right to labor, the right to assistance. It has been frequently refuted in this cyclopædia. The falsest sophisms are generally the exaggerations of a correct idea, or the improper generalization of a particular truth. The numerous varieties of the anti-social sophisms which parade under the name of socialism, place their point of support on the undeniable theory of reparation of wrongs, but they draw strange conclusions from this. By attacking not only society, but also the law of sociality, the sacred foundation of society, they affect to see in the conditions of every-day life, such as it has been organized by the universal consent of nations, the abasement and ruin of individuals, instead of finding in it a fruitful and efficient cause of their prosperity and development. A proposition which remains true in spite of the crookedness imparted to it by these sophisms is this, that when suffering is born of the sins of society or governments and the vice of institutions and of laws, it is no longer a question of humanity, decency and wisdom, but of a strict obligation of the state to alleviate it. It is no longer a case of donation, but of credit. Society, being held to repair its own wrongs, is not obliged to correct those which individuals inflict on themselves, any more than those which they suffer from others or from undeserved misfortune. It would be to destroy the dignity, the liberty, the responsibility of individuals, to transfer to the social body the task belonging to each one of guarding, preserving and developing himself. What society owes its members, is, to protect and guarantee the free exercise of their rights with all its strength; its office is not to think, to will or to act for them. The more liberty a state insures to its citizens, the less attention it owes their interests, since it leaves these interests more completely to the management and responsibility of the citizens themselves; if it interferes in private life and exerts an influence in managing the property of individuals, its responsibility to individuals

increases with every extension which it gives to its guardianship. For societies, as well as individuals, to do good, is a secondary duty; not to do wrong is the first. The wants of a wise administration counsel the state to assist the parasitic mass, but the obligations not to create parasites itself, an obligation a hundred times more serious and binding, is antecedent to this. It should not act like a surgeon who would first wound the passers by, and then offer them his services. Society creates paupers, and consequently parasites, when it turns from the straight road of justice, and, changing the noble office of guaranteeing and protecting property into a tyranny, takes possession of property and labor, or injures them by its exactions: it creates paupers when it arrests or hampers the free exercise of moral, intellectual or physical activity, the natural expansion of labor, the legitimate acquisition or transmission of property; it also creates paupers when it offers a premium on vice, idleness and lack of courage, by too great a readiness to grant relief. Society, through the enormous power which it wields, feeds and increases the evil when it distributes imprudently what it believes to be its benefits. The moderation in public assistance commanded by prudence, rests also on another basis. The state, which can levy only on the services and the property of workmen and capitalists, should never forget that whatever it gives is necessarily taken from the goods of its citizens; generosity at the expense of others easily degenerates into spoliation. [...]

The only efficacious and honorable means of combating the parasitic spirit, the last extremity of human abasement, and assisting pauperism, is a gradual increase of the freedom of labor and property. All other methods serve simply to conjure the necessities and dangers of to-day, without promising, but often preparing, a worse to-morrow. When workmen can display their activity in peace, when capitalists can with confidence accumulate and lay up their property, the products of which will enrich all, the class of parasites decreases and is quieted through the development of the other two classes. Just as workmen and capitalists prosper and suffer together, and as it would be to impel them to suicide and to mutual oppression, to arouse rivalry and envy between them, parasites should respect capitalists and laborers, not only on account of moral obligation and the command of positive law, but also from calculation of what is useful for themselves. Parasites in fact or in intention, the unfortunates who are, and the cowards who wish to be, parasites, would be, like the rest of society, ruined by the despoiling of those who labor and those who own property. Swarms of rivals, left behind, would be excited by the contagion of victory, and would rise up as enemies and destroyers of the success of the violence of a day. Ill

gotten gains are not easily kept. A few days of dissipation would quickly throw back into misery those who had escaped from it by detestable means. Their momentary triumph, by removing further from them the capacity of suffering with dignity, would only redouble their incapacity for labor and their helplessness to acquire property honestly. The man accustomed to live only on others, destroys his most lasting resources, if he ruins those who alone are able to acquire and preserve.

Augustin-Charles Renouard (1794–1878) was a lawyer with an interest in elementary school education. He was secretary general of the minister of justice and an elected deputy representing the Somme 1831–1842, and was made a Peer of France (1846–48). He also was vice-president of the Société d'économie politique and wrote or edited a number of works on economic and educational matters. *Source*: Augustin-Charles Renouard, "Parasites, Social. The Parasite Is One Who Lives at the Expense of Other Men," *Cyclopaedia of Political Science, Political Economy, and of the Political History of the United States by the Best American and European Authors*, ed. John J. Lalor (New York: Maynard 1899 [1852–53]) 3: 52–57.

Gustave de Molinari, “The Nobility as Conquering Plunderers” (1852)

Abstract Molinari sees the feudal regime as having emerged out of the conquest of Europe by barbarian hordes who lived as nomadic plunderers until they realized they could get more from the exploited peasantry by regularizing their tribute in the form of taxes. Thus they became “stationery bandits” who provided some degree of security for land use and trade. This was especially true for the “free cities” which sheltered the industrious bourgeoisie and created opportunities for continent-wide trade. Gradually the nobility in France ossified as “servants of the crown” and were eventually overthrown in the Revolution of 1789. Today the aristocracy is an anachronism which will eventually disappear and will be replaced by a new “natural nobility” based upon merit acquired in the free market.

Nobility By this, or by some equivalent term, has been designated in all times the body of men who have attributed to themselves in an exclusive manner the higher functions of society. Most frequently this body established its rule by conquest. Thus the nobility of most of the states of Europe owes its origin to the barbarous hordes which invaded the Roman empire, and divided its ruins among them. At first these troops of emigrants, whom the insufficiency of the means of subsistence and the allurements of plunder urged from the regions of the north to those of the south, overran and laid waste the civilized world; but soon, either because the personal property which served them as booty began to be used up, or because the more intelligent understood that a regular exploitation would be

more profitable to them than simple pillage, they established a fixed residence for themselves upon the ruins of the world they had laid waste and conquered. [...]

The division of the booty and of the lands was effected in an unequal manner between the chiefs and the soldiers of the conquering army. This inequality was based upon the unequal share which each had taken, according to his rank in the army, in the work of conquest. The distinction of rank was determined by the necessities of the enterprise. When the barbarians invaded a country, they chose the chiefs from among the most courageous and capable of their number, and they obeyed them in the common interest. The chiefs chose aids (*comites*) to cause their orders to be executed; and a military hierarchy, based upon the necessities of the enterprise which was to be carried out, was thus organized of itself. The conquest accomplished, it was natural that the share in the booty should be proportionate to the rank which each man, having any claim to it, held in the army of invasion. The supreme chief had, therefore, the greatest share, both in personal effects and in lands; the lesser chiefs and the common soldiers of the conquest obtained shares proportionate to their rank, or to the services which they had rendered. These divisions were frequently the occasion of bloody quarrels, to which the necessities of common defense alone could put an end.

When the plunder to be divided comprised, besides personal effects, immovable property, lands or houses, the army of invasion dispersed, and each one of its members occupied the lot which had fallen to him in the division. But in dispersing in a conquered country, and therefore hostile and exposed to new invasions, the conquerors took care to preserve their military organization; they lived organized in such a way that, at the first appearance of danger, they might immediately flock to the banner of the chief, and take their place in the ranks. It is thus that the feudal system was established. The characteristic trait of this system was the rigorous maintenance of the hierarchical organization of the conquering army, and the obligations which flowed from it. At the first call of the supreme chief, emperor, king, or duke, the lesser chiefs assembled the crowd of those who had worked the conquest. Each was bound, under pain of forfeiture, to report at the call of his hierarchical superior; the army was soon on foot again, in good order, to defend its domains, either against a revolt from within or an aggression from without.

The chiefs thus preserved their rank after the dispersal of the conquering army. Each rank had its particular name, sometimes of barbarian origin,

sometimes borrowed from the Roman hierarchy. This name passed from the man to the domain; hence kingdoms, duchies, marquisates, counties, baronies, etc. Those of the conquering army who possessed no rank, but who had obtained a lot of land, simply took the name of freeholders, and their lands that of freeholds, and they formed the lesser grade of the nobility. Being obliged to set out on the march at the command of the chiefs, they enjoyed as compensation, like the latter, the privilege of exemption from taxes, and that of sending representatives to the assemblies or parliaments of the nobility, in which the interests of their orders were discussed. [...]

This organization had its manifest utility, in that it prevented the country, in which the conquering army had established itself, from becoming incessantly the prey of new hordes of barbarians. It had its inevitable drawbacks, in that it delivered the industrious population over to the mercy of a greedy and brutal horde, who most frequently used without any moderation its right of conquest. At first the condition of the subject populations was most hard. The conquerors were subject to laws and obligations based upon their common interest; these laws and these obligations, which extended to all, to the chiefs as well as to the soldiers, protected in a certain measure the weak against the strong. But nothing similar existed in favor of the vanquished; the latter were a booty which the conquerors disposed of at their pleasure. Perhaps it was well that it was so, at least in the very beginning; for if the conquerors had not had a maximum of interest in defending property, at that time the object of continual aggression, they would, according to all appearances, have remained simple nomad plunderers, and the capital accumulated by civilization would have been entirely destroyed. But this absolute power of the conquerors over the conquered, whether it was necessary or not, could not fail to engender the most monstrous oppression. The serf or subject of a lord was taxable, and liable to forced labor at pleasure, which signified that the lord could dispose, according to his will, of the property of the unhappy serf, and sell him, and his family, after having confiscated his goods. Every individual, merchant or other, who crossed the domain of a lord, was exposed also to be pillaged, reduced to slavery, or massacred. Fortunately, this violent state of affairs could not last; order and justice have such a character of utility, that they re-establish themselves in some way, after the most terrible social upheavals. The lords were not slow to see that it was for their interest to accord their serfs, agriculturists or artisans, certain guarantees of security, and not to despoil them in a violent and arbitrary manner, in order to procure the more

from them. Hence, customs. These customs, whose utility for the master as well as for the subject was proved by experience, ended by becoming a solid barrier against the arbitrariness of the lords. The condition of the serf, protected by the custom, became more bearable, and the revenue of the lord was increased in consequence; the agriculturists, being less exposed to spoliation, agriculture commenced to flourish again, and famines, after having been the rule, became each year less frequent. Agglomerated in the cities, and by this very fact in a better state than the agriculturists mutually to sustain themselves, artisans obtained more promptly still guarantees against arbitrary power; they were allowed, on condition of certain fixed feudal fines, and sometimes even on condition of an indemnity once paid, to exercise their occupation in peace, and the by-laws of corporations were at first nothing but records of the customs, agreements or transactions, which protected them from the rapacity of the lords. The same customs were established and the same transactions effected for the benefit of commerce. At first the merchants, who had ventured to traffic from city to city, as they had done in the time of Roman domination, had been despoiled, reduced to slavery or massacred by the barbarian lords, whose domains they traversed. But soon, all commerce having ceased, the lords themselves realized the inconveniences of this state of things. What did they do? For their capricious and arbitrary depreciations, they substituted fixed and regular feudal fines; they guaranteed to the merchants free and safe passage through their domains, on condition of their paying toll. This was still onerous, without doubt; for each country being divided into a multitude of little seigniorial estates, a merchant, who had to travel through a somewhat small extent of country, was obliged to pay a multitude of tolls. But it was less onerous than pillage and assassination; and commerce, thus protected by the better understood interest of the lords, again assumed some activity. [...]

The feudal system thus fell little by little into ruins. The subject classes advanced each day with a more rapid step toward their enfranchisement, inscribing upon their banners the word *liberty*. The substitution of fire arms for the old instruments of war gave the finishing stroke to feudalism, by permitting thence-forth the industrious classes to protect themselves against the invasions of the hardy races of the north. Artillery replaced with advantage the iron armed colossi of chivalry, and the order of nobility ceased to be the necessary rampart of civilization. The services which it rendered losing their value, the supremacy and the privileges which it continued to claim for itself were borne with less patience. Above all was this the case in France,

where, the royal power having ended by reducing the nobility to the condition of servants of the court, it presented the spectacle of the saddest moral and material decay. Its eldest sons, provided with magnificent sinecures, expended their incomes in idleness, and ran into debt to avoid being eclipsed by an industrious bourgeoisie, whose wealth kept increasing. Its younger sons, too numerous for the employments which the monarch had at his disposal, and too proud to devote themselves to commerce and industry, filled the gaming houses and places of evil resort. The nobility, thus degraded, lost its old ascendancy over the masses, and in 1789 the industrious classes rose up against the domination of a caste, which no longer could make arrogance and privileges forgotten through the magnitude of its services. The French nobility disappeared, swallowed up in the whirlpool of the revolution. [...]

Like the French nobility, but with more success, the British nobility has endeavored to maintain its old supremacy. No aristocracy has been able to derive more advantage from its position. By the establishment of the corn laws, it has endeavored to raise the value of the lands belonging to its eldest sons. By the extension of the colonial empire of England, it has gradually increased the arena open to its younger sons. Nevertheless the industrious classes have come to understand that the costs of this policy of monopoly fall chiefly upon them, while the aristocracy receives the most evident benefit from it. These classes have fought against the political and economical monopolies of the aristocracy, and economical monopolies of the aristocracy, and thanks to the great agitation of the league, and to the reforms of Sir Robert Peel, continued by Lord John Russell, this work of enfranchisement is very far advanced. It is proper to add, however, that if the British aristocracy has shown itself grasping in the matter of monopolies, it has displayed great and solid qualities in the exercise of the functions it has monopolized. It has done better still. Whenever it has discovered a man of eminent ability in the lower strata of society, it has had the intelligent cleverness to make a place for him in its own ranks. It is thus that it has known how to render its monopoly bearable, and to preserve a great and legitimate ascendancy over the country.

When the noble classes shall have finally ceased to be privileged in a direct or indirect manner, it is probable that the titles which serve to distinguish them will lose their value. For this value depends much less upon a prejudice of opinion than upon the positive advantages which they can confer. These

advantages amount to nothing in the liberal professions: let a merchant, for example, be noble or plebeian, the credit which he enjoys in the market remains the same. But it is quite otherwise in the functions which are connected with the government. It is rare that the nobility is not favored in an exceptional manner in the distribution of offices and of honors.

These old qualifications of the nobility constitute besides a singular anachronism in the organization of modern society. As has been seen above, the titles of duke, marquis, count and baron served to designate the grades of the military hierarchy of feudalism; they about corresponded to the modern denominations of general, colonel, major and captain. Would not bankers, manufacturers, savants or artists, invested with these titles borrowed from feudal hierarchy, present a somewhat ridiculous spectacle? Would they not have quite as much reason for adorning themselves with the titles of mandarin, grand-serpent or sagamore? How would this last nomenclature be more absurd than the other? Have our bankers, our manufacturers, our savants and our artists any more resemblance to the fierce warriors of the middle ages than they have to Indian chiefs or Chinese mandarins?

The privileges, and probably also the titles, of nobility will end by disappearing with so many other remnants of the old system of servitude. But does this mean that our society is destined some day to undergo the process of leveling? By no means. There will always be, in the work of production, superior and inferior functions, functions requiring in a high degree the concurrence of the moral and intellectual faculties of man, and functions for which lesser aptitudes will be sufficient. The former will always be better remunerated and more honored than the latter. The aristocracy of society will be formed by the former, and this natural nobility—so much the more respectable because it will be better founded upon the superiority of merit and upon the greatness of its services—will have no need to make a show of haughty pretensions and superannuated titles in order to obtain public consideration.

Gustave de Molinari (1819–1912) was born in Belgium but spent most of his working life in Paris, becoming the leading representative of the laissez-faire school of classical liberalism in France in the second half of the nineteenth century. He was a journalist, academic, editor, travel writer, and prolific author of dozens of books. He was editor of the prestigious *Journal des débats* in the 1870s and then of the *Journal des économistes* from

1881 to 1909. He is best known for his theory of the private and competitive "production of security." *Source*: Gustave de Molinari, "Nobility," *Cyclopaedia of Political Science, Political Economy, and of the Political History of the United States by the Best American and European Authors*, ed. John J. Lalor (New York: Maynard 1899 [1852–53]) 2: 1033–39. Molinari's long notes have been removed for reasons of space.

Augustin Thierry, “The Emancipation of the Bourgeoisie” (1853)

Abstract Thierry, a historian, chronicles a 600-year struggle for emancipation of the “inferior and oppressed classes” into a free and independent bourgeoisie, literally the inhabitants of the free towns and cities of Europe. Two forces were at work. One from the north was the Gallo-Frankish system of municipal, communal government; the other from the south was the Roman notion of city governance by consuls within a Roman legal framework of natural law. The two combined and created a unique system of city governance which acknowledged the right of resistance to unjust rule, equality under the law for all inhabitants of the city, and the dignity of labor. Out of the city charters evolved the idea of constitutions which limited the power of the rulers and guaranteed the rights of the citizens.

There no longer exists a *Tiers Etat* in France: both name and thing disappeared in the reconstruction of our social system in 1789; but this, the latest in date and least in power of the three ancient orders of the nation, has played a part of which the importance, long concealed from the most searching scrutiny, is clearly perceived at the present day. Its history, which hereafter can and ought to be written, is neither more nor less in reality than the history of the development and progress of our civil society, since the chaos of manners, laws, and conditions, which followed the fall of the Roman empire, up to the system of order, unity, and liberty of our own times.

Between these two extreme points may be traced through successive ages the long and laborious career by which the inferior and oppressed classes of society—in its various forms of Gallo-Roman, Gallo-Frankish, and French of the Middle Ages—raised themselves step by step till they reached the full enjoyment of civil and political rights; a vast movement, which has successively effaced from the soil on which we live all the hard and unjust inequalities of master and slave, conqueror and conquered, lord and serf—to exhibit at length in their stead an united people, a law the same to all, a free and sovereign nation. [. . .]

In reading with attention the charters and other documents of history, we are able to trace from the commencement of the ninth century to the end of the tenth the successive results of the prescriptive right in the soil in the hands of those who cultivated it; we observe the right of the serf springing up on his plot of ground, then extending itself and becoming more determined in each succeeding generation. To this change, which gradually ameliorates the condition of the labourers and rural artisans, is added at the same period the acceleration of the tendency which for three centuries had been changing the face of the country districts by the formation of new villages, the enlargement of old ones, and the building of parochial churches—the centres of new *circonscriptions* at once political and ecclesiastical. External, and entirely casual circumstances contributed to this progress: the devastations of the Normans, and the fear which they inspired, caused the inhabited parts of the large domains to be inclosed with walls of defence. On the one hand, castles were multiplied, on the other, the number of fortified towns was increased.

The labouring and dependent population crowded into these places of safety, whose inhabitants then passed from that which is properly called rural life to the commencement, as yet more or less unpolished, of the urban life. The purely demesial system was changed by the mixture of certain elements having the character of public institutions. For the purposes of police, and judgment of petty offences, the villagers themselves served as assistants and assessors to the *intendant*; and this officer, who was taken from among them and was one of their own class, became a kind of municipal magistrate. In this way the first elements of social life in these small infant societies sprung from the right of property, joined to the spirit of association; the instinct of prosperity, always alive, soon led them to advance further. From the commencement of the eleventh century, the inhabitants of the towns and boroughs—the *villains*, as they were then called—were no longer satisfied with their condition as dependent

proprietors, they aspired to something more; a new want—that of ridding themselves of burdensome obligations, of enfranchising their land, and, together with that, the persons on it—opened before them a new career of labours and struggles.

Among the opinions which formed at that period what may be considered the source from which the social ideas were drawn, there existed, with regard to the liberty of the noble, which was entirely a matter of privilege, derived from conquest and German usages, the idea of another kind of liberty, conformable to natural right, within the reach of all, equal to all, to which may be applied, after its origin, the name of Roman freedom. Though the name might be out of use, the thing itself—that is to say, the civil state of the persons inhabiting the ancient municipal cities—had not yet perished. However much threatened it had been by the continually-increasing pressure of the feudal institutions, it was still found in those cities, more or less untouched, and together with it, as a sign of its durability, the old name of citizen. From hence the cities of recent foundation took the example of the municipal community, its regulations and its practices; and thither the ambition of men escaped from servitude, and, seeing themselves arrived halfway towards freedom, turned for encouragement and hope.

What, then, was the power and nature of the municipal government in the Gallo-Frankish cities in the tenth century? The solution of this problem is one of the fundamental objects of our history; but it cannot be given at present with accuracy and completeness. One point is beyond doubt, namely, that at this period the urban population joined to its immemorial civil liberty an internal administration, which, since the Roman times and from different causes, had undergone great changes. These modifications, which were very various, and, so to speak, capricious in their forms, had everywhere produced in the main similar results. The hereditary and aristocratic government of the curie had been changed by a series of progressive alterations into an elective and, in different degrees, a popular government. The jurisdiction of the municipal officers much exceeded its ancient limits; it had considerably enlarged its authority in civil and criminal matters. There no longer existed of its own right an intermediate corporation between the college of the magistrates, and the entire body of the citizens; all the powers of administration were uniformly derived from public delegation, and their duration was reduced in general to the term of one year. Lastly, in consequence of the great influence which the dignitaries of the Church possessed from the Roman period over the internal affairs of the cities, the *Defenseur*, the chief magistrate, had fallen into dependence on the bishop; he became

in his estimation a subordinate officer, or had disappeared before him—a change effected without trouble by the mere popularity of the episcopate; and the natural tendency of this change was to constitute a kind of municipal autocracy, to the detriment of civil and political liberty. [. . .]

At the opposite extremity of the country, at the points which could not be reached by Italian influence, a second form of constitution, as recent and energetic, but less complete than the other, the *commune jurée*, arose spontaneously by the application to the municipal government of a species of association, the use of which was derived from German customs. This form of free municipality, adapted to the social state, to the degree of civilization, and to the mixed traditions of northern Gaul, spread itself from north to south, at the same time that the consular form of government spread from south to north. On both sides, in spite of the difference of their proceedings and results, there was the same spirit—the spirit of action, of civic devotion, and creative inspiration. The two grand forms of municipal constitution—the *commune*, properly so called, and the city governed by consuls—held equally as a principle the right of insurrection, more or less violent, more or less restrained; and, as an end, the equality of rights, and the rehabilitation of labour. By the one or the other the existence of the urban state was not only restored, but renewed: the cities obtained the guarantee of a twofold state of liberty; they became *personnes juridiques* according to the ancient civil law, and *personnes juridiques* according to the feudal law—that is to say, they had not merely the power of controlling the interests of the neighbourhood, that of possession and alienation, but they obtained the same right of sovereignty within the circuit of their walls as the seigneurs exercised on their domains. [. . .]

This complete revolution, by which some ancient cities remained uninfluenced, penetrated under one or other of these two forms into many cities whose foundation was subsequent to the time of the Romans. Sometimes, indeed, when the city was situated close to an important borough which had sprung up under its walls, it came to pass that it was in the borough alone and not in the city that either the consulate or the government of the *commune jurée* was established. Then, as always, the spirit of renovation blew where it listed; its course seemed well ordered in some points, and in others capricious: here it met with unexpected encouragements, there it was arrested by unlooked-for obstacles. The chances were various, and the success unequal, in this great struggle of the *bourgeois* against the seigneurs; and not only was the amount of guarantees seized by force or obtained by good will not the same everywhere, but even in

cities under the same political forms there were different degrees of liberty and independence. It may be said that the series of the municipal revolutions of the twelfth century offers something analogous to the movement which in our own times has spread the constitutional system through so many countries. Imitation played a considerable part in it; war and peace, menace and concession, interest and generosity, bore their part in the final event. Some at the first outbreak obtained their object, others almost within reach of it found themselves carried back; there were great victories and great failures, and frequently the most noble efforts, and a will ardent and devoted, displayed themselves without success, or terminated in nothing of importance.

Above the almost infinite variety of changes which were effected during the twelfth century in the government of the cities, whether great or small, ancient or modern, there floats, if I may use the expression, one particular idea, the idea of reducing under the public government of the city all that had fallen by abuse, or continued from custom, under the private government of the domain. This suggestive idea could not be confined within the limits of a municipal revolution; it contained the germ of a series of revolutions destined to overthrow feudal society from top to bottom, and to efface even its least vestiges. We here reach the source of the social state of modern times; it is in the enfranchised, or rather regenerated cities, that the first manifestations of its character appear under a great variety of forms, more or less free, more or less complete. Institutions were there developed and preserved in an isolated form, which were one day destined to be no longer local, but to be recognised by the political and civil law of the country. By the charters of the communes, the charters of customs, and the municipal statutes, the written law resumes its supremacy; the administration, whose exercise had been lost, springs into vigour again in the cities; and its experiences of every kind, which are daily repeated in a multitude of different places, serve as an example and lesson to the State. The *bourgeoisie*, a new nation, whose usages are civil equality and unfettered industry, raises itself up between the nobility and serfdom, and for ever destroys the social duality of the early feudal times. Its innovating instincts, its activity, the capital which it accumulates, are forces which react in a thousand ways against the power of the possessors of the soil; and, as in the beginnings of all civilization, the movement recommences with the urban life.

The action of the cities upon the rural districts is one of the great social facts of the twelfth and thirteenth centuries; municipal liberty, in all its stages, flowed down from one to the other, either by the influence of

example and the contagion of ideas, or by the effect of a political patronage or a territorial incorporation. Not only did the populous towns aspire to the immunities and privileges of the fortified cities, but, in some places in the north, the new urban constitution, the *commune jurée*, was applied for good or evil, to single villages, or to the associated inhabitants of many villages. The principles of natural right which, joined to the recollections of the ancient civil liberty, had inspired the *bourgeois* classes with the conception of their great revolution, descended into the agricultural classes, and there gained double force from their anguish of heart, the hardships of their serfdom, and the detestation of their territorial dependence. Having up to this time entertained scarcely a hope beyond that of being discharged from the most onerous services, the peasants, man after man, family after family, now raised themselves to the ideas and the desires of another rank; they began to demand their enfranchisement by whole seigniories and districts, and to league themselves together to obtain it. That cry, appealing to the instinctive consciousness of original equality, *We are men as well as they*, resounded through the hamlets, and rang in the ears of the seigneurs, enlightening while it menaced them. Traits both of blind fury and touching moderation marked this new crisis in the condition of the country people: a multitude of serfs, deserting their holdings, abandoned themselves in gangs to a life of vagrancy and pillage; others, calm and determined, bargained for their liberty, offering to give in return for it, say the charters, whatever price might be set upon it. The fear of dangerous resistance, the spirit of justice and interest, induced the masters of the soil to treat by pecuniary transactions for their rights of every description and their immemorial power. But these concessions, however large they might be, could not produce a complete, a general change. The obstacles were immense. The whole system of the landed property had to be destroyed and replaced. There was not in this instance the speedy and sympathetic action of revolution like that which favoured the revival of the municipal cities; the work was long, it required for its accomplishment a period of no less than six centuries.

Jacques-Nicolas Augustin Thierry (1795–1856) was a pioneering historian who made extensive use of archival records in researching and writing his history. He began as the personal assistant to Saint-Simon (1814–1817) before joining Charles Comte and Charles Dunoyer on their journal *Le Censeur européen*. He was appointed by Guizot to the Académie des

inscriptions et belles lettres (1830) and published books on the history of the Norman Conquest and the rise of the Third Estate. *Source*: Augustin Thierry, *The Formation and Progress of the Tiers État, or Third Estate in France*, trans. Francis B. Wells (London: Bohn 1859 [1853]) 13–14, 30–34, 38, 40–45. The notes have been removed for reasons of space.

Herbert Spencer, “The Class-Bias” (1873)

Abstract In this early overview of Spencer’s theory of sociology, he discusses “class-bias” or what we would call today “class interest.” He examines how different social and economic groups have a vested interest in using the state to promote their own class interests at the expense of others, such as naval officers, the clergy, shop keepers, trade unions, and employer groups. He argues that each group has an “aggressive tendency” to pursue their class interest and is shortsighted in not seeing how the absence of “class-power” would increase the welfare of all in the longer term.

[...] The bias thus exemplified is a bias by which nearly all have their opinions warped. Naval officers disclose their unhesitating belief that we are in imminent danger because the cry for more fighting ships and more sailors has not been met to their satisfaction. The debates on the purchase-system proved how strong was the conviction of military men that our national safety depended on the maintenance of an army-organization like that in which they were brought up, and had attained their respective ranks. Clerical opposition to the Corn-Laws showed how completely that view which Christian ministers might have been expected to take, was shut out by a view more congruous with their interests and alliances. In all classes and sub-classes it is the same. Hear the murmurs uttered when, because of the Queen’s absence, there is less expenditure in entertainments and the so-called gaities of the season, and you perceive that London traders think the nation suffers if the consumption of superfluities is checked.

Study the pending controversy about co-operative stores versus retail shops, and you find the shop-keeping mind possessed by the idea that Society commits a wrong if it deserts shops and goes to stores—is quite unconscious that the present distributing system rightly exists only as a means of economically and conveniently supplying consumers, and must yield to another system if that should prove more economical and convenient. Similarly with other trading bodies, general and special—similarly with the merchants who opposed the repeal of the Navigation Laws; similarly with the Coventry-weavers, who like free-trade in all things save ribbons.

The class-bias, like the bias of patriotism, is a reflex egoism; and like it has its uses and abuses. As the strong attachments citizens feel for their nation cause that enthusiastic cooperation by which its integrity is maintained in presence of other nations, severally tending to spread and subjugate their neighbours; so the *esprit de corps* more or less manifest in each specialized part of the the body politic, prompts measures to preserve the integrity of that part in opposition to other parts, all somewhat antagonistic. The egoism of individuals leads to an egoism of the class they form; and besides the separate efforts, generates a joint effort to get an undue share of the aggregate proceeds of social activity. The aggressive tendency of each class, thus produced, has to be balanced by like aggressive tendencies of other classes. The implied feelings do, in short, develop one another; and the respective organizations in which they embody themselves develop one another. Large classes of the community marked-off by rank, and sub-classes marked-off by special occupations, severally combine, and severally set up organs advocating their interests: the reason assigned being in all cases the same—the need for self-defence.

Along with the good which a society derives from this self-asserting and self-preserving action, by which each division and sub-division keeps itself strong enough for its functions, there goes, among other evils, this which we are considering—the aptness to contemplate all social arrangements in their bearings on class-interests, and the resulting inability to estimate rightly their effects on Society as a whole. The habit of thought produced perverts not merely the judgments on questions which directly touch class-welfare; but it perverts the judgments on questions which touch class-welfare very indirectly, if at all. It fosters an adapted theory of social relations of every kind, with sentiments to fit the theory; and a characteristic stamp is given to the beliefs on public matters in general. Take an instance. [...]

In larger ways we have of late seen the class-bias doing the same thing—causing contempt for those principles of constitutional government slowly

and laboriously established, and prompting a return to barbaric principles of government. Read the debate about the payment of Governor Eyre's expenses, and study the division-lists, and you see that acts which, according to the Lord Chief Justice, "have brought reproach not only on those who were parties to them, but on the very name of England," can nevertheless find numerous defenders among men whose class-positions, military, naval, official, &c., make them love power and detest resistance. Nay more, by raising an Eyre-Testimonial Fund and in other ways, there was shown a deliberate approval of acts which needlessly suspended orderly government and substituted unrestrained despotism. There was shown a deliberate ignoring of the essential question raised, which was—whether an executive head might, at will, set aside all those forms of administration by which men's lives and liberties are guarded against tyranny. [...]

The feeling which thus warps working-men's conceptions, at the same time prevents them from seeing that each of their unions is selfishly aiming to benefit at the expense of the industrial population at large. When an association of carpenters or of engineers makes rules limiting the number of apprentices admitted, with the view of maintaining the rate of wages paid to its members—when it thus tacitly says to every applicant beyond the number allowed, "Go and apprentice yourself elsewhere;" it is indirectly saying to all other bodies of artizans, "You may have your wages lowered by increasing your numbers, but we will not." And when the other bodies of artizans severally do the like, the general result is that the incorporated workers of all orders, say to the surplus sons of workers who want to find occupations, "We will none of us let our masters employ you." Thus each trade, in its eagerness for self-protection, is regardless of other trades, and sacrifices numbers among the rising generation of the artizan-class. Nor is it thus only that the interest of each class of artizans is pursued to the detriment of the artizan-class in general. I do not refer to the way in which when bricklayers strike they throw out of employment the labourers who attend them, or to the way in which the colliers now on strike have forced idleness on the ironworkers; but I refer to the way in which the course taken by any one set of operatives to get higher wages, is taken regardless of the fact that an eventual rise in the price of the commodity produced, is a disadvantage to all other operatives. The class-bias, fostering the belief that the question in each case is entirely one between employer and employed, between capital and labour, shuts out the truth that the interests of all consumers are involved, and that the immense majority of consumers belong to the working-classes themselves. If the consumers are

named, such of them only are remembered as belong to the wealthier classes, who, it is thought, can well afford to pay higher prices. [...]

The ruling and employing classes display an equally-strong bias of the opposite kind. From their point of view, the behaviour of their poorer fellow-citizens throughout these struggles appears uniformly blamable. That they experience from a strike inconvenience more or less considerable, sufficiently proves to them that the strike must be wrong. They think there is something intolerable in this independence which leads to refusals to work except at higher wages or for shorter times. That the many should be so reckless of the welfare of the few, seems to the few a grievance not to be endured. Though Mr. George Potter, as shown above, wrongly speaks of the consumer as though he were always rich, instead of being, in nine cases out of ten, poor; yet he rightly describes the rich consumer as indignant when operatives dare to take a course which threatens to raise the prices of necessaries and make luxuries more costly. This feeling, often betrayed in private, exhibited itself in public on the occasion of the late strike among the gas-stokers; when there were uttered proposals that acts entailing so much annoyance should be put down with a strong hand. And the same spirit was shown in that straining of the law which brought on the men the punishment for conspiracy, instead of the punishment for breach of contract; which was well deserved, and would have been quite sufficient. [...]

The feeling shown by the rich in their thoughts about, and dealings with, the poor, is, in truth, but a mitigated form of the feeling which owners of serfs and owners of slaves displayed. In early times bondsmen were treated as though they existed simply for the benefit of their owners; and down to the present time the belief pervading the select ranks (not indeed expressed but clearly enough implied) is, that the convenience of the select is the first consideration, and the welfare of the masses a secondary consideration. Just as an Old-English thane would have been astonished if told that the only justification for his existence as an owner of thralls, was that the lives of his thralls were on the whole better preserved and more comfortable than they would be did he not own them; so, now, it will astonish the dominant classes to assert that their only legitimate *raison d'être* is that by their instrumentality as regulators, the lives of the people are, on the average, made more satisfactory than they would otherwise be. And yet, looked at apart from class-bias, this is surely an undeniable truth. Ethically considered, there has never been any warrant for the subjection of the many to the few, except that it has furthered the welfare of the many; and at the present time, furtherance of the welfare of the many is the only warrant for that degree of

class-subordination which continues. The existing conception must be, in the end, entirely changed. Just as the old theory of political government has been so transformed that the ruling agent, instead of being owner of the nation, has come to be regarded as servant of the nation; so the old theory of industrial and social government has to undergo a transformation which will make the regulating classes feel, while duly pursuing their own interests, that their interests are secondary to the interests of the masses whose labours they direct.

While the bias of rulers and masters makes it difficult for them to conceive this, it also makes it difficult for them to conceive that a decline of class-power and a decrease of class-distinction may be accompanied by improvement not only in the lives of the regulated classes, but in the lives of the regulating classes. The sentiments and ideas proper to the existing social organization, prevent the rich from seeing that worry and weariness and disappointment result to them indirectly from this social system apparently so conducive to their welfare. Yet, would they contemplate the past, they might find strong reasons for suspecting as much. The baron of feudal days never imagined the possibility of social arrangements that would serve him far better than the arrangements he so strenuously upheld; nor did he see in the arrangements he upheld the causes of his many sufferings and discomforts. Had he been told that a noble might be much happier without a moated castle, having its keep and secret passages and dungeons for prisoners—that he might be more secure without drawbridge and portcullis, men-at-arms and sentinels—that he might be in less danger having no vassals or hired mercenaries—that he might be wealthier without possessing a single serf; he would have thought the statements absurd even to the extent of insanity. It would have been useless to argue that the régime seeming so advantageous to him, entailed hardships of many kinds—perpetual feuds with his neighbours, open attacks, surprises, betrayals, revenges by equals, treacheries by inferiors; the continual carrying of arms and wearing of armour: the perpetual quarrellings of servants and disputes among vassals; the coarse and unvaried food supplied by an unprosperous agriculture; a domestic discomfort such as no modern servant would tolerate; resulting in a wear and tear that brought life to a comparatively-early close, if it was not violently cut short in battle or by murder. Yet what the class-bias of that time made it impossible for him to see, has become to his modern representative conspicuous enough. The peer of our day knows that he is better off without defensive appliances and retainers and serfs than his predecessor was with them. His country-house is more secure than was

an embattled tower; he is safer among his unarmed domestics than a feudal lord was when surrounded by armed guards; he is in less danger going about weaponless than was the mail-clad knight with lance and sword. Though he has no vassals to fight at his command, there is no suzerain who can call on him to sacrifice his life in a quarrel not his own; though he can compel no one to labour, the labours of freemen make him immensely more wealthy than was the ancient holder of bondsmen; and along with the loss of direct control over workers, there has grown up an industrial system which supplies him with multitudinous conveniences and luxuries undreamt of by him who had workers at his mercy. [...]

Members of the regulated classes, kept in relations more or less antagonistic with the classes regulating them, are thereby hindered from seeing the need for, and the benefits of, this organization which seems the cause of their grievances; they are at the same time hindered from seeing the need for, and the benefits of, those harsher forms of industrial regulation that existed during past times; and they are also hindered from seeing that the improved industrial organizations of the future, can come only through improvements in their own natures. On the other hand, members of the regulating classes, while partially blinded to the facts that the defects of the working-classes are the defects of natures like their own placed under different conditions, and that the existing system is defensible, not for its convenience to themselves, but as being the best now practicable for the community at large; are also partially blinded to the vices of past social arrangements, and to the badness of those who in past social systems used class-power less mercifully than it is used now; while they have difficulty in seeing that the present social order, like past social orders, is but transitory, and that the regulating classes of the future may have, with diminished power, increased happiness. [...]

Herbert Spencer (1820–1903) was one of the leading nineteenth-century English radical individualists. He began working as a journalist for the laissez-faire magazine *The Economist* in the 1850s. Much of the rest of his life was spent working on an all-encompassing theory of human development based upon the ideas of individualism, utilitarian moral theory, social and biological evolution, limited government, and laissez-faire economics. *Source:* Herbert Spencer, *The Study of Sociology* (London: King 1873) 241–44, 248–49, 254–57, 261–62.

Herbert Spencer, “The Militant Type of Society” (1882)

Abstract Spencer develops an elaborate description of the kinds of societies which are based upon the two different means of acquiring wealth, the “militant type” (based upon coercion) and the “industrial type” (based upon voluntary production and exchange). In militant societies class rule is based on servicing the needs of the military, the citizens are subordinate to the State, the non-combatant part of society is forced to supply the needs of the combatant part, political authority is centralized as in the military, and private associations if they are allowed to exist are strictly regulated. Since the military state cannot be dependent upon foreign trade, a policy of economic autonomy or autarky is followed. In other words, the individual is completely regimented and is owned by the State.

§ 547. Preceding chapters have prepared the way for framing conceptions of the two fundamentally-unlike kinds of political organization, proper to the militant life and the industrial life, respectively. It will be instructive here to arrange in coherent order, those traits of the militant type already incidentally marked, and to join with them various dependent traits; and in the next chapter to deal in like manner with the traits of the industrial type. [. . .]

§ 551. But in proportion as men are compelled to cooperate, their self-prompted actions are restrained. By as much as the unit becomes merged in the mass, by so much does he lose his individuality as a unit. And this leads us to note the several ways in which evolution of the militant type entails subordination of the citizen.

His life is not his own, but is at the disposal of his society. So long as he remains capable of bearing arms he has no alternative but to fight when called on; and, where militancy is extreme, he cannot return as a vanquished man under penalty of death.

Of course, with this there goes possession of such liberty only as military obligations allow. He is free to pursue his private ends only when the tribe or nation has no need of him; and when it has need of him, his actions from hour to hour must conform, not to his own will but to the public will.

So, too, with his property. Whether, as in many cases, what he holds as private he so holds by permission only, or whether private ownership is recognized, it remains true that in the last resort he is obliged to surrender whatever is demanded for the community's use.

Briefly, then, under the militant type the individual is owned by the State. While preservation of the society is the primary end, preservation of each member is a secondary end—an end cared for chiefly as subserving the primary end.

§ 552. Fulfilment of these requirements, that there shall be complete corporate action, that to this end the non-combatant part shall be occupied in providing for the combatant part, that the entire aggregate shall be strongly bound together, and that the units composing it must have their individualities in life, liberty, and property, thereby subordinated, presupposes a coercive instrumentality. No such union for corporate action can be achieved without a powerful controlling agency. On remembering the fatal results caused by division of counsels in war, or by separation into factions in face of an enemy, we see that chronic militancy tends to develop a despotism; since, other things equal, those societies will habitually survive in which, by its aid, the corporate action is made complete.

And this involves a system of centralization. The trait made familiar to us by an army, in which, under a commander-in-chief there are secondary commanders over large masses, and under these tertiary ones over smaller masses, and so on down to the ultimate divisions, must characterize the social organization at large. A militant society requires a regulative structure of this kind, since, otherwise, its corporate action cannot be made most effectual. Without such grades of governing centres diffused throughout the non-combatant part as well as the combatant part, the entire forces of the aggregate cannot be promptly put forth. Unless the workers are under a control akin to that which the fighters are under, their indirect aid cannot be insured in full amount and with due quickness.

And this is the form of a society characterized by *status*—a society, the members of which stand one towards another in successive grades of subordination. From the despot down to the slave, all are masters of those below and subjects of those above. The relation of the child to the father, of the father to some superior, and so on up to the absolute head, is one in which the individual of lower status is at the mercy of one of higher status.

§ 553. Otherwise described, the process of militant organization is a process of regimentation, which, primarily taking place in the army, secondarily affects the whole community.

The first indication of this we trace in the fact everywhere visible, that the military head grows into a civil head—usually at once, and, in exceptional cases, at last, if militancy continues. Beginning as leader in war he becomes ruler in peace; and such regulative policy as he pursues in the one sphere, he pursues, so far as conditions permit, in the other. Being, as the non-combatant part is, a permanent commissariat, the principle of graduated subordination is extended to it. Its members come to be directed in a way like that in which the warriors are directed—not literally, since by dispersion of the one and concentration of the other exact parallelism is prevented; but, nevertheless, similarly in principle. Labour is carried on under coercion; and supervision spreads everywhere.

To suppose that a despotic military head, daily maintaining regimental control in conformity with inherited traditions, will not impose on the producing classes a kindred control, is to suppose in him sentiments and ideas entirely foreign to his circumstances. [. . .]

§ 556. A further trait of the militant type, naturally accompanying the last, is that organizations other than those forming parts of the State-organization, are wholly or partially repressed. The public combination occupying all fields, excludes private combinations.

For the achievement of complete corporate action there must, as we have seen, be a centralized administration, not only throughout the combatant part but throughout the non-combatant part; and if there exist unions of citizens which act independently, they in so far diminish the range of this centralized administration. Any structures which are not portions of the State-structure, serve more or less as limitations to it, and stand in the way of the required unlimited subordination. If private combinations are allowed to exist, it will be on condition of submitting to an official regulation such as greatly restrains independent action; and since private combinations officially regulated are inevitably hindered from doing things not conforming to established routine, and are thus debarred from improvement, they

cannot habitually thrive and grow. Obviously, indeed, such combinations, based on the principle of voluntary cooperation, are incongruous with social arrangements based on the principle of compulsory cooperation. Hence the militant type is characterized by the absence, or comparative rarity, of bodies of citizens associated for commercial purposes, for propagating special religious views, for achieving philanthropic ends, &c.

Private combinations of one kind, however, are congruous with the militant type—the combinations, namely, which are formed for minor defensive or offensive purposes. We have, as examples, those which constitute factions, very general in militant societies; those which belong to the same class as primitive guilds, serving for mutual protection; and those which take the shape of secret societies. Of such bodies it may be noted that they fulfil on a small scale ends like those which the whole society fulfils on a large scale—the ends of self-preservation, or aggression, or both. And it may be further noted that these small included societies are organized on the same principle as the large including society—the principle of compulsory cooperation. Their governments are coercive: in some cases even to the extent of killing those of their members who are disobedient.

§ 557. A remaining fact to be set down is that a society of the militant type tends to evolve a self-sufficient sustaining organization. With its political autonomy there goes what we may call an economic autonomy. Evidently if it carries on frequent wars against surrounding societies, its commercial intercourse with them must be hindered or prevented: exchange of commodities can go on to but a small extent between those who are continually fighting. A militant society must, therefore, to the greatest degree practicable, provide internally the supplies of all articles needful for carrying on the lives of its members. Such an economic state as that which existed during early feudal times, when, as in France, “the castles made almost all the articles used in them,” is a state evidently entailed on groups, small or large, which are in constant antagonism with surrounding groups. If there does not already exist within any group so circumstanced, an agency for producing some necessary article, inability to obtain it from without will lead to the establishment of an agency for obtaining it within.

Whence it follows that the desire “not to be dependent on foreigners” is one appropriate to the militant type of society. So long as there is constant danger that the supplies of needful things derived from other countries will be cut off by the breaking out of hostilities, it is imperative that there shall be maintained a power of producing these supplies at home, and that to this

end the required structures shall be maintained. Hence there is a manifest direct relation between militant activities and a protectionist policy. [...]

§ 561. In three ways, then, we are shown the character of the militant type of social organization. Observe the congruities which comparison of results discloses.

Certain conditions, manifest *à priori*, have to be fulfilled by a society fitted for preserving itself in presence of antagonist societies. To be in the highest degree efficient, the corporate action needed for preserving the corporate life must be joined in by every one. Other things equal, the fighting power will be greatest where those who cannot fight, labour exclusively to support and help those who can: an evident implication being that the working part shall be no larger than is required for these ends. The efforts of all being utilized directly or indirectly for war, will be most effectual when they are most combined; and, besides union among the combatants, there must be such union of the non-combatants with them as renders the aid of these fully and promptly available. To satisfy these requirements, the life, the actions, and the possessions, of each individual must be held at the service of the society. This universal service, this combination, and this merging of individual claims, pre-suppose a despotic controlling agency. That the will of the soldier-chief may be operative when the aggregate is large, there must be sub-centres and sub-sub-centres in descending grades, through whom orders may be conveyed and enforced, both throughout the combatant part and the non-combatant part. As the commander tells the soldier both what he shall not do and what he shall do; so, throughout the militant community at large, the rule is both negatively regulative and positively regulative: it not only restrains, but it directs: the citizen as well as the soldier lives under a system of compulsory cooperation. Development of the militant type involves increasing rigidity, since the cohesion, the combination, the subordination, and the regulation, to which the units of a society are subjected by it, inevitably decrease their ability to change their social positions, their occupations, their localities.

On inspecting sundry societies, past and present, large and small, which are, or have been, characterized in high degrees by militancy, we are shown, *à posteriori*, that amid the differences due to race, to circumstances, and to degrees of development, there are fundamental similarities of the kinds above inferred *à priori*. Modern Dahomey and Russia, as well as ancient Peru, Egypt, and Sparta, exemplify that owning of the individual by the State in life, liberty, and goods, which is proper to a social system adapted for war. And that with changes further fitting a society for warlike activities,

there spread throughout it an officialism, a dictation, and a superintendence, akin to those under which soldiers live, we are shown by imperial Rome, by imperial Germany, and by England since its late aggressive activities.

Lastly comes the evidence furnished by the adapted characters of the men who compose militant societies. Making success in war the highest glory, they are led to identify goodness with bravery and strength. Revenge becomes a sacred duty with them; and acting at home on the law of retaliation which they act on abroad, they similarly, at home as abroad, are ready to sacrifice others to self: their sympathies, continually deadened during war, cannot be active during peace. They must have a patriotism which regards the triumph of their society as the supreme end of action; they must possess the loyalty whence flows obedience to authority; and that they may be obedient they must have abundant faith. With faith in authority and consequent readiness to be directed, naturally goes relatively little power of initiation. The habit of seeing everything officially controlled fosters the belief that official control is everywhere needful; while a course of life which makes personal causation familiar and negatives experience of impersonal causation, produces an inability to conceive of any social processes as carried on under self-regulating arrangements. And these traits of individual nature, needful concomitants as we see of the militant type, are those which we observe in the members of actual militant societies.

Herbert Spencer (1820–1903) was one of the leading nineteenth-century English radical individualists. He began working as a journalist for the laissez-faire magazine *The Economist* in the 1850s. Much of the rest of his life was spent working on an all-encompassing theory of human development based upon the ideas of individualism, utilitarian moral theory, social and biological evolution, limited government, and laissez-faire economics. *Source:* Herbert Spencer, *The Principles of Sociology, in Three Volumes* (New York: Appleton 1898) 518–602.

Lysander Spooner, *No Treason. No. VI. The Constitution of No Authority* (1870)

Abstract Spooner in his inimitable style asks who exactly are the people who rule over us and how are they, a minority, able to rule over us, the majority? His answer is that behind the facade of Kings in Europe and Presidents in America, the real rulers are the “class of money-lenders” who lend money to governments to pay for their police and armies. The governments in turn reward their supporters with monopolies, tariffs, and unequal taxes of various kinds.

SECTION XVIII

The Constitution having never been signed by anybody; and there being no other open, written, or authentic contract between any parties whatever, by virtue of which the United States government, so called, is maintained; and it being well known that none but male persons, of twenty-one years of age and upwards, are allowed any voice in the government; and it being also well known that a large number of these adult persons seldom or never vote at all; and that *all* those who do vote, do so secretly (by secret ballot), and in a way to prevent their individual votes being known, either to the world, or even to each other; and consequently in a way to make no one openly responsible for the acts of their agents, or representatives,—all these things being known, the questions arise: *Who* compose the real governing power in the country? Who are the men, *the responsible men*, who rob us of our property? Restrain us of our liberty? Subject us to their arbitrary dominion?

And devastate our homes, and shoot us down by the hundreds of thousands, if we resist? How shall we find these men? How shall we know them from others? How shall we defend ourselves and our property against them? Who, of our neighbors, are members of this secret band of robbers and murderers? How can we know which are *their* houses, that we may burn or demolish them? Which *their* property, that we may destroy it? Which *their* persons, that we may kill them, and rid the world and ourselves of such tyrants and monsters?

These are questions that must be answered, before men can be free; before they can protect themselves against this secret band of robbers and murderers, who now plunder, enslave, and destroy them.

The answer to these questions is, that only those who have the will and the power to shoot down their fellow men, are the real rulers in this, as in all other (so called) civilized countries; for by no others will civilized men be robbed, or enslaved.

Among savages, mere physical strength, on the part of one man, may enable him to rob, enslave, or kill another man. Among barbarians, mere physical strength, on the part of a body of men, disciplined, and acting in concert, though with very little money or other wealth, may, under some circumstances, enable them to rob, enslave, or kill another body of men, as numerous, or perhaps even more numerous, than themselves. And among both savages and barbarians, mere want may sometimes compel one man to sell himself as a slave to another. But with (so called) civilized peoples, among whom knowledge, wealth, and the means of acting in concert, have become diffused; and who have invented such weapons and other means of defence as to render mere physical strength of less importance; and by whom soldiers in any requisite number, and other instrumentalities of war in any requisite amount, can always be had for money, the question of war, and consequently the question of power, is little else than a mere question of money. As a necessary consequence, those who stand ready to furnish this money, are the real rulers. It is so in Europe, and it is so in this country.

In Europe, the nominal rulers, the emperors and kings and parliaments, are anything but the real rulers of their respective countries. They are little or nothing else than mere tools, employed by the wealthy to rob, enslave, and (if need be) murder those who have less wealth, or none at all.

The Rothschilds, and that class of money-lenders of whom they are the representatives and agents,—men who never think of lending a shilling to their next-door neighbors, for purposes of honest industry, unless upon the most ample security, and at the highest rate of interest,—stand ready, at all

times, to lend money in unlimited amounts to those robbers and murderers, who call themselves governments, to be expended in shooting down those who do not submit quietly to being robbed and enslaved.

They lend their money in this manner, knowing that it is to be expended in murdering their fellow men, for simply seeking their liberty and their rights; knowing also that neither the interest nor the principal will ever be paid, except as it will be extorted under terror of the repetition of such murders as those for which the money lent is to be expended.

These money-lenders, the Rothschilds, for example, say to themselves: If we lend a hundred millions sterling to the Queen and Parliament of England, it will enable them to murder twenty, fifty, or a hundred thousand people in England, Ireland, or India; and the terror inspired by such wholesale murder, will enable them to keep the whole people of those countries in subjection for twenty, or perhaps fifty, years to come; to control all their trade and industry; and to extort from them large amounts of money, under the name of taxes; and from the wealth thus extorted from them, they (the Queen and Parliament) can afford to pay us a higher rate of interest for our money than we can get in any other way. Or, if we lend this sum to the Emperor of Austria, it will enable him to murder so many of his people as to strike terror into the rest, and thus enable him to keep them in subjection, and extort money from them, for twenty or fifty years to come. And they say the same in regard to the Emperor of Russia, the King of Prussia, the Emperor of France, or any other ruler, so called, who, in their judgment, will be able, by murdering a reasonable portion of his people, to keep the rest in subjection, and extort money from them, for a long time to come, to pay the interest and principal of the money lent him.

And why are these men so ready to lend money for murdering their fellow men? Solely for this reason, viz., that such loans are considered better investments than loans for purposes of honest industry. They pay higher rates of interest; and it is less trouble to look after them. This is the whole matter.

The question of making these loans is, with these lenders, a mere question of pecuniary profit. They lend money to be expended in robbing, enslaving, and murdering their fellow men, solely because, on the whole, such loans pay better than any others. They are no respecters of persons, no superstitious fools, that reverence monarchs. They care no more for a king, or an emperor, than they do for a beggar, except as he is a better customer, and can pay them better interest for their money. If they doubt his ability to make his murders successful for maintaining his power, and thus extorting

money from his people in future, they dismiss him as unceremoniously as they would dismiss any other hopeless bankrupt, who should want to borrow money to save himself from open insolvency.

When these great lenders of blood-money, like the Rothschilds, have loaned vast sums in this way, for purposes of murder, to an emperor or a king, they sell out the bonds taken by them, in small amounts, to anybody, and everybody, who are disposed to buy them at satisfactory prices, to hold as investments. They (the Rothschilds) thus soon get back their money, with great profits; and are now ready to lend money in the same way again to any other robber and murderer, called an emperor or a king, who, they think, is likely to be successful in his robberies and murders, and able to pay a good price for the money necessary to carry them on.

This business of lending blood-money is one of the most thoroughly sordid, cold-blooded and criminal that was ever carried on, to any considerable extent, amongst human beings. It is like lending money to slave-traders, or to common robbers and pirates, to be repaid out of their plunder. And the men who loan money to governments, so called, for the purpose of enabling the latter to rob, enslave, and murder their people, are among the greatest villains that the world has ever seen. And they as much deserve to be hunted and killed (if they cannot otherwise be got rid of) as any slave-traders, robbers, or pirates that ever lived.

When these emperors and kings, so called, have obtained their loans, they proceed to hire and train immense numbers of professional murderers, called soldiers, and employ them in shooting down all who resist their demands for money. In fact, most of them keep large bodies of these murderers constantly in their service, as their only means of enforcing their extortions. There are now, I think, four or five millions of these professional murderers constantly employed by the so-called sovereigns of Europe. The enslaved people are, of course, forced to support and pay all these murderers, as well as to submit to all the other extortions which these murderers are employed to enforce.

It is only in this way that most of the so-called governments of Europe are maintained. These so-called governments are in reality only great bands of robbers and murderers, organized, disciplined, and constantly on the alert. And the so-called sovereigns, in these different governments, are simply the heads, or chiefs, of different bands of robbers and murderers. And these heads or chiefs are dependent upon the lenders of blood-money for the means to carry on their robberies and murders. They could not sustain themselves a moment but for the loans made to them by these

blood-money loan-mongers. And their first care is to maintain their credit with them; for they know their end is come, the instant their credit with them fails. Consequently the first proceeds of their extortions are scrupulously applied to the payment of the interest on their loans.

In addition to paying the interest on their bonds, they perhaps grant to the holders of them great monopolies in banking, like the Banks of England, of France, and of Vienna; with the agreement that these banks shall furnish money whenever, in sudden emergencies, it may be necessary to shoot down more of their people. Perhaps also, by means of tariffs on competing imports, they give great monopolies to certain branches of industry, in which these lenders of blood-money are engaged. They also, by unequal taxation, exempt wholly or partially the property of these loan-mongers, and throw corresponding burdens upon those who are too poor and weak to resist.

Thus it is evident that all these men, who call themselves by the high-sounding names of Emperors, Kings, Sovereigns, Monarchs, Most Christian Majesties, Most Catholic Majesties, High Mightinesses, Most Serene and Potent Princes, and the like, and who claim to rule “by the grace of God,” by “Divine Right,”—that is, by special authority from Heaven,—are intrinsically not only the merest miscreants and wretches, engaged solely in plundering, enslaving, and murdering their fellow men, but that they are also the merest hangers on, the servile, obsequious, fawning dependents and tools of these blood-money loan-mongers, on whom they rely for the means to carry on their crimes. These loan-mongers, like the Rothschilds, laugh in their sleeves, and say to themselves: These despicable creatures, who call themselves emperors, and kings, and majesties, and most serene and potent princes; who profess to wear crowns, and sit on thrones; who deck themselves with ribbons, and feathers, and jewels; and surround themselves with hired flatterers and lickspittles; and whom we suffer to strut around, and palm themselves off, upon fools and slaves, as sovereigns and lawgivers specially appointed by Almighty God; and to hold themselves out as the sole fountains of honors, and dignities, and wealth, and power,—all these miscreants and impostors know that we make them, and use them; that in us they live, move, and have their being; that we require them (as the price of their positions) to take upon themselves all the labor, all the danger, and all the odium of all the crimes they commit for our profit; and that we will unmake them, strip them of their gewgaws, and send them out into the world as beggars, or give them over to the vengeance of the people they have enslaved, the moment they refuse to commit any crime we require of

them, or to pay over to us such share of the proceeds of their robberies as we see fit to demand.

SECTION XIX

Now, what is true in Europe, is substantially true in this country. The difference is the immaterial one, that, in this country, there is no visible, permanent head, or chief, of these robbers and murderers, who call themselves “the government.” That is to say, there is no one man, who calls himself the state, or even emperor, king, or sovereign; no one who claims that he and his children rule “by the Grace of God,” by “Divine Right,” or by special appointment from Heaven. There are only certain men, who call themselves presidents, senators, and representatives, and claim to be the authorized agents, *for the time being, or for certain short periods, of all* “the people of the United States;” but who can show no credentials, or powers of attorney, or any other open, authentic evidence that they are so; and who notoriously are not so; but are really only the agents of a secret band of robbers and murderers, whom they themselves do not know, and have no means of knowing, individually; but who, they trust, will openly or secretly, when the crisis comes, sustain them in all their usurpations and crimes.

What is important to be noticed is, that these so-called presidents, senators, and representatives, these pretended agents of *all* “the people of the United States,” the moment their exactions meet with any formidable resistance from any portion of “the people” themselves, are obliged, like their co-robbers and murderers in Europe, to fly at once to the lenders of blood money, for the means to sustain their power. And they borrow their money on the same principle, and for the same purpose, *viz.*, to be expended in shooting down all those “people of the United States”—their own constituents and principals, as they profess to call them—who resist the robberies and enslavement which these borrowers of the money are practising upon them. And they expect to repay the loans, if at all, only from the proceeds of the future robberies, which they anticipate it will be easy for them and their successors to perpetrate through a long series of years, upon their pretended principals, if they can but shoot down now some hundreds of thousands of them, and thus strike terror into the rest.

Perhaps the facts were never made more evident, in any country on the globe, than in our own, that these soulless blood-money loan-mongers are the real rulers; that they rule from the most sordid and mercenary motives; that the ostensible government, the presidents, senators, and representatives, so-called, are merely their tools; and that no ideas of, or regard for,

justice or liberty had anything to do in inducing them to lend their money for the war. In proof of all this, look at the following facts.

Nearly a hundred years ago we professed to have got rid of all that religious superstition, inculcated by a servile and corrupt priesthood in Europe, that rulers, so called, derived their authority directly from Heaven; and that it was consequently a religious duty on the part of the people to obey them. We professed long ago to have learned that governments could rightfully exist only by the free will, and on the voluntary support, of those who might choose to sustain them. We all professed to have known long ago, that the only legitimate objects of government were the maintenance of liberty and justice equally for all. All this we had professed for nearly a hundred years. And we professed to look with pity and contempt upon those ignorant, superstitious, and enslaved peoples of Europe, who were so easily kept in subjection by the frauds and force of priests and kings.

Notwithstanding all this, that we had learned, and known, and professed, for nearly a century, these lenders of blood money had, for a long series of years previous to the war, been the willing accomplices of the slave-holders in perverting the government from the purposes of liberty and justice, to the greatest of crimes. They had been such accomplices *for a purely pecuniary consideration*, to wit, a control of the markets in the South; in other words, the privilege of holding the slave-holders themselves in industrial and commercial subjection to the manufacturers and merchants of the North (who afterwards furnished the money for the war). And these Northern merchants and manufacturers, these lenders of blood-money, were willing to continue to be the accomplices of the slave-holders in the future, for the same pecuniary consideration. But the slave-holders, either doubting the fidelity of their Northern allies, or feeling themselves strong enough to keep their slaves in subjection without Northern assistance, would no longer pay the price which these Northern men demanded. And it was to enforce this price in the future—that is, to monopolize the Southern markets, to maintain their industrial and commercial control over the South—that these Northern manufacturers and merchants lent some of the profits of their former monopolies for the war, in order to secure to themselves the same, or greater, monopolies in the future. These—and not any love of liberty or justice—were the motives on which the money for the war was lent by the North. In short, the North said to the slave-holders: If you will not pay us our price (give us control of your markets) for our assistance against your slaves, we will secure the same price (keep control of your markets) by helping your slaves against you, and using them as our tools for maintaining dominion over you; for the control of your markets we will have, whether

the tools we use for that purpose be black or white, and be the cost, in blood and money, what it may.

On this principle, and from this motive, and not from any love of liberty or justice, the money was lent in enormous amounts, and at enormous rates of interest. And it was only by means of these loans that the objects of the war were accomplished.

And now these lenders of blood-money demand their pay; and the government, so called, becomes their tool, their servile, slavish, villanous tool, to extort it from the labor of the enslaved people both of the North and the South. It is to be extorted by every form of direct, and indirect, and unequal taxation. Not only the nominal debt and interest—enormous as the latter was—are to be paid in full; but these holders of the debt are to be paid still further—and perhaps doubly, triply, or quadruply paid—by such tariffs on imports as will enable our home manufacturers to realize enormous prices for their commodities; also by such monopolies in banking as will enable them to keep control of, and thus enslave and plunder, the industry and trade of the great body of the Northern people themselves. In short, the industrial and commercial slavery of the great body of the people, North and South, black and white, is the price which these-lenders of blood money demand, and insist upon, and are determined to secure, in return for the money lent for the war.

This programme having been fully arranged and systematized, they put their sword into the hands of the chief murderer of the war, and charge him to carry their scheme into effect. And now he, speaking as their organ, says: “*Let us have peace.*”

The meaning of this is: Submit quietly to all the robbery and slavery we have arranged for you, and you can have “peace.” But in case you resist, the same lenders of blood-money, who furnished the means to subdue the South, will furnish the means again to subdue you. [...]

Lysander Spooner (1808–1887) was a legal theorist, abolitionist, and radical individualist who started his own mail company in order to challenge the monopoly held by the US government. He wrote on the constitutionality of slavery, natural law, trial by jury, intellectual property, paper currency, and banking. *Source:* Lysander Spooner, *No Treason VI: The Constitution of No Authority* (Boston: Spooner 1870) 46–55.

Lysander Spooner, *Natural Law Contrasted
with Legislation* (1882)

Abstract Spooner argues that when primitive societies have accumulated some surpluses a small group emerges and organizes themselves as “robbers” to plunder that surplus and enslave those who produced it. Over time, this band of robbers form “governments” and enact “legislation” to better control and plunder those they rule over. Eventually, most wealth is held by “the law-making, slave-holding class” which now uses the laws they make to keep the people in a state of “subjection and dependence.”

SECTION I

Natural law, natural justice, being a principle that is naturally applicable and adequate to the rightful settlement of every possible controversy that can arise among men; being, too, the only standard by which any controversy whatever, between man and man, can be rightfully settled; being a principle whose protection every man demands for himself, whether he is willing to accord it to others, or not; being also an immutable principle, one that is always and everywhere the same, in all ages and nations; being self-evidently necessary in all times and places; being so entirely impartial and equitable towards all; so indispensable to the peace of mankind everywhere; so vital to the safety and welfare of every human being; being, too, so easily learned, so generally known, and so easily maintained by such voluntary associations as all honest men can readily and rightfully form for that purpose—being such a principle as this, these questions arise, viz.: Why is it that it does not

universally, or well nigh universally, prevail? Why is it that it has not, ages ago, been established throughout the world as the one only law that any man, or all men, could rightfully be compelled to obey? Why is it that any human being ever conceived that anything so self-evidently superfluous, false, absurd, and atrocious as all legislation necessarily must be, could be of any use to mankind, or have any place in human affairs?

SECTION II

The answer is, that through all historic times, wherever any people have advanced beyond the savage state, and have learned to increase their means of subsistence by the cultivation of the soil, a greater or less number of them have associated and organized themselves as robbers, to plunder and enslave all others, who had either accumulated any property that could be seized, or had shown, by their labor, that they could be made to contribute to the support or pleasure of those who should enslave them.

These bands of robbers, small in number at first, have increased their power by uniting with each other, inventing warlike weapons, disciplining themselves, and perfecting their organizations as military forces, and dividing their plunder (including their captives) among themselves, either in such proportions as have been previously agreed on, or in such as their leaders (always desirous to increase the number of their followers) should prescribe.

The success of these bands of robbers was an easy thing, for the reason that those whom they plundered and enslaved were comparatively defenceless; being scattered thinly over the country; engaged wholly in trying, by rude implements and heavy labor, to extort a subsistence from the soil; having no weapons of war, other than sticks and stones; having no military discipline or organization, and no means of concentrating their forces, or acting in concert, when suddenly attacked. Under these circumstances, the only alternative left them for saving even their lives, or the lives of their families, was to yield up not only the crops they had gathered, and the lands they had cultivated, but themselves and their families also as slaves.

Thenceforth their fate was, as slaves, to cultivate for others the lands they had before cultivated for themselves. Being driven constantly to their labor, wealth slowly increased; but all went into the hands of their tyrants.

These tyrants, living solely on plunder, and on the labor of their slaves, and applying all their energies to the seizure of still more plunder, and the enslavement of still other defenceless persons; increasing, too, their numbers, perfecting their organizations, and multiplying their weapons of war,

they extend their conquests until, in order to hold what they have already got, it becomes necessary for them to act systematically, and co-operate with each other in holding their slaves in subjection.

But all this they can do only by establishing what they call a government, and making what they call laws.

All the great governments of the world—those now existing, as well as those that have passed away—have been of this character. They have been mere bands of robbers, who have associated for purposes of plunder, conquest, and the enslavement of their fellow men. And their laws, as they have called them, have been only such agreements as they have found it necessary to enter into, in order to maintain their organizations, and act together in plundering and enslaving others, and in securing to each his agreed share of the spoils.

All these laws have had no more real obligation than have the agreements which brigands, bandits, and pirates find it necessary to enter into with each other, for the more successful accomplishment of their crimes, and the more peaceable division of their spoils.

Thus substantially all the legislation of the world has had its origin in the desires of one class of persons to plunder and enslave others, *and hold them as property*.

SECTION III

In process of time, the robber, or slave holding, class—who had seized all the lands, and held all the means of creating wealth—began to discover that the easiest mode of managing their slaves, and making them profitable, was *not* for each slaveholder to hold his specified number of slaves, as he had done before, and as he would hold so many cattle, but to give them so much liberty as would throw upon themselves (the slaves) the responsibility of their own subsistence, and yet compel them to sell their labor to the landholding class—their former owners—for just what the latter might choose to give them.

Of course, these liberated slaves, as some have erroneously called them, having no lands, or other property, and no means of obtaining an independent subsistence, had no alternative—to save themselves from starvation—but to sell their labor to the landholders, in exchange only for the coarsest necessaries of life; not always for so much even as that.

These liberated slaves, as they were called, were now scarcely less slaves than they were before. Their means of subsistence were perhaps even more

precarious than when each had his own owner, who had an interest to preserve his life. They were liable, at the caprice or interest of the landholders, to be thrown out of home, employment, and the opportunity of even earning a subsistence by their labor. They were, therefore, in large numbers, driven to the necessity of begging, stealing, or starving; and became, of course, dangerous to the property and quiet of their late masters.

The consequence was, that these late owners found it necessary, for their own safety and the safety of their property, to organize themselves more perfectly as a government, *and make laws for keeping these dangerous people in subjection*; that is, laws fixing the prices at which they should be compelled to labor, and also prescribing fearful punishments, even death itself, for such thefts and trespasses as they were driven to commit, as their only means of saving themselves from starvation.

These laws have continued in force for hundreds, and, in some countries, for thousands of years; and are in force to-day, in greater or less severity, in nearly all the countries on the globe.

The purpose and effect of these laws have been to maintain, in the hands of the robber, or slave holding class, a monopoly of all lands, and, as far as possible, of all other means of creating wealth; and thus to keep the great body of laborers in such a state of poverty and dependence, as would compel them to sell their labor to their tyrants for the lowest prices at which life could be sustained.

The result of all this is, that the little wealth there is in the world is all in the hands of a few—that is, in the hands of the law-making, slave-holding class; who are now as much slave-holders in spirit as they ever were, but who accomplish their purposes by means of *the laws they make* for keeping the laborers in subjection and dependence, instead of each one's owning his individual slaves as so many chattels.

Thus the whole business of legislation, which has now grown to such gigantic proportions, had its origin in the conspiracies, which have always existed among the few, for the purpose of holding the many in subjection, and extorting from them their labor, and all the profits of their labor.

And the real motives and spirit which lie at the foundation of all legislation—notwithstanding all the pretences and disguises by which they attempt to hide themselves—are the same to-day as they always have been. The whole purpose of this legislation is simply to keep one class of men in subordination and servitude to another.

SECTION IV

What, then, is legislation? It is an assumption by one man, or body of men, of absolute, irresponsible dominion over all other men whom they can subject to their power. It is the assumption by one man, or body of men, of a right to subject all other men to their will and their service. It is the assumption by one man, or body of men, of a right to abolish outright all the natural rights, all the natural liberty of all other men; to make all other men their slaves; to arbitrarily dictate to all other men what they may, and may not, do; what they may, and may not, have; what they may, and may not, be. It is, in short, the assumption of a right to banish the principle of human rights, the principle of justice itself, from off the earth, and set up their own personal will, pleasure, and interest in its place. All this, and nothing less, is involved in the very idea that there can be any such thing as human legislation that is obligatory upon those upon whom it is imposed.

Lysander Spooner (1808–1887) was a legal theorist, abolitionist, and radical individualist who started his own mail company in order to challenge the monopoly held by the US government. He wrote on the constitutionality of slavery, natural law, trial by jury, intellectual property, paper currency, and banking. *Source: Lysander Spooner, Natural Law; or the Science of Justice: A Treatise on Natural Law, Natural Justice, Natural Rights, Natural Liberty, and Natural Society, Showing That All Legislation Whatsoever Is an Absurdity, a Usurpation, and a Crime. Part First* (Boston: Williams 1882) 16–20.

William Graham Sumner, “The Forgotten Man” (1883)

Abstract According to Sumner, the Forgotten Man and Forgotten Woman are the simple, honest laborers who make a living by productive work and pay all of society’s bills. Their taxes pay for public offices to be filled through patronage (as a reward for serving in the military or working for a political party), and for the system of “jobbery” whereby vested interests get money from the government to do things they should do themselves (such as flood control for farmers in the Mississippi valley or taking over unprofitable canals). However, the biggest form of jobbery is the protective tariff which is a form of universal plunder. All the Forgotten Man and Forgotten Woman want is to be left alone to live in liberty.

[...] In the definition the word “people” was used for a class or section of the population. It is now asserted that if *that* section rules, there can be no paternal, that is, undue, government. That doctrine, however, is the very opposite of liberty and contains the most vicious error possible in politics. The truth is that cupidity, selfishness, envy, malice, lust, vindictiveness, are constant vices of human nature. They are not confined to classes or to nations or particular ages of the world. They present themselves in the palace, in the parliament, in the academy, in the church, in the workshop, and in the hovel. They appear in autocracies, theocracies, aristocracies, democracies, and ochlocracies all alike. They change their masks somewhat from age to age and from one form of society to another. All history is only one long story to this effect: men have struggled for power over their

fellow-men in order that they might win the joys of earth at the expense of others and might shift the burdens of life from their own shoulders upon those of others. It is true that, until this time, the proletariat, the mass of mankind, have rarely had the power and they have not made such a record as kings and nobles and priests have made of the abuses they would perpetrate against their fellow-men when they could and dared. But what folly it is to think that vice and passion are limited by classes, that liberty consists only in taking power away from nobles and priests and giving it to artisans and peasants and that these latter will never abuse it! They will abuse it just as all others have done unless they are put under checks and guarantees, and there can be no civil liberty anywhere unless rights are guaranteed against all abuses, as well from proletarians as from generals, aristocrats, and ecclesiastics. [...]

Now who is the Forgotten Man? He is the simple, honest laborer, ready to earn his living by productive work. We pass him by because he is independent, self-supporting, and asks no favors. He does not appeal to the emotions or excite the sentiments. He only wants to make a contract and fulfill it, with respect on both sides and favor on neither side. He must get his living out of the capital of the country. The larger the capital is, the better living he can get. Every particle of capital which is wasted on the vicious, the idle, and the shiftless is so much taken from the capital available to reward the independent and productive laborer. But we stand with our backs to the independent and productive laborer all the time. We do not remember him because he makes no clamor; but I appeal to you whether he is not the man who ought to be remembered first of all, and whether, on any sound social theory, we ought not to protect him against the burdens of the good-for-nothing. In these last years I have read hundreds of articles and heard scores of sermons and speeches which were really glorifications of the good-for-nothing, as if these were the charge of society, recommended by right reason to its care and protection. We are addressed all the time as if those who are respectable were to blame because some are not so, and as if there were an obligation on the part of those who have done their duty towards those who have not done their duty. Every man is bound to take care of himself and his family and to do his share in the work of society. It is totally false that one who has done so is bound to bear the care and charge of those who are wretched because they have not done so. The silly popular notion is that the beggars live at the expense of the rich, but the truth is that those who eat and produce not, live at the expense of those who labor and produce. The next time that you are tempted to subscribe a dollar to a

charity, I do not tell you not to do it, because after you have fairly considered the matter, you may think it right to do it, but I do ask you to stop and remember the Forgotten Man and understand that if you put your dollar in the savings bank it will go to swell the capital of the country which is available for division amongst those who, while they earn it, will reproduce it with increase. [...]

Let us look at another case. If there is a public office to be filled, of course a great number of persons come forward as candidates for it. Many of these persons are urged as candidates on the ground that they are badly off, or that they cannot support themselves, or that they want to earn a living while educating themselves, or that they have female relatives dependent on them, or for some other reason of a similar kind. In other cases, candidates are presented and urged on the ground of their kinship to somebody, or on account of service, it may be meritorious service, in some other line than that of the duty to be performed. Men are proposed for clerkships on the ground of service in the army twenty years ago, or for customhouse inspectors on the ground of public services in the organization of political parties. If public positions are granted on these grounds of sentiment or favoritism, the abuse is to be condemned on the ground of the harm done to the public interest; but I now desire to point out another thing which is constantly forgotten. If you give a position to A, you cannot give it to B. If A is an object of sentiment or favoritism and not a person fit and competent to fulfill the duty, who is B? He is somebody who has nothing but merit on his side, somebody who has no powerful friends, no political influence, some quiet, unobtrusive individual who has known no other way to secure the chances of life than simply to deserve them. Here we have the Forgotten Man again, and once again we find him worthy of all respect and consideration, but passed by in favor of the noisy, pushing, and incompetent. Who ever remembers that if you give a place to a man who is unfit for it you are keeping out of it somebody, somewhere, who is fit for it? [...]

[...] There is a great deal of clamor about watering stocks and the power of combined capital, which is not very intelligent or well-directed. The evil and abuse which people are groping after in all these denunciations is jobbery.

By jobbery I mean the constantly apparent effort to win wealth, not by honest and independent production, but by some sort of a scheme for extorting other people's product from them. A large part of our legislation consists in making a job for somebody. Public buildings are jobs, not always, but in most cases. The buildings are not needed at all or are costly far

beyond what is useful or even decently luxurious. Internal improvements are jobs. They are carried out, not because they are needed in themselves, but because they will serve the turn of some private interest, often incidentally that of the very legislators who pass the appropriations for them. A man who wants a farm, instead of going out where there is plenty of land available for it, goes down under the Mississippi River to make a farm, and then wants his fellow-citizens to be taxed to dyke the river so as to keep it off his farm. The Californian hydraulic miners have washed the gold out of the hillsides and have washed the dirt down into the valleys to the ruin of the rivers and the farms. They want the federal government to remove this dirt at the national expense. The silver miners, finding that their product is losing value in the market, get the government to go into the market as a great buyer in the hope of sustaining the price. The national government is called upon to buy or hire unsalable ships; to dig canals which will not pay; to educate illiterates in the states which have not done their duty at the expense of the states which have done their duty as to education; to buy up telegraphs which no longer pay; and to provide the capital for enterprises of which private individuals are to win the profits. We are called upon to squander twenty millions on swamps and creeks; from twenty to sixty-six millions on the Mississippi River; one hundred millions in pensions—and there is now a demand for another hundred million beyond that. This is the great plan of all living on each other. The pensions in England used to be given to aristocrats who had political power, in order to corrupt them. Here the pensions are given to the great democratic mass who have the political power, in order to corrupt them. We have one hundred thousand federal office-holders and I do not know how many state and municipal office-holders. Of course public officers are necessary and it is an economical organization of society to set apart some of its members for civil functions, but if the number of persons drawn from production and supported by the producers while engaged in civil functions is in undue proportion to the total population, there is economic loss. If public offices are treated as spoils or benefices or sinecures, then they are jobs and only constitute part of the pillage.

The biggest job of all is a protective tariff. This device consists in delivering every man over to be plundered by his neighbor and in teaching him to believe that it is a good thing for him and his country because he may take his turn at plundering the rest. Mr. Kelley said that if the internal revenue taxes on whisky and tobacco, which are paid to the United States government, were not taken off, there would be a rebellion. Just then it was

discovered that Sumatra tobacco was being imported, and the Connecticut tobacco men hastened to Congress to get a tax laid on it for their advantage. So it appears that if a tax is laid on tobacco, to be paid to the United States, there will be a rebellion, but if a tax is laid on it to be paid to the farmers of the Connecticut Valley, there will be no rebellion at all. The tobacco farmers having been taxed for protected manufactures are now to be taken into the system, and the workmen in the factories are to be taxed on their tobacco to protect the farmers. So the system is rendered more complete and comprehensive.

On every hand you find this jobbery. The government is to give every man a pension, and every man an office, and every man a tax to raise the price of his product, and to clean out every man's creek for him, and to buy all his unsalable property, and to provide him with plenty of currency to pay his debts, and to educate his children, and to give him the use of a library and a park and a museum and a gallery of pictures. On every side the doors of waste and extravagance stand open; and spend, squander, plunder, and grab are the watchwords. We grumble some about it and talk about the greed of corporations and the power of capital and the wickedness of stock gambling. Yet we elect the legislators who do all this work. Of course, we should never think of blaming ourselves for electing men to represent and govern us, who, if I may use a slang expression, give us away. What man ever blamed himself for his misfortune? We groan about monopolies and talk about more laws to prevent the wrongs done by chartered corporations. Who made the charters? Our representatives. Who elected such representatives? We did. How can we get bad law-makers to make a law which shall prevent bad law-makers from making a bad law? That is, really, what we are trying to do. If we are a free, self-governing people, all our misfortunes come right home to ourselves and we can blame nobody else. Is any one astonished to find that men are greedy, whether they are incorporated or not? Is it a revelation to find that we need, in our civil affairs, to devise guarantees against selfishness, rapacity, and fraud? I have ventured to affirm that government has never had to deal with anything else.

Now, I have said that this jobbery means waste, plunder, and loss, and I defined it at the outset as the system of making a chance to extort part of his product from somebody else. Now comes the question: Who pays for it all? The system of plundering each other soon destroys all that it deals with. It produces nothing. Wealth comes only from production, and all that the wrangling grabbers, loafers, and jobbers get to deal with comes from somebody's toil and sacrifice. Who, then, is he who provides it all? Go and

find him and you will have once more before you the Forgotten Man. You will find him hard at work because he has a great many to support. Nature has done a great deal for him in giving him a fertile soil and an excellent climate and he wonders why it is that, after all, his scale of comfort is so moderate. He has to get out of the soil enough to pay all his taxes, and that means the cost of all the jobs and the fund for all the plunder. The Forgotten Man is delving away in patient industry, supporting his family, paying his taxes, casting his vote, supporting the church and the school, reading his newspaper, and cheering for the politician of his admiration, but he is the only one for whom there is no provision in the great scramble and the big divide.

Such is the Forgotten Man. He works, he votes, generally he prays—but he always pays—yes, above all, he pays. He does not want an office; his name never gets into the newspaper except when he gets married or dies. He keeps production going on. He contributes to the strength of parties. He is flattered before election. He is strongly patriotic. He is wanted, whenever, in his little circle, there is work to be done or counsel to be given. He may grumble some occasionally to his wife and family, but he does not frequent the grocery or talk politics at the tavern. Consequently, he is forgotten. He is a commonplace man. He gives no trouble. He excites no admiration. He is not in any way a hero (like a popular orator); or a problem (like tramps and outcasts); nor notorious (like criminals); nor an object of sentiment (like the poor and weak); nor a burden (like paupers and loafers); nor an object out of which social capital may be made (like the beneficiaries of church and state charities); nor an object for charitable aid and protection (like animals treated with cruelty); nor the object of a job (like the ignorant and illiterate); nor one over whom sentimental economists and statesmen can parade their fine sentiments (like inefficient workmen and shiftless artisans). Therefore, he is forgotten. All the burdens fall on him, or on her, for it is time to remember that the Forgotten Man is not seldom a woman. [...]

It is plain enough that the Forgotten Man and the Forgotten Woman are the very life and substance of society. They are the ones who ought to be first and always remembered. They are always forgotten by sentimentalists, philanthropists, reformers, enthusiasts, and every description of speculator in sociology, political economy, or political science. If a student of any of these sciences ever comes to understand the position of the Forgotten Man and to appreciate his true value, you will find such student an uncompromising advocate of the strictest scientific thinking on all social topics, and a

cold and hard-hearted skeptic towards all artificial schemes of social amelioration. If it is desired to bring about social improvements, bring us a scheme for relieving the Forgotten Man of some of his burdens. He is our productive force which we are wasting. Let us stop wasting his force. Then we shall have a clean and simple gain for the whole society. The Forgotten Man is weighted down with the cost and burden of the schemes for making everybody happy, with the cost of public beneficence, with the support of all the loafers, with the loss of all the economic quackery, with the cost of all the jobs. Let us remember him a little while. Let us take some of the burdens off him. Let us turn our pity on him instead of on the good-for-nothing. It will be only justice to him, and society will greatly gain by it. Why should we not also have the satisfaction of thinking and caring for a little while about the clean, honest, industrious, independent, self-supporting men and women who have not inherited much to make life luxurious for them, but who are doing what they can to get on in the world without begging from anybody, especially since all they want is to be let alone, with good friendship and honest respect. Certainly the philanthropists and sentimentalists have kept our attention for a long time on the nasty, shiftless, criminal, whining, crawling, and good-for-nothing people, as if they alone deserved our attention.

The Forgotten Man is never a pauper. He almost always has a little capital because it belongs to the character of the man to save something. He never has more than a little. He is, therefore, poor in the popular sense, although in the correct sense he is not so. I have said already that if you learn to look for the Forgotten Man and to care for him, you will be very skeptical toward all philanthropic and humanitarian schemes. It is clear now that the interest of the Forgotten Man and the interest of "the poor," "the weak," and the other petted classes are in antagonism. In fact, the warning to you to look for the Forgotten Man comes the minute that the orator or writer begins to talk about the poor man. That minute the Forgotten Man is in danger of a new assault, and if you intend to meddle in the matter at all, then is the minute for you to look about for him and to give him your aid. Hence, if you care for the Forgotten Man, you will be sure to be charged with not caring for the poor. Whatever you do for any of the petted classes wastes capital. If you do anything for the Forgotten Man, you must secure him his earnings and savings, that is, you legislate for the security of capital and for its free employment; you must oppose paper money, wildcat banking and usury laws and you must maintain the inviolability of contracts. Hence you

must be prepared to be told that you favor the capitalist class, the enemy of the poor man.

What the Forgotten Man really wants is true liberty. Most of his wrongs and woes come from the fact that there are yet mixed together in our institutions the old mediaeval theories of protection and personal dependence and the modern theories of independence and individual liberty. The consequence is that the people who are clever enough to get into positions of control, measure their own rights by the paternal theory and their own duties by the theory of independent liberty. It follows that the Forgotten Man, who is hard at work at home, has to pay both ways. His rights are measured by the theory of liberty, that is, he has only such as he can conquer. His duties are measured by the paternal theory, that is, he must discharge all which are laid upon him, as is always the fortune of parents. People talk about the paternal theory of government as if it were a very simple thing. Analyze it, however, and you see that in every paternal relation there must be two parties, a parent and a child, and when you speak metaphorically, it makes all the difference in the world who is parent and who is child. Now, since we, the people, are the state, whenever there is any work to be done or expense to be paid, and since the petted classes and the criminals and the jobbers cost and do not pay, it is they who are in the position of the child, and it is the Forgotten Man who is the parent. What the Forgotten Man needs, therefore, is that we come to a clearer understanding of liberty and to a more complete realization of it. Every step which we win in liberty will set the Forgotten Man free from some of his burdens and allow him to use his powers for himself and for the commonwealth.

William Graham Sumner (1840–1910) was one of the founders of American sociology. He was trained as an Episcopalian clergyman and then taught at Yale University, where he wrote his most influential works. His interests included money and tariff policy, critiques of socialism, social classes, and anti-imperialism. *Source:* William Graham Sumner, *The Forgotten Man and Other Essays*, ed. Albert Galloway Keller (New Haven: Yale University Press 1918) 465–95.

William Graham Sumner, “Democracy and Plutocracy” (Undated)

Abstract Sumner distinguishes between capital which is acquired and used “industrially” and capital which is used “politically.” By politically, Sumner means the purchase of political privileges by plutocrats (owners of capital) though such things as lobbying politicians; funding party organizations, primaries, and conventions to get one’s own way; and bribing legislatures to grant artificial monopolies and other privileges. He concludes that the system of plutocracy is “the most sordid and debasing form of political energy known to us.”

[...] A plutocracy is a political form in which the real controlling force is wealth. This is the thing which seems to me to be really new and really threatening; there have been states in which there have been large plutocratic elements, but none in which wealth seemed to have such absorbing and controlling power as it threatens us. The most recent history of the civilized states of Western Europe has shown constant and rapid advance of plutocracy. The popular doctrines of the last hundred years have spread the notion that everybody ought to enjoy comfort and luxury—that luxury is a sort of right. Therefore if anybody has luxury while others have it not, this is held to prove that men have not equally shared in the fruits of civilization, and that the state in which such a condition of things exists has failed to perform its function; the next thing to do is to get hold of the state and make it perform its function of guaranteeing comfort and physical well-being to all. In the mean time, with the increasing thirst for luxury and the

habit of thinking of it as within the scope of every man's rights, the temptations of dishonest gain increase, and especially are all those forms of gain which come, not from defalcation and theft, but from the ingenious use of political opportunities, put under a special code by themselves. A man who is "on the make," to use a slang phrase produced from the very phenomena to which I refer, does not think of himself as dishonest, but only as a man of the world. He is only utilizing the chances which he can get or make to win gain from the conjuncture of political and social circumstances, without intentional crime such as the statute has forbidden. This runs all the way from the man who sells his vote to the statesman who abuses official power, and it produces a class of men who have their price.

The principle of plutocracy is that money buys whatever the owner of money wants, and the class just described are made to be its instruments. At the same time the entire industrial development of the modern world has been such as to connect industry with political power in the matter of joint-stock companies, corporations, franchises, concessions, public contracts, and so on, in new ways and in great magnitude. It is also to be noted that the impersonal and automatic methods of modern industry, and the fact that the actual superintendent is often a representative and quasi-trustee for others, has created the corporate conscience. An ambitious Roman used to buy and bribe his way through all the inferior magistracies up to the consulship, counting upon getting a province at last out of which he could extort enough to recoup himself, pay all his debts, and have a fortune besides. Modern plutocrats buy their way through elections and legislatures, in the confidence of being able to get powers which will recoup them for all the outlay and yield an ample surplus besides.

What I have said here about the venality of the humbler sets of people, and about the greed and arrogance of plutocrats, must not be taken to apply any further than it does apply, and the facts are to be taken only as one's knowledge will warrant. I am discussing forces and tendencies, and the magnitude attained as yet by those forces and tendencies ought not to be exaggerated. I regard plutocracy, however, as the most sordid and debasing form of political energy known to us. In its motive, its processes, its code, and its sanctions it is infinitely corrupting to all the institutions which ought to preserve and protect society. The time to recognize it for what it is, in its spirit and tendency, is when it is in its germ, not when it is full green.

Here, then, in order to analyze plutocracy further, we must make some important distinctions. Plutocracy ought to be carefully distinguished from "the power of capital." The effect of the uncritical denunciations of capital,

and monopoly, and trust, of which we hear so much, is, as I shall try to show further on, to help forward plutocracy. [...]

A plutocrat is a man who, having the possession of capital, and having the power of it at his disposal, uses it, not industrially, but politically; instead of employing laborers, he enlists lobbyists. Instead of applying capital to land, he operates upon the market by legislation, by artificial monopoly, by legislative privileges; he creates jobs, and erects combinations, which are half political and half industrial; he practises upon the industrial vices, makes an engine of venality, expends his ingenuity, not on processes of production, but on "knowledge of men," and on the tactics of the lobby. The modern industrial system gives him a magnificent field, one far more profitable, very often, than that of legitimate industry.

I submit, then, that it is of the utmost importance that we should recognize the truth about capital and capitalists, so as to reject the flood of nonsense and abuse which is afloat about both; that we should distinguish between the false and the true, the good and the bad, and should especially form a clear idea of the social political enemy as distinguished from everybody else. The recent history of every civilized state in the world shows the advance of plutocracy, and its injurious effects upon political institutions. The abuse and the vice, as usual, lie close beside the necessary and legitimate institution. Combinations of capital are indispensable, because we have purposes to accomplish which can be attained in no other way; monopolies exist in nature, and, however much modified by art, never cease to have their effect. Speculation is a legitimate function in the organization, and not an abuse or a public wrong. Trusts, although the name is a mistake, are evidently increasing in number all over the world, and are in great measure a result of the modern means of communication, which have made it possible for persons having a common interest, although scattered over the earth, if their number is not too great, to form combinations for the exploitation of a natural monopoly. What is gained by uncritical denunciation of these phenomena, or by indiscriminate confusion of definitions? The only effect of such procedure will be to nourish the abuses and destroy the utilities.

The first impulse is, when a social or industrial phenomenon presents itself, which is not considered good or pleasant, to say that we must pass a law against it. If plutocracy is an abuse of legislation and of political institutions, how can legislation do away with it? The trouble is that the political institutions are not strong enough to resist plutocracy; how then can they

conquer plutocracy? Democracy especially dreads plutocracy, and with good reason.

There is no form of political power which is so ill-fitted to cope with plutocracy as democracy. Democracy has a whole set of institutions which are extra-legal, but are the most powerful elements in it; they are the party organization, the primary, the convention, etc. All this apparatus is well adapted to the purposes of plutocracy: it has to do with the formative stage of political activity; it is very largely operated in secret; it has a large but undefined field of legitimate, or quasi-legitimate, expenditure, for which there is no audit. As the operations of this apparatus are extra-legal they are irresponsible, yet they reach out to, and control, the public and civil functions. Even on the field of constitutional institutions, plutocracy always comes into the contest with a small body, a strong organization, a powerful motive, a definite purpose, and a strict discipline, while on the other side is a large and unorganized body, without discipline, with its ideas undefined, its interests illy understood, with an indefinite good intention. [...]

I therefore maintain that this is a lamentable contest, in which all that we hold dear, speaking of public interests, is at stake, and that the wise policy in regard to it is to minimize to the utmost the relations of the state to industry. As long as there are such relations, every industrial interest is forced more or less to employ plutocratic methods. The corruption is greater, perhaps, on those who exercise them than on the objects of them. Laissez-faire, instead of being what it appears to be in most of the current discussions, cuts to the very bottom of the morals, the politics, and the political economy of the most important public questions of our time. [...]

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Benjamin R. Tucker, “The Four Monopolies: Money, Land, Tariffs, and Patents” (1888)

Abstract The American individualist anarchist Tucker argues that Marxist or State Socialism made a serious error in pursuing the principle of “Authority,” that is “the doctrine that all the affairs of men should be managed by the government, regardless of individual choice.” His preferred philosophy was that “all the affairs of men should be managed by individuals or voluntary associations, and that the State should be abolished.” In order to do this, Tucker argued that the “four monopolies” which protected the interests of certain classes of people should be got rid of: the monopolies of money, land, tariffs, and patents.

[...] For it is a curious fact that the two extremes of the vast army now under consideration [the extreme wings of the Socialistic forces], though united, as has been hinted above, by the common claim that labor shall be put in possession of its own, are more diametrically opposed to each other in their fundamental principles of social action and their methods of reaching the ends aimed at than either is to their common enemy, the existing society. They are based on two principles the history of whose conflict is almost equivalent to the history of the world since man came into it; and all intermediate parties, including that of the upholders of the existing society, are based upon a compromise between them. It is clear, then, that any intelligent, deep-rooted opposition to the prevailing order of things must come from one or the other of these extremes, for anything from any other source, far from being revolutionary in character, could be only in the

nature of such superficial modification as would be utterly unable to concentrate upon itself the degree of attention and interest now bestowed upon Modern Socialism.

The two principles referred to are *Authority* and *Liberty*, and the names of the two schools of Socialistic thought which fully and unreservedly represent one or the other of them are, respectively, State Socialism and Anarchism. Whoso knows what these two schools want and how they propose to get it understands the Socialistic movement. For, just as it has been said that there is no half-way house between Rome and Reason, so it may be said that there is no half-way house between State Socialism and Anarchism. There are, in fact, two currents steadily flowing from the center of the Socialistic forces which are concentrating them on the left and on the right; and, if Socialism is to prevail, it is among the possibilities that, after this movement of separation has been completed and the existing order have been crushed out between the two camps, the ultimate and bitterer conflict will be still to come. In that case all the eight-hour men, all the trades-unionists, all the Knights of Labor, all the land nationalizationists, all the greenbackers, and, in short, all the members of the thousand and one different battalions belonging to the great army of Labor, will have deserted their old posts, and, these being arrayed on the one side and the other, the great battle will begin. What a final victory for the State Socialists will mean, and what a final victory for the Anarchists will mean, it is the purpose of this paper to briefly state. [. . .]

It was at this point—the necessity of striking down monopoly—that came the parting of their ways [Warren, Proudhon, or Marx]. Here the road forked. They found that they must turn either to the right or to the left,—follow either the path of Authority or the path of Liberty. Marx went one way; Warren and Proudhon the other. Thus were born State Socialism and Anarchism.

First, then, State Socialism, which may be described as *the doctrine that all the affairs of men should be managed by the government, regardless of individual choice*.

Marx, its founder, concluded that the only way to abolish the class monopolies was to centralize and consolidate all industrial and commercial interests, all productive and distributive agencies, in one vast monopoly in the hands of the State. The government must become banker, manufacturer, farmer, carrier, and merchant, and in these capacities must suffer no competition. Land, tools, and all instruments of production must be wrested from individual hands, and made the property of the collectivity.

To the individual can belong only the products to be consumed, not the means of producing them. A man may own his clothes and his food, but not the sewing-machine which makes his shirts or the spade which digs his potatoes. Product and capital are essentially different things; the former belongs to individuals, the latter to society. Society must seize the capital which belongs to it, by the ballot if it can, by revolution if it must. Once in possession of it, it must administer it on the majority principle, though its organ, the State, utilize it in production and distribution, fix all prices by the amount of labor involved, and employ the whole people in its workshops, farms, stores, etc. The nation must be transformed into a vast bureaucracy, and every individual into a State official. Everything must be done on the cost principle, the people having no motive to make a profit out of themselves. Individuals not being allowed to own capital, no one can employ another, or even himself. Every man will be a wage-receiver, and the State the only wage-payer. He who will not work for the State must starve, or, more likely, go to prison. All freedom of trade must disappear. Competition must be utterly wiped out. All industrial and commercial activity must be centered in one vast, enormous, all-inclusive monopoly. The remedy for *monopolies* is *monopoly*.

Such is the economic programme of State Socialism as adopted from Karl Marx. The history of its growth and progress cannot be told here. In this country the parties that uphold it are known as the Socialistic Labor Party, which pretends to follow Karl Marx; the Nationalists, who follow Karl Marx filtered through Edward Bellamy; and the Christian Socialists, who follow Karl Marx filtered through Jesus Christ.

What other applications this principle of Authority, once adopted in the economic sphere, will develop is very evident. It means the absolute control by the majority of all individual conduct. The right of such control is already admitted by the State Socialists, though they maintain that, as a matter of fact, the individual would be allowed a much larger liberty than he now enjoys. But he would only be allowed it; he could not claim it as his own. There would be no foundation of society upon a guaranteed equality of the largest possible liberty. Such liberty as might exist would exist by sufferance and could be taken away at any moment. Constitutional guarantees would be of no avail. There would be but one article in the constitution of a State Socialistic country: "The right of the majority is absolute."

The claim of the State Socialists, however, that this right would not be exercised in matters pertaining to the individual in the more intimate and private relations of his life is not borne out by the history of governments. It

has ever been the tendency of power to add to itself, to enlarge its sphere, to encroach beyond the limits set for it; and where the habit of resisting such encroachment is not fostered, and the individual is not taught to be jealous of his rights, individuality gradually disappears and the government or State becomes the all-in-all. Control naturally accompanies responsibility. Under the system of State Socialism, therefore, which holds the community responsible for the health, wealth, and wisdom of the individual, it is evident that the community, through its majority expression, will insist more and more in prescribing the conditions of health, wealth, and wisdom, thus impairing and finally destroying individual independence and with it all sense of individual responsibility.

Whatever, then, the State Socialists may claim or disclaim, their system, if adopted, is doomed to end in a State religion, to the expense of which all must contribute and at the altar of which all must kneel; a State school of medicine, by whose practitioners the sick must invariably be treated; a State system of hygiene, prescribing what all must and must not eat, drink, wear, and do; a State code of morals, which will not content itself with punishing crime, but will prohibit what the majority decide to be vice; a State system of instruction, which will do away with all private schools, academies, and colleges; a State nursery, in which all children must be brought up in common at the public expense; and, finally, a State family, with an attempt at stirpiculture, or scientific breeding, in which no man and woman will be allowed to have children if the State prohibits them and no man and woman can refuse to have children if the State orders them. Thus will Authority achieve its acme and Monopoly be carried to its highest power.

Such is the ideal of the logical State Socialist, such the goal which lies at the end of the road that Karl Marx took. Let us now follow the fortunes of Warren and Proudhon, who took the other road,—the road of Liberty.

This brings us to Anarchism, which may be described as *the doctrine that all the affairs of men should be managed by individuals or voluntary associations, and that the State should be abolished.*

When Warren and Proudhon, in prosecuting their search for justice to labor, came face to face with the obstacle of class monopolies, they saw that these monopolies rested upon Authority, and concluded that the thing to be done was, not to strengthen this Authority and thus make monopoly universal, but to utterly uproot Authority and give full sway to the opposite principle, Liberty, by making competition, the antithesis of monopoly, universal. They saw in competition the great leveler of prices to the labor cost of production. In this they agreed with the political economists. The

query then naturally presented itself why all prices do not fall to labor cost; where there is any room for incomes acquired otherwise than by labor; in a word, why the usurer, the receiver of interest, rent, and profit, exists. The answer was found in the present one-sidedness of competition. It was discovered that capital had so manipulated legislation that unlimited competition is allowed in supplying productive labor, thus keeping wages down to the starvation point, or as near it as practicable; that a great deal of competition is allowed in supplying distributive labor, or the labor of the mercantile classes, thus keeping, not the prices of goods, but the merchants' actual profits on them down to a point somewhat approximating equitable wages for the merchants' work; but that almost no competition at all is allowed in supplying capital, upon the aid of which both productive and distributive labor are dependent for their power of achievement, thus keeping the rate of interest on money and of house-rent and ground-rent at as high a point as the necessities of the people will bear. [. . .]

Of the latter they distinguished four of principal importance: the money monopoly, the land monopoly, the tariff monopoly, and the patent monopoly.

First in the importance of its evil influence they considered the money monopoly, which consists of the privilege given by the government to certain individuals, or to individuals holding certain kinds of property, of issuing the circulating medium, a privilege which is now enforced in this country by a national tax of ten per cent., upon all other persons who attempt to furnish a circulating medium, and by State laws making it a criminal offense to issue notes as currency. It is claimed that the holders of this privilege control the rate of interest, the rate of rent of houses and buildings, and the prices of goods,—the first directly, and the second and third indirectly. For, say Proudhon and Warren, if the business of banking were made free to all, more and more persons would enter into it until the competition should become sharp enough to reduce the price of lending money to the labor cost, which statistics show to be less than three-fourths of once per cent. In that case the thousands of people who are now deterred from going into business by the ruinously high rates which they must pay for capital with which to start and carry on business will find their difficulties removed. If they have property which they do not desire to convert into money by sale, a bank will take it as collateral for a loan of a certain proportion of its market value at less than one per cent. discount. If they have no property, but are industrious, honest, and capable, they will generally be able to get their individual notes endorsed by a sufficient number of

known and solvent parties; and on such business paper they will be able to get a loan at a bank on similarly favorable terms. Thus interest will fall at a blow. The banks will really not be lending capital at all, but will be doing business on the capital of their customers, the business consisting in an exchange of the known and widely available credits of the banks for the unknown and unavailable, but equally good, credits of the customers and a charge therefor of less than one per cent., not as interest for the use of capital, but as pay for the labor of running the banks. This facility of acquiring capital will give an unheard of impetus to business, and consequently create an unprecedented demand for labor,—a demand which will always be in excess of the supply, directly to the contrary of the present condition of the labor market. Then will be seen an exemplification of the words of Richard Cobden that, when two laborers are after one employer, wages fall, but when two employers are after one laborer, wages rise. Labor will then be in a position to dictate its wages, and will thus secure its natural wage, its entire product. Thus the same blow that strikes interest down will send wages up. But this is not all. Down will go profits also. For merchants, instead of buying at high prices on credit, will borrow money of the banks at less than one per cent., buy at low prices for cash, and correspondingly reduce the prices of their goods to their customers. And with the rest will go house-rent. For no one who can borrow capital at one per cent. with which to build a house of his own will consent to pay rent to a landlord at a higher rate than that. Such is the vast claim made by Proudhon and Warren as to the results of the simple abolition of the money monopoly.

Second in importance comes the land monopoly, the evil effects of which are seen principally in exclusively agricultural countries, like Ireland. This monopoly consists in the enforcement by government of land titles which do not rest upon personal occupancy and cultivation. It was obvious to Warren and Proudhon that, as soon as individuals should no longer be protected by their fellows in anything but personal occupancy and cultivation of land, ground-rent would disappear, and so usury have one less leg to stand on. Their followers of today are disposed to modify this claim to the extent of admitting that the very small fraction of ground-rent which rests, not on monopoly, but on superiority of soil or site, will continue to exist for a time and perhaps forever, though tending constantly to a minimum under conditions of freedom. But the inequality of soils which gives rise to the economic rent of land, like the inequality of human skill which gives rise to the economic rent of ability, is not a cause for serious alarm even to the most thorough opponent of usury, as its nature is not that of a germ from which

other and graver inequalities may spring, but rather that of a decaying branch which may finally wither and fall.

Third, the tariff monopoly, which consists in fostering production at high prices and under unfavorable conditions by visiting with the penalty of taxation those who patronize production at low prices and under favorable conditions. The evil to which this monopoly gives rise might more properly be called *misusury* than usury, because it compels labor to pay, not exactly for the use of capital, but rather for the misuse of capital. The abolition of this monopoly would result in a great reduction in the prices of all articles taxed, and this saving to the laborers who consume these articles would be another step toward securing to the laborer his natural wage, his entire product. Proudhon admitted, however, that to abolish this monopoly before abolishing the money monopoly would be a cruel and disastrous policy, first, because the evil of scarcity of money, created by the money monopoly, would be intensified by the flow of money out of the country which would be involved in an excess of imports over exports, and, second, because that fraction of the laborers of the country which is now employed in the protected industries would be turned adrift to face starvation without the benefit of the insatiable demand for labor which a competitive money system would create. Free trade in money at home, making money and work abundant, was insisted upon by Proudhon as a prior condition of free trade in goods with foreign countries.

Fourth, the patent monopoly, which consists in protecting inventors and authors against competition for a period long enough to enable them to extort from the people a reward enormously in excess of the labor measure of their services,—in other words, in giving certain people a right of property for a term of years in laws and facts of Nature, and the power to exact tribute from others for the use of this natural wealth, which should be open to all. The abolition of this monopoly would fill its beneficiaries with a wholesome fear of competition which would cause them to be satisfied with pay for their services equal to that which other laborers get for theirs, and to secure it by placing their products and works on the market at the outset at prices so low that their lines of business would be no more tempting to competitors than any other lines.

The development of the economic programme which consists in the destruction of these monopolies and the substitution for them of the freest competition led its authors to a perception of the fact that all their thought rested upon a very fundamental principle, the freedom of the individual, his right of sovereignty over himself, his products, and his affairs, and of

rebellion against the dictation of external authority. Just as the idea of taking capital away from individuals and giving it to the government started Marx in a path which ends in making the government everything and the individual nothing, so the idea of taking capital away from government-protected monopolies and putting it within easy reach of all individuals started Warren and Proudhon in a path which ends in making the individual everything and the government nothing. If the individual has a right to govern himself, all external government is tyranny. Hence the necessity of abolishing the State. This was the logical conclusion to which Warren and Proudhon were forced, and it became the fundamental article of their political philosophy. It is the doctrine which Proudhon named An-archism, a word derived from the Greek, and meaning, not necessarily absence of order, as is generally supposed, but an absence of rule. The Anarchists are simply unterrified Jeffersonian Democrats. They believe that "the best government is that which governs least," and that that which governs least is no government at all. Even the simple police function of protecting person and property they deny to governments supported by compulsory taxation. Protection they look upon as a thing to be secured, as long as it is necessary, by voluntary association and cooperation for self-defence, or as a commodity to be purchased, like any other commodity, of those who offer the best article at the lowest price. In their view it is in itself an invasion of the individual to compel him to pay for or suffer a protection against invasion that he has not asked for and does not desire. And they further claim that protection will become a drug in the market, after poverty and consequently crime have disappeared through the realization of their economic programme. Compulsory taxation is to them the life-principle of all the monopolies, and passive, but organized, resistance to the tax-collector they contemplate, when the proper time comes, as one of the most effective methods of accomplishing their purposes. [...]

Benjamin Ricketson Tucker (1854–1939) was an American individualist anarchist and editor and publisher of the magazine *Liberty* (1881–1908). The banner for his magazine was the motto "Liberty—not the Daughter but the Mother of Order." In its pages Tucker translated and publicized a number of important European radical thinkers such as Max Stirner, Mikhail Bakunin, George Bernard Shaw, and Friedrich Nietzsche. His own political philosophy was that the socialist movement had taken the wrong "fork" in the road when Marx chose the principle of Authority over that of

Liberty. The tradition of liberty was that pursued by Proudhon in Europe and Josiah Warren and him in the United States, namely that “the doctrine that all the affairs of men should be managed by individuals or voluntary associations, and that the State should be abolished.” *Source*: Benjamin R. Tucker, *Instead of a Book: By a Man Too Busy to Write One* (New York: Tucker 1897 [1888]) 4–5, 7–9, 11–14.

Franz Oppenheimer, “The Economic Versus the Political Means of Acquiring Wealth” (1908)

Abstract Oppenheimer reintroduced to twentieth-century readers to the traditional liberal idea of the existence of only two means by which wealth could be acquired, either by the “political means” (i.e. by force) or by the “economic means” (i.e. by production and voluntary trade). He chastised Marx for not having understood this and for misleading so many people in the late nineteenth century. In contrast, Oppenheimer thought this distinction was the key to understanding “universal history” which in his view was the history of the State. He then went on to develop a history of the modern state through stages which would have a profound effect on twentieth-century classical liberal thinkers like Nock and Rothbard.

(A) POLITICAL AND ECONOMIC MEANS

There are two fundamentally opposed means whereby man, requiring sustenance, is impelled to obtain the necessary means for satisfying his desires. These are work and robbery, one’s own labor and the forcible appropriation of the labor of others. Robbery! Forcible appropriation! These words convey to us ideas of crime and the penitentiary, since we are the contemporaries of a developed civilization, specifically based on the inviolability of property. And this tang is not lost when we are convinced that land and sea robbery is the primitive relation of life, just as the warriors’ trade—which also for a long time is only organized mass robbery—constitutes the most respected of occupations. Both because of this, and also on account of the need of having,

in the further development of this study, terse, clear, sharply opposing terms for these very important contrasts, I propose in the following discussion to call one's own labor and the equivalent exchange of one's own labor for the labor of others, the "economic means" for the satisfaction of needs, while the unrequited appropriation of the labor of others will be called the "political means."

The idea is not altogether new; philosophers of history have at all times found this contradiction and have tried to formulate it. But no one of these formulae has carried the premise to its complete logical end. At no place is it clearly shown that the contradiction consists only in the means by which the identical purpose, the acquisition of economic objects of consumption, is to be obtained. Yet this is the critical point of the reasoning. In the case of a thinker of the rank of Karl Marx, one may observe what confusion is brought about when economic purpose and economic means are not strictly differentiated. All those errors, which in the end led Marx's splendid theory so far away from truth, were grounded in the lack of clear differentiation between the means of economic satisfaction of needs and its end. This led him to designate slavery as an "economic category," and force as an "economic force"—half truths which are far more dangerous than total untruths, since their discovery is more difficult, and false conclusions from them are inevitable.

On the other hand, our own sharp differentiation between the two means toward the same end, will help us to avoid any such confusion. This will be our key to an understanding of the development, the essence, and the purpose of the State; and since all universal history heretofore has been only the history of states, to an understanding of universal history as well. All world history, from primitive times up to our own civilization, presents a single phase, a contest namely between the economic and the political means; and it can present only this phase until we have achieved free citizenship. . . .

(D) THE GENESIS OF THE STATE

. . . In the genesis of the state, from the subjection of a peasant folk by a tribe of herdsmen or by sea nomads, six stages may be distinguished. In the following discussion it should not be assumed that the actual historical development must, in each particular case, climb the entire scale step by step. Although, even here, the argument does not depend upon bare theoretical construction, since every particular stage is found in numerous

examples, both in the world's history and in ethnology, and there are states which have apparently progressed through them all. But there are many more which have skipped one or more of these stages.

The first stage comprises robbery and killing in border fights, endless combats broken neither by peace nor by armistice. It is marked by killing of men, carrying away of children and women, looting of herds, and burning of dwellings. Even if the offenders are defeated at first, they return in stronger and stronger bodies, impelled by the duty of blood feud. Sometimes the peasant group may assemble, may organize its militia, and perhaps temporarily defeat the nimble enemy; but mobilization is too slow and supplies to be brought into the desert too costly for the peasants. The peasants' militia does not, as does the enemy, carry its stock of food—its herds—with it into the field. [...]

This is the first stage in the formation of states. The state may remain stationary at this point for centuries, for a thousand years. [...]

Gradually, from this first stage, there develops the second, in which the peasant, through thousands of unsuccessful attempts at revolt, has accepted his fate and has ceased every resistance. About this time, it begins to dawn on the consciousness of the wild herdsman that a murdered peasant can no longer plow, and that a fruit tree hacked down will no longer bear. In his own interest, then, wherever it is possible, he lets the peasant live and the tree stand. The expedition of the herdsmen comes just as before, every member bristling with arms, but no longer intending nor expecting war and violent appropriation. The raiders burn and kill only so far as is necessary to enforce a wholesome respect, or to break an isolated resistance. But in general, principally in accordance with a developing customary right—the first germ of the development of all public law—the herdsman now appropriates only the surplus of the peasant. That is to say, he leaves the peasant his house, his gear and his provisions up to the next crop. The herdsman in the first stage is like the bear, who for the purpose of robbing the beehive, destroys it. In the second stage he is like the bee-keeper, who leaves the bees enough honey to carry them through the winter. [...]

The third stage arrives when the "surplus" obtained by the peasantry is brought by them regularly to the tents of the herdsmen as "tribute," a regulation which affords to both parties self-evident and considerable advantages. By this means, the peasantry is relieved entirely from the little irregularities connected with the former method of taxation, such as a few men knocked on the head, women violated, or farmhouses burned down. The herdsmen on the other hand, need no longer apply to this "business"

any "expense" and labor, to use a mercantile expression; and they devote the time and energy thus set free toward an "extension of the works," in other words, to subjugating other peasants. [...]

The fourth stage, once more, is of very great importance, since it adds the decisive factor in the development of the state, as we are accustomed to see it, namely, the union on one strip of land of both ethnic groups. (It is well known that no jural definition of a state can be arrived at without the concept of state territory.) From now on, the relation of the two groups, which was originally international, gradually becomes more and more international. [...]

In case the country is not adapted to herding cattle on a large scale—as was universally the case in Western Europe—or where a less unwarlike population might make attempts at insurrection, the crowd of lords becomes more or less permanently settled, taking either steep places or strategically important points for their camps, castles, or towns. From these centers, they control their "subjects," mainly for the purpose of gathering their tribute, paying no attention to them in other respects. They let them administer their affairs, carry on their religious worship, settle their disputes, and adjust their methods of internal economy. Their autochthonous constitution, their local officials, are, in fact, not interfered with. [...]

The logic of events presses quickly from the fourth to the fifth stage, and fashions almost completely the full state. Quarrels arise between neighboring villages or clans, which the lords no longer permit to be fought out, since by this the capacity of the peasants for service would be impaired. The lords assume the right to arbitrate, and in case of need, to enforce their judgment. In the end, it happens that at each "court" of the village king or chief of the clan there is an official deputy who exercises the power, while the chiefs are permitted to retain the appearance of authority. The state of the Incas shows, in a primitive condition, a typical example of this arrangement. [...]

The necessity of keeping the subjects in order and at the same time of maintaining them at their full capacity for labor, leads step by step from the fifth to the sixth stage, in which the state, by acquiring full intra-nationality and by the evolution of "Nationality," is developed in every sense. The need becomes more and more frequent to interfere, to allay difficulties, to punish, or to coerce obedience; and thus develop the habit of rule and the usages of government. The two groups, separated, to begin with, and then united on one territory, are at first merely laid alongside one another, then are

scattered through one another like a mechanical mixture, as the term is used in chemistry, until gradually they become more and more of a “chemical combination.” They intermingle, unite, amalgamate to unity, in customs and habits, in speech and worship. Soon the bonds of relationship unite the upper and the lower strata. In nearly all cases the master class picks the handsomest virgins from the subject races for its concubines. A race of bastards thus develops, sometimes taken into the ruling class, sometimes rejected, and then because of the blood of the masters in their veins, becoming the born leaders of the subject race. In form and in content the primitive state is completed.

Franz Oppenheimer (1864–1943) was a German sociologist whose historical analysis of the development of the state was based on the distinction between the “political means” (such as coercion and taxation) and the “economic means” (through peaceful and voluntary exchange) of acquiring wealth. *Source:* Franz Oppenheimer, *The State: Its History and Development Viewed Sociologically*, trans. John M. Gitterman (New York: Huebsch 1922) 24–27, 55–57, 64–65, 70–72, 75, 77–78, 80–81. Notes have been removed for reasons of space.

Albert J. Nock, *Our Enemy, the State* (1935)

Abstract Nock is important for having transmitted Oppenheimer's views of the state and the ruling class to American readers and applying them to a study of American history. He also distinguished between "government," which is organized from below and locally to solve social problems, and the "state," which is coercive and applied top down. He pithily defines the state as "the organization of the political means." Regarding the American historical experience, he notes that voters have been tricked by the American republican experiment into thinking that "they, the people" control the government which Nock thinks is a fiction. When he wrote this in 1935, he was becoming pessimistic that "the depletion of social power by the State" could ever be reversed.

II

... The positive testimony of history is that the State invariably had its origin in conquest and confiscation. No primitive State known to history originated in any other manner. On the negative side, it has been proved beyond peradventure that no primitive State could possibly have had any other origin. Moreover, the sole invariable characteristic of the State is the economic exploitation of one class by another. In this sense, every State known to history is a class-State. Oppenheimer defines the State, in respect of its

origin, as an institution “forced on a defeated group by a conquering group, with a view only to systematizing the domination of the conquered by the conquerors, and safeguarding itself against insurrection from within and attack from without. This domination had no other final purpose than the economic exploitation of the conquered group by the victorious group.”

An American statesman, John Jay, accomplished the respectable feat of compressing the whole doctrine of conquest into a single sentence. “Nations in general,” he said, “will go to war whenever there is a prospect of getting something by it.” Any considerable economic accumulation, or any considerable body of natural resources, is an incentive to conquest. The primitive technique was that of raiding the coveted possessions, appropriating them entire, and either exterminating the possessors, or dispersing them beyond convenient reach. Very early, however, it was seen to be in general more profitable to reduce the possessors to dependence, and use them as labour-motors; and the primitive technique was accordingly modified. Under special circumstances, where this exploitation was either impracticable or unprofitable, the primitive technique is even now occasionally revived, as by the Spaniards in South America, or by ourselves against the Indians. But these circumstances are exceptional; the modified technique has been in use almost from the beginning, and everywhere its first appearance marks the origin of the State. Citing Ranke’s observations on the technique of the raiding herdsmen, the Hyksos, who established their State in Egypt about B.C. 2000, Gumplowicz remarks that Ranke’s words very well sum up the political history of mankind.

Indeed, the modified technique never varies.

Everywhere we see a militant group of fierce men forcing the frontier of some more peaceable people, settling down upon them and establishing the State, with themselves as an aristocracy. In Mesopotamia, irruption succeeds irruption, State succeeds State, Babylonians, Amoritans, Assyrians, Arabs, Medes, Persians, Macedonians, Parthians, Mongols, Seldshuks, Tatars, Turks; in the Nile valley, Hyksos, Nubians, Persians, Greeks, Romans, Arabs, Turks; in Greece, the Doric States are specific examples; in Italy, Romans, Ostrogoths, Lombards, Franks, Germans; in Spain, Carthaginians, Visigoths, Arabs; in Gaul, Romans, Franks, Burgundians, Normans; in Britain, Saxons, Normans.

Everywhere we find the political organization proceeding from the same origin, and presenting the same mark of intention, namely: the economic exploitation of a defeated group by a conquering group.

Everywhere, that is, with but the one significant exception. Wherever economic exploitation has been for any reason either impracticable or unprofitable, the State has never come into existence; government has existed, but the State, never. The American hunting tribes, for example, whose organization so puzzled our observers, never formed a State, for there is no way to reduce a hunter to economic dependence and make him hunt for you. Conquest and confiscation were no doubt practicable, but no economic gain would be got by it, for confiscation would give the aggressors but little beyond what they already had; the most that could come of it would be the satisfaction of some sort of feud. For like reasons primitive peasants never formed a State. The economic accumulations of their neighbours were too slight and too perishable to be interesting; and especially with the abundance of free land about, the enslavement of their neighbours would be impracticable, if only for the police-problems involved.

It may now be easily seen how great the difference is between the institution of government, as understood by Paine and the Declaration of Independence, and the institution of the State. Government may quite conceivably have originated as Paine thought it did, or Aristotle, or Hobbes, or Rousseau; whereas the State not only never did originate in any of those ways, but never could have done so. The nature and intention of government, as adduced by Parkman, Schoolcraft and Spencer, are social. Based on the idea of natural rights, government secures those rights to the individual by strictly negative intervention, making justice costless and easy of access; and beyond that it does not go. The State, on the other hand, both in its genesis and by its primary intention, is purely anti-social. It is not based on the idea of natural rights, but on the idea that the individual has no rights except those that the State may provisionally grant him. It has always made justice costly and difficult of access, and has invariably held itself above justice and common morality whenever it could advantage itself by so doing.¹ So far from encouraging a wholesome development of social power, it has invariably, as Madison said, turned every contingency into a resource for depleting social power and enhancing State power.² As Dr. Sigmund Freud has observed, it can not even be said that the State has ever shown any disposition to suppress crime, but only to safeguard its

¹ John Bright said he had known the British Parliament to do some good things, but never knew it to do a good thing merely because it was a good thing.

² James Madison, *Reflections*, 1.

own monopoly of crime. In Russia and Germany, for example, we have lately seen the State moving with great alacrity against infringement of its monopoly by private persons, while at the same time exercising that monopoly with unconscionable ruthlessness. Taking the State wherever found, striking into its history at any point, one sees no way to differentiate the activities of its founders, administrators and beneficiaries from those of a professional-criminal class.

III

Such are the antecedents of the institution which is everywhere now so busily converting social power by wholesale into State power. The recognition of them goes a long way towards resolving most, if not all, of the apparent anomalies which the conduct of the modern State exhibits. It is of great help, for example, in accounting for the open and notorious fact that the State always moves slowly and grudgingly towards any purpose that accrues to society's advantage, but moves rapidly and with alacrity towards one that accrues to its own advantage; nor does it ever move towards social purposes on its own initiative, but only under heavy pressure, while its motion towards anti-social purposes is self-sprung. . . .

It is unnecessary to say that the reasons which Herbert Spencer gives for the anti-social behaviour of the State are abundantly valid, but we may now see how powerfully they are reinforced by the findings of the historical method; a method which had not been applied when Spencer wrote. These findings being what they are, it is manifest that the conduct which Spencer complains of is strictly historical. When the town-dwelling merchants of the eighteenth century displaced the landholding nobility in control of the State's mechanism, they did not change the State's character; they merely adapted its mechanism to their own special interests, and strengthened it immeasurably. The merchant-State remained an anti-social institution, a pure class-State, like the State of the nobility; its intention and function remained unchanged, save for the adaptations necessary to suit the new order of interests that it was thenceforth to serve. Therefore in its flagrant disservice of social purposes, for which Spencer arraigns it, the State was acting strictly in character.

Spencer does not discuss what he calls "the perennial faith of mankind" in State action, but contents himself with elaborating the sententious observation of Guizot, that "a belief in the sovereign power of political machinery" is nothing less than "a gross delusion." This faith is chiefly an effect of

the immense prestige which the State has diligently built up for itself in the century or more since the doctrine of *jure divino* rulership gave way. We need not consider the various instruments that the State employs in building up its prestige; most of them are well known, and their uses well understood. There is one, however, which is in a sense peculiar to the republican State. Republicanism permits the individual to persuade himself that the State is his creation, that State action is his action, that when it expresses itself it expresses him, and when it is glorified he is glorified. The republican State encourages this persuasion with all its power, aware that it is the most efficient instrument for enhancing its own prestige. Lincoln's phrase, "of the people, by the people, for the people" was probably the most effective single stroke of propaganda ever made in behalf of republican State prestige.

Thus the individual's sense of his own importance inclines him strongly to resent the suggestion that the State is by nature anti-social. He looks on its failures and misfeasances with somewhat the eye of a parent, giving it the benefit of a special code of ethics. Moreover, he has always the expectation that the State will learn by its mistakes, and do better. Granting that its technique with social purposes is blundering, wasteful and vicious—even admitting, with the public official whom Spencer cites, that wherever the State is, there is villainy—he sees no reason why, with an increase of experience and responsibility, the State should not improve.

Something like this appears to be the basic assumption of collectivism. Let but the State confiscate *all* social power, and its interests will become identical with those of society. Granting that the State is of anti-social origin, and that it has borne a uniformly anti-social character throughout its history, let it but extinguish social power completely, and its character will change; it will merge with society, and thereby become society's efficient and disinterested organ. The historic State, in short, will disappear, and government only will remain. It is an attractive idea; the hope of its being somehow translated into practice is what, only so few years ago, made "the Russian experiment" so irresistibly fascinating to generous spirits who felt themselves hopelessly State-ridden. A closer examination of the State's activities, however, will show that this idea, attractive though it be, goes to pieces against the iron law of fundamental economics, that *man tends always to satisfy his needs and desires with the least possible exertion*. Let us see how this is so.

IV

There are two methods, or means, and only two, whereby man's needs and desires can be satisfied. One is the production and exchange of wealth; this is the *economic means*.³ The other is the uncompensated appropriation of wealth produced by others; this is the *political means*. The primitive exercise of the political means was, as we have seen, by conquest, confiscation, expropriation, and the introduction of a slave-economy. The conqueror parceled out the conquered territory among beneficiaries, who thenceforth satisfied their needs and desires by exploiting the labour of the enslaved inhabitants. The feudal State, and the merchant-State, wherever found, merely took over and developed successively the heritage of character, intention and apparatus of exploitation which the primitive State transmitted to them; they are in essence merely higher integrations of the primitive State.

The State, then, whether primitive, feudal or merchant, is the *organization of the political means*. Now, since man tends always to satisfy his needs and desires with the least possible exertion, he will employ the political means whenever he can—exclusively, if possible; otherwise, in association with the economic means. He will, at the present time, that is, have recourse to the State's modern apparatus of exploitation; the apparatus of tariffs, concessions, rent-monopoly, and the like. It is a matter of the commonest observation that this is his first instinct. So long, therefore, as the organization of the political means is available—so long as the highly-centralized bureaucratic State stands as primarily a distributor of economic advantage, an arbiter of exploitation, so long will that instinct effectively declare itself. A proletarian State would merely, like the merchant-State, shift the incidence of exploitation, and there is no historic ground for the presumption that a collectivist State would be in any essential respect unlike its predecessors; as we are beginning to see, "the Russian experiment" has amounted to the erection of a highly-centralized bureaucratic State upon the ruins of another, leaving the entire apparatus of exploitation intact and ready for use. Hence, in view of the law of fundamental economics just cited, the expectation that collectivism will appreciably alter the essential character of the State appears illusory.

³Franz Oppenheimer, *Der Staat*, ch. I. Services are also, of course, a subject of economic exchange.

Thus the findings arrived at by the historical method amply support the immense body of practical considerations brought forward by Spencer against the State's inroads upon social power. When Spencer concludes that "in State-organizations, corruption is unavoidable," the historical method abundantly shows cause why, in the nature of things, this should be expected—*vilescit origine tali*. When Freud comments on the shocking disparity between State-ethics and private ethics—and his observations on this point are most profound and searching—the historical method at once supplies the best of reasons why that disparity should be looked for.⁴ When Ortega y Gasset says that "Statism is the higher form taken by violence and direct action, when these are set up as standards," the historical method enables us to perceive at once that his definition is precisely that which one would make a priori.

The historical method, moreover, establishes the important fact that, as in the case of tabetic or parasitic diseases, the depletion of social power by the State can not be checked after a certain point of progress is passed. History does not show an instance where, once beyond this point, this depletion has not ended in complete and permanent collapse. In some cases, disintegration is slow and painful. Death set its mark on Rome at the end of the second century, but she dragged out a pitiable existence for some time after the Antonines. Athens, on the other hand, collapsed quickly. Some authorities think that Europe is dangerously near that point, if not already past it; but contemporary conjecture is probably without much value. That point may have been reached in America, and it may not; again, certainty is unattainable—plausible arguments may be made either way. Of two things, however, we may be certain: the first is, that the rate of America's approach to that point is being prodigiously accelerated; and the second is, that there is no evidence of any disposition to retard it, or any intelligent apprehension of the danger which that acceleration betokens.

⁴ In April, 1933, the American State issued half a billion dollars' worth of bonds of small denominations, to attract investment by poor persons. It promised to pay these, principal and interest, in gold of the then-existing value. Within three months the State repudiated that promise. Such an action by an individual would, as Freud says, dishonour him forever, and mark him as no better than a knave. Done by an association of individuals, it would put them in the category of a professional-criminal class.

Albert Jay Nock (1870–1945) was a journalist, a magazine editor, and a social critic who has been very influential in the modern libertarian movement. He was a critic of Roosevelt and the New Deal, an opponent of war, a Georgist, and a philosophical anarchist. *Source*: Albert Jay Nock, *Our Enemy, the State* (New York: Free Life 1973 [1935]) 20–28. Some notes have been removed for reasons of space.

Ludwig von Mises, “On Castes, Classes, and Group Interests” (1945)

Abstract The classical liberal economist Mises was reluctant to use the word “class” because he thought it was a thoroughly Marxist term. Instead he used alternative words to express the same idea, speaking, for instance, of the “clash of group interests” and the emergence of a “new caste system.” He fits into the classical liberal tradition of thinking about class because the key aspect in his mind was a group’s use of its access to state power as a means of acquiring privileges at the expense of others. In his words, vested interests “can be welded together into a group with solidarity of interests (a class) only when (political) privilege intervenes.” In the mid-twentieth century that “group with solidarity of interests” was made up of industrial producers who controlled state policy in most western countries.

I

To apply the term “group tensions” to denote contemporary antagonisms is certainly a euphemism. What we have to face are conflicts considered as irreconcilable and resulting in almost continual wars, civil wars, and revolutions. As far as there is peace, the reason is not, to be sure, love of peace based on philosophical principles, but the fact that the groups concerned have not yet finished their preparations for the fight and, for considerations of expediency, are waiting for a more propitious moment to strike the first blow.

In fighting one another, people are not in disagreement with the consensus of contemporary social doctrines. It is an almost generally accepted

dogma that there exist irreconcilable conflicts of group interests. Opinions differ by and large only with regard to the question, which groups have to be considered as genuine groups and, consequently, which conflicts are the genuine ones. The nationalists call the nations (which means in Europe the linguistic groups), the racists call the races, and the Marxians call the "social classes," the genuine groups, but there is unanimity with regard to the doctrine that a genuine group cannot prosper except to the detriment of other genuine groups. The natural state of intergroup relations, according to this view, is conflict.

This social philosophy has made itself safe against any criticism by proclaiming the principle of polylogism. Marx, Dietzgen, and the radicals among the representatives of the "sociology of knowledge" teach that the logical structure of mind is different with different social classes. If a man deviates from the teachings of Marxism, the reason is either that he is a member of a nonproletarian class and therefore constitutionally incapable of grasping the proletarian philosophy; or, if he is a proletarian, he is simply a traitor. Objections raised to Marxism are of no avail because their authors are "sycophants of the bourgeoisie." In a similar way the German racists declare that the logic of the various races is essentially different. The principles of "non-Aryan" logic and the scientific theories developed by its application are invalid for the "Aryans."

Now, if this is correct, the case for peaceful human cooperation is hopeless. If the members of the various groups are not even in a position to agree with regard to mathematical and physical theorems and biological problems, they will certainly never find a pattern for a smoothly functioning social organization.

It is true that most of our contemporaries, in their avowal of polylogism do not go so far as the consistent Marxians, racists, etc. But a vicious doctrine is not rendered less objectionable by timidity and moderation in its expression. It is a fact that contemporary social and political science makes ample use of polylogism, although its champions refrain from expounding clearly and openly the philosophical foundations of polylogism's teachings. Thus, for instance, the Ricardian theory of foreign trade is simply disposed of by pointing out that it was the "ideological superstructure" of the class interests of the nineteenth-century British bourgeoisie. Whoever opposes the fashionable doctrines of government interference with business or of labor-unionism is—in Marxian terminology—branded as a defender of the unfair class interests of the "exploiters."

The very way in which social scientists, historians, editors, and politicians apply the terms “capital” and “labor” or deal with the problems of economic nationalism is the proof that they have entirely adopted the doctrine of the irreconcilable conflict of group interests. If it is true that such irreconcilable conflicts exist, neither international war nor civil war can be avoided.

Our wars and civil wars are not contrary to the social doctrines generally accepted today. They are precisely the logical outcome of these doctrines.

II

The first question we must answer is: What integrates those groups whose conflicts we are discussing?

Under a caste system the answer is obvious. Society is divided into rigid castes. Caste membership assigns to each individual certain privileges (*privilegia favorabilia*) or certain disqualifications (*privilegia odiosa*). As a rule a man inherits his caste quality from his parents, remains in his caste for life, and bestows his status on his children. His personal fate is inseparably linked with that of his caste. He cannot expect an improvement of his conditions except through an improvement in the conditions of his caste or estate. Thus there prevails a solidarity of interests among all caste members and a conflict of interests among the various castes. Each privileged caste aims at the attainment of new privileges and at the preservation of the old ones. Each underprivileged caste aims at the abolition of its disqualifications. Within a caste society there is an irreconcilable antagonism between the interests of the various castes.

Capitalism has substituted equality under the law for the caste system of older days. In a free-market society, says the liberal economist, there are neither privileged nor underprivileged. There are no castes and therefore no caste conflicts. There prevails full harmony of the rightly understood (we say today, of the long-run) interests of all individuals and of all groups. The liberal economist does not contest the fact that a privilege granted to a definite group of people can further the short-term interests of this group at the expense of the rest of the nation. An import duty on wheat raises the price of wheat on the domestic market and thus increases the income of domestic farmers. (As this is not an essay on economic problems we do not need to point out the special-market situation required for this effect of the tariff.) But it is unlikely that the consumers, the great majority, will lastingly acquiesce in a state of affairs which harms them for the sole benefit of the

wheat growers. They will either abolish the tariff or try to secure similar protection for themselves. If all groups enjoy privileges, only those are really benefited who are privileged to a far greater degree than the rest. With equal privilege for each group, what a man profits in his capacity as producer and seller is, on the other hand, absorbed by the higher prices he must pay in his capacity as consumer and buyer. But beyond this, all are losers because the tariff diverts production from the places offering the most favorable conditions for production to places offering less favorable conditions and thus reduces the total amount of the national income. The short-run interests of a group may be served by a privilege at the expense of other people. The rightly understood, i.e., the long-run interests are certainly better served in the absence of any privilege.

The fact that people occupy the same position within the frame of a free-market society does not result in a solidarity of their short-run interests. On the contrary, precisely this sameness of their place in the system of the division of labor and social co-operation makes them competitors and rivals. The short-run conflict between competitors can be superseded by the solidarity of the rightly understood interests of all members of a capitalist society. But—in the absence of group privileges—it can never result in group solidarity and in an antagonism between the interests of the group and those of the rest of society. Under free trade the manufacturers of shoes are simply competitors. They can be welded together into a group with solidarity of interests only when privilege supervenes, e.g., a tariff on shoes (*privilegium favorabile*) or a law discriminating against them for the benefit of some other people (*privilegium odiosum*).

It was against this doctrine that Karl Marx expounded his doctrine of the irreconcilable conflict of class interests. There are no castes under capitalism and bourgeois democracy. But there are social classes, the exploiters and the exploited. The proletarians have one common interest, the abolition of the wages system and the establishment of the classless society of socialism. The bourgeois, on the other hand, are united in their endeavors to preserve capitalism.

Marx's doctrine of class war is entirely founded on his analysis of the operation of the capitalist system and his appraisal of the socialist mode of production. His economic analysis of capitalism has long since been exploded as utterly fallacious. The only reason which Marx advanced in order to demonstrate that socialism is a better system than capitalism was his pretension to have discovered the law of historical evolution; namely, that socialism is bound to come with "the inexorability of a law of nature." As he

was fully convinced that the course of history is a continuous progress from lower and less desirable modes of social production toward higher and more desirable modes and that therefore each later stage of social organization must necessarily be a better stage than the preceding stages were, he could not have any doubts about the blessings of socialism. Having quite arbitrarily taken for granted that the “wave of the future” is driving mankind toward socialism, he believed that he had done everything that was needed to prove the superiority of socialism. Marx not only refrained from any analysis of a socialist economy. He outlawed such studies as utterly “Utopian” and “unscientific.”

Every page of the history of the past hundred years belies the Marxian dogma that the proletarians are necessarily internationally minded and know that there is an unshakable solidarity of the interests of the wage-earners all over the world. Delegates of the “labor” parties of various countries have consorted with one another in the various International Working Men’s Associations. But while they indulged in the idle talk about international comradeship and brotherhood, the pressure groups of labor of various countries were busy in fighting one another. The workers of the comparatively underpopulated countries protect, by means of immigration barriers, their higher standard of wages against the tendency toward an equalization of wage rates, inherent in a system of free mobility of labor from country to country. They try to safeguard the short-run success of “pro-labor” policies by barring commodities produced abroad from access to the domestic market of their own countries. Thus they create those tensions which must result in war whenever those injured by such policies expect that they can brush away by violence the measures of foreign governments that are prejudicial to their own well-being.

Our age is full of serious conflicts of economic group interests. But these conflicts are not inherent in the operation of an unhampered capitalist economy. They are the necessary outcome of government policies interfering with the operation of the market. They are not conflicts of Marxian classes. They are brought about by the fact that mankind has gone back to group privileges and thereby to a new caste system.

In a capitalist society the proprietary class is formed of people who have well succeeded in serving the needs of the consumers and of the heirs of such people. However, past merit and success give them only a temporary and continually contested advantage over other people. They are not only continually competing with one another, they have daily to defend their eminent position against newcomers aiming at their elimination. The

operation of the market steadily removes incapable capitalists and entrepreneurs and replaces them by parvenus. It again and again makes poor men rich and rich men poor. The characteristic features of the proprietary class are that the composition of its membership is continually changing, that entrance into it is open to everybody, that continuance in membership requires an uninterrupted sequence of successful business operations, and that the membership is divided against itself by competition. The successful businessman is not interested in a policy of sheltering the unable capitalists and entrepreneurs against the vicissitudes of the market. Only the incompetent capitalists and entrepreneurs (mostly later generations) have a selfish interest in such "stabilizing" measures. However, within a world of pure capitalism, committed to the principles of a consumers' policy, they have no chance to secure such privileges.

But ours is an age of producers' policy. Present day "unorthodox" doctrines consider it as the foremost task of a good government to place obstacles in the way of the successful innovator for the sole benefit of less efficient competitors and at the expense of the consumers. In the predominantly industrial countries the main feature of this policy is the protection of domestic farming against the competition of foreign agriculture working under more favorable physical conditions. In the predominantly agricultural countries it is, on the contrary, the protection of domestic manufacturing against the competition of foreign industries producing at lower costs. It is a return to the restrictive economic policies abandoned by the liberal countries in the course of the eighteenth and nineteenth centuries. If people had not discarded these policies then, the marvelous economic progress of the capitalist era would never have been achieved. If the European countries had not opened their frontiers to the importation of American products—cotton, tobacco, wheat, etc.—and if the older generations of Americans had rigidly barred the importation of European manufactures, the United States would never have reached its present stage of economic prosperity.

It is this so-called producers' policy that integrates groups of people, who otherwise would consider each other simply as competitors, into pressure groups with common interests. When the railroads came into being, the coach drivers could not consider joint action against this new competition. The climate of opinion would have rendered such a struggle futile. But today the butter producers are successfully struggling against margarine and the musicians against recorded music. Present-day international conflicts are of the same origin. The American farmers are intent upon barring access to

Argentinian cereals, cattle, and meat. European countries are acting in the same way against the products of the Americans and of Australia.

The root causes of present-day group antagonisms must be seen in the fact that we are on the point of going back to a system of rigid castes. Australia and New Zealand are democratic countries. If we overlook the fact that their domestic policies are breeding domestic pressure groups fighting one another, we could say that they have built up homogeneous societies with equality under the law. But under their immigration laws, barring access not only to colored but no less to white immigrants, they have integrated their whole citizenry into a privileged caste. Their citizens are in a position to work under conditions safeguarding a higher productivity of the individual's work and thereby higher wages. The nonadmitted foreign workers and farmers are excluded from enjoyment of such opportunities. If an American labor union bars colored Americans from access to its industry, it converts the racial difference into a caste quality.

We do not have to discuss the problem whether or not it is true that the preservation and the further development of occidental civilization require the maintenance of the geographical segregation of various racial groups. The task of this paper is to deal with the economic aspects of group conflicts. If it is true that racial considerations make it inexpedient to provide an outlet for the colored inhabitants of comparatively overpopulated areas, this would not contradict the statement that in an unhampered capitalist society there are no irreconcilable conflicts of group interests. It would only demonstrate that racial factors make it inexpedient to carry the principle of capitalism and market economy in its utmost consequences and that the conflict among various races is, for reasons commonly called noneconomic, irreconcilable. It would certainly not disprove the statement of the liberals that within a society of free enterprise and free mobility of men, commodities, and capital, there are no irreconcilable conflicts of the rightly understood interests of various individuals and groups of individuals.

III

The belief that there prevails an irreconcilable conflict of group interests is age-old. It was the essential proposition of Mercantilist doctrine. The Mercantilists were consistent enough to deduce from this principle that war is an inherent and eternal pattern of human relations. Mercantilism was a philosophy of war.

I want to quote two late manifestations of this doctrine. First a dictum of Voltaire. In the days of Voltaire the spell of Mercantilism had already been broken. French Physiocracy and British Political Economy were on the point of supplanting it. But Voltaire was not yet familiar with the new doctrines, although one of his friends, David Hume, was their foremost champion. Thus he wrote in 1764 in his *Dictionnaire Philosophique*: “To be a good patriot is to hope that one’s town enriches itself through commerce and is powerful in arms. It is clear that a country cannot gain unless another loses and it cannot prevail without making others miserable.” Here we have in beautiful French the formula of modern warfare, both economic and military. More than eighty years later we find another dictum. Its French is less perfect, but its phrasing is more brutal. Says Prince Louis Napoleon Bonaparte, the later Emperor Napoleon III: “The quantity of goods which a country exports is always directly related to the number of bullets which it can send against its enemies with honor and dignity demanded.”¹

Against the background of such opinions we must hold the achievements of the classical economists and of the liberal policies inspired by them. For the first time in human history a social philosophy emerged that demonstrated the harmonious concord of the rightly understood interests of all men and of all groups of men. For the first time a philosophy of peaceful human co-operation came into being. It represented a radical overthrow of traditional moral standards. It was the establishment of a new ethical code. [...]

Ludwig von Mises (1881–1973) was the acknowledged leader of the Austrian school of economic thought. He argued that economics is part of a larger science of human action, a science which Mises called “praxeology.” He wrote widely on monetary theory, the business cycle, epistemology, and the theory of history. He taught at the University of Vienna and later at New York University. *Source*: Ludwig von Mises, *The Clash of Group Interests and Other Essays* (New York: Center for Libertarian Studies 1978 [1945]) 1–7.

¹ Napoleon-Louis Bonaparte, *Extinction du Paupérisme* (Paris: Pagnerre 1848 [1844]) 6.

PART II

Contemporary Interpretations of Classical
Liberal Class Analysis

Murray N. Rothbard, “The Anatomy of the State” (1965)

Abstract The state is not beneficial, Rothbard emphasizes, but exploitative. It is not the expression of the will or the servant of the interests of the people (though majoritarianism is itself unjust) but an instrument of class domination. The state attempts to secure and maintain control over the use of force in order to exploit its subjects. Democratic rhetoric, for instance, like that of the divine right of kings, serves to mask the character of the state as an instrument of class rule and to mobilize support for state policies. The state seeks self-preservation and self-expansion, notably through war.

WHAT THE STATE IS NOT

The State is almost universally considered an institution of social service. Some theorists venerate the State as the apotheosis of society; others regard it as an amiable, though often inefficient, organization for achieving social ends; but almost all regard it as a necessary means for achieving the goals of mankind, a means to be ranged against the “private sector” and often winning in this competition of resources. With the rise of democracy, the identification of the State with society has been redoubled, until it is common to hear sentiments expressed which violate virtually every tenet of reason and common sense such as, “we are the government.” The useful collective term “we” has enabled an ideological camouflage to be thrown

over the reality of political life. If "we are the government," then anything a government does to an individual is not only just and untyrannical but also "voluntary" on the part of the individual concerned. If the government has incurred a huge public debt which must be paid by taxing one group for the benefit of another, this reality of burden is obscured by saying that "we owe it to ourselves"; if the government conscripts a man, or throws him into jail for dissident opinion, then he is "doing it to himself" and, therefore, nothing untoward has occurred. Under this reasoning, any Jews murdered by the Nazi government were *not* murdered; instead, they must have "committed suicide," since they *were* the government (which was democratically chosen), and, therefore, anything the government did to them was voluntary on their part. One would not think it necessary to belabor this point, and yet the overwhelming bulk of the people hold this fallacy to a greater or lesser degree.

We must, therefore, emphasize that "we" are *not* the government; the government is *not* "us." The government does not in any accurate sense "represent" the majority of the people. But, even if it did, even if 70 percent of the people decided to murder the remaining 30 percent, this would still be murder and would not be voluntary suicide on the part of the slaughtered minority. No organicist metaphor, no irrelevant bromide that "we are all part of one another," must be permitted to obscure this basic fact.

If, then, the State is not "us," if it is not "the human family" getting together to decide mutual problems, if it is not a lodge meeting or country club, what is it? Briefly, the State is that organization in society which attempts to maintain a monopoly of the use of force and violence in a given territorial area; in particular, it is the only organization in society that obtains its revenue not by voluntary contribution or payment for services rendered but by coercion. While other individuals or institutions obtain their income by production of goods and services and by the peaceful and voluntary sale of these goods and services to others, the State obtains its revenue by the use of compulsion; that is, by the use and the threat of the jailhouse and the bayonet.¹ Having used force and violence to obtain its revenue, the State generally goes on to regulate and dictate the other actions of its individual subjects. One would think that simple observation

¹ Joseph A. Schumpeter, *Capitalism, Socialism, and Democracy* (New York: Harper 1942) 198; Murray N. Rothbard, "The Fallacy of the 'Public Sector,'" *New Individualist Review* 1.1 (Sum. 1961): 3ff.

of all States through history and over the globe would be proof enough of this assertion; but the miasma of myth has lain so long over State activity that elaboration is necessary.

WHAT THE STATE IS

Man is born naked into the world, and needing to use his mind to learn how to take the resources given him by nature, and to transform them (for example, by investment in “capital”) into shapes and forms and places where the resources can be used for the satisfaction of his wants and the advancement of his standard of living. The only way by which man can do this is by the use of his mind and energy to transform resources (“production”) and to exchange these products for products created by others. Man has found that, through the process of voluntary, mutual exchange, the productivity and hence, the living standards of all participants in exchange may increase enormously. The only “natural” course for man to survive and to attain wealth, therefore, is by using his mind and energy to engage in the production-and-exchange process. He does this, first, by finding natural resources, and then by transforming them (by “mixing his labor” with them, as Locke puts it), to make them his individual *property*, and then by exchanging this property for the similarly obtained property of others. The social path dictated by the requirements of man’s nature, therefore, is the path of “property rights” and the “free market” of gift or exchange of such rights. Through this path, men have learned how to avoid the “jungle” methods of fighting over scarce resources so that A can only acquire them at the expense of B and, instead, to multiply those resources enormously in peaceful and harmonious production and exchange.

The great German sociologist Franz Oppenheimer pointed out that there are two mutually exclusive ways of acquiring wealth; one, the above way of production and exchange, he called the “economic means.” The other way is simpler in that it does not require productivity; it is the way of seizure of another’s goods or services by the use of force and violence. This is the method of one-sided confiscation, of theft of the property of others. This is the method which Oppenheimer termed “the political means” to wealth. It should be clear that the peaceful use of reason and energy in production is the “natural” path for man: the means for his survival and prosperity on this earth. It should be equally clear that the coercive, exploitative means is contrary to natural law; it is parasitic, for instead of adding to production, it subtracts from it. The “political means” siphons production

off to a parasitic and destructive individual or group; and this siphoning not only subtracts from the number producing, but also lowers the producer's incentive to produce beyond his own subsistence. In the long run, the robber destroys his own subsistence by dwindling or eliminating the source of his own supply. But not only that; even in the short-run, the predator is acting contrary to his own true nature as a man.

We are now in a position to answer more fully the question: what is the *State*? The State, in the words of Oppenheimer, is the "organization of the political means"; it is the systematization of the predatory process over a given territory.² For crime, at best, is sporadic and uncertain; the parasitism is ephemeral, and the coercive, parasitic lifeline may be cut off at any time by the resistance of the victims. The State provides a legal, orderly, systematic channel for the predation of private property; it renders certain, secure, and relatively "peaceful" the lifeline of the parasitic caste in society.³ Since production must always precede predation, the free market is anterior to the State. The State has never been created by a "social contract"; it has always been born in conquest and exploitation. The classic paradigm was a conquering tribe pausing in its time-honored method of looting and murdering a conquered tribe, to realize that the timespan of plunder would be longer and more secure, and the situation more pleasant, if the conquered tribe were allowed to live and produce, with the conquerors settling among them as rulers exacting a steady annual tribute.⁴ One method of the birth of a State may be illustrated as follows: in the hills of southern "Ruritania," a bandit group manages to obtain physical control over the territory, and finally the bandit chieftain proclaims himself "King of the sovereign and independent government of South Ruritania"; and, if he and his men have the force to maintain this rule for a while, lo and behold! a new State has joined the "family of nations," and the former bandit leaders have been transformed into the lawful nobility of the realm.

² Franz Oppenheimer, *The State* (New York: Vanguard 1926) 24–27.

³ See Albert Jay Nock, *On Doing the Right Thing, and Other Essays* (New York: Harper 1929) 143.

⁴ See Oppenheimer 15; Bertrand de Jouvenel, *On Power* (New York: Viking 1949) 100–101.

HOW THE STATE PRESERVES ITSELF

Once a State has been established, the problem of the ruling group or “caste” is how to maintain their rule.⁵ While force is their *modus operandi*, their basic and long-run problem is ideological. For in order to continue in office, *any* government (not simply a “democratic” government) must have the support of the majority of its subjects. This support, it must be noted, need not be active enthusiasm; it may well be passive resignation as if to an inevitable law of nature. But support in the sense of acceptance of some sort it must be; else the minority of State rulers would eventually be outweighed by the active resistance of the majority of the public. Since predation must be supported out of the surplus of production, it is necessarily true that the class constituting the State—the full-time bureaucracy (and nobility)—must be a rather small minority in the land, although it may, of course, purchase allies among important groups in the population. Therefore, the chief task of the rulers is always to secure the active or resigned acceptance of the majority of the citizens.^{6,7}

Of course, one method of securing support is through the creation of vested economic interests. Therefore, the King alone cannot rule; he must have a sizable group of followers who enjoy the prerequisites of rule, for example, the members of the State apparatus, such as the full-time bureaucracy or the established nobility.⁸ But this still secures only a minority of eager supporters, and even the essential purchasing of support by subsidies and other grants of privilege still does not obtain the consent of the

⁵ On the crucial distinction between “caste,” a group with privileges or burdens coercively granted or imposed by the State and the Marxian concept of “class” in society, see Ludwig von Mises, *Theory and History* (New Haven, CT: Yale UP 1957) 112ff.

⁶ Such acceptance does not, of course, imply that the State rule has become “voluntary”; for even if the majority support be active and eager, this support is not unanimous by every individual.

⁷ That every government, no matter how “dictatorial” over individuals, must secure such support has been demonstrated by such acute political theorists as Étienne de la Boétie, David Hume, and Ludwig von Mises. Thus, cf. David Hume, “Of the First Principles of Government,” *Essays, Literary, Moral and Political* (London: Ward Taylor, n.d.) 23; Étienne de la Boétie, *Anti-Dictator* (New York: Columbia UP 1942) 8–9; Ludwig von Mises, *Human Action* (Auburn, AL: Mises Institute 1998) 188ff. For more on the contribution to the analysis of the State by la Boétie, see Oscar Jaszi and John D. Lewis, *Against the Tyrant* (Glencoe, IL: Free 1957) 55–57.

⁸ La Boétie 43–44.

majority. For this essential acceptance, the majority must be persuaded by *ideology* that their government is good, wise and, at least, inevitable, and certainly better than other conceivable alternatives. Promoting this ideology among the people is the vital social task of the "intellectuals." For the masses of men do not create their own ideas, or indeed think through these ideas independently; they follow passively the ideas adopted and disseminated by the body of intellectuals. The intellectuals are, therefore, the "opinion-molders" in society. And since it is precisely a molding of opinion that the State most desperately needs, the basis for age-old alliance between the State and the intellectuals becomes clear.

It is evident that the State needs the intellectuals; it is not so evident why intellectuals need the State. Put simply, we may state that the intellectual's livelihood in the free market is never too secure; for the intellectual must depend on the values and choices of the masses of his fellow men, and it is precisely characteristic of the masses that they are generally uninterested in intellectual matters. The State, on the other hand, is willing to offer the intellectuals a secure and permanent berth in the State apparatus; and thus a secure income and the panoply of prestige. For the intellectuals will be handsomely rewarded for the important function they perform for the State rulers, of which group they now become a part.⁹

The alliance between the State and the intellectuals was symbolized in the eager desire of professors at the University of Berlin in the nineteenth century to form the "intellectual bodyguard of the House of Hohenzollern." In the present day, let us note the revealing comment of an eminent Marxist scholar concerning Professor Wittfogel's critical study of ancient Oriental despotism: "The civilization which Professor Wittfogel is so bitterly attacking was one which could make poets and scholars into officials."¹⁰ Of innumerable examples, we may cite the recent development of the

⁹This by no means implies that all intellectuals ally themselves with the State. On aspects of the alliance of intellectuals and the State, cf. Bertrand de Jouvenel, "The Attitude of the Intellectuals to the Market Society," *The Owl*, Jan. 1951: 19–27; Bertrand de Jouvenel, "The Treatment of Capitalism by Continental Intellectuals," *Capitalism and the Historians*, ed. F. A. Hayek (Chicago: U of Chicago P 1954) 93–123; rtpd. George B. de Huszar, *The Intellectuals* (Glencoe, IL: Free 1960) 385–99; and Joseph Schumpeter, *Imperialism and Social Classes* (New York: Meridian 1975) 143–55.

¹⁰Joseph Needham, rev. of *Oriental Despotism*, by Karl A. Wittfogel, *Science and Society* 23 (1959): 65. Cf. Karl A. Wittfogel, *Oriental Despotism* (New Haven, CT: Yale UP 1957) 320–21 and passim. For an attitude contrasting to Needham's, cf. John Lukacs, "Intellectual Class or Intellectual Profession?," de Huszar 521–22.

“science” of strategy, in the service of the government’s main violence-wielding arm, the military.¹¹ A venerable institution, furthermore, is the official or “court” historian, dedicated to purveying the rulers’ views of their own and their predecessors’ actions.¹²

Many and varied have been the arguments by which the State and its intellectuals have induced their subjects to support their rule. Basically, the strands of argument may be summed up as follows: (a) the State rulers are great and wise men (they “rule by divine right,” they are the “aristocracy” of men, they are the “scientific experts”), much greater and wiser than the good but rather simple subjects, and (b) rule by the extent government is inevitable, absolutely necessary, and far better, than the indescribable evils that would ensue upon its downfall. The union of Church and State was one of the oldest and most successful of these ideological devices. The ruler was either anointed by God or, in the case of the absolute rule of many Oriental despotisms, was himself God; hence, any resistance to his rule would be blasphemy. The States’ priestcraft performed the basic intellectual function of obtaining popular support and even worship for the rulers.¹³

Another successful device was to instill fear of any alternative systems of rule or nonrule. The present rulers, it was maintained, supply to the citizens an essential service for which they should be most grateful: protection against sporadic criminals and marauders. For the State, to preserve its own monopoly of predation, did indeed see to it that private and unsystematic crime was kept to a minimum; the State has always been jealous of its own preserve. Especially has the State been successful in recent

¹¹ Jeanne Ribs, “The War Plotters,” *Liberation*, Aug. 1961: 13. See also Marcus Raskin, “The Megadeath Intellectuals,” *New York Review of Books*, Nov. 14, 1963: 6–7.

¹² Thus the historian Conyers Read, in his presidential address, advocated the suppression of historical fact in the service of “democratic” and national values. Read proclaimed that “total war, whether it is hot or cold, enlists everyone and calls upon everyone to play his part. The historian is not freer from this obligation than the physicist.” Conyers Read, “The Social Responsibilities of the Historian,” *American Historical Review* 55.2 (1950): 283ff. For a critique of Read and other aspects of court history, see Howard K. Beale, “The Professional Historian: His Theory and Practice,” *Pacific Historical Review* 22 (Aug. 1953): 227–55. Also cf. Herbert Butterfield, “Official History: Its Pitfalls and Criteria,” *History and Human Relations* (New York: Macmillan 1952) 182–224; and Harry Elmer Barnes, *The Court Historians Versus Revisionism*, 2d ed. (npl: privately printed 1952) 2ff.

¹³ Cf. Wittfogel 87–100. On the contrasting roles of religion vis-à-vis the State in ancient China and Japan, see Norman Jacobs, *The Origin of Modern Capitalism and Eastern Asia* (Hong Kong: Hong Kong UP 1958) 161–94.

centuries in instilling fear of *other* State rulers. Since the land area of the globe has been parceled out among particular States, one of the basic doctrines of the State was to identify itself with the territory it governed. Since most men tend to love their homeland, the identification of that land and its people with the State was a means of making natural patriotism work to the State's advantage. If "Ruritania" was being attacked by "Walldavia," the first task of the State and its intellectuals was to convince the people of Ruritania that the attack was really upon *them* and not simply upon the ruling caste. In this way, a war between *rulers* was converted into a war between *peoples*, with each people coming to the defense of its rulers in the erroneous belief that the rulers were defending *them*. This device of "nationalism" has only been successful, in Western civilization, in recent centuries; it was not too long ago that the mass of subjects regarded wars as irrelevant battles between various sets of nobles.

Many and subtle are the ideological weapons that the State has wielded through the centuries. One excellent weapon has been tradition. The longer that the rule of a State has been able to preserve itself, the more powerful this weapon; for then, the X Dynasty or the Y State has the seeming weight of centuries of tradition behind it.¹⁴ Worship of one's ancestors, then, becomes a none too subtle means of worship of one's ancient rulers. The greatest danger to the State is independent intellectual criticism; there is no better way to stifle that criticism than to attack any isolated voice, any raiser of new doubts, as a profane violator of the wisdom of his ancestors. Another potent ideological force is to deprecate the *individual* and exalt the collectivity of society. For since any given rule implies majority acceptance, any ideological danger to that rule can only start from one or a few independently-thinking individuals. The new idea, much less the new critical idea, must needs begin as a small minority opinion; therefore, the State must nip the view in the bud by ridiculing any view that defies the opinions of the mass. "Listen only to your brothers" or "adjust to society" thus become ideological weapons for crushing individual dissent.¹⁵ By such measures, the masses will never learn of the nonexistence of their Emperor's clothes.¹⁶ It is also important for the State to make its rule seem inevitable; even if its reign is disliked, it will then be met with passive resignation, as

¹⁴ De Jouvenel, *Power* 22.

¹⁵ On such uses of the religion of China, see Jacobs, *passim*.

¹⁶ H.L. Mencken, *A Mencken Chrestomathy* (New York: Knopf 1949) 145.

witness the familiar coupling of “death and taxes.” One method is to induce historiographical determinism, as opposed to individual freedom of will. If the X Dynasty rules us, this is because the Inexorable Laws of History (or the Divine Will, or the Absolute, or the Material Productive Forces) have so decreed and nothing any puny individuals may do can change this inevitable decree. It is also important for the State to inculcate in its subjects an aversion to any “conspiracy theory of history;” for a search for “conspiracies” means a search for motives and an attribution of responsibility for historical misdeeds. If, however, any tyranny imposed by the State, or venality, or aggressive war, was caused *not* by the State rulers but by mysterious and arcane “social forces,” or by the imperfect state of the world or, if in some way, *everyone* was responsible (“We Are All Murderers,” proclaims one slogan), then there is no point to the people becoming indignant or rising up against such misdeeds. Furthermore, an attack on “conspiracy theories” means that the subjects will become more gullible in believing the “general welfare” reasons that are always put forth by the State for engaging in any of its despotic actions. A “conspiracy theory” can unsettle the system by causing the public to doubt the State’s ideological propaganda.

Another tried and true method for bending subjects to the State’s will is inducing guilt. Any increase in private well-being can be attacked as “unconscionable greed,” “materialism,” or “excessive affluence,” profit-making can be attacked as “exploitation” and “usury,” mutually beneficial exchanges denounced as “selfishness,” and somehow with the conclusion always being drawn that more resources should be siphoned from the private to the “public sector.” The induced guilt makes the public more ready to do just that. For while individual persons tend to indulge in “selfish greed,” the failure of the State’s rulers to engage in exchanges is supposed to signify *their* devotion to higher and nobler causes—parasitic predation being apparently morally and esthetically lofty as compared to peaceful and productive work.

In the present more secular age, the divine right of the State has been supplemented by the invocation of a new god, Science. State rule is now proclaimed as being ultrascientific, as constituting planning by experts. But while “reason” is invoked more than in previous centuries, this is not the true reason of the individual and his exercise of free will; it is still collectivist and determinist, still implying holistic aggregates and coercive manipulation of passive subjects by their rulers.

The increasing use of scientific jargon has permitted the State's intellectuals to weave obscurantist apologia for State rule that would have only met with derision by the populace of a simpler age. A robber who justified his theft by saying that he really helped his victims, by his spending giving a boost to retail trade, would find few converts; but when this theory is clothed in Keynesian equations and impressive references to the "multiplier effect," it unfortunately carries more conviction. And so the assault on common sense proceeds, each age performing the task in its own ways. Thus, ideological support being vital to the State, it must unceasingly try to impress the public with its "legitimacy," to distinguish its activities from those of mere brigands.¹⁷

HOW THE STATE TRANSCENDS ITS LIMITS

As Bertrand de Jouvenel has sagely pointed out, through the centuries men have formed concepts designed to check and limit the exercise of State rule; and, one after another, the State, using its intellectual allies, has been able to transform these concepts into intellectual rubber stamps of legitimacy and virtue to attach to its decrees and actions. Originally, in Western Europe, the concept of divine sovereignty held that the kings may rule only according to divine law; the kings turned the concept into a rubber stamp of divine approval for any of the kings' actions. The concept of parliamentary democracy began as a popular check upon absolute monarchical rule; it ended with parliament being the essential part of the State and its every act totally sovereign.¹⁸ [...] Similarly with more specific doctrines: the "natural rights" of the individual enshrined in John Locke and the Bill of Rights, became a statist "right to a job"; utilitarianism turned from arguments for liberty to arguments against resisting the State's invasions of liberty, etc.

Certainly the most ambitious attempt to impose limits on the State has been the Bill of Rights and other restrictive parts of the American Constitution, in which written limits on government became the fundamental law to be interpreted by a judiciary supposedly independent of the other branches of government. All Americans are familiar with the process by which the construction of limits in the Constitution has been inexorably broadened over the last century. But few have been as keen as Professor

¹⁷ Mencken, *Chrestomathy* 146–47.

¹⁸ De Jouvenel, *Power* 27ff.

Charles Black to see that the State has, in the process, largely transformed judicial review itself from a limiting device to yet another instrument for furnishing ideological legitimacy to the government's actions. For if a judicial decree of "unconstitutional" is a mighty check to government power, an implicit or explicit verdict of "constitutional" is a mighty weapon for fostering public acceptance of ever-greater government power.

Professor Black begins his analysis by pointing out the crucial necessity of "legitimacy" for any government to endure, this legitimation signifying basic majority acceptance of the government and its actions.¹⁹ Acceptance of legitimacy becomes a particular problem in a country such as the United States, where "substantive limitations are built into the theory on which the government rests." What is needed, adds Black, is a means by which the government can assure the public that its increasing powers are, indeed, "constitutional." And this, he concludes, has been the major historic function of judicial review.

Let Black illustrate the problem:

The supreme risk [to the government] is that of disaffection and a feeling of outrage widely disseminated throughout the population, and loss of moral authority by the government as such, however long it may be propped up by force or inertia or the lack of an appealing and immediately available alternative. Almost everybody living under a government of limited powers, must sooner or later be subjected to some governmental action which as a matter of private opinion he regards as outside the power of government or positively forbidden to government. A man is drafted, though he finds nothing in the Constitution about being drafted A farmer is told how much wheat he can raise; he believes, and he discovers that some respectable lawyers believe with him, that the government has no more right to tell him how much wheat he can grow than it has to tell his daughter whom she can marry. A man goes to the federal penitentiary for saying what he wants to, and he paces his cell reciting . . . "Congress shall make no laws abridging the freedom of speech.."
 . . . A businessman is told what he can ask, and must ask, for buttermilk.

The danger is real enough that each of these people (and who is not of their number?) will confront the concept of governmental limitation with the reality (as he sees it) of the flagrant overstepping of actual limits, and draw the obvious conclusion as to the status of his government with respect to legitimacy.²⁰

¹⁹ Charles L. Black, Jr., *The People and the Court* (New York: Macmillan 1960) 35ff.

²⁰ Black 42–43.

This danger is averted by the State's propounding the doctrine that one agency must have the ultimate decision on constitutionality and that this agency, in the last analysis, must be *part* of the federal government.²¹ For while the seeming independence of the federal judiciary has played a vital part in making its actions virtual Holy Writ for the bulk of the people, it is also and ever true that the judiciary is part and parcel of the government apparatus and appointed by the executive and legislative branches. Black admits that this means that the State has set itself up as a judge in its own cause, thus violating a basic juridical principle for aiming at just decisions. He brusquely denies the possibility of any alternative.²²

Black adds:

The problem, then, is to devise such governmental means of deciding as will [hopefully] reduce to a tolerable minimum the intensity of the objection that government is judge in its own cause. Having done this, you can only hope that this objection, *though theoretically still tenable* [italics mine], will practically lose enough of its force that the legitimating work of the deciding institution can win acceptance.²³

In the last analysis, Black finds the achievement of justice and legitimacy from the State's perpetual judging of its own cause as "something of a miracle."²⁴

²¹ Black 52: "The prime and most necessary function of the [Supreme] Court has been that of validation, not that of invalidation. What a government of limited powers needs, at the beginning and forever, is some means of satisfying the people that it has taken all steps humanly possible to stay within its powers. This is the condition of its legitimacy, and its legitimacy, in the long run, is the condition of its life. And the Court, through its history, has acted as the legitimization of the government."

²² Cf. Black 48–49. Black maintains, for instance, that "[e]very national government, so long as it is a government, must have the final say on its own power."

²³ Black 49.

²⁴ This ascription of the miraculous to government is reminiscent of James Burnham's justification of government by mysticism and irrationality: "Why should a principle justify the rule of that man over me? . . . I accept the principle, well . . . because I do, because that is the way it is and has been." James Burnham, *Congress and the American Tradition* (Chicago: Regnery 1959) 3–8. But what if one does not accept the principle? What will "the way" be then?

Applying his thesis to the famous conflict between the Supreme Court and the New Deal, Professor Black keenly chides his fellow pro-New Deal colleagues for their shortsightedness in denouncing judicial obstruction:

[t]he standard version of the story of the New Deal and the Court, though accurate in its way, displaces the emphasis It concentrates on the difficulties; it almost forgets how the whole thing turned out. The upshot of the matter was [and this is what I like to emphasize] that after some twenty-four months of balking . . . the Supreme Court, without a single change in the law of its composition, or, indeed, in its actual manning, *placed the affirmative stamp of legitimacy on the New Deal, and on the whole new conception of government in America.*²⁵

In this way, the Supreme Court was able to put the quietus on the large body of Americans who had had strong constitutional objections to the New Deal:

Of course, not everyone was satisfied. The Bonnie Prince Charlie of constitutionally commanded laissez-faire still stirs the hearts of a few zealots in the Highlands of choleric unreality. But there is no longer any significant or dangerous public doubt as to the constitutional power of Congress to deal as it does with the national economy

We had no means, other than the Supreme Court, for imparting legitimacy to the New Deal.²⁶

As Black recognizes, one major political theorist who recognized—and largely in advance—the glaring loophole in a constitutional limit on government of placing the ultimate interpreting power in the Supreme Court was John C. Calhoun. Calhoun was not content with the “miracle,” but instead proceeded to a profound analysis of the constitutional problem. In his *Disquisition*, Calhoun demonstrated the inherent tendency of the State to break through the limits of such a constitution.²⁷ [. . .]

One of the few political scientists who appreciated Calhoun’s analysis of the Constitution was Professor J. Allen Smith. Smith noted that the

²⁵ Black 64.

²⁶ Black 65.

²⁷ John C. Calhoun, *A Disquisition on Government* (New York: Liberal Arts 1953) 25–27. Also cf. Murray N. Rothbard, “Conservatism and Freedom: A Libertarian Comment,” *Modern Age*, Spr. 1961: 219.

Constitution was designed with checks and balances to limit any one governmental power and yet had then developed a Supreme Court with the monopoly of ultimate interpreting power. If the Federal Government was created to check invasions of individual liberty by the separate states, who was to check the Federal power? Smith maintained that implicit in the check-and-balance idea of the Constitution was the concomitant view that no one branch of government may be conceded the ultimate power of interpretation: "It was assumed by the people that the new government could not be permitted to determine the limits of its own authority, since this would make it, and not the Constitution, supreme."²⁸

The solution advanced by Calhoun (and seconded, in this century, by such writers as Smith) was, of course, the famous doctrine of the "concurrent majority." If any substantial minority interest in the country, specifically a state government, believed that the Federal Government was exceeding its powers and encroaching on that minority, the minority would have the right to veto this exercise of power as unconstitutional. Applied to state governments, this theory implied the right of "nullification" of a Federal law or ruling within a state's jurisdiction.

In theory, the ensuing constitutional system would assure that the Federal Government check any state invasion of individual rights, while the states would check excessive Federal power over the individual. And yet, while limitations would undoubtedly be more effective than at present, there are many difficulties and problems in the Calhoun solution. If, indeed, a subordinate interest should rightfully have a veto over matters concerning it, then why stop with the states? Why not place veto power in counties, cities, wards? Furthermore, interests are not only sectional, they are also occupational, social, etc. What of bakers or taxi drivers or any other occupation? Should *they* not be permitted a veto power over their own lives? This brings us to the important point that the nullification theory confines its checks to *agencies of government* itself. Let us not forget that federal and state governments, and their respective branches, are still states, are still guided by their own state interests rather than by the interests of the private citizens. What is to prevent the Calhoun system from working in reverse, with states tyrannizing *over* their citizens and only vetoing the federal government when it tries to intervene to *stop* that state tyranny? Or for

²⁸ J. Allen Smith, *The Growth and Decadence of Constitutional Government* (New York: Holt 1930) 88.

states to acquiesce in federal tyranny? What is to prevent federal and state governments from forming mutually profitable alliances for the joint exploitation of the citizenry? And even if the private occupational groupings were to be given some form of “functional” representation in government, what is to prevent them from using the State to gain subsidies and other special privileges for themselves or from imposing compulsory cartels on their own members?

In short, Calhoun does not push his path-breaking theory on concurrence far enough: he does not push it down to the *individual* himself. If the individual, after all, is the one whose rights are to be protected, then a consistent theory of concurrence would imply veto power by every individual; that is, some form of “unanimity principle.” When Calhoun wrote that it should be “impossible to put or to keep it [the government] in action without the concurrent consent of all,” he was, perhaps unwittingly, implying just such a conclusion.²⁹ But such speculation begins to take us away from our subject, for down this path lie political systems which could hardly be called “States” at all.³⁰ For one thing, just as the right of nullification for a state logically implies its right of *secession*, so a right of individual nullification would imply the right of any individual to “secede” from the State under which he lives.³¹

Thus, the State has invariably shown a striking talent for the expansion of its powers beyond any limits that might be imposed upon it. Since the State necessarily lives by the compulsory confiscation of private capital, and since its expansion necessarily involves ever-greater incursions on private individuals and private enterprise, we must assert that the State is profoundly and inherently anticapitalist. In a sense, our position is the reverse of the Marxist dictum that the State is the “executive committee” of the ruling class in the present day, supposedly the capitalists. Instead, the State—the organization

²⁹ Calhoun 20–21.

³⁰ In recent years, the unanimity principle has experienced a highly diluted revival, particularly in the writings of Professor James Buchanan. Injecting unanimity into the present situation, however, and applying it only to changes in the status quo and not to existing laws, can only result in another transformation of a limiting concept into a rubber stamp for the State. If the unanimity principle is to be applied only to changes in laws and edicts, the nature of the initial “point of origin” then makes all the difference. Cf. James Buchanan and Gordon Tullock, *The Calculus of Consent* (Ann Arbor, MI: U of Michigan P 1962) *passim*.

³¹ Cf. Herbert Spencer, “The Right to Ignore the State,” *Social Statics* (New York: Schalkenbach 1970 [1850]) 229–39.

of the political means—constitutes, and is the source of, the “ruling class” (rather, ruling *caste*), and is in permanent opposition to *genuinely* private capital.³²

WHAT THE STATE FEARS

[...] War and revolution, as the two basic threats, invariably arouse in the State rulers their maximum efforts and maximum propaganda among the people. As stated above, any [war] must always be used to mobilize the people to come to the State’s defense in the belief that they are defending themselves. The fallacy of the idea becomes evident when conscription is wielded against those who refuse to “defend” themselves and are, therefore, forced into joining the State’s military band: needless to add, no “defense” is permitted them against this act of “their own” State.

In war, State power is pushed to its ultimate, and, under the slogans of “defense” and “emergency,” it can impose a tyranny upon the public such as might be openly resisted in time of peace. War thus provides many benefits to a State, and indeed every modern war has brought to the warring peoples a permanent legacy of increased State burdens upon society. War, moreover, provides to a State tempting opportunities for conquest of land areas over which it may exercise its monopoly of force. Randolph Bourne was certainly correct when he wrote that “war is the health of the State,” but to any particular State a war may spell either health or grave injury.³³

We may test the hypothesis that the State is largely interested in protecting *itself* rather than its subjects by asking: which category of crimes does the State pursue and punish most intensely—those against private citizens or those against *itself*? The gravest crimes in the State’s lexicon are almost invariably not invasions of private person or property, but dangers to its *own* contentment, for example, treason, desertion of a soldier to the enemy, failure to register for the draft, subversion and subversive

³² De Jouvenel, *Power* 171.

³³ We have seen that essential to the State is support by the intellectuals, and this includes support against their two acute threats. Thus, on the role of American intellectuals in America’s entry into World War I, see Randolph Bourne, “The War and the Intellectuals,” *The History of a Literary Radical and Other Papers* (New York: Russell 1956) 205–22. As Bourne states, a common device of intellectuals in winning support for State actions, is to channel any discussion within the limits of basic State policy and to discourage any fundamental or total critique of this basic framework.

conspiracy, assassination of rulers and such economic crimes against the State as counterfeiting its money or evasion of its income tax. Or compare the degree of zeal devoted to pursuing the man who assaults a policeman, with the attention that the State pays to the assault of an ordinary citizen. Yet, curiously, the State's openly assigned priority to its *own* defense against the public strikes few people as inconsistent with its presumed *raison d'être*.³⁴ [...]

HISTORY AS A RACE BETWEEN STATE POWER AND SOCIAL POWER

Just as the two basic and mutually exclusive interrelations between men are peaceful cooperation or coercive exploitation, production or predation, so the history of mankind, particularly its economic history, may be considered as a contest between these two principles. On the one hand, there is creative productivity, peaceful exchange and cooperation; on the other, coercive dictation and predation over those social relations. Albert Jay Nock happily termed these contesting forces: "social power" and "State power."³⁵ Social power is man's power over nature, his cooperative transformation of nature's resources and insight into nature's laws, for the benefit of all participating individuals. Social power is the *power over nature*, the living standards achieved by men in mutual exchange. State power, as we have seen, is the coercive and parasitic seizure of this production—a draining of the fruits of society for the benefit of nonproductive (actually antiproducer) rulers. While social power is over nature, State power is *power over man*. Through history, man's productive and creative forces have, time and again, carved out new ways of transforming nature for man's benefit. These have been the times when social power has spurred ahead of State power, and when the degree of State encroachment over society has considerably lessened. But always, after a greater or smaller time

³⁴ See Mencken, *Chrestomathy* 147–48. For a vivid and entertaining description of the lack of protection for the individual against incursion of his liberty by his "protectors," see H. L. Mencken, "The Nature of Liberty," *Prejudices: A Selection* (New York: Vintage 1958) 138–43.

³⁵ On the concepts of State power and social power, see Albert Jay Nock, *Our Enemy the State* (Caldwell, ID: Caxton 1946). Also see Albert Jay Nock, *Memoirs of a Superfluous Man* (New York: Harper 1943) and Frank Chodorov, *The Rise and Fall of Society* (New York: Devin-Adair 1959).

lag, the State has moved into these new areas, to cripple and confiscate social power once more.³⁶ If the seventeenth through the nineteenth centuries were, in many countries of the West, times of accelerating social power, and a corollary increase in freedom, peace, and material welfare, the twentieth century has been primarily an age in which State power has been catching up—with a consequent reversion to slavery, war, and destruction.³⁷

In this century, the human race faces, once again, the virulent reign of the State—of the State now armed with the fruits of man's creative powers, confiscated and perverted to its own aims. The last few centuries were times when men tried to place constitutional and other limits on the State, only to find that such limits, as with all other attempts, have failed. Of all the numerous forms that governments have taken over the centuries, of all the concepts and institutions that have been tried, none has succeeded in keeping the State in check. The problem of the State is evidently as far from solution as ever. Perhaps new paths of inquiry must be explored, if the successful, final solution of the State question is ever to be attained.³⁸

Murray Rothbard (1926–1995) was S. J. Hall Distinguished Professor of Economics at the University of Nevada at Las Vegas. He held a BA in Mathematics and a PhD in Economics from Columbia University. He was the author of a vast array of scholarly books and journal articles in economic theory, economic history, the history of economics, political history, political theory, legal theory, and ethics. Despite the diversity of his intellectual

³⁶ Amidst the flux of expansion or contraction, the State always makes sure that it seizes and retains certain crucial "command posts" of the economy and society. Among these command posts are a monopoly of violence, monopoly of the ultimate judicial power, the channels of communication and transportation (post office, roads, rivers, air routes), irrigated water in Oriental despotisms, and education—to mold the opinions of its future citizens. In the modern economy, money is the critical command post.

³⁷ This parasitic process of "catching up" has been almost openly proclaimed by Karl Marx, who conceded that socialism must be established through seizure of capital *previously accumulated* under capitalism.

³⁸ Certainly, one indispensable ingredient of such a solution must be the sundering of the alliance of intellectual and State, through the creation of centers of intellectual inquiry and education, which will be independent of State power. Christopher Dawson notes that the great intellectual movements of the Renaissance and the Enlightenment were achieved by working outside of, and sometimes against, the entrenched universities. These academia of the new ideas were established by independent patrons. See Christopher Dawson, *The Crisis of Western Education* (New York: Sheed 1961).

interests, in his role as an activist and intellectual leader in the post-World War II American libertarian movement, he emphasized the centrality of opposition to war and the warfare state above all other concerns. He was quick to discern a link between class stratification on the one hand and war and empire on the other. *Source:* Murray N. Rothbard, “The Anatomy of the State,” *Egalitarianism as a Revolt Against Nature and Other Essays* (Washington, DC: Libertarian Review 1974 [1965]) 34–53. Some notes have been shortened or eliminated in the interests of space.

Roy A. Childs, Jr., “Big Business and the Rise of American Statism” (1969, 1971)

Abstract Big business, Childs stresses, has not been the adversary of the state. Rather, big business has encouraged the growth of state power and has used state power to increase its wealth and social influence. It is the political role of big business and not the inherent dynamics of the market which should be seen as accounting for wealth concentration—and also both the growth in state regulation of the economy and an ongoing pattern of foreign military intervention.

[...] In history, I hold that events consist of the actions of *individuals* motivated toward certain ends and using certain means to attain them. But since individuals often have the same values and conceptions of appropriate means to attain their ends, they often work together. In fact, the whole function of institutions is to enable individual human actions to be systematically and consciously integrated in producing common ends. It is this fact which gives rise to all classifications and hence all “class analysis.” “Classes” in social theory, or political theory, or historical investigation, must of necessity be groups of individuals having common characteristics. It is my view that man has free will, and that the concept and existence of free will is a necessary postulate if an obvious fact of man’s nature is to be explained: his capacity for conceptual and propositional speech, and his ability to identify facts of reality. Determinism, in the strict sense, is contradictory. For if a man’s mental processes—specifically, his attempts at reasoning—are not free, if they are determined by environment and

heredity, then there is no means of claiming that theory x is true is true and y is false—since man can have no way of knowing that his mental processes might not be conditioned to force him to believe that x is logical, when in fact it is not.

This means that “classes” in history are not primarily economic, in the usual sense of the term, but rather, are *ethical*. Man is not born with values, or preferences except on a sensory level (pleasure or pain), and he does not merely absorb values from a culture like a sponge absorbs water. Rather, men must *choose* their values, by intention or default. And the realm of chosen values is the realm of ethics. This belief in ethical classes is the *root* of my disagreement with Marxism.

A related fallacy of Marxism, especially in relation to its effect in guiding historical investigation, is its simplistic conception of what constitutes a class “interest.” “Interests” are not primary, nor automatic. Apart from that category of things which actually benefit men (whether or not men are aware of them) “interests” can only be arrived at through a process of consciousness; *evaluation*. This means that, given an objective standard of the organism’s life and well-being, a given man’s values and conception of his own or his “class’s” interests can be right or wrong. More importantly, *classes are derived from and validated by reference to concrete individuals, actions and values, not vice versa*. Classifications are derived from things, not vice versa.

This is important to focus on for a moment. For Marx, despite all his anti-Idealistic and anti-Hegelian rhetoric, is really an Idealist and Hegelian on the issue of classification. Whatever attempts he makes to get around this point, Marx is still asserting, at root, that a classification (a social class) precedes and determines the characteristic of those who are members or units of the classification. Marx is, in fact, very unclear on the nature of the exact process of causation which occurs in the interaction between those people who own the “means of production,” their ideas (“interests”) and actions, and those people relating to them. Since any such theory of causality in human action is vitally important in historical investigation, it is to be expected that Marxism corrupts historical investigation.

Interestingly enough, this is very relevant to the subject of this essay: the role of big business in promoting American statism. For if nothing else, this essay shows that the “class lines” in American history are different from what they were thought to be. Some of the men in larger businesses supported and even initiated acts of government regulation while others, particularly relatively smaller and more competent competitors, opposed such

regulation. Thus we have a clear-cut case in American history that contradicts Marxian theory: the lines of battle and conflict were *not* drawn merely over the issue and criterion of individuals' relation to the means of production, but on much more complicated grounds. A better classification might be along the lines set down by Franz Oppenheimer: the state-benefited and the state-oppressed—those who gained their wealth by means of confiscation, robbery and restriction of other people's noncoercive activities, and those who gained their wealth by means of free trade in a free market, by the method of voluntary exchange. But even here the lines are not clear-cut, and we find cases of those who were honest producers sanctioning theft and parasitism, as well as cases of those who were parasites and benefitters from statism opposing controls—twin cases of hypocrisy and altruism.

Needless to add, many contemporary Marxists have responded to the challenge with ever new wings being added on to classical Marxist theory to "explain," in an ad hoc fashion, the events which do not fit into classic Marxist paradigms. Historically, *whenever* defenders of some classic paradigm, in any field, begin to confront problems which conflict with the basic theory, they begin increasingly to modify the particulars of the theory to conform to fact without ever questioning the basic paradigm itself. But sooner or later any such imitation of the path taken by the followers of Ptolemy must end in the same way: the paradigm will collapse and be replaced by a new paradigm which explains all the known facts in a much simpler manner, thus conforming to a fundamental rule of scientific methodology: Occam's razor.

The new paradigm, I think, will be the paradigm of libertarianism.

The purpose of this particular essay is simply to apply some of the principles of libertarianism to an interpretation of events in a very special and important period of human history. I have attempted to give a straightforward summary of New Left revisionist findings in one area of domestic history: the antitrust movement and Progressive Era. But I have done so not as a New Leftist, not as a historian proper, but as a *libertarian*, that is, a social philosopher of a specific school.

In doing this summary, I have two interrelated purposes: first, to show Objectivists and libertarians that certain of their beliefs in history are wrong and need to be revised under the impact of new evidence, and simultaneously to illustrate to them a specific means of approaching historical problems, to identify one cause of the growth of American statism and to indicate a new way of looking at history. Secondly, my purpose is to show New Left radicals that far from undermining the position of laissez-faire

capitalism (as opposed to what they call state capitalism, a system of government controls which is not yet socialism in the classic sense), their historical discoveries actually *support* the case for a totally free market. Then, too, I wish to illustrate how a libertarian would respond to the problems raised by New Left historians. Finally, I wish implicitly to apply Occam's razor by showing that there is a simpler explanation of events than that so often colored with Marxist theory. Without exception, Marxist postulates are not necessary to explain the facts of reality.

CONFLICTING SCHOOLS OF THOUGHT

In historiography different schools of thought exist in much the same way and for the same reason as in many other fields. And in history, as in those other fields, different interpretations, no matter how far removed from reality, tend to go on forever, oblivious to new evidence and theories. In his book, *The Structure of Scientific Revolutions*, Thomas Kuhn shows in the physical sciences how an existing paradigm of scientific explanation tends to ignore new evidence and theories, being overthrown only when: (a) the puzzles and problems generated by a false paradigm pile up to an increasingly obvious extent, so that an ever-wider range of material cannot be integrated into the paradigm, and an ever-growing number of problems cannot be solved, and (b) there arises on the scene a new paradigm to replace the old.

In history, perhaps more than in most other fields, the criteria of truth have not been sufficiently developed, resulting in a great number of schools of thought that tend to rise and fall in influence more because of political and cultural factors than because of epistemological factors. The result also has been that in history there are a number of competing paradigms to explain different sets of events, all connected to specific political views. In this essay, I shall consider three of them: the Marxist view, the conservative view and the liberal view. I shall examine how these paradigms function with reference to one major area of American history—the Progressive Era—and with respect to one major issue: the roots of government regulation of the economy, particularly through the antitrust laws and the Federal Reserve System. Other incidents will also be mentioned, but this issue will be the focus.

Among these various schools, nearly everyone agrees on the putative facts of American history; disagreements arise over frameworks of interpretation and over evaluation.

The Marxists, liberals, and conservatives all agree that in the economic history of America in the nineteenth century, the facts were roughly as follows. After midcentury, industrialization proceeded apace in America, as a consequence of the laissez-faire policies pursued by the United States government, resulting in increasing centralization and concentration of economic power.

According to the liberal, in the nineteenth century there was an individualistic social system in the United States, which, when left unchecked, led inevitably to the “strong” using the forces of a free market to smash and subdue the “weak,” by building gigantic, monopolistic industrial enterprises which dominated and controlled the life of the nation. Then, as this centralization proceeded to snowball, the “public” awoke to its impeding subjugation at the hands of these monopolistic businessmen. The public was stirred by the injustice of it all and demanded reform, whereupon altruistic and far-seeing politicians moved quickly to smash the monopolists with antitrust laws and other regulation of the economy, on behalf of the ever-suffering “little man” who was saved thereby from certain doom. Thus did the American government squash the greedy monopolists and restore competition, equality of opportunity and the like, which was perishing in the unregulated laissez-faire free market economy. Thus did the American state act to save both freedom *and* capitalism.

The Marxists also hold that there was in fact a trend toward centralization of the economy at the end of the last century, and that this was inherent in the nature of capitalism as an economic system. (Some modern, more sophisticated Marxists maintain, on the contrary, that historically the state was *always* involved in the so-called capitalistic economy.) Different Marxists see the movement towards state regulation of the economy in different ways. One group basically sees state regulation as a means of prolonging the collapse of the capitalistic system, a means which they see as inherently unstable. They see regulation as an attempt by the ruling class to deal with the “inner contradictions” of capitalism. Another group, more sophisticated, sees the movement towards state regulation as a means of *hastening* the cartelization and monopolization of the economy under the hands of the ruling class.

The conservative holds, like the liberal, that there was *indeed* such a golden age of individualism, when the economy was almost completely free of government controls. But far from being evil, such a society was near-utopian in their eyes. But the government intervened and threw things out of kilter. The consequence was that the public began to clamor for

regulation in order to rectify things that were either not injustices at all, or were injustices imposed by initial state actions. The antitrust laws and other acts of state interference, by this view, were the result. But far from seeing the key large industrialists and bankers as monopolistic monsters, the conservatives defend them as heroic innovators who were the victims of misguided or power-lusting progressives who used big businessmen as scapegoats and sacrifices on the altar of the "public good."

All three of the major schools of interpretation of this crucial era in American history hold two premises in common: (a) that the trend in economic organization at the end of the nineteenth century was *in fact* towards growing centralization of economic power, and (b) that this trend was an outcome of the processes of the free market. Only the Marxists, and then only a portion of them, take issue with the additional premise that the actions of state regulation were anti-big business in motivation, purpose and results. And both the conservatives and the liberals see a sharp break between the ideas and men involved in the Progressive Movement and those of key big business and financial leaders. Marxists disagree with many of these views, but hold the premise that the regulatory movement itself was an outgrowth of the capitalistic economy.

The Marxists, of course, smuggle in specifically nonhistorical conclusions and premises, based on their wider ideological frame of reference, the most prominent being the idea of *necessity* applied to historical events.

Although there are many arguments and disputes between adherents of the various schools, none of the schools has disputed the fundamental *historical* premise that the dominant trend at the end of the last century was toward increasing centralization of the economy, or the fundamental *economic* premise that this alleged increase was the result of the operations of a laissez-faire free market system.

Yet there are certain flaws in all three interpretations, flaws that are both historical and theoretical, flaws that make any of the interpretations inadequate, necessitating a new explanation. Although it is not possible here to argue in depth against the three interpretations, brief reasons for their inadequacy can be given.

Aside from the enormous disputes in economics over questions such as whether or not the "capitalistic system" inherently leads toward concentration and centralization of economic power in the hands of a few, we can respond to the Marxists, as well as to others, by directing our attention to the premise that there was in fact economic centralization at the turn of the century. In confronting the liberals, once more we can begin by pointing to the fact that there has been much more centralization since the Progressive

Era than before, and that the function, if not the alleged purpose, of the antitrust and other regulatory laws has been to increase, rather than decrease, such centralization. Since the conservatives already question, on grounds of economic theory, the premise that the concentration of economic power results inevitably from a free market system, we must question them as to why they believe that (a) a free market actually existed during the period in question, and (b) how, then, such centralization of economic power resulted from this supposed free market.

Aside from all the economic arguments, let us look at the period in question to see if any of the schools presented hold up, in any measure or degree.

THE ROOTS OF REGULATION

In fact and in history, the entire thesis of all three schools is botched, from beginning to end. The interpretations of the Marxists, the liberals and the conservatives are a tissue of lies.

As Gabriel Kolko demonstrates in his masterly *The Triumph of Conservatism* and in *Railroads and Regulation*, the dominant trend in the last three decades of the nineteenth century and the first two of the twentieth was not towards increasing centralization, but rather, despite the growing number of mergers and the growth in the overall size of many corporations, toward growing competition. Competition was unacceptable to many key business and financial leaders, and the merger movement was to a large extent a reflection of voluntary, unsuccessful business efforts to bring irresistible trends under control. . . . As new competitors sprang up, and as economic power was diffused throughout an expanding nation, it became apparent to many important businessmen that only the national government could [control and stabilize] the economy. . . . Ironically, contrary to the consensus of historians, it was not the existence of monopoly which caused the federal government to intervene in the economy, but the lack of it.¹

While Kolko does not consider the causes and context of the economic crises which faced businessmen from the 1870s on, we can at least summarize some of the more relevant aspects here. The enormous role played by the state in American history has not yet been fully investigated by anyone.

¹ Gabriel Kolko, *The Triumph of Conservatism* (Chicago: Quadrangle 1967) 4–5.

Those focusing on the role of the federal government in regulating the economy often neglect to mention the fact that America's ostensive federalist system means that the historian concerned with the issue of regulation must look to the various state governments as well. What he will find already has been suggested by a growing number of historians: that nearly every federal program was pioneered by a number of state governments, including subsidies, land grants and regulations of the antitrust variety. Furthermore, often neglected in these accounts is the fact that the real process of centralization of the economy came not during the Progressive Era, but rather (initially) during the Civil War, with its immense alliance between the state and business (at least in the more industrialized North). Indeed, such key figures in the progressive Era as J. P. Morgan got their starts in alliances with the government of the North in the Civil War. The Civil War also saw the greatest inflationary expansion of the monetary supply and greatest land grants to the railroads in American history. These and other related facts mean that an enormous amount of economic *malinvestment* occurred during and immediately after the Civil War, and the result was that a process of liquidation of malinvestment took place: a depression in the 1870s.

It was this process of inflationary boom caused by the banking and credit system spurred by the government and followed by depressions, that led the businessmen and financial leaders to seek stabilizing elements from the 1870s on. One of the basic results of this process of liquidation, of course, was a growth in competition. The thesis of the Kolko books is that the trend was towards growing competition in the United States before the federal government intervened, and that various big businessmen in different fields found themselves unable to cope with this trend by private, economic means. Facing falling profits and diffusion of economic power, these businessmen then turned to the state to regulate the economy on their behalf. What Kolko and his fellow revisionist James Weinstein (*The Corporate Ideal in the Liberal State, 1900–1918*) maintain is that business and financial leaders did not merely react to these situations with concrete proposals for regulations, but with the ever more sophisticated development of a comprehensive *ideology* which embraced both foreign and domestic policy. Weinstein in particular links up the process of businessmen turning to the state for favors in response to problems which they faced and the modern "corporate liberal" system. He maintains that the ideology *now dominant* in the U.S. had been worked out for the most part by the end of the First World War, not during the New Deal, as is commonly held, and that the "ideal of a liberal corporate social order" was developed *consciously and purposefully* by those who then, as now, enjoyed supremacy in the

United States: “the more sophisticated leaders of America’s largest corporations and financial institutions.”² In examining this thesis, I shall focus predominantly on the activities of the national Civics Federation (NCF), a group of big businessmen that was the primary ideological force behind many “reforms.”

Since the basic pattern of regulation was first established in the case of the railroads, a glance at this industry will set the basis for an examination of the others.

American industry as a whole was intensely competitive in the period from 1875 on. Many industries, including the railroads, had overexpanded and were facing a squeeze on profits. American history contains the myth that the railroads faced practically no competition at all during this period, that freight rates constantly rose, pinching every last penny out of the shippers, especially the farmers, and bleeding them to death. Historian Kolko shows that:

Contrary to the common view, railroad freight rates, taken as a whole, declined almost continuously over the period [from 1877 to 1916] and although consolidation of railroads proceeded apace, this phenomenon never affected the long-term decline of rates or the ultimately competitive nature of much of the industry. In their desire to establish stability and control over rates and competition, the railroads often resorted to voluntary, cooperative efforts.

When these efforts failed, as they inevitably did, the railroad men turned to political solutions to [stabilize] their increasingly chaotic industry. They advocated measures designed to bring under control those railroads within their own ranks that refused to conform to voluntary compacts. . . . [F]rom the beginning of the 20th century until at least the initiation of World War I, the railroad industry resorted primarily to political alternatives and gave up the abortive efforts to put its own house in order by relying on voluntary cooperation. . . . Insofar as the railroad men did think about the larger theoretical implications of centralized federal regulation, they rejected . . . the entire notion of laissez-faire [and] most railroad leaders increasingly relied on a Hamiltonian conception of the national government.³

² James Weinstein, *The Corporate Ideal in the Liberal State* (Boston: Beacon 1968) ix.

³ Gabriel Kolko, *Railroads and Regulation* (Princeton: Princeton UP 1965) 3–5.

The two major means used by competitors to cut into each other's markets were rate wars (price cutting) and rebates; the aim of business leaders was to stop these. Their major, unsuccessful, tool was the "pool" which was continuously broken up by competitive factors.⁴ The first serious pooling effort in the East, sponsored by the New York Central, had been tried as early as 1874 by Vanderbilt; the pool lasted for six months. In September 1876, a Southwestern Railroad Association was formed by seven major companies in an attempt to voluntarily enforce a pool; it didn't work and collapsed in early 1878. Soon it became obvious to most industrial leaders that the pooling system was ineffective.

In 1876 the first significant federal regulatory bill was introduced into the House by J. R. Hopkins of Pittsburgh. Drawn up by the attorney for the Philadelphia and Reading Railroad, it died in committee.

By 1879, there was "a general unanimity among pool executives . . . that without government sanctions, the railroads would never maintain or stabilize rates."⁵ By 1880, the railroads were in serious trouble; the main threat was identified as "cutthroat competition."

Far from pushing the economy toward greater centralization, economic forces indicated that centralization was inefficient and unstable. The push was towards decentralization, and smaller railroads often found themselves much less threatened by economic turns of events than the older, more established and larger business concerns.

Thus the Marxist model finds itself seriously in jeopardy in this instance, for the smaller firms and railroads, throughout the crises of the 1870s and 1880s often were found to be making larger profits on capital invested than the giant businesses. Furthermore, much of the concentration of economic power which was apparent during the 1870s and on, was the result of massive state aid immediately before, during, and after the Civil War, *not* the result of free market forces. Much of the capital accumulation—particularly in the cases of the railroads and banks—was accomplished by means of government regulation and aid, not by free trade on a free market.

⁴ See both Kolko books for factual proof of this. Weinstein does not take this fact into account in his book, and thus underestimates this as a motivating force in the actions and beliefs of businessmen. For a theoretical explanation, see Murray N. Rothbard, *Man, Economy and State* (Los Angeles: Nash 1971) 566–85.

⁵ Kolko, *Railroads* 26.

Also, the liberal and conservative models which stress the supposed fact that there was growing centralization in the economy and that competition either lessened or became less intense, are both shaken by historical facts. And we already have seen that it was the railroad leaders, faced with seemingly insurmountable problems, who initiated the drive for federal government regulation of their industry.

Rate wars during 1881 pushed freight rates down 50 percent between July and October alone; between 1882 and 1886, freight rates declined for the nation as a whole by 20 percent. Railroads were increasingly talking about regulation with a certain spark of interest. Chauncey Depew, attorney for the New York Central, had become convinced “that [railroad] commissions were necessary for the protection of both the public and the railroads.”⁶ He soon converted William H. Vanderbilt to his position.⁷

Agitation for regulation to ease competitive pains increased, and in 1887, the Interstate Commerce Act was passed. According to the *Railway Review*, an organ of the railroad, it was only a first step.

The Act was not enough, and it did not stop either the rate wars or rebates. So, early in 1889 during a prolonged rate war, J. P. Morgan summoned presidents of major railroads to New York to find ways to maintain rates and enforce the act, but this, too, was a failure. The larger railroads were harmed most by this competition; the smaller railroads were in many cases more prosperous than in the early 1880s. “Morgan weakened rather than strengthened many of his roads . . . [and on them] services and safety often declined. Many of Morgan’s lines were overexpanded into areas where competition was already too great.”⁸ Competition again increased. The larger roads then led the fight for further regulation, seeking more power for the Interstate Commerce Commission (ICC).

In 1891, the president of a midwestern railroad advocated that the *entire* matter of setting rates be turned over to the ICC. An ICC poll taken in 1892 of fifteen railroads showed that fourteen of them favored legalized pooling under Commission control.

⁶ Kolko, *Railroads* 17 [Editors’ note—Kolko (slightly mis)quotes Chauncey M. Depew, “Leaves from My Autobiography: Fifty-Six Years with the New York Central Railroad,” *Scribner’s Magazine* 71.2 (Feb. 1922): 152 (we have corrected the quote in light of the original)].

⁷ The twin facts here that Vanderbilt needed “converting” and that he had other options open to him should by themselves put to rest the more *simplistic* Marxist theories of “class consciousness,” awareness of interests and relationships to the means of production.

⁸ Kolko, *Railroads* 65–6.

Another important businessman, A. A. Walker, who zipped back and forth between business and government agencies, said that "railroad men had had enough of competition. The phrase 'free competition' sounds well enough as a universal regulator," he said, "but it regulates by the knife."⁹

In 1906, the Hepburn Act was passed, also with business backing. The railroad magnate Cassatt spoke out as a major proponent of the act and said that he had long endorsed federal rate regulation. Andrew Carnegie, too, popped up to endorse the act. George W. Perkins, an important Morgan associate, wrote his boss that the act "is going to work out for the ultimate and great good of the railroad." But such controls were not enough for some big businessmen. Thus E. P. Ripley, the president of the Santa Fe, suggested what amounted to a Federal Reserve System for the railroads, cheerfully declaring that such a system "would do away with the enormous wastes of the competitive system, and permit business to follow the line of least resistance"—a chant later taken up by Mussolini.

In any case, we have seen that (a) the trend was not towards centralization at the close of the nineteenth century—rather, the liquidation of previous malinvestment fostered by state action and bank-led inflation worked against the bigger businesses in favor of the smaller, less overextended businesses; (b) there was, in the case of the railroads anyway, no sharp dichotomy or antagonism between big businessmen and the progressive Movement's thrust for regulation; and (c) the purpose of the regulations, as seen by key business leaders, was not to fight the growth of "monopoly" and centralization, but to foster it.

The culmination of this big-business-sponsored "reform" of the economic system is actually today's system. The new system took effect immediately during world War I when railroads gleefully handed over control to the government in exchange for guaranteed rate increases and guaranteed profits, something continued under the Transportation Act of 1920. The consequences, of course, are still making themselves felt, as in 1971, when the Pennsylvania Railroad, having cut itself off from the market and from market calculation nearly entirely, was found to be in a state of economic chaos. It declared bankruptcy and later was rescued, in part, by the state.

⁹ Kolko, *Railroads* 74.

REGULATION COMES TO THE REST OF THE ECONOMY

Having illustrated my basic thesis through a case study of the origins of regulation in the railroad industry, I shall now look at the rest of the American economy in this period and examine, however briefly, the role that big business had in pushing through acts of state regulation.

I should also mention, at least in passing, big businessmen not only had a particularly important effect in pushing through domestic regulation, but they fostered interventionism in foreign policy as well. What was common to both spheres was the fact that the acts of state intervention and monetary expansion by the state-manipulated banking system had precipitated depressions and recessions from the 1870s through the 1890s. The common response of businessmen, particularly big businessmen—the leaders in various fields—was to promote further state regulation and aid as a solution to the problems caused by the depressions. In particular vogue at the time—in vogue today, as a matter of fact—was the notion that continued American prosperity required (as a necessary condition) expanded markets for American goods and manufactured items. This led businessmen to seek markets in foreign lands though various routes, having fulfilled their “manifest destiny” at home.

Domestically, however, the immediate result was much more obvious. From about 1875 on, many corporations, wishing to be large and dominant in their field, overexpanded and overcapitalized. Mediocre entrepreneurship, administrative difficulties and increasing competition cut deeply into the markets and profits of many giants. Mergers often were tried, as in the railroad industry, but the larger mergers brought neither greater profits nor less competition. As Kolko states: “Quite the opposite occurred. There was *more* competition, and profits, if anything, declined.” A survey of ten mergers showed, for instance, that the companies earned an average of 65 percent of their *preconsolidation* profits after consolidation. Overcentralization inhibited their flexibility of action, and hence their ability to respond to changing market conditions. In short, things were not as bad for other industries as for the railroads—they were often worse.

In the steel industry, the price of most steel goods declined more or less regularly until 1895, and even though prices rose somewhat thereafter, there was considerable insecurity about what other competitors might choose to do next. A merger of many corporations in 1901, based on collaboration between Morgan and Carnegie, resulted in the formation of U. S. Steel. Yet U. S. Steel’s profit margin declined *over 50 percent* between

1902 and 1904. In its first two decades of existence, U. S. Steel held a continually shrinking share of the market. Due to technological conservatism and inflexible leadership, the company became increasingly costly and inefficient. Voluntary efforts at control failed. U. S. Steel turned to politics.

In the oil industry, where Standard Oil was dominant, the same situation existed. In 1899 there were 67 petroleum refiners in the U.S.; within ten years, the number had grown to 147 refiners.

In the telephone industry, things were in a similar shape. From its foundation in 1877 until 1894, Bell Telephone (AT&T) had a virtual monopoly in the industry based on its control of almost all patents.¹⁰ In 1894 many of the patents expired. "Bell immediately adopted a policy of harassing the host of aspiring competitors by suing them (27 suits were instituted in 1894–95 alone) for allegedly infringing Bell patents."¹¹ But such efforts to stifle competition failed; by 1902, there were 9,100 independent telephone systems; by 1907, there were 22,000. Most had rates lower than AT&T.

In the meat packing industry too, the large packers felt threatened by increasing competition. Their efforts at control failed. Similar diffusion of economic power was the case in other fields, such as banking, where the power of the eastern financiers was being seriously eroded by midwestern competitors.

This, then, was the basic context of big business; these were the problems that it faced. How did it react? Almost unanimously, it turned to the power of the state to get what it could not get by voluntary means. Big business acted not only through concrete political pressure, but by engaging in large-scale, long-run ideological propaganda or "education" aimed at getting different sections of the American society united behind statism, in principle and practice.

Let us look at some of the activities of the major organizational tool of big business, the National Civics Federation. The NCF was actually a reincarnation of Hamiltonian views on the relation of the state to business. Primarily an organization of big businessmen, it pushed for the tactical and

¹⁰ It is instructive to note that most of these patents were illegitimate according to libertarian ownership theories, since many other men had independently discovered the telephone and subsequent items besides Bell and the AT&T group, yet they were coercively restrained from enjoying the product of such creativity. On the illegitimacy of such patent restriction, see Rothbard, *Man, Economy and State* 652–60.

¹¹ Kolko, *Triumph* 30–39.

theoretical alliance of business and government, a primitive version of the modern business-government partnership. Contrary to the consensus of many conservatives, it was not ideological innocence that led them to create a statist economic order—they knew what they were doing and constantly said so.

The working partnership of business and government was the result of the conscious activities of organizations such as the NCF created in 1900 (coincided with the birth of what is called the “Progressive Movement”) to fight with increasing and sustained vigor against what it considered to be its twin enemies: “the socialists and radicals among workers and middle class reformers, and the ‘anarchists’ among the businessmen” (as the NCF characterized the National Association of Manufacturers). The smaller businessmen, who constituted the NAM, formed an opposition to the new liberalism that developed through cooperation between political leaders such as Theodore Roosevelt, William H. Taft and Woodrow Wilson, and the financial and corporate leaders in the NCF and other similar organizations. The NCF before World War I was “the most important single organization of the socially conscious big businessmen and their academic and political theorists.” The NCF “took the lead in educating the businessmen to the changing needs in political economy which accompanied the changing nature of America’s business system.”¹²

The early leaders of the NCF were such big business leaders as Marcus A. Hanna, utilities magnate Samuel B. Insull, Chicago banker Franklin MacVeagh (later Secretary of the treasury), Charles Francis Adams and several partners in J. P. Morgan & Co. The largest contributor to the group was Andrew Carnegie; other important members of the executive committee included George W. Perkins, Elbert H. Gary (a Morgan associate and a head of U. S. Steel after Carnegie), Cyrus McCormick, Theodore N. Vail (president of AT&T) and George Cortelyou (head of Consolidated Gas).

The NCF sponsored legislation to promote the formation of “public utilities,” a special privilege monopoly granted by the state, reserving an area of production to one company. Issuing a report on “Public Ownership of Public Utilities,” the NCF established a general framework for regulatory laws, stating that utilities should be conducted by legalized independent commissions. Of such regulation one businessman wrote another:

¹²Weinstein 82.

"Twenty-five years ago we would have regarded it as a species of socialism"; but seeing that the railroads were both submitting to and apparently profiting from regulation, the NCF's self-appointed job of "educating" municipal utilities corporations became much easier.

Regulation in general, far from coming against the wishes of the regulated interests, was openly welcomed by them in nearly every case. As Upton Sinclair said of the meat industry, which he is given credit for having tamed, "the federal inspection of meat was historically established at the packers' request. . . . It is maintained and paid for by the people of the United States for the benefit of the packers."¹³

However, one interesting fact comes in here to refute the Marxist theory further. For the Marxists hold that there are fundamentally two opposing "interests" which clash in history: the capitalists and the workers. But what we have seen, essentially, is that the interests (using the word in a journalistic sense) of neither the capitalists nor the workers, so-called, were uniform or clear-cut. The interests of the larger capitalists seemed to coincide, as they saw it, and were clearly opposed to the interests of the smaller capitalists. (However, there were conflicts among the big capitalists, such as between the Morgan and Rockefeller interests during the 1900s, as illustrated in the regimes of Roosevelt and Taft.) The larger capitalists saw regulation as being in their interest, and competition as opposed to it; with the smaller businessmen, the situation was reversed. The workers for the larger businesses also may have temporarily gained at the expense of others through slight wage increases caused by restrictions on production. (The situation is made even more complicated when we remember that the Marxist belief is that one's relationship to the means of production determines one's interests and hence, apparently, one's ideas. Yet people with basically the same relationship often had different "interests" and ideas. If this in turn is explained by a Marxist in terms of "mystification," an illuminating explanation in a libertarian context, then mystification *itself* is left to be explained. For if one's ideas and interests are an automatic function of the economic system and one's relationship to the means of production, how can "mystification" arise *at all*?)

In any case, congressional hearings during the administration of Theodore Roosevelt revealed that "the big Chicago packers wanted more meat inspection both to bring the small packers under control and to aid them in their position in the export trade." Formally representing the large

¹³ Kolko, *Triumph* 103.

Chicago packers, Thomas E. Wilson publicly announced: “We are now and have always been in favor of the extension of the inspection.”¹⁴

In both word and deed American businessmen sought to replace the last remnants of laissez-faire in the United States with government regulation—for their own benefit. Speaking at Columbia University in February 1908, George W. Perkins, a Morgan associate, said that the corporation “must welcome federal supervision administered by practical businessmen.”¹⁵

As early as 1908, Andrew Carnegie and Ingalls had suggested to the NCF that it push for an American version of the British Board of Trade, which would have the power to judge mergers and other industrial actions. As Carnegie put it, this had “been found sufficient in other countries and will be so with us. We must have our industrial as we have a Judicial Supreme Court.”¹⁶ Carnegie also endorsed government actions to end ruinous competition. “It always comes back to me that government control, and that alone, will properly solve the problem. . . . There is nothing alarming in this; capital is perfectly safe in the gas company, although it is under court control. So will all capital be, although under government control.”¹⁷

AT&T, controlled by J. P. Morgan as of 1907, also sought regulation. The company got what it wanted in 1910, when telephones were placed under the jurisdiction of the ICC, and rate wars became a thing of the past. President T. N. Vail of AT&T said, “we believe in and were the first to advocate . . . governmental control and regulation of public utilities.”

By June of 1911, Elbert H. Gary of U. S. Steel appeared before a congressional committee and announced to astonished members, “I believe we must come to enforced publicity and governmental control even as to prices.” He virtually offered to turn price control over to the government. Kolko states that the reason Gary and Carnegie were offering the powers of price control to the federal government was not known to the congressmen, who were quite unaware of the existing price anarchy in steel. The proposals of Gary and Carnegie, the Democratic majority on the committee reported, were really ‘semisocialistic’ and hardly worth endorsing.¹⁸

¹⁴ Kolko, *Triumph* 103.

¹⁵ Kolko, *Triumph* 129.

¹⁶ Weinstein *Ideal* 180.

¹⁷ Kolko, *Triumph* 180.

¹⁸ Kolko, *Triumph* 173–74.

Gary also proposed that a commission similar to the ICC be set up to grant, suspend and revoke licenses for trade and to regulate prices.

In the fall of 1911, the NCF moved in two fronts: it sent a questionnaire to 30,000 businessmen to seek out their positions on a number of issues. Businessmen favored regulation of trade by three to one.

In November of 1911, Theodore Roosevelt proposed a national commission to control organization and capitalization of all inter-state businesses. The proposal won an immediate and enthusiastic response from Wall Street.

In 1912, Arthur Eddy, an eminent corporation lawyer, working much of the time with Standard Oil, and one of the architects of the FTC, stated boldly in his magnum opus, *The New Competition*, what had been implicit in the doctrines of businessmen all along: Eddy trumpeted that "competition was inhuman and war, and that war was hell."

Thus did big businessmen believe and act.

Meanwhile, back at the bank, J. P. Morgan was not to be left out. For Morgan, because of his ownership or control of many major corporations, was in the fight for regulation from the earliest days onward. Morgan's financial power and reputation were largely the result of his operations with the American and European governments; his many dealings in currency manipulations and loans to oppressive European states earned him the reputation of a "rescuer of governments." One crucial aspect of the banking system at the beginning of the 1900s was the relative decrease in New York's financial dominance and the rise of competitors. Morgan was fully aware of the diffusion of banking power that was taking place, and it disturbed him.

Hence, bankers too turned to regulation. From very early days, Morgan had championed the cause of a central bank, of gaining control over the nation's credit through a board of leading bankers under government supervision. By 1907, the NCF had taken up the call for a more elastic currency and for greater centralization of banking.

Nelson Aldrich proposed a reform bank act and called a conference of twenty-two bankers from twelve cities to discuss it. The purpose of the conference was to "discuss winning the banking community over to government control directed by the bankers for their own ends." A leading banker, Paul Warburg, stated that "it would be a blessing to get these small banks out of the way."¹⁹

¹⁹ Kolko, *Triumph* 183.

Most of his associates agreed. In 1913, two years after the conference, and after any squabbles over specifics, the Federal Reserve Act was passed. The big bankers were pleased.

These were not the only areas in which businessmen and their political henchmen were active. Indeed, ideologically speaking, they were behind innumerable “progressive” actions, and even financed such magazines as *The New Republic*. Teddy Roosevelt made a passing reference to the desirability of an income tax in his 1906 message to Congress, and the principle received support from such businessmen as George W. Perkins and Carnegie, who often referred to the unequal distribution of wealth as “one of the crying evils of our day.” Many businessmen opposed it, but the *Wall Street Journal* said that it was certainly in favor of it.

The passage of the Clayton Antitrust Act and the creation of the Federal Trade Commission occurred in 1914. Once established, the FTC began its attempt to secure the “confidence” of “well-intentioned” businessmen. In a speech before the NCF, one of the pro-regulation powerhouses, J. W. Jenks, “affirmed the general feeling of relief among the leaders of large corporations and their understanding that the FTC was helpful to the corporations in every way.”²⁰

In this crucially important era, I have focused on one point: big business was a major source of American statism. Further researches would show, I am convinced, that big business and financial leaders were also the dominant force behind America’s increasingly interventionist foreign policy, and behind the ideology of modern liberalism. In fact, by this analysis sustained research might show American liberal intellectuals to be the “running dogs” of big businessmen, to twist a Marxist phrase a bit.

Consider the fact that the *New Republic* has virtually always taken the role of defender of the corporate state which big businessmen carefully constructed over decades. Consider the fact that such businessmen as Carnegie not only supported all the groups mentioned and the programs referred to, but also supported such things as the Big Navy movement at the turn of the century. He sold steel to the United States government that went into the building of the ships and he saw in the Venezuela boundary dispute the possibility of a large order for armor from the United States

²⁰Weinstein *Ideal* 91.

Navy.²¹ Carnegie, along with Rockefeller and, later, Ford, was responsible for sustained support of American liberalism through the foundations set up in his name.

J. P. Morgan, the key financial leader, was also a prime mover of American statism. His foreign financial dealings led him to become deeply involved with Britain during World War I, and this involvement in turn led him to help persuade Wilson to enter the war on Britain's behalf, to help save billions of dollars of loans which would be lost in the event of a German victory.

In a more interesting light, consider the statements made in 1914 by S. Thruston Ballard, owner of the largest wheat refinery in the world. Ballard not only supported vocational schools as a part of the public schools (which would transfer training costs to taxpayers), restrictions on immigration, and a national minimum wage, he saw and proposed a way to "cure" unemployment. He advocated a federal employment service, public works, and if these were insufficient, "*government concentration camps where work with a small wage would be provided, supplemented by agricultural and industrial training.*"²²

Consider the role of big businessmen in pushing through public education in many states after World War I. Senator Wadsworth spoke before a NCF group in 1916, pointing out that compulsory government education was needed "to protect the nation against destruction from within. It is to train the boy and girl to be good citizens, to protect against ignorance and dissipation." This meant that the reason to force children to go to school, at gunpoint if necessary, was so that they could be brainwashed into accepting the status quo, almost explicitly so that their capacity for dissent (i.e., their capacity for independent thinking) could be destroyed. Thus did Wadsworth also advocate compulsory and universal military training: "Our people shall be prepared mentally as well as in a purely military sense. *We must let our young men know that they owe some responsibility to this country.*"

Indeed, we find V. E. Macy, president of the NCF at the close of the war, stating that it was not "beside the mark to call attention to the nearly thirty million minors marching steadily toward full citizenship," and ask "at what

²¹ Walter LeFeber, *The New Empire: An Interpretation of American Expansion, 1860-1890* (Ithaca, NY: Cornell UP 1963) 239, 273n. The note on Carnegie's linking of the Venezuela boundary dispute with obtaining large orders of steel from the Navy was taken from Carnegie's correspondence.

²² Weinstein 91.

stage of their journey we should lend assistance to the work of quickening . . . the sense of responsibility and partnership in the business of maintaining and perfecting the splendid social, industrial, and commercial structure which has been reared under the American flag.” The need, Macy noted, was most urgent. Among American youths there was a widespread “indifference toward, and aloofness from, individual responsibility for the successful maintenance and upbuilding of the industrial and commercial structure which is the indispensable shelter of us all.”²³

Big business, then, was behind the existence and curriculum of the public educational system, *explicitly to teach young minds to submit and obey, to pay homage to the “corporate liberal” system which the politicians, a multitude of intellectuals and many big businessmen created.*

My intention here simply has been to present an alternative model of historical interpretation of key events in this one crucial era of American history, an interpretation which is neither Marxist, liberal nor conservative, but which may have some elements in common with each.

From a more ideological perspective, my purpose has been to present an accurate portrait of on aspect of “how we got here,” and indicate a new way of looking at the present system in America.

To a large degree it has been and remains big businessmen who are the fountainheads of American statism. If libertarians are seeking allies in their struggle for liberty, then I suggest that they look elsewhere. Conservatives, too, should benefit from this presentation, and begin to see big business as a destroyer, not as a unit, of the free market. Liberals should also benefit, and reexamine their own premises about the market and regulation. Specifically, they might reconsider the nature of a *free* market, and ponder on the question of why big business has been opposed to precisely that. Isn’t it odd that the interests of liberals and key big businessmen have always coincided? The Marxists, too, might rethink their economics, and reconsider whether or not capitalism leads to monopoly. Since it can be shown scientifically that economic calculation is impossible in a purely socialistic economy, and that pure statism is not good for man, perhaps the Marxists might also look at the real nature of a complete free market, undiluted by state control.

Libertarians themselves should take heart. Our hope lies, as strange as it may seem, not with any remnants from an illusory “golden age” of

²³ Weinstein 133–135.

individualism, which never existed, but with tomorrow. Our day has not come and gone. It has never existed at all. It is our task to see that it will exist in the future. The choice and the battle are ours.

Roy A. Childs, Jr. (1949–92) was a libertarian theorist and literary critic whose reviews for Laissez Faire Books helped to introduce readers to books in fields including philosophy, politics, economics, and history. He served as the editor of *Libertarian Review* and as a Cato Institute analyst. Many of his provocative and thoughtful papers have been collected posthumously to form two books: *Liberty Against Power* and *Anarchism and Justice*. Source: Roy A. Childs, "Big Business and the Rise of American Statism," *Liberty against Power: Essays by Roy A. Childs, Jr.*, ed. Joan Kennedy Taylor (San Francisco: Fox 1994) 15–48.

Walter E. Grinder and John Hagel, “Toward a Theory of State Capitalism: Ultimate Decision-Making and Class Structure” (1974)

Abstract Class membership is defined by relationships with the market and the state. Elite groups are renewed as new members are drawn from the talented. The ruling class comprises both “narrow” and “broad” elements, with the former, rooted in the financial sector, setting the broad terms of political behavior. Politicians, the bureaucracy, the military, organized labor, and the executives of state-allied firms serve to effect and generate support for ruling-class policies, while academics and journalists help to develop and legitimate them. The ruling class is not homogenous, and conflicts persist within it related both to economic interest and to philosophy.

[...]II. THE CLASS STRUCTURE OF STATE CAPITALIST SYSTEMS

Introduction

The first part of this paper identified the capital market as a repository of ultimate decision-making within a market economic system and described the tendency for many key decision-makers to resort to extra-economic methods, i.e. state intervention, in an effort to minimize unpredictability and insulate economic decision-making from the constraints of competitive market pressures. The rest of this paper will present a sociological analysis of

the class structures which emerge and crystallize during this process of interventionism and "rationalization" of the economic system.

The Circulation of Elites in Market Systems

Decentralized and private ownership of the means of production constitutes the essential, identifying characteristic of the market system of ownership and of the market solution to the economic problem of relative scarcity.¹ Since all factors of production, including labor services and the ability to anticipate the future, are unevenly distributed, the conditions for specialization, the division of labor and exchange are met, and the market process is set in motion.² The price system and the market mechanism then become the principal means of social coordination.

Since all owners of the factors of production are unequal both in natural talent and in the ability to adjust to changing conditions, and since all market activity is necessarily future oriented, it is inevitable that at any moment there will be people and groups of people who are more adept at responding to the various aspects of changing conditions than other members of the population.³ As conditions continue to change, further adjustments will become necessary and there is no a priori reason to believe that the people and groups of people who best adapted to previous change will also be best suited in adapting to subsequent changes. Of course, some will prove themselves consistently over time and important elements of inherited meritocracy must be acknowledged, although care must be taken not to over-emphasize them. Change often occurs in the most unexpected areas in a decentralized market system. Innovators, in the

¹ Ludwig von Mises, *Socialism: An Economic and Sociological Analysis*, trans. J. Kahane (New Haven: Yale UP 1951 [1922]).

² Murray N. Rothbard, "Freedom, Inequality, Primitivism and the Division of Labor," *Modern Age* 15.3 (Summer, 1971); Murray N. Rothbard, "Egalitarianism as a Revolt Against Nature," *Egalitarianism as a Revolt against Nature and Other Essays* (Washington, DC: Libertarian Review 1974 [1965]); Frank H. Knight, *Risk, Uncertainty and Profit* (Chicago: U of Chicago P 1921); Ludwig M. Lachmann, "The Role of Expectations in Economics as a Social Science," *Economica* 14 (Feb. 1943) 108–19; Ludwig M. Lachmann, "Professor Shackle on the Significance of Time," *Metroeconomica* 11 (Sep. 1959) 64–71.

³ H. A. Hodges, *The Philosophy of Wilhelm Dilthey* (London: Routledge 1952); R. G. Collingwood, *The Idea of History* (London: OUP 1946); Ludwig von Mises, *Theory and History* (New Haven: Yale UP 1957).

Schumpeterian sense, constantly arise from the most obscure corners of society to initiate and adjust to change in all areas of human endeavor.⁴

Because of the uneven distribution of ability, elites will tend to emerge from the ranks of the better qualified through a natural process of emerging hierarchy in all areas of human activity. In all areas there will be natural leaders whose legitimacy is based on natural expertise and authority.⁵ Once again, in the Schumpeterian sense, there will be the innovators and the imitators (and even more distant followers who are even too dull to imitate, just followers). The free market society, then, is a society of evolving (ascending and descending) elites or, as Vilfredo Pareto put it, a “circulation of elites.” Since change is the fundamental characteristic of the free market society, the emergence of elites and their continuing circulation is both natural and desirable for it promotes optimization of both economic efficiency and social harmony.⁶

Just as Schumpeter⁷ discusses innovation concerning the entrepreneur and the business firm as leading to the health and progress of the economy, so too must there be a process of both the growth of new elites and the decline of old elites in all institutions and areas of social intercourse. Such processes ensure the health and viability of society as a whole. The free market society is a system in which there are neither interventionistic barriers or aids to the process of social innovation, to the free and dynamic process of the birth and decay of natural elites. Of course, this process of the rise and decline of elites takes time, thus ensuring the continuity which is also necessary to preserve a viable social organization.⁸

⁴ Joseph A. Schumpeter, *The Theory of Economic Development* (Cambridge: Harvard UP 1961); Joseph A. Schumpeter, *Capitalism, Socialism and Democracy* (New York: Harper 1942); Israel Kirzner, *Competition and Entrepreneurship* (Chicago: U of Chicago P 1973).

⁵ S. E. Finer, “Pareto and Pluto-Democracy: The Retreat to Galapagos,” *American Political Science Review* 62:2 (June 1968); S. E. Finer, *Pareto: Sociological Writings* (New York: Praeger 1966); Ferdinand Koglar, “The Elite and the Ruling Class: Pareto and Mosca Re-Examined,” *Review of Politics* 29.3 (Jul. 1967): 354–369; J. H. Meisel, *Pareto and Mosca* (Englewood Cliffs, NJ: Prentice-Hall 1965); J. H. Meisel, *The Myth of the Ruling Class: Gaetano Mosca and the Elite* (Ann Arbor, MI: U of Michigan P 1962); Robert Michels, *Political Parties* (New York: Collier 1962); Gaetano Mosca, *The Ruling Class* (New York: McGraw-Hill 1939).

⁶ Ludwig von Mises, *Human Action*, (Chicago: Henry Regnery 1966).

⁷ Schumpeter, *Development*.

⁸ The circulation of elites over time is illustrated by the popular maxim: “from shirtsleeves to shirtsleeves in three generations.”

Political Intervention as the Source of Class Conflict

As in the case of monopolies,⁹ political intervention in the market process of innovation and adaptation constitutes the ultimate source of both stratified class relationships and the consequent economic exploitation of one class by the other.¹⁰ Political intervention inevitably transforms the market system from a matrix of purely "economic means" for the acquisition and preservation of wealth to a system far more infused with the principles and institutions of the "political means." These terms—"economic means" and "political means" were coined by the German sociologist Franz Oppenheimer¹¹ and are defined as follows: (1) the "economic means" involve the acquisition of wealth through one's own labor and subsequent voluntary exchange relationship while (2) the "political means" covers all other means of acquiring wealth. The latter therefore encompasses the direct or indirect expropriation of previously produced wealth either through direct coercion or through the threat of coercion. The prevalent means of expropriation (and hence exploitation) is taxation. Taxation is also the source of most other indirect forms of intervention which, in turn, lead to even greater exploitation.

While a free market society represents the institutionalization of the economic means, Franz Oppenheimer has defined the state as the organization of the political means. The introduction of the political means into a market system creates a system of state capitalism or, in Gabriel Kolko's terms, political capitalism, i.e., a market oriented system with increasing elements of monopoly and class privilege incorporated within it.¹² The state is antithetical to the free market and statist intervention produces a hampered market system: a system of monopoly privilege and the systematization of exploitation, class antagonisms and socio-economic disharmony of interests.

⁹ Herbert Spencer, *Social Statics* (New York: Kelley 1969); Isabel Paterson, *The God of the Machine* (Caldwell, ID: Caxton 1943); Gabriel Kolko, *The Triumph of Conservatism* (New York: Free 1963).

¹⁰ Albert Jay Nock, *Our Enemy the State* (New York: Free Life 1973); Franz Oppenheimer, *The State* (New York: Free Life 1975); Murray N. Rothbard, "The Anatomy of the State," *Egalitarianism as a Revolt Against Nature and Other Essays* (Washington: Libertarian Review 1974); *For a New Liberty: The Libertarian Manifesto*, rev. ed. (San Francisco: Fox and Wilkes 1994).

¹¹ Oppenheimer.

¹² Kolko, *Triumph*.

In fact, as long as the application of the political means continues, social evolution will be shaped by a process of class conflict. The state, as the institutionalization of the political means, necessarily generates a process of continuing class conflict since the political means, by its very nature, creates a series of negative sum relationships—that is, one individual or group gains only at the expense of another. This is in comparison to the economic means characteristic of market systems where all exchanges necessarily lead *ex ante* to increases of utility for all participants entering into them (otherwise the exchanges would never have been consummated in the first place).¹³ Antagonistic interests therefore emerge from the application of the political means between those who gain from the use of the political means and those whose wealth is expropriated.¹⁴

The class structures of state societies are defined by the relationships existing between specific groups of individuals and the two modes of acquisition of wealth in society—the economic means and the political means. For example, the net beneficiaries from the application of the political means in society may be designated, quite appropriately, as the political class. This class encompasses all those individuals or groups of individuals whose position in society is dependent on the institutionalization of the political means. While such a class is defined primarily in economic terms, the concept also incorporates the more subjective notion of status—a dimension which becomes increasingly important in the shift from a contract society to a status society that is characteristic of the evolution of political capitalism. Within the broad category of political class, there are numerous distinct subgroups which will be outlined later in this paper.

The designated class position of any given individual does not necessarily imply a full understanding by him of his own class position—that he has a close similarity or identity of interests with others in his class. However, it seems reasonable to assume that individuals sharing certain objective interests will tend toward an emerging and at least hazy common “class consciousness.” This is particularly true for producers within each industry and net beneficiaries of state intervention rather than widely dispersed

¹³ Carl Menger, *Principles of Economics* (Glencoe, IL: Free 1950) and Murray N. Rothbard, “Toward a Reconstruction of Utility and Welfare Economics,” *Freedom and Free Enterprise*, ed. Hans M. Sennholz (Princeton: Van Nostand 1956) 224–62.

¹⁴ Rothbard, “Reconstruction”; Lionel Robbins, *The Economic Basis of Class Conflict* (London: Macmillan 1939).

consumers and net losers from state intervention.¹⁵ As a consequence, there tends to be an uneven development of class consciousness in which the political class attains a critical advantage by developing a much more clearly defined awareness of their own interests and this in turn tends to promote a broad consensus within these classes regarding the measures necessary to protect these interests.¹⁶

It must be stressed that the beneficiaries of the political means in a market oriented economy are dependent on the existence of the economic means in order to survive and prosper. The political means presupposes the economic means since the political means alone is unproductive and parasitic whereas the economic means can exist and, in fact, thrives best in the absence of the political means.¹⁷ In view of the dependence of the political means on the economic means, the optimal strategy for the political class to pursue will not be to maximize short-term returns, but rather to promote as productive a system as possible, consistent with the preservation of its exploitative position in that system. The contradictions inherent in such a strategy epitomize the profound contradictions underlying the entire political capitalist system.

This parasitic relationship cannot persist indefinitely, for the political means inevitably distorts the price mechanism necessary for the successful operation of the economic means in an advanced market economy. Distortion of the price mechanism produces market dislocations which necessitate one of two actions: either the initial intervention through the political means must be eliminated or additional intervention will be introduced in an effort to remove the existing dislocation. The latter option will simply result in further dislocations within the market system, once again

¹⁵ Robbins.

¹⁶ Hilaire Belloc, *The Servile State* (London: Foulis 1912).

¹⁷ It should be stressed that the elements of this analytical model are rarely encountered in their pristine purity in the "real world." Instead, historical class formations usually represent varying mixtures of the political means and the economic means. The historian and social researcher must resolve the empirical question of the extent to which a particular class in any given historical period relies on either of these two methods for the acquisition of wealth. It is useful, however, to isolate the distinct elements of this analytical model in their purest form in order to describe their unique characteristics and thereby achieve a deeper understanding of their interaction in various historical epochs.

confronting policy-makers with the same dilemma.¹⁸ The political means is therefore both parasitic and expansionist and its institutionalization in the state apparatus generates an ultimately unviable system characterized by inherent instability and deepening contradiction.¹⁹

In the absence of a strong, persistent and widely held libertarian ideology, the transition from a market system to an interventionistic system (that is, from a non-fixed class society into a stratified class society) appears all but inevitable. For, although the unhampered market is the “natural” system for the individual (in the sense that it maximizes material welfare in a manner consistent with a normative moral code based on natural rights), it does not necessarily follow that the individual will naturally receive a “natural” social system.²⁰

¹⁸The interventionist dynamic is occasionally disrupted, and even temporarily reversed, by certain crisis periods in which the contradictions inherent in earlier interventionist measures confront the ruling class with the necessity of repealing these earlier measures, e.g., the acute housing shortage resulting from New York’s rent control legislation confronted policy makers with the option either of repealing this legislation or authorizing massive state intervention in the housing market in the form of public housing projects. The fundamental social transformations that would have resulted in the latter option made it unacceptable. Usually, however, policy makers will be reluctant to admit the mistake of their earlier intervention (mainly for political reasons) and instead will adopt further interventionist measures to “cure” the previously caused distortions.

¹⁹For a more detailed investigation of the nature and effects of interventionism, see Walter Grinder and John Hagel, “From Laissez-Faire to *Zwangswirtschaft*: The Dynamics of Interventionism,” delivered to the Austrian Economics Symposium, University of Hartford, June 1975. See also Ludwig von Mises, “The Middle of the Road Leads to Socialism,” *Planning for Freedom* (South Holland, IL.: Libertarian 1962) and F. A. Hayek, *The Road to Serfdom* (Chicago: U of Chicago P 1934).

²⁰Of course, any system which interferes with the market process embodies inherent contradictions which progressively hamper the functioning of the social system over the long run. Hence reality is a strong teacher and market oriented reforms will probably accompany each cumulative crisis but, in the absence of a continuing libertarian ideology, even the harsh lessons of reality will soon be forgotten and the interventionist dynamic will resume its relentless course. F. A. Hayek, *Individualism and Economic Order* (Chicago: U of Chicago P 1948); Ludwig von Mises, “Economic Calculation in the Socialist Commonwealth,” *Collectivist Economic Planning*, ed. F. A. Hayek (London: Routledge 1935) 87–130; Murray N. Rothbard, “Lange, Mises and Praxeology: The Retreat from Marxism,” *Toward Liberty: Essays in Honor of Ludwig von Mises on the Occasion of his 90th Birthday, September 29, 1971*, 2 vols., ed. F.A. Hayek, Henry Hazlitt, Leonrad R. Read, Gustavo Velasco, and F.A. Harper (Menlo Park, CA: IHS 1971) 307–21.

The interaction of two fundamental sociological laws in human action in fact persistently militate against the free market society. The first is the basic praxeological law of human action, that human action will be undertaken only if it is anticipated that the actor will be able to substitute a more satisfactory state of affairs for his present, and less satisfactory, condition.²¹ While an important methodological insight, the "action axiom" alone represents an otherwise innocuous observation. However, when it is combined with the second insight, "Epstein's Law," one begins to discern a compelling tendency towards increasing intervention in the market place by some at the expense of others—once again, however, this assumes the absence of a strong libertarian ideology. Epstein's Law, as formulated by Albert Jay Nock, states that "man tends to satisfy his needs and desires with the least exertion." It follows that, since expropriation requires the least exertion, then systematized exploitation (the organization of the political means) will tend to become a prevailing social relationship.²²

Until, and unless, the intellectual elite within society fully understands and appreciates the fact that the economic means characteristic of market systems is in the long-run best interests of all individuals in society, we will be very unlikely to achieve anything approximating a truly unhampered market system. There is not good reason, therefore, to trust in the gradualism of social evolution to achieve a free market, classless society. Instead, it is necessary to improve our understanding of the interventionistic, exploitative and stratified class system of state capitalism, for it is the one within which we shall be living for the foreseeable future and it is, more importantly, the one which we shall have to change in such a manner that it will not re-emerge in the future.

A Class within a Class: The Ruling Class as Ultimate Decision-Makers

In analyzing the stratified class structures of political capitalism, it is necessary to focus on the distinct sub-groups which comprise this much broader political class. In the following section, each of these sub-groups will be enumerated and discussed briefly in turn. First, however, a narrower

²¹ Mises, *Action*; Ludwig M. Lachmann, "On the Method of Interpretation," *The Legacy of Max Weber* (Berkeley: Glendessary 1971); Murray N. Rothbard, "Praxeology as the Method of Economics" *Phenomenology and the Social Sciences*, ed. Maurice Natanson, 2 vols. (Evanston, IL: Northwestern UP 1973) 2: 311–39.

²² Albert Jay Nock, *Memoirs of a Superfluous Man* (Chicago: Regnery 1964).

category should be isolated within the political class encompassing those individuals who act as “ultimate decision-makers” within the state capitalist system. This smaller group will be designated the “ruling class.” The ruling class in turn covers two separate elements: a “narrow” ruling class and a “broad” ruling class.

The “narrow” ruling class is restricted to a relatively small number of individuals and families²³ who are truly “ultimate decision-makers” in the sense that they seldom become involved in the day-to-day problems of current policy formation and implementation. Instead, they are primarily concerned with defining the parameters of economic and political formation, from the international level right down to the national, state and often even local levels. In so doing, they determine what is “acceptable” to the system.²⁴ For reasons which were outlined earlier, these individuals and families comprising the “narrow” ruling class are to be found predominantly in the financial/capital-owning sector.

These individuals only rarely seek elective political office, although they are often appointed, usually for only relatively brief periods, to serve on “blue-ribbon” advisory commissions or in government positions. Although these individuals occasionally occupy prominent government positions, they usually prefer to remain far from the political limelight while occupying their positions as ultimate economic decision-makers. The actual development of the broad outlines of political policy generally occurs in the various research planning associations and university institutes and departments which are sponsored and underwritten by the economic elite.²⁵ By such underwriting, the parameters for the formulation of political/economic policy are subtly established and academics soon become adept at identifying with the interests of their employers.

²³ E. Digby Baltzell, *Philadelphia Gentlemen: The Making of a National Upper Class* (Glencoe, IL: Free 1958); G. William Domhoff, *Who Rules America?* (Englewood Cliffs, NJ: Prentice-Hall 1968); G. William Domhoff, *The Higher Circles* (New York: Vintage 1971); Ferdinand Lundberg, *America's Sixty Families* (New York: Vanguard 1937).

²⁴ Gabriel Kolko, “The Men of Power,” *Roots of American Foreign Policy* (Boston: Beacon 1968); Domhoff, *Circles*.

²⁵ David Eakins, “Policy Planning for the Establishment,” *A New History of Leviathan*, ed. Ronald Radosh and Murray N. Rothbard (New York: Dutton 1972); David Eakins, “Business Planners and America's Postwar Expansion,” *Corporations and the Cold War*, ed. William A. Williams (New York: Monthly Review 1968); David Eakins, “The Development of Corporate Liberal Policy Research in the United States 1885-1965” (PhD diss., U of Wisconsin-Madison 1966).

Although these individuals form the nucleus of the ruling class, there is also a broader definition of the ruling class encompassing a group of individuals defined primarily by wider sociological criteria.²⁶ It is within this wider group that the concept of family networks (both financial and sociological),²⁷ and highly exclusive socialization processes become most relevant. Prep schools, colleges, marriages, social clubs, exclusive resorts, etc. coalesce to inculcate in their participants a largely subconscious value system which integrates and reinforces the ruling class as a distinct and highly exclusive group.²⁸ A definite "we"/"they" view of the world is developed; a definite set of class interests become "second nature" during the socialization process. This category includes wives, relatives and close associates of the ultimate decision-makers who, while not actively participating as ultimate decision-makers, provide essential links within the family networks.

The Taxonomy of the Political Class

The remaining sub-groups of the political class encompass a broad spectrum of all those other than the ruling class, who derive and maintain their position in society from the institutionalization of the political means. None of these remaining sub-groups is an ultimate decision-maker within the state capitalist system, although they each represent subsidiary interest groups which help to establish certain social limits that the ruling class acknowledges in its decision-making. For instance, the ruling class would severely threaten its own stability if it sought to challenge the entrenched position of organized labor within the political/economic system. Although it will probably require some hard lessons during the course of consolidating its position within the political/economic system, the ruling class eventually learns that its position is best secured by preserving some flexibility, co-opting "junior partners" who might otherwise threaten the stability of the system and generally perfecting the techniques of "repressive tolerance."

²⁶ Domhoff, *America*; Domhoff, *Circles*.

²⁷ Baltzell; Stephen Birmingham, *The Right People* (Boston: Little 1968); Domhoff, *Circles*; Lundberg; Stanislav Menshikov, *Millionaires and Managers* (Moscow: Progress 1969); Victor Perle, *The Empire of High Finance* (New York: International 1957).

²⁸ Cleveland Amory, *The Last Resorts* (New York: Harper 1952); Baltzell; Birmingham; G. William Domhoff, *The Bohemian Grove* (New York: Harper 1974); Domhoff, *Circles*; C. Wright Mills, *The Power Elite* (New York: OUP 1956).

A prominent sub-group of the political class is the government bureaucracy. This group clearly derives both its position and its income from direct reliance on the political means and, while its influence in policy-making is often exaggerated, it does play an active and important role in articulating the policy options available to the ruling class. Although, over time, bureaucracies begin to acquire considerable autonomy and are eventually able to exercise substantial discretion in shaping the form, and occasionally even the substance, of specific policies,²⁹ it is only rarely that the government bureaucracy will succeed in actually affecting the parameters of decision-making.

One particular branch of the government bureaucracy deserves special attention: the military. As virtually a state within a state, the military has emerged in the post-World War II period as a key intermediary between the state apparatus and the “private” sector. The sprawling military-industrial complex encompasses a broad range of corporations, and even entire industries, which retain their formal identity as “private” but which in fact are critically dependent on government subsidies and contracts for their continued existence. The influence of the military on ruling class policy-making has often been greatly exaggerated by the Left. While civilian control over the military remains effective, the military resembles any other bureaucracy which seeks to expand its position and it has developed powerful vested interests which it seeks to protect in the policy-making process. Thus, while the military has never successfully challenged the parameters of decision-making elaborated by the ruling class, the military has acquired an influential role in the formulation of specific policies designed to achieve the objectives of the national security paradigm of the ruling class.

To a somewhat lesser degree, the same conclusion regarding measure of influence applies to another sub-group in the political class: the politicians and the individuals who comprise the broad support structure for the politicians within the political parties. The prevailing pluralistic ideology insists that the elected politicians, within the broad constraints imposed by a democratic electorate and the Constitution, have considerable freedom in the formulation of government policy.³⁰ While there is an element of truth in this myth, it neglects the critical role of funding of both the political parties and specific political campaigns in determining who will get the

²⁹ Raymond Aron, “Max Weber,” *Main Currents in Sociological Thought* (New York: Basic 1965); Schumpeter, *Capitalism*; Max Weber, *The Theory of Social and Economic Organization* (New York: OUP 1947); Ludwig von Mises, *Bureaucracy* (New Haven: Yale UP 1944).

³⁰ Meisel, *Myth*; Domhoff, *Circles* (esp. ch. 9).

various nominations and between whom the electorate is then permitted to choose.

While elected politicians have greater leverage in policy formation than the members of the bureaucracy, their success in the electoral arena is usually directly related to their ability to demonstrate at least a close similarity between their own ideology and the ideology of those who are funding their campaigns. Moreover, most politicians draw their policy ideas from the "establishment" policy research associations and universities, and their staffs are populated largely by those who have been trained in these various "think tanks" and who have proven their reliability in the past.

Another sub-group of the political class includes the owners and management of "private" corporations which derive a significant portion of income through reliance on the political means.³¹ This reliance may occur in a variety of forms: either through government contracts or subsidies, state-enforced restrictions on competitive practices (tariffs, CAB, FTC and ICC regulation, etc.) or through the socialization of costs (government financed R & D, underwriting bankrupt corporations and banks, etc.)

One useful standard which may be employed in isolating and identifying this sub-group is the Calhoun criterion, i.e. determining which corporations are net tax payers and which are net tax consumers.³² However, total reliance on this quantitative standard can be both inadequate and misleading. The criteria should be qualitative as well as quantitative so that instances of marginal assistance from the state may be identified which, although relatively minor in comparison with over-all income, nevertheless permit the firm in question to preserve or increase its competitive position on the market.³³ Since the criteria are necessarily qualitative as well as quantitative, the unique position of each corporation must be analyzed in detail to ascertain its precise position vis-à-vis the political means.

³¹ Seymour Melman, *Pentagon Capitalism* (New York: McGraw-Hill 1969); Seymour Melman, *The Permanent War Economy* (New York: Simon 1974); Murray Weidenbaum, *The Modern Public Sector* (New York: Basic 1970); and H. L. Nieburg, *In the Name of Science* (Chicago: Quadrangle 1966).

³² John C. Calhoun, *A Disquisition on Government* (New York: Smith 1943); Murray N. Rothbard, *Power and Market* (Menlo Park, CA: IHS 1970).

³³ These broadened criteria are essential to isolate and define the precise relationship existing between the state and an ostensibly "private" corporation such as Dow Chemical Company which emphasized that its Contracts for the manufacture of napalm account for less than 3% of its total revenue.

A further political class sub-group is that of organized labor. These unions critically depend on state-enforced arbitration legislation to maintain their privileged restrictive position in the labor market.³⁴ Of course, the role of minimum wage legislation in maintaining organized labor's position within the labor market has already been analyzed in detail.³⁵ Another less well-known, and yet highly important, device for strengthening the relationship between the labor movement and the state apparatus and the ruling class is government contracts, especially the highly lucrative construction contracts awarded at all levels of government.³⁶

The position of organized labor, while subordinate to the ruling class, is that of a junior partnership in much of political decision-making.³⁷ The evolution of this relationship between the ruling class and organized labor constitutes one of the central themes in the emergence of political capitalism both in the United States and in Europe where the position of organized labor is far more powerful than in the United States. In fact, in Europe and England the process of "demagogic plutocracy"³⁸—the combination of rising democracy and falling old plutocracy consolidated in the form of a Social Democratic/Labor grand alliance—has dramatically strengthened the position of organized labor within the political/economic system. However, the labor unions in the United States have historically remained far more conservative than their European counterparts. They have focused their attention on narrowly defined economic issues concerning wages and working conditions and they have limited their participation in the political process to mobilizing rank and file support on behalf of "sympathetic" politicians through such political action organizations as COPE. The relatively conservative union leadership has been instrumental in containing the

³⁴ Sylvester Petro, *Labor Policy of the Free Society* (New York: Ronald 1957); Rothbard, *Power*.

³⁵ Yale Brozen, "Is Government the Source of Monopoly?," *Intercollegiate Review* 5.2 (Winter 1968–9); Milton Friedman, *Capitalism and Freedom* (Chicago: U of Chicago P 1961); John M. Peterson and Charles T. Stewart, Jr., *Employment Effects of Minimum Wage Rates* (Washington: American Enterprise Institute 1969); Rothbard, *Power*.

³⁶ Other prominent examples of government contracts include the interstate highway network, the Albany Mall, the World Trade Center Towers, etc., etc., ad infinitum.

³⁷ Ronald Radosh, "The Corporate Ideology of American Labor Leaders from Gompers to Hillman," *For a New America*, ed. James Weinstein and David Eakins (New York: Random 1970) 125–52; Ronald Radosh, *American Labor and United States Foreign Policy* (New York: Vintage 1970); Rothbard, *Power*.

³⁸ Finer, *Writings*; Vilfredo Pareto, *Mind and Society* (New York: Harcourt 1935).

aspirations of the more radical rank and file minority, thereby assisting in the development of a relatively quiescent labor force and effectively forestalling any challenge to political capitalism from the Left.

Another sub-group of the political class covers the broad range of recipients of all state social welfare programs. While it is certainly true, on one level, that this group is dependent on the transfer of wealth through the political means, there is no a priori reason to be confident that welfare recipients, as a class, are necessarily net beneficiaries of the political means. At the very least, an unresolved ambiguity exists in this area and it is in fact possible that the position of the welfare recipient may deteriorate within the state capitalist system.

For example, minimum wage laws and restrictive labor legislation create a growing reserve of unemployed labor. This reserve naturally consists of the more disadvantaged groups in society—racial minorities, unskilled labor and youth in general. Thus, unemployed individuals who would presumably be employed on the free market are now “beneficiaries” of unemployment compensation and welfare programs designed to maintain their acquiescence. This is merely one example of the various policies which promote a growing dependency on government subsidy that has in turn led to the emergence of a distinct sub-society within the framework of state capitalism. This welfare sub-society is “serviced” by its own bureaucratic network which serves to reinforce dependency relationships within the society and the resulting system has appropriately been designated “welfare colonialism.” Taxes, especially the more regressive types, are especially burdensome on the poorer strata of society so that the marginal aspirants trying to escape this welfare cycle are often pushed back down into the mire of disillusionment and dependency. This disincentive to seek and retain productive employment thus becomes very high.³⁹

³⁹ Frances Fox Piven and Richard Cloward, *Regulating the Poor* (New York: Pantheon 1971); Joseph Pechman, “The Rich, the Poor and the Taxes They Pay,” *Public Interest* 17 (Fall 1969): 21–43. Preliminary studies by an Institute of Policy Studies research group in low income areas in Washington, D.C. also indicate that these areas pay out more in taxes than they receive in welfare benefits. Of course, purely quantitative studies of transfers in this field suffer from the same limitations characteristic of such studies in other areas of the economy.

The Agents of Ideological Hegemony: Legitimizing the Illegitimate

The final sub-group of the political class to be discussed in this paper performs a crucial intermediary role within the state capitalist system, coordinating and legitimating the social system. The term “agents of ideological hegemony” will be used to designate the members of an intricate network of intellectuals⁴⁰ both in a broad sense and a narrow sense.⁴¹ These intellectuals are affiliated with a wide range of institutions—educational institutions, foundations, policy research associations and the media—whose primary function is the inculcation and reinforcement of the society’s values and beliefs. Ultimately, these institutions are designed to ensure subservience to the prevailing authority by preserving the legitimacy of the ruling class.

Although the threat of coercion is inherent in the concept of the political means and therefore in the institution of the state,⁴² the stability and the success of the ruling class is critically dependent on the degree to which the population internalizes a “consensus” ideology compatible with the specific policies adopted by the ruling class. Such a consensus ideology maximizes “voluntary” support for various exploitative policies, thereby minimizing the reliance of the ruling class on physical coercion to attain its ends.

While it is necessary to avoid a mechanistic theory of crude economic determinism, it is nevertheless essential to stress that economic interest has been, and will continue to be, one of the central motivating factors throughout social history. After all, the concept of economic interest is an *idea*; it is an idea about how the individual relates both to nature and to society. The idea of economic interest and economic hegemony or exploitation is directly related to a sense of legitimacy and, as such, it is of key importance in determining all socioeconomic and political relationships. Ultimately, the question of how individuals will relate to each other in economic matters and in the broader matrix of social organization (i.e., whether it will be exploitative or not) will be determined in this realm of ideas.

The agents of ideological hegemony are, thus, the critical variable in the transformation of class from the merely objectively defined socio-economic categories into cohesive groups acting on the basis of subjectively perceived

⁴⁰ Antonio Gramsci. *The Modern Prince and Other Essays* (New York: International 1957); Bertrand de Jouvenel, *On Power* (Boston: Beacon 1969); Schumpeter.

⁴¹ F. A. Hayek, “The Intellectuals and Socialism,” *University of Chicago Law Review* 16 (Spring 1949): 417–33.

⁴² De Jouvenel.

identity of interests—from economic class to socio-political class. These intellectuals at once both clarify and mystify the idea of economic hegemony and stratified class relationship, adding both coherence and legitimacy to this idea of exploitative social relationship.⁴³

As the tasks of ideological hegemony become more complex and varied in a highly advanced industrial society, increasingly well defined hegemonic hierarchies emerge within the state capitalist system.⁴⁴ Thus, a very restricted network of institutions serves to reinforce the social and ideological cohesiveness of the ruling class itself while simultaneously preparing another generation of intellectuals to occupy positions within this network. Prep schools, Ivy League colleges, business research and policy institutions and periodicals such as *Fortune*, *Business Week*, etc. are just a few of the links in this network.

A distinct institutional network, benefitting from extensive socialization of costs, supplies the economy with a highly skilled and literate labor force inculcated with "technocratic" values. The evolution of the state-financed educational system has been profoundly influenced by the changing needs of the corporate economy and this intimate, if somewhat inefficient, relationship has been a prominent characteristic of state capitalist societies.⁴⁵ Compulsory education also inculcates a value system encouraging subservience and docility among unskilled labor and the lower strata of society.⁴⁶

While direct state and ruling class subsidies play an increasingly important role in sustaining this hierarchy of networks, intellectuals often derive a significant degree of "remuneration" in non-monetary psychic income. The "court intellectual" who articulates and propagates the values of the ruling class acquires a high status position as well as a sense of participation in the exercise of power within the state capitalist society. It is nevertheless also true that the "court intellectual" usually seems to be much better endowed financially than his colleagues outside the political class and it would seem unrealistic to attribute this to mere coincidence.

The agents of ideological hegemony within the state capitalist system represent a highly mobile class—they shift from academia to the

⁴³ Rothbard, "Anatomy"; and a brilliant but, as yet, unpublished manuscript by Rothbard, "A Parable for Our Time."

⁴⁴ James Gilbert, *Designing the Industrial State* (Chicago: Quadrangle 1972); Domhoff, *Circles*.

⁴⁵ Joel Spring, *Education and the Rise of the Corporate State* (Boston: Beacon 1971).

⁴⁶ Spring; Edgar Z. Friedenberg, *Coming of Age In America* (New York: Random 1963).

foundations, to government positions, to business research associations, and often to Wall Street itself, then back to the university to begin once again. In all of these moves the intellectuals promote a vital sense of cohesion and ideological coordination among the various sectors of the socio-economy.

Social Stratification within the State Capitalist System

The emergence of a political class around its strategic decision-making core—the ruling class—fundamentally alters the dynamic and spontaneous circulation of elites. The free market is a synonymous term for the process which generates socially necessary institutions. This “spontaneous” adjustment to changing conditions tends to generate the institutions and associated elites necessary to optimize the socio-economic harmony at any given time.⁴⁷ In contrast, interventionism by the state on behalf of the ruling class disrupts and distorts this free market tendency towards social equilibrium. Interventionism causes social maladjustment, bottlenecks, and retrogressive distortion in the socio-economic mechanism.

The ruling class, as the wielder and principal beneficiary of the political means, naturally seeks to consolidate its position further, relying on the protective intervention of the state to prevent the previously unhampered circulation of elites.⁴⁸ Since any social system that departs from the free market is inefficient and retrogressive, there is an inherent tendency for state capitalist societies, in time, to regress into increasingly static “caste” systems characteristic of feudal and militaristic societies.⁴⁹ Real social progress depends on the freely moving circulation of elites and the state capitalist system therefore constitutes a retrogressive social phenomenon.⁵⁰ Stratified class societies represent a futile attempt to suppress change. Since change is both a fundamental reality and a necessity in any social system,

⁴⁷ Ludwig M. Lachmann, “On Institutions,” *The Legacy of Max Weber* (Berkeley: Glendessary 1971).

⁴⁸ This defensive role of political interventionism is best identified and explained by the “Brozen-Friedman-Kolko Thesis,” a unified thesis which may be developed from the following works: Brozen; Friedman; Gabriel Kolko. See also Pareto and Mosca.

⁴⁹ Spencer.

⁵⁰ A retrogressive social phenomenon is defined through a comparison between existing conditions and the conditions which probably would have prevailed had the intervention not taken place. It would be misleading to compare the present conditions with earlier conditions since, for other reasons, there in fact may have been an improvement on this level.

interventionist policies designed to halt or divert natural social change are dysfunctional and ultimately disastrous for the entire social system.

The ruling class in state capitalist systems must somehow counteract the inherent tendencies within such systems towards increasing stratification, declining social mobility and, ultimately, stagnation throughout the socio-economic system. Social mechanisms must be devised to preserve the existence and privileges of the ruling class while simultaneously permitting limited recruitment and advancement into the class to avoid internal atrophy and incestuous decay. In the absence of such regeneration, ruling classes have historically collapsed either through a process of gradual decay or through a widespread loss of authority, resulting in revolution.⁵¹

The historical dilemma confronted by all ruling classes has been identified by Pareto as the "Persistence of Aggregates": old and obsolescent classes have been unwilling to listen to, to learn from, and to give way to the newer classes. The efficient and enduring ruling classes are precisely those which have been able to accommodate to change and new ideas while maintaining a continuity of control.

The "Foxes" and the "Lions": Tension within the Ruling Class

Pareto distinguished between two different psychological types within ruling classes. First, there are the "Lions" who are inherently conservative, valuing stability in a static sense, and who are therefore antagonistic to change and "newcomers." The term "Persistence of Aggregates" clearly refers to the psychological attitudes most characteristic of the "Lions." The "Foxes" represent a second type, encompassing speculators who seek out innovation, thrive on change and are masters of Machiavellian manipulation. The term "instinct for combination" describes the "mind-set" of the "Foxes."⁵²

In the circulation of natural elites in market systems, the interaction between the "instinct for combination" and the "persistence of aggregates" generates an optimum of both change and continuity, resulting in the proper amount of socially desirable and necessary "progress." However, the introduction of artificial barriers to the natural circulation of elites, and

⁵¹ Mosca.

⁵² Raymond Aron, "Pareto," *Main Currents in Sociological Thought: Durkheim, Pareto, Weber* (Atlantic Highlands, NJ: Transaction 1998); Finer, *Writings*.

thus to the proper flow of socio-economic activity, creates a maladjustment of socio-economic relations. At any particular moment, there will be either too much continuity (excessive “persistence of aggregates”) or too much discoordinating change (excessive “instinct for combination”).

The “Foxes” and the “Lions” differ fundamentally regarding appropriate methods of government. For example, the “Foxes” of ascendant ruling classes recognize the importance of the management of recruitment to permit marginal social mobility into the ruling class. Such a strategy would seek to co-opt the natural elites of society both to strengthen the position of the ruling class and to eliminate potential opposition. In contrast, “Lions” would prefer to consolidate the ruling class as a self-perpetuating caste insulated from other social strata.

The process of recruitment, however, often sets in motion various contradictions which intensify the dynamics of intra-class rivalry. The inability to manage the process of recruitment within acceptable limits may lead to excessive change in the opinion of the conservative “Lions.” The new recruits, occasionally with some of the old “Foxes,” may form the nucleus of a new ruling class. The response of the “Lions” will be to adopt a defensive policy of retrenchment, seeking to dismantle the recruitment mechanisms which were responsible for increasing ruling class heterogeneity and thereby intensifying intra-class tensions. If fully successful, such policies will generate a widening gap between the ruling class and the natural elites within society which will be progressively barred from entry into the ruling class. Cut off from infusions of new talent, the atrophying ruling class will experience increasing difficulty in maintaining social control, particularly as the rising natural elites are driven into opposition movements in increasing frustration over the obstacles to social mobility.

If, on the other hand, the “Foxes” prevail, they will replace the older “Lions” who are unable to adjust to changing social institutions. As the ascendant “Foxes” succeed in consolidating their position within the ruling class, however, they will increasingly display the psychological traits of their “Lion” predecessors as they too seek to defend their privileged social position against the challenge of rising new elites within the social system. The ruling class ideally strives to promote an optimal balance between change and continuity within the social system but, since this objective can only be attained in unhampered market systems, the system of state capitalism will ultimately prove unable to duplicate the market process and the natural circulation of elites accompanying this process.

The institution of the state, in fact, virtually ensures that the collapse of the traditional elites and the emergence of new ones will be surrounded by violence, for the institutionalization of the political means inevitably creates coercive barriers to social mobility which reinforce stratification, stagnation and frustration, culminating in outbreaks of violence. When social mobility is no longer permitted through a process of evolutionary change, revolutionary violence increases in importance as a mechanism for social mobility. The politicizing of economic relationships which emerges as a prominent characteristic of state capitalist systems leads to a disharmony of interests that is manifested in constant tension, confrontation and finally violence.

As Hayek perceptively notes, in these confrontations between the political class and the rest of society, and between the "Lion" and "Fox" factions of the ruling class, those who are most adept in the use of the political means (ultimately brute, naked force) will tend to rise to the top.⁵³ Once at the top of the social pyramid, they tend to become increasingly defensive against new "Foxes." As the members of the ruling class become more preoccupied with the protection of their privileged social position, they become less concerned with ensuring the smooth and productive operation of the social system. They become more vulnerable and lose their sense of legitimacy. The demise of the existing ruling class will eventually occur but, as long as the state apparatus institutionalizes the political means within the socio-economic system, new ruling classes will be prepared to try where others have failed.

III. CONCLUSION

A detailed analysis of the process of social stratification which occurs in all state capitalist systems is essential for an understanding of the dynamics of our present social system. The mechanisms for the consolidation of both the ruling class and the broader political class and the contradictions within the state capitalist system which ultimately assure the disintegration of the ruling class require a much more careful scrutiny than has just been undertaken. It is our hope that the analytical framework which we have elaborated will contribute to a more comprehensive understanding of the state capitalist system, thereby strengthening our ability to transform the system into one which more nearly satisfies our hopes, our needs and our strong sense of justice. As a

⁵³ Hayek, *Road*.

leading social analyst of the last century noted, “the philosophers have only interpreted the world, in various ways; the point, however, is to change it.”⁵⁴ We seek to interpret the existing state capitalist system in order to facilitate the final dismantling of that system.

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⁵⁴ Karl Marx, “Theses on Feuerbach,” *The Marx-Engels Reader*, ed. Robert Norton, 2d ed. (New York: International Norton 1978 [1845]) 145.

Hans-Hermann Hoppe, “Marxist and Austrian Class Analysis” (1990)

Abstract Many of Marx’s key claims about historical dynamics are correct, but are unsatisfactorily grounded. Social analysis in the tradition of Mises and Rothbard can offer a better grounding and a more satisfactory interpretation of these claims—when, in particular, class rule is understood in relation to state power rather than market activity.

I want to do the following in this paper: First to present the theses that constitute the hard core of the Marxist theory of history. I claim that all of them are essentially correct. Then I will show how these true theses are derived in Marxism from a false starting point. Finally, I will demonstrate how Austrianism in the Mises-Rothbard tradition can give a correct but categorically different explanation of their validity.

Let me begin with the hard core of the Marxist belief system:¹

¹ See [...] the following: Karl Marx and Friedrich Engels, *The Communist Manifesto* (London: npu 1848); Karl Marx, *Das Kapital*, 3 vols. (Hamburg: Meissner 1867–94); as contemporary Marxists, Ernest Mandel, *Marxist Economic Theory* (London: Merlin 1962); Ernest Mandel, *Late Capitalism* (London: New Left 1975); Paul Baran and Paul Sweezy, *Monopoly Capital* (New York: Monthly Review 1966); from a non-Marxist perspective, Leszek Kolakowski, *Main Currents of Marxism* (Oxford: OUP 1978); Gustav A. Wetter, *Sovietideologie heute* 1 (Frankfurt: Fischer 1962); Wolfgang Leonhard, *Sovietideologie heute* 2 (Frankfurt: Fischer 1962).

1. The history of mankind is the history of class struggles.² It is the history of struggles between a relatively small ruling class and a larger class of the exploited. The primary form of exploitation is economic: The ruling class expropriates part of the productive output of the exploited or, as Marxists say, it appropriates a social surplus product and uses it for its own consumptive purposes.
2. The ruling class is unified by its common interest in upholding its exploitative position and maximizing its exploitatively appropriated surplus product. It never deliberately gives up power or exploitation income. Instead, any loss in power or income must be wrestled away from it through struggles, whose outcome ultimately depends on the class consciousness of the exploited, i.e., on whether or not and to what extent the exploited are aware of their own status and are consciously united with other class members in common opposition to exploitation.
3. Class rule manifests itself primarily in specific arrangements regarding the assignment of property rights or, in Marxist terminology, in specific relations of production. In order to protect these arrangements or production relations, the ruling class forms and is in command of the state as the apparatus of compulsion and coercion. The state enforces and helps reproduce a given class structure through the administration of a system of class justice, and it assists in the creation and the support of an ideological superstructure designed to lend legitimacy to the existence of class rule.
4. Internally, the process of competition within the ruling class generates a tendency toward increasing concentration and centralization. A multipolar system of exploitation is gradually supplanted by an oligarchic or monopolistic one. Fewer and fewer exploitation centers remain in operation, and those that do are increasingly integrated into a hierarchical order. And externally, e.g., within the international system, this internal centralization process will (the more intensively the more advanced it is) lead to imperialist interstate wars and the territorial expansion of exploitative rule.
5. Finally, with the centralization and expansion of exploitative rule gradually approaching its ultimate limit of world domination, class rule will increasingly become incompatible with the further

² Marx and Engels, *Manifesto* sec. 1.

development and improvement of productive forces. Economic stagnation and crises become more and more characteristic and create the objective conditions for the emergence of a revolutionary class consciousness of the exploited. The situation becomes ripe for the establishment of a classless society, the withering away of the state, the replacement of government of men over men by the administration of things,³ and, as a result, unheard of economic prosperity.

All of these theses are perfectly justifiable, as I will show. Unfortunately, however, it is Marxism, which subscribes to all of them, that has done more than any other ideological system to discredit their validity by deriving them from a patently absurd theory of exploitation.

What is this Marxist theory of exploitation? According to Marx, such precapitalist social systems as slavery and feudalism are characterized by exploitation. There is no quarrel with this. After all, the slave is not a free laborer, and he cannot be said to gain from his being enslaved. Rather, his enslavement reduces his utility at the expense of an increase in wealth appropriated by the slave master. The interest of the slave and that of the slave owner are indeed antagonistic. The same is true of the interests of the feudal lord who extracts a land rent from a peasant who works on homesteaded land. The lord's gains are the peasant's losses. And it is also undisputed that slavery as well as feudalism hamper the development of productive forces. Neither slave nor serf will be as productive as he would be without slavery or serfdom.

But the genuinely new Marxist idea is that essentially nothing is changed as regards exploitation under capitalism, i.e., if the slave becomes a free laborer, or if the peasant decides to farm land homesteaded by someone else and pays rent in exchange for doing so. To be sure, Marx, in the famous twenty-fourth chapter of the first volume of his *Kapital*, titled “The So-called Original Accumulation,” gives a historical account of the emergence of capitalism that makes the point that much or even most of the initial capitalist property is the result of plunder, enclosure, and conquest. Similarly, in chapter 25, on the “Modern Theory of Colonialism,” the role of force and violence in exporting capitalism to the—as we would now say—Third World is heavily emphasized.

³ Marx and Engels, *Manifesto* sec. 2, last 2 paragraphs; Friedrich Engels, “Von der Autorität,” *Ausgewählte Schriften*, by Karl Marx and Friedrich Engels, 2 vols. (East Berlin: Dietz 1953) 1: 606; Friedrich Engels, “Die Entwicklung des Sozialismus von der Utopie zur Wissenschaft,” Marx and Engels, *Schriften* 2: 139.

Admittedly, all this is generally correct, and insofar as it is there can be no quarrel with labeling such capitalism exploitative. Yet one should be aware of the fact that here Marx is performing a trick. In engaging in historical investigations and arousing the reader's indignation at the brutalities underlying the formation of many capitalist fortunes, he actually sidesteps the issue at hand, evading the fact that his thesis is really an entirely different one: namely, that even under clean capitalism, so to speak, i.e., a system in which the original appropriation of capital was the result of nothing else but homesteading, work, and savings, the capitalist who hired labor to be employed with this capital would nonetheless be engaged in exploitation. Indeed, Marx considered the proof of this thesis his most important contribution to economic analysis.

His proof of the exploitative character of a clean capitalism consists in the observation that the factor prices, in particular the wages paid to laborers by the capitalist, are lower than the output prices. The laborer, for instance, is paid a wage that represents consumption goods that can be produced in three days, but he actually works five days for his wage and produces an output of consumption goods that exceeds what he receives as remuneration. The output of the two extra days, the surplus value in Marxist terminology, is appropriated by the capitalist. Hence, according to Marx, there is exploitation.⁴

⁴ See Marx, *Kapital*. The shortest presentation is his *Lohn, Preis und Profit* (Berlin: Dietz 1998 [1865]). Actually, in order to prove the more specific Marxist thesis that exclusively the owner of labor services is exploited (but not the owner of the other originary factor of production: land), yet another argument would be needed. For if it were true that the discrepancy between factor and output prices constitutes an exploitative relation, this would only show that the capitalist who rents labor services from an owner of labor, and land services from an owner of land, would exploit either labor, or land, or labor and land simultaneously. It is the labor theory of value, of course, which is supposed to provide the missing link here by trying to establish labor as the sole source of value. I will spare myself the task of refuting this theory. Few enough remain today, even among those claiming to be Marxists, who do not recognize the faultiness of the labor theory of value. Rather, I will accept for the sake of argument the suggestion made, for instance, by the self-proclaimed analytical Marxist John Roemer in *A General Theory of Exploitation and Class* (Cambridge: Harvard UP 1982) and *Value, Exploitation and Class* (London: Harwood 1985), that the theory of exploitation can be separated analytically from the labor theory of value and that a generalized commodity exploitation theory can be formulated which can be justified regardless of whether or not the labor theory of value is true. I want to demonstrate that the Marxist theory of exploitation is nonsensical even if one were to absolve its proponents from having to prove the labor theory of value and, indeed, even if the labor theory of value were true. Even a generalized commodity exploitation theory provides no escape from the conclusion that the Marxist theory of exploitation is dead wrong.

What is wrong with this analysis?⁵ The answer becomes obvious once it is asked why the laborer would possibly agree to such an arrangement! He agrees because his wage payment represents present goods—while his own labor services represent only future goods—and he values present goods more highly. After all, he could also decide not to sell his labor services to the capitalist and then reap the full value of his output himself. But this would of course imply that he would have to wait longer for any consumption goods to become available to him. In selling his labor services he demonstrates that he prefers a smaller amount of consumption goods now over a possibly larger one at some future date. On the other hand, why would the capitalist want to strike a deal with the laborer? Why would he want to advance present goods (money) to the laborer in exchange for services that bear fruit only later? Obviously, he would not want to pay out, for instance, \$100 now if he were to receive the same amount in one year's time. In that case, why not simply hold on to it for one year and receive the extra benefit of having actual command over it during the entire time? Instead, he must expect to receive a larger sum than \$100 in the future in order to give up \$100 now in the form of wages paid to the laborer. He must expect to be able to earn a profit, or more correctly an interest return. And he is constrained by time preference, i.e., the fact that an actor invariably prefers earlier over later goods, in yet another way. For if one can obtain a larger sum in the future by sacrificing a smaller one in the present, why then is the capitalist not engaged in more saving than he actually is? Why does he not hire more laborers than he does, if each one of them promises an additional interest return? The answer again should be obvious: because the capitalist is a consumer, too, and cannot help being one. The amount of his savings and investing is restricted by the necessity that he, too, like the laborer, requires a supply of present goods large enough to secure the satisfaction of all those wants the satisfaction of which during the waiting time is considered more urgent than the advantages which a still greater lengthening of the period of production would provide.⁶

What is wrong with Marx' theory of exploitation, then, is that he does not understand the phenomenon of time preference as a universal category

⁵ See on the following Eugen von Böhm-Bawerk, *The Exploitation Theory of Socialism-Communism* (South Holland: Libertarian 1962).

⁶ Ludwig von Mises, *Human Action* (Chicago: Regnery 1966) 407; see also Murray N. Rothbard, *Man, Economy and State* (Los Angeles: Nash 1970) 300–301.

of human action.⁷ That the laborer does not receive his full worth has nothing to do with exploitation but merely reflects the fact that it is impossible for man to exchange future goods against present ones except at a discount. Unlike the case of slave and slave master, where the latter benefits at the expense of the former, the relationship between the free laborer and the capitalist is a mutually beneficial one. The laborer enters the agreement because, given his time preference, he prefers a smaller amount of present goods over a larger future one; and the capitalist enters it because, given his time preference, he has a reverse preference order and ranks a larger future amount of goods more highly than a smaller present one. Their interests are not antagonistic but harmonious. Without the capitalist's expectation of an interest return, the laborer would be worse off because he would have to wait longer than he wishes to wait; and without the laborer's preference for present goods the capitalist would be worse off because he would have to resort to less roundabout and less efficient production methods than those he desires to adopt. Nor can the capitalist wage system be regarded as an impediment to the further development of the forces of production, as Marx claims. If the laborer were not permitted to sell his labor services and the capitalist to buy them, output would not be higher but lower because production would have to take place with relatively reduced levels of capital accumulation.

Under a system of socialized production, quite contrary to Marx's proclamations, the development of productive forces would not reach new heights but would instead sink dramatically.⁸ For obviously, capital accumulation must be brought about by definite individuals at definite points in time and space through homesteading, producing, and/or saving. In each case it is brought about with the expectation that it will lead to an increase in the output of future goods. The value an actor attaches to his capital reflects the value he attaches to all expected future incomes attributable to its cooperation and discounted by his rate of time preference. If, as in the case of collectively owned factors of production, an actor is no longer

⁷ See on the time preference theory of interest in addition to the works cited in notes 5 and 6 as well as Frank Fetter, *Capital, Interest and Rent* (Kansas City: Sheed 1977).

⁸ See on the following Hans-Hermann Hoppe, *Theory of Socialism and Capitalism* (Boston: Kluwer 1988); Hans-Hermann Hoppe, "Why Socialist Must Fail," *Free Market*, July 1988; Hans-Hermann Hoppe, "The Economics and Sociology of Taxation," *The Economics and Ethics of Private Property: Studies in Political Economy and Philosophy*, 2d ed. (Auburn: Mises 2006) 33–76.

granted exclusive control over his accumulated capital and hence over the future income to be derived from its employment, but partial control instead is assigned to non-homesteaders, non-producers, and non-savers, the value for him of the expected income and hence that of the capital goods is reduced. His effective rate of time preference will rise. There will be less homesteading of resources whose scarcity is recognized and less saving for the maintenance of existing and the production of new capital goods. The period of production, the roundaboutness of the production structure, will be shortened, and relative impoverishment will result.

If Marx's theory of capitalist exploitation and his ideas on how to end exploitation and establish universal prosperity are false to the point of being ridiculous, it is clear that any theory of history that can be derived from it must be false, too. Or if it should be correct, it must have been derived incorrectly. Instead of going through the lengthy task of explaining all of the flaws in the Marxist argument as it sets out from its theory of capitalist exploitation and ends with the theory of history that I described earlier, I will take a shortcut. I will now outline in the briefest possible way the correct—Austrian, Misesian-Rothbardian—theory of exploitation; give an explanatory sketch of how this theory makes sense out of the class theory of history; and highlight along the way some key differences between this class theory and the Marxist one and also point out some intellectual affinities between Austrianism and Marxism stemming from their common conviction that there does indeed exist something like exploitation and a ruling class.⁹

⁹ Mises' contributions to the theory of exploitation and class are unsystematic. However, throughout his writings he presents sociological and historical interpretations that are class analyses, if only implicitly. Noteworthy here is in particular his acute analysis of the collaboration between government and banking elite in destroying the gold standard in order to increase their inflationary powers as a means of fraudulent, exploitative income and wealth redistribution in their own favor. See for instance his "Monetary Stabilization and Cyclical Policy" (1928), *On the Manipulation of Money and Credit*, ed. Bettina Greaves (Dobbs Ferry, NY: Free Market Books 1978); see also his *Socialism* (Indianapolis, IL: Liberty Fund 1981) ch. 20; *The Clash of Group Interests and Other Essays* (New York: Center for Libertarian Studies 1978). Yet Mises does not give systematic status to class analysis and exploitation theory because he ultimately misconceives of exploitation as merely an intellectual error which correct economic reasoning can dispel. He fails to fully recognize that exploitation is also and probably even more so a moral-motivational problem that exists regardless of all economic reasoning. Rothbard adds this insight to the Misesian structure of Austrian economics and makes the analysis of power and power elites an integral part of economic theory and historical-sociological explanations; and he systematically expands the Austrian case against exploitation to include ethics in addition to economic theory, i.e., a theory of justice next to a theory of efficiency, such that the ruling class can also be attacked as immoral. For Rothbard's theory of power, class and exploitation,

The starting point for the Austrian exploitation theory is plain and simple, as it should be. Actually, it has already been established through the analysis of the Marxist theory: Exploitation characterized the relationship between slave and slave master and serf and feudal lord. But no exploitation was found possible under a clean capitalism. What is the principle difference between these two cases? The answer is: the recognition or non-recognition of the homesteading principle. The peasant under feudalism is exploited because he does not have exclusive control over land that he homesteaded, and the slave because he has no exclusive control over his own homesteaded body. If, on the other hand, everyone has exclusive control over his own body (is a free laborer, that is) and acts in accordance with the homesteading principle, there can be no exploitation. It is logically absurd to claim that a person who homesteads goods not previously homesteaded by anybody else, or who employs such goods in the production of future goods, or who saves presently homesteaded or produced goods in order to increase the future supply of goods, could thereby exploit anybody. Nothing has been taken away from anybody in this process, and additional goods have actually been created. And it would be equally absurd to claim that an agreement between different homesteaders, savers, and producers regarding their non-exploitatively appropriated goods or services could possibly contain any foul play. Instead, exploitation takes place whenever any deviation from the homesteading principle occurs. Exploitation occurs whenever a person successfully claims partial or full control over scarce resources he has not homesteaded, saved, or produced, and which he has not acquired contractually from a previous producer-owner. Exploitation is the expropriation of homesteaders, producers, and

see in particular his *Power and Market* (Kansas City: Sheed 1977); Murray N. Rothbard, *For a New Liberty: The Libertarian Manifesto*, rev. ed. (San Francisco: Fox and Wilkes 1994); *The Mystery of Banking* (New York: Richardson 1983); *America's Great Depression* (Kansas City: Sheed 1975). On important nineteenth-century forerunners of Austrian class analysis, see Leonard Liggio, "Charles Dunoyer and French Classical Liberalism," *Journal of Libertarian Studies* 1.3 (1977) 153–78; Ralph Raico, "Classical Liberal Exploitation Theory," *Journal of Libertarian Studies* 1.3 (1977) 179–83; Mark Weinburg, "The Social Analysis of Three Early 19th Century French Liberals: Say, Comte, and Dunoyer," *Journal of Libertarian Studies* 2.1 (1978) 45–63; Joseph T. Salerno, "Comment on the French Liberal School," *Journal of Libertarian Studies* 2.1 (1978) 65–68.; David M. Hart, "Gustave de Molinari and the Anti-Statist Liberal Tradition" [part 1], *Journal of Libertarian Studies* 5.3 (1981) 263–90; David M. Hart, "Gustave de Molinari and the Anti-Statist Liberal Tradition" [part 2], *Journal of Libertarian Studies* 5.4 (1981): 399–434.

savers by late-coming non-homesteaders, non-producers, non-savers, and non-contractors; it is the expropriation of people whose property claims are grounded in work and contract by people whose claims are derived from thin air and who disregard others' work and contracts.¹⁰

Needless to say, exploitation thus defined is in fact an integral part of human history. One can acquire and increase wealth either through homesteading, producing, saving, or contracting, or by expropriating homesteaders, producers, savers, or contractors. There are no other ways. Both methods are natural to mankind. Alongside homesteading, producing, and contracting, there have always been non-productive and non-contractual property acquisitions. And in the course of economic development, just as producers and contractors can form firms, enterprises, and corporations, so can exploiters create large-scale exploitation enterprises, governments, and states. The ruling class (which may again be internally stratified) is initially composed of the members of such an exploitation firm. And with a ruling class established over a given territory and engaged in the expropriation of economic resources from a class of exploited producers, the center of all history indeed becomes the struggle between exploiters and the exploited. History, then, correctly told, is essentially the history of the victories and defeats of the rulers in their attempt to maximize exploitatively appropriated income and of the ruled in their attempts to resist and reverse this tendency. It is in this assessment of history that Austrians and Marxists agree and why a notable intellectual affinity between Austrian and Marxist historical investigations exists. Both oppose a historiography that recognizes only action or interaction, economically and morally on a par; and both oppose a historiography that instead of adopting such a value-neutral stand thinks that one's own arbitrarily introduced subjective value judgments have to provide the foil for one's historical narratives. Rather, history must be told in terms of freedom and exploitation, parasitism and economic impoverishment, private property and its destruction—otherwise it is told falsely.¹¹

¹⁰ See on this also Hoppe, *Theory*; Hans-Hermann Hoppe, "The Justice of Economic Efficiency," *Austrian Economics Newsletter* 1 (1988); Hans-Hermann Hoppe, "The Ultimate Justification of the Private Property Ethics," *Liberty*, Sep. 1988.

¹¹ See on this theme also Lord Acton, *Essays in the History of Liberty* (Indianapolis: Liberty Fund 1985); Franz Oppenheimer, *System der Soziologie 2: Der Staat* (Stuttgart: Fischer 1964); Dankwart A. Rustow and Salvator Attanasio, *Freedom and Domination: A Historical Critique of Civilization* (Princeton: Princeton UP 1986).

While productive enterprises come or go because of voluntary support or its absence, a ruling class never comes to power because there is a demand for it, nor does it abdicate when abdication is demonstrably demanded. One cannot say by any stretch of the imagination that homesteaders, producers, savers, and contractors have demanded their own expropriation. They must be coerced into accepting it, and this proves conclusively that the exploiting firm is not in demand at all. Nor can one say that a ruling class can be brought down by abstaining from transactions with it in the same way as one can bring down a productive enterprise. For the ruling class acquires its income through non-productive and non-contractual transactions and thus is unaffected by boycotts. Rather, what makes the rise of an exploitation firm possible, and what alone can in turn bring it down, is a specific state of public opinion or, in Marxist terminology, a specific state of class consciousness.

An exploiter creates victims, and victims are potential enemies. It is possible that this resistance can be lastingly broken down by force, as, for example, in the case of a group of men exploiting another group of roughly the same size. However, more than force is needed to expand exploitation over a population many times its own size. For this to happen, a firm must also have public support. A majority of the population must accept the exploitative actions as legitimate. This acceptance can range from active enthusiasm to passive resignation. But it must be acceptance in the sense that a majority must have given up the idea of actively or passively resisting any attempt to enforce non-productive and non-contractual property acquisitions. The class consciousness must be low, undeveloped, and vague. Only as long as this state of affairs lasts is there still room for an exploitative firm to prosper, even if no actual demand for it exists. Only if and insofar as the exploited and expropriated develop a clear idea of their own situation and are united with other members of their class through an ideological movement that gives expression to the idea of a classless society where all exploitation is abolished, can the power of the ruling class be broken. Only if and insofar as a majority of the exploited public becomes consciously integrated into such a movement and accordingly displays a common outrage over all non-productive or non-contractual property acquisitions, shows a common contempt for everyone who engages in such acts, and deliberately contributes nothing to help make them successful (not to mention actively trying to obstruct them), can its power be brought to crumble.

The gradual abolition of feudal and absolutist rule and the rise of increasingly capitalist societies in Western Europe and the United States—accompanied by unheard of economic growth and increasing population—was the result of a growing class consciousness among the exploited, who were ideologically molded together through the doctrines of natural rights and liberalism. In this Austrians and Marxists agree.¹² They disagree, however, as to whether the reversal of this liberalization process and the steadily increased levels of exploitation in these societies since the last third of the nineteenth century, and particularly pronounced since World War I, are the result of a loss in class consciousness. In fact, in the Austrian view Marxism must accept much of the blame for this development by misdirecting attention from the correct exploitation model of the homesteader producer-saver-contractor versus the non-homesteader-producer-saver-contractor to the fallacious model of the wage earner versus the capitalist, thus muddling things up.¹³

The establishment of a ruling class over an exploited one many times its size by coercion and the manipulation of public opinion, i.e., a low degree of class consciousness among the exploited, finds its most basic institutional expression in the creation of a system of public law superimposed on private law. The ruling class sets itself apart and protects its position as a ruling class

¹² See on this Murray N. Rothbard, "Left and Right: The Prospects for Liberty," *Egalitarianism as a Revolt Against Nature and Other Essays* (Washington, DC: Libertarian Review 1974) 14–33.

¹³ All socialist propaganda to the contrary notwithstanding, the falsehood of the Marxist description of capitalists and laborers as antagonistic classes also comes to bear in certain empirical observations: Logically speaking, people can be grouped into classes in infinitely different ways. According to orthodox positivist methodology (which I consider false but am willing to accept here for the sake of argument), that classification system is better which helps us predict better. Yet the classification of people as capitalists or laborers (or as representatives of varying degrees of capitalist or laborer-ness) is practically useless in predicting what stand a person will take on fundamental political, social and economic issues. Contrary to this, the correct classification of people as tax producers and the regulated vs. tax consumers and the regulators (or as representatives of varying degrees of tax producer- or consumer-ness) is indeed also a powerful predictor. Sociologists have largely overlooked this because of almost universally shared Marxist preconceptions. But everyday experience overwhelmingly corroborates my thesis: Find out whether or not somebody is a public employee (and his rank and salary), and whether or not and to what extent the income and wealth of a person outside the public sector is determined by public sector purchases and/or regulatory actions—people will systematically differ in their response to fundamental political issues depending on whether they are classified as direct or indirect tax consumers, or as tax producers!

by adopting a constitution for their firm's operations. On the one hand, by formalizing the internal operations within the state apparatus as well as its relations with the exploited population, a constitution creates some degree of legal stability. The more familiar and popular private law notions are incorporated into constitutional and public law, the more favorably disposed will be the public to the existence of the state. On the other hand, any constitution and public law also formalizes the immune status of the ruling class as regards the homesteading principle. It formalizes the right of the state's representatives to engage in non-productive and non-contractual property acquisitions and the ultimate subordination of private to public law. Class justice, i.e., one set of laws for the rulers and another for the ruled, comes to bear in this dualism of public and private law and in the domination and infiltration of public law over and into private law. It is not because private property rights are recognized by law, as Marxists think, that class justice is established. Rather, class justice comes into being precisely whenever a legal distinction exists between a class of persons acting under and being protected by public law and another class acting under and being protected instead by some subordinate private law. More specifically then, the basic proposition of the Marxist theory of the state in particular is false. The state is not exploitative because it protects the capitalists property rights, but because it itself is exempt from the restriction of having to acquire property productively and contractually.¹⁴

¹⁴ Oppenheimer (2: 322–23) presents the matter thus: "The basic norm of the state is power. That is, seen from the side of its origin: violence transformed into might. Violence is one of the most powerful forces shaping society, but is not itself a form of social interaction. It must become law in the positive sense of this term, that is, sociologically speaking, it must permit the development of a system of subjective reciprocity: and this is only possible through a system of self-imposed restrictions on the use of violence and the assumption of certain obligations in exchange for its arrogated rights. In this way violence is turned into might, and a relationship of domination emerges which is accepted not only by the rulers, but under not too severely oppressive circumstances by their subjects as well, as expressing a just reciprocity. Out of this basic norm secondary and tertiary norms now emerge as implied in it: norms of private law, of inheritance, criminal, obligational and constitutional law, which all bear the mark of the basic norm of power and domination, and which are all designed to influence the structure of the state in such a way as to increase economic exploitation to the maximum level which is compatible with the continuation of legally regulated domination. The insight is fundamental that law grows out of two essentially different roots on the one hand, out of the law of the association of equals, which can be called a natural right, even if it is no natural right, and on the other hand, out of the law of violence transformed into regulated might, the law of unequals." On the relation between private and public law, see also F. A. Hayek, *Law, Legislation and Liberty*, 3 vols. (Chicago: U of Chicago P 1973–79), esp. 1: ch. 6 and 2: 85–88.

In spite of this fundamental misconception, however, Marxism, because it correctly interprets the state as exploitative (unlike, for example, the public choice school, which sees it as normal firm among others),¹⁵ is on to some important insights regarding the logic of state operations. For one thing, it recognizes the strategic function of redistributionist state policies. As an exploitative firm, the state must at all times be interested in a low degree of class consciousness among the ruled. The redistribution of property and income is the state's means by which it can create divisiveness among the public and destroy the formation of a unifying class consciousness among the exploited. Furthermore, the redistribution of state power itself through democratizing the state constitution and opening up every ruling position to everyone and granting everyone the right to participate in the determination of state personnel and policy is actually a means for reducing the resistance against exploitation as such. Secondly, the state is indeed, as Marxists see it, the great center of ideological propaganda and mystification: Exploitation is really freedom; taxes are really voluntary contributions; non-contractual relations are really conceptually contractual ones; no one is ruled by anyone but we all rule ourselves; without the state neither law nor security would exist; and the poor would perish, etc. All of this is part of the ideological superstructure designed to legitimize an underlying basis of economic exploitation.¹⁶ And finally, Marxists are also correct in noticing the close association between the state and business, especially the banking elite—even though their explanation for it is faulty. The reason is not that the bourgeois establishment sees and supports the state as the guarantor of private property rights and contractualism. On the contrary, the establishment correctly perceives the state as the very antithesis to private property that it is and takes a close interest in it for this reason. The more successful a business, the larger the potential danger of governmental exploitation, but the larger also the potential gains that can be achieved if it can come under government's special protection and is exempt from the full weight of capitalist competition. This is why the business establishment is interested in the state and its infiltration. The ruling elite in turn is interested in close cooperation with the business establishment

¹⁵ See James Buchanan and Gordon Tullock, *The Calculus of Consent* (Ann Arbor, MI: U of Michigan P 1965) 19.

¹⁶ See Hans-Hermann Hoppe, *Eigentum, Anarchie und Staat* (Opladen: Westdeutscher 1987); Hoppe, *Theory*.

because of its financial powers. In particular, the banking elite is of interest because as an exploitative firm the state naturally wishes to possess complete autonomy for counterfeiting. By offering to cut the banking elite in on its own counterfeiting machinations and allowing them to counterfeit in addition to its own counterfeited notes under a regime of fractional reserve banking, the state can easily reach this goal and establish a system of state monopolized money and cartelized banking controlled by the central bank. And through this direct counterfeiting connection with the banking system and by extension the banks' major clients, the ruling class in fact extends far beyond the state apparatus to the very nerve centers of civil society—not that much different, at least in appearance, from the picture that Marxists like to paint of the cooperation between banking, business elites, and the state.¹⁷

Competition within the ruling class and among different ruling classes brings about a tendency toward increasing concentration. Marxism is right in this. However, its faulty theory of exploitation again leads it to locate the cause for this tendency in the wrong place. Marxism sees such a tendency as inherent in capitalist competition. Yet it is precisely so long as people are engaged in a clean capitalism that competition is not a form of zero-sum interaction. The homesteader, the producer, saver, and contractor do not gain at another's expense. Their gains either leave another's physical possessions completely unaffected or they actually imply mutual gains (as in the case of all contractual exchanges). Capitalism thus can account for increases in absolute wealth. But under its regime no systematic tendency toward relative concentration can be said to exist.¹⁸ Instead, zero-sum interactions characterize not only the relationship between the ruler and the ruled, but also between competing rulers. Exploitation defined as non-productive and non-contractual property acquisitions is only possible as long as there is anything that can be appropriated. Yet if there were free competition in the business of exploitation, there would obviously be nothing left to expropriate. Thus exploitation requires monopoly over some given territory and population; and the competition between exploiters is by its very nature eliminative and must bring about a tendency toward relative concentration of exploitative firms as well as a tendency toward centralization within each

¹⁷ See Hans-Hermann Hoppe, "Banking, Nation States and International Politics," *Review of Austrian Economics* 4 (1990) 55–87; Rothbard, *Mystery* chs. 15–16.

¹⁸ See on this in particular Rothbard, *Man*, ch. 10 (esp. the section, "The Problem of One Big Cartel"); Mises, *Socialism* chs. 22–26.

exploitative firm. The development of states rather than capitalist firms provides the foremost illustration of this tendency: There are now a significantly smaller number of states with exploitative control over much larger territories than in previous centuries. And within each state apparatus there has in fact been a constant tendency toward increasing the powers of the central government at the expense of its regional and local subdivisions.

Yet outside the state apparatus a tendency toward relative concentration has also become apparent for the same reason—not, as should be clear by now, because of any trait inherent in capitalism, but because the ruling class has expanded its rule into civil society through the creation of a state-banking-business alliance and, in particular, the establishment of a system of central banking. If a concentration and centralization of state power then takes place, it is only natural that this be accompanied by a parallel process of relative concentration and cartelization of banking and industry. Along with increased state powers, the associated banking and business establishment's powers of eliminating or putting economic competitors at a disadvantage by means of non-productive and/or non-contractual expropriations increase. Business concentration is the reflection of a "state-ization" of economic life.¹⁹

The primary means for the expansion of state power and the elimination of rival exploitation centers is war and military domination. Interstate competition implies a tendency toward war and imperialism. As centers of exploitation, their interests are by nature antagonistic. Moreover, with each of them—internally—in command of the instrument of taxation and absolute counterfeiting powers, it is possible for the ruling classes to let others pay for their wars. Naturally, if one does not have to pay for one's risky ventures oneself, but can force others to do so, one tends to be a greater risk taker and more trigger-happy than one might otherwise be.²⁰ Marxism, contrary to much of the so-called bourgeois social sciences, gets the facts right: There

¹⁹ See on this Gabriel Kolko, *The Triumph of Conservatism* (Chicago: Free 1967); James Weinstein, *The Corporate Ideal in the Liberal State* (Boston: Beacon 1968); Ralph Radosh and Murray N. Rothbard, eds., *A New History of Leviathan* (New York: Dutton 1972); Leonard Liggio and James J. Martin, eds., *Watershed of Empire* (Colorado Springs, CO: Myles 1976).

²⁰ On the relationship between state and war see Ekkehart Krippendorff, *Staat und Krieg* (Frankfurt: Suhrkamp 1985); Charles Tilly, "War Making and State Making as Organized Crime," *Bringing the State Back In*, ed. Peter Evans, Dietrich Rueschemeyer, and Theda Skocpol (Cambridge: CUP 1985) 169–91; also Robert Higgs, *Crisis and Leviathan* (New York: OUP 1987).

is indeed a tendency toward imperialism operative in history; and the foremost imperialist powers are indeed the most advanced capitalist nations. Yet the explanation is once again faulty. It is the state as an institution exempt from the capitalist rules of property acquisitions that is by nature aggressive. And the historical evidence of a close correlation between capitalism and imperialism only seemingly contradicts this. It finds its explanation, easily enough, in the fact that in order to come out successfully from interstate wars, a state must be in command of sufficient (in relative terms) economic resources. Other things being equal, the state with more ample resources will win. As an exploitative firm, a state is by nature destructive of wealth and capital accumulation. Wealth is produced exclusively by civil society; and the weaker the state's exploitative powers, the more wealth and capital society accumulates.

Thus, paradoxical as it may sound at first, the weaker or the more liberal a state is internally, the further developed capitalism is; a developed capitalist economy to extract from makes the state richer; and a richer state then makes for more and more successful expansionist wars. It is this relationship that explains why initially the states of Western Europe, and in particular Great Britain, were the leading imperialist powers, and why in the twentieth century this role has been assumed by the United States.

And a similarly straightforward yet once again entirely non-Marxist explanation exists for the frequent Marxist observation that the banking and business establishment is usually among the most ardent supporters of military strength and imperial expansionism. This support does not occur because the expansion of capitalist markets requires exploitation, but because the expansion of state protected and privileged business requires that such protection be extended also to foreign countries and that foreign competitors be hampered through non-contractual and non-productive property acquisitions in the same way or more so than internal competition. Specifically, the establishment supports imperialism if this support promises to lead to a position of military domination of one's own allied state over another. For then, from a position of military strength, it becomes possible to establish a system of what one may call monetary imperialism. The dominating state will use its superior power to enforce a policy of internationally coordinated inflation. Its own central bank sets the pace in the process of counterfeiting, and the central banks of the dominated states are ordered to use its currency as their own reserves and inflate on top of them. Thus, along with the dominating state and as the earliest receivers of the counterfeit reserve currency, its associated banking and business establishment can engage in an almost costless expropriation of foreign property owners and income producers. A double layer of

exploitation of a foreign state and a foreign elite on top of a national state and elite is imposed on the exploited class in the dominated territories, causing prolonged economic dependency on and relative economic stagnation in comparison with the dominant nation. It is this very uncapitalist situation that characterizes the status of the United States and the U.S. dollar and that gives rise to the—correct—accusations concerning U.S. economic exploitation and dollar imperialism.²¹

Finally, the increasing concentration and centralization of exploitative powers leads to economic stagnation and thereby creates the objective conditions for the ultimate demise of these powers and the establishment of a classless society capable of producing unheard of economic prosperity.

Contrary to Marxist claims, this society will not be the result of any historical laws. In fact, no such things as inexorable historical laws as Marxists conceive of them exist.²² Nor will it be the result of a tendency for the rate of profit to fall with an increased organic composition of capital (an increase in the proportion of constant to variable capital, that is), as Marx thought. Just as the labor theory of value is false beyond repair, so is the law of the tendency of the profit rate to fall, which is based on it. The source of value, interest, and profit is not exclusively the expenditure of labor, but much more general: acting, i.e., the employment of scarce means in the pursuit of goals by agents who are constrained by time preference and uncertainty (imperfect knowledge). There is no reason to suppose, then, that changes in the organic composition of capital should have any systematic relation to changes in interest and profit.

Instead, the likelihood of crises that stimulate the development of a higher degree of class consciousness (i.e., the subjective conditions for the overthrow of the ruling class) increases because—to use one of Marx favorite terms—of the dialectics of exploitation that I have already touched on earlier: Exploitation is destructive of wealth formation. Hence, in the competition of exploitative firms, i.e., of states, less exploitative or more liberal ones tend to outcompete more exploitative ones because they are in command of more ample resources. The process of imperialism initially has a relatively liberating effect on societies coming under its control. A relatively more capitalist social model is exported to relatively less capitalist (more exploitative) societies. The

²¹ On a further elaborated version of this theory of military and monetary imperialism see Hans-Hermann Hoppe, “States.”

²² See on this in particular Ludwig von Mises, *Theory and History* (Auburn: Mises Institute 1985), especially part 2.

development of productive forces is stimulated; economic integration is furthered, division of labor extended, and a genuine world market established. Population figures go up in response, and expectations about the economic future rise to unprecedented heights.²³ With exploitative domination taking hold, and interstate competition reduced or even eliminated in a process of imperialist expansionism, however, the external constraints on the dominating state's power of internal exploitation and expropriation gradually disappear. Internal exploitation, taxation, and regulation begin to increase the closer the ruling class comes to its ultimate goal of world domination. Economic stagnation sets in and the—worldwide—higher expectations become frustrated. And this—high expectations and an economic reality increasingly falling behind these expectations—is the classical situation for the emergence of a revolutionary potential.²⁴ A desperate need for ideological solutions to the emerging crises arises, along with a more widespread recognition of the fact that state rule, taxation, and regulation—far from offering such a solution—actually constitute the very problem that must be overcome. If in this situation of economic stagnation, crises, and ideological disillusion²⁵ a positive solution is offered in the form of a systematic and

²³ It may be noted here that Marx and Engels, foremost in their *Communist Manifesto*, championed the historically progressive character of capitalism and were full of praise for its unprecedented accomplishments. Indeed, reviewing the relevant passages of the *Manifesto* concludes Joseph A. Schumpeter, "Never, I repeat, and in particular by no modern defender of the bourgeois civilization has anything like this been penned, never has a brief been composed on behalf of the business class from so profound and so wide a comprehension of what its achievement is and what it means to humanity." "The Communist Manifesto in Sociology and Economics," *Essays of J. A. Schumpeter*, ed. Richard V. Clemence (Port Washington, NY: Kennikat 1951) 293. Given this view of capitalism, Marx went so far as to defend the British conquest of India, for example, as a historically progressive development. See Marx's contributions to the *New York Daily Tribune* of June 25, 1853, July 11, 1853, August 8, 1853 (these can be found in the ninth volume of Marx and Engels, *Werke* [East Berlin: Dietz 1960]). As a contemporary Marxist taking a similar stand on imperialism see Bill Warren, *Imperialism: Pioneer of Capitalism* (London: New Left Books 1981).

²⁴ See on the theory of revolution in particular Charles Tilly, *From Mobilization to Revolution* (Reading, MA: Addison-Wesley 1978); Charles Tilly, *As Sociology Meets History* (New York: Academic 1981).

²⁵ For a neo-Marxist assessment of the present era of late capitalism as characterized by a new ideological disorientation born out of permanent economic stagnation and the exhaustion of the legitimacy powers of conservatism and social-democratism (i.e. liberalism in American terminology) see Jürgen Habermas, *Die Neue Unübersichtlichkeit* (Frankfurt: Suhrkamp, 1985); also Jürgen Habermas, *Legitimation Crisis* (Boston: Beacon 1975); Claus Offe, *Strukturprobleme des kapitalistischen Staates* (Frankfurt: Suhrkamp 1972).

comprehensive libertarian philosophy coupled with its economic counterpart, Austrian economics, and if this ideology is propagated by an activist movement, then the prospects of igniting the revolutionary potential to activism become overwhelmingly positive and promising. Anti-statist pressures will mount and bring about an irresistible tendency toward dismantling the power of the ruling class and the state as its instrument of exploitation.²⁶

If and insofar as this occurs, however, it will not mean—contrary to the Marxist model—social ownership of means of production. In fact, social ownership is not only economically inefficient, as has already been explained, but incompatible with the idea that the state is withering away.²⁷ For if means of production are owned collectively, and if it is realistically assumed that not everyone's ideas as to how to employ these means in production happen to coincide (as if by miracle), then it is precisely socially owned factors of production that require continued state actions, i.e., an institution coercively imposing one person's will on another's. Instead, the withering away of the state, and with this the end of exploitation and the beginning of liberty and unheard of economic prosperity, means the establishment of a pure private property society regulated by nothing but private law.

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²⁶ For an Austrian-libertarian assessment of the crisis-character of late capitalism and on the prospects for the rise of a revolutionary libertarian class consciousness see Murray N. Rothbard, *Left and Right: The Prospects for Liberty* (Washington, DC: Cato 1982); Rothbard, *New*, ch. 15; Murray N. Rothbard, *The Ethics of Liberty* (Atlantic Highlands: Humanities 1982) part 5.

²⁷ On the internal inconsistencies of the Marxist theory of the state see also Hans Kelsen, *Sozialismus und Staat* (Vienna: Volksbuchhandlung 1965).

Roderick T. Long, “Toward a Libertarian Theory of Class” (1998)

Abstract There are libertarian movements that can be seen as socialist, capitalist, and populist. All of these groups can profit from an understanding of class in which political differences are viewed as foundational vis-à-vis economic ones. Such an understanding of class, Smithian in nature, is superior to Marx’s. The ruling class should be seen as including both state actors and economic actors outside the state, with each of these subgroups jockeying for power with the other.

I. INTRODUCTION

Libertarianism needs a theory of class.

This claim may meet with resistance among some libertarians. A few will say: “The analysis of society in terms of classes and class struggles is a specifically Marxist approach, resting on assumptions that libertarians reject. Why should we care about class?” A greater number will say: “We recognize that class theory is important, but libertarianism doesn’t *need* such a theory, because it already *has* a perfectly good one.”

The first objection is simply mistaken. While the prominence of the Marxist theory of classes may have left rival approaches obscured in its shadow, class analysis is thousands of years older than Marx; and in Marx’s own day the Marxist version of class analysis was only one of a number of

competing and very different theories, including several far more congenial to libertarianism. The problem of class is one that faces any serious political theory, Marxist or otherwise.

The second objection is also mistaken, but not so simply. It is true that a libertarian theory of class already exists. More precisely, several different theories of class are current among today's libertarians, inherited from different strands within libertarianism's intellectual ancestry. But although each of these theories offers important insights, I propose to argue that none of them is adequate, and that the shortcomings of libertarian thinking about class have done serious harm to the libertarian cause. [...]

II. LIBERTARIANISMS

What does it mean to speak of a libertarian theory of class? To answer that question, we must first have some conception of what libertarianism is, and then what a theory of class is.

For the purposes of this essay, I propose to define as *libertarian* any political position that advocates *a radical redistribution of power from the coercive state to voluntary associations of free individuals*. This definition draws the boundaries of libertarianism rather more expansively than is customary, and includes under the libertarian aegis a number of conflicting positions. For example, my definition does not specify whether this redistribution of power is to be total or merely substantial, and so allows both anarchists and nonanarchists to count as libertarians; it also does not specify whether the criteria for "voluntary association" can be met by communal cooperatives, or market exchanges, or both, and so grants the libertarian label indifferently to socialists (of the anti-statist variety) and capitalists (of the anti-statist variety).

These results may be taken, by some, as sufficient reason to reject my definition of libertarianism as excessively broad. But thinkers satisfying the definition have frequently described themselves as libertarians, whatever their views on the nature of voluntary association or the appropriate extent of redistribution; and it is my conviction that the different varieties of libertarians generally have more in common than they are accustomed to recognizing, and a great deal to learn from one another.¹ [...]

¹Roderick T. Long, "Immanent Liberalism: The Politics of Mutual Consent," *Social Philosophy and Policy* 12.2 (Sum. 1995): 12n.26.

Currently there are three quite disparate movements that qualify as libertarian by my definition. Two of them I have already mentioned: Libertarian Capitalism and Libertarian Socialism. A third I shall call Libertarian Populism. As these terms are a bit of a mouthful, I shall abbreviate them as “LibCap,” “LibSoc,” and “LibPop,” respectively.²

Libertarian Capitalism (LibCap) is the position that has largely monopolized the term “libertarian” in contemporary academia, thanks largely to the influence of Robert Nozick’s book *Anarchy, State, and Utopia*.³ LibCaps uphold (sometimes on the basis of imprescriptible natural rights, sometimes on the basis of beneficial social consequences, usually on the basis of both) the right of individuals to do as they please with their own lives and peacefully acquired private property, so long as they do not aggress against the like liberty of anyone else. This leads LibCaps to oppose state interference with both personal lifestyle choices and market transactions, favoring spontaneous order over coercively imposed order equally in the market for goods and services (hence their conflict with the left) and in the market for ideas and experiments in living (hence their conflict with the right). LibCaps who wish to restrict government to the basic function of protecting libertarian rights—essentially the “night-watchman state” of classical liberalism—are traditionally called “minarchists,” while a minority who favor replacing the state entirely with private protection agencies and private courts competing on the free market are traditionally called “anarcho-capitalists.”

It still comes as a surprise to many LibCaps to learn that socialist critics of centralized power have been using the term “libertarian” for at least as long as their capitalist counterparts have. One recent LibCap writer offers his readers a short history of the use of “libertarian” as a political term, without ever mentioning that many opponents of capitalism have also considered themselves libertarians.⁴ (Libertarian Socialists often repay the favor by writing as though “libertarian” has always designated a purely socialist movement.) But there is a robust tradition of Libertarian Socialism (LibSoc), whose roots, like

² An alternative possibility would be to abbreviate them as LC, LS, and LP, respectively. But “LP” is so commonly used within LibCap circles to designate the US Libertarian Party that its use to designate some other aspect of libertarianism would be likely to generate confusion.

³ Robert Nozick, *Anarchy, State, and Utopia* (New York: Basic 1974).

⁴ David Boaz, *Libertarianism: A Primer* (New York: Free 1997) 22–26. A welcome exception to LibCap silence on the existence of LibSocs is Jerome Tuccille, *Radical Libertarianism* (San Francisco: Cobden 1985) 36ff.

those of LibCap, run back to the radical movements of the seventeenth, eighteenth, and nineteenth centuries. At present the most prominent spokesman for this position is Noam Chomsky.

LibSocs share with LibCaps an aversion to any interference with freedom of thought, expression, or choice of lifestyle. But unlike LibCaps, LibSocs do not see the right to engage in market transactions, or to maintain exclusive control over one's private property, as examples of freedom in need of protection. Rather, LibSocs see capitalist property relations as forms of domination, and thus as antagonistic to freedom. Yet, unlike other socialists, they tend (to various differing degrees, depending on the thinker) to be skeptical of centralized state intervention as the solution to capitalist exploitation, preferring a system of popular self-governance via networks of decentralized, local, voluntary, participatory, cooperative associations—sometimes as a complement to and check on state power, sometimes as a complete substitute for it. In this respect, LibSocs count as libertarians for the same reason LibCaps do: they both seek to empower individuals to govern their own lives through voluntary cooperation with one another, as opposed to top-down control of individuals by the state.⁵ Where they disagree is on the question of whether economic laissez-faire and the unregulated market represent an *instance* of, or instead an *obstacle* to, the freedom and empowerment that libertarians seek. This disagreement is a deeply important and often intractable one, of course; nevertheless, I think it should be seen more as a conflict over the proper implementation of a common ideal than as a conflict of ideals themselves.

The LibSoc and LibCap perspectives can be seen not only as the socialist and capitalist wings of a broader libertarian tradition, but also as the libertarian wings of the broader traditions of socialism and capitalism in general, traditions that each possess an anti-libertarian, authoritarian wing also. We can gain a better understanding of both LibSoc and LibCap by contrasting them with their authoritarian counterparts.

The libertarian and authoritarian wings of socialism share a common hostility to capitalist property relations; but authoritarian socialists (also known as state socialists) offer, as an antidote to capitalism,

⁵ Hence, a number of libertarians have hoped for a rapprochement between the LibCap and LibSoc approaches; see Tuccille 31–58, Long, "Liberalism" 26–31.

a powerful centralized state exercising control over every aspect of economic life.⁶

Within the capitalist tradition, on the other hand, both libertarians and authoritarians agree in rejecting the monopolization of all economic power in the hands of the state—but there the resemblance ends. While LibCaps endorse unregulated competition, authoritarian capitalists favor government provision of subsidies, protections, and grants of monopoly privilege to big business to insulate it from competition both foreign and domestic. Defenders of the business lobby argue that such “corporate welfare” is beneficial to society as a whole, because companies on which many workers and consumers depend (for jobs and products, respectively) deserve public assistance; in the United States, Lee Iacocca and the government bailout of Chrysler Motors come to mind. But LibCaps argue that such government favoritism creates a corporate elite with no incentive to cut costs, improve efficiency, or be responsive to the needs of its employees and customers.⁷ [. . .]

Part of the hostility of LibCaps and LibSocs to one another derives from the fact that each libertarian camp tends to identify the other libertarian camp with that other camp’s authoritarian counterpart. While this identification is generally a mistake, it is not entirely ungrounded, for many libertarians on both sides have failed to distance themselves sufficiently from the authoritarian wings of their movements. For example, many (though by no means all) LibSocs in this century have tended to downplay or apologize for the despotism and genocide practiced by Marxist regimes,⁸ while on the other side many (though again, by no means all) LibCaps have readily served as willing intellectual foot-soldiers in the corporatist-imperialist programs of Reaganism and Thatcherism.⁹ It is understandable

⁶The turn-of-the-century Russian anarcho-communist Pyotr Kropotkin (1842–1921) offers a typical LibSoc indictment of authoritarian socialism. See Peter Kropotkin, *Anarchism and Anarchist Communism* (London: Freedom 1993) 8–9.

⁷Paul H. Weaver, *The Suicidal Corporation* (New York: Simon 1988) 99–116.

⁸Among the notable exceptions: in the 1920s, the anarcho-socialist couple Emma Goldman and Alexander Berkman were among the earliest critics of the Soviet regime. See Emma Goldman, *My Disillusionment in Russia* (New York: Crowell 1970); and Alexander Berkman, *The Bolshevik Myth* (London: Pluto 1989).

⁹This is not to deny that there were genuinely LibCap elements to the programs of Reagan and Thatcher, though I think those elements have been greatly exaggerated.

that such conduct has led to some confusion.¹⁰ But it is also true that—for the most part, with a few notable exceptions—neither libertarian camp has expressed much diligence in attempting to form an accurate picture of the other libertarian camp’s beliefs. (In general, LibCaps and LibSocs have as distorted a view of each other as nonlibertarians have of both!)

These difficulties multiply when we turn to the third major libertarian movement of the present time—namely, the libertarian wing of what I shall call “conservative populism” (or “populism” for short). “Conservative populism” is my name for what in the United States generally goes by the name of the “patriot movement,” though analogous movements without that label are to be found in other countries as well. The phenomenon of “citizens’ militias” is currently the most visible, though not necessarily the most representative, aspect of this movement.

Like LibCaps, populists endorse such ideals as private property, school choice, reduced taxes, and the right to bear arms. Like LibSocs, however, populists are suspicious of free trade, usury, and finance capitalism. And, unlike both groups, populists tend to be traditionalists, culturally and morally conservative, anti-abortion, with strong religious commitments and a concern to protect their preferred way of life from being undermined by secular and foreign values. On this much, populists are generally agreed.

However, the populist movement can also be divided into libertarian and authoritarian wings. Unlike LibCaps and LibSocs, Libertarian Populists (Lib Pops) do not use the term “libertarian” to describe themselves, but they share with their capitalist and socialist counterparts a desire to effect a thoroughgoing redistribution of power from the state to freely associated individuals. By contrast, the authoritarian wing of populism opposes existing state power only because it seeks to replace such power with an oppressive regime of its own, in which populist values will be coercively

¹⁰There are still other sources of confusion. Libertarian and authoritarian versions of capitalism have both called themselves “socialist” upon occasion (e.g., Benjamin Tucker’s “voluntary socialism” and Adolf Hitler’s “National Socialism,” respectively). Indeed, some LibCaps claim to be the only true “socialists,” since they favor social power over state power. To add to the confusion, not only do LibCaps and LibSocs generally deny one another’s libertarian credentials, but also within each movement one finds both writers who take anarchism as a prerequisite for being a libertarian, and writers who take the rejection of anarchism as a prerequisite for being a libertarian. Then there is the ongoing dispute about the relation between libertarianism and liberalism: Is either LibCap or LibSoc a version of liberalism? Is LibCap identical with classical liberalism, or is it a subset of it, or does it merely overlap with it? Do non-classical liberals count as genuine liberals? And so on!

imposed on the population. At its worst, authoritarian populism descends into the noxious morass of militant nativism, racism, and intolerance, calling for the subjugation of nonwhites, non-Christians, women, immigrants, and homosexuals, glorifying violence and bigotry, and making common cause with neo-Nazis. This side of the populist movement has received so much publicity that it is often taken as an accurate representation of the whole, and LibPops end up being tarred with the same brush, despite having no more in common with neo-Nazis than Chomsky's current political views have with Stalin's. As in the previous cases, this is partly the LibPops' own fault for not making stronger efforts to dissociate themselves from their authoritarian counterparts¹¹—but it is also the fault of critics of populism who have been remarkably careless in getting their facts straight about the people and views they criticize.¹²

When I speak of “libertarianism,” for the purposes of this essay I mean all three of these very different movements. It may be protested that LibCap, LibSoc, and LibPop are *too* different from one another to be treated as aspects of a single point of view. But they do share a common—or at least an overlapping—intellectual ancestry. LibSocs and LibCaps can both claim the seventeenth-century English Levellers and the eighteenth-century French Encyclopedists among their ideological forebears; and all three groups (LibSocs, LibCaps, and LibPops) usually share an admiration for Thomas Jefferson and Thomas Paine. In the nineteenth century it was fairly common for libertarians in different traditions to recognize a commonality of heritage and concern; this mutual recognition has been largely lost sight of in the twentieth century, but is beginning to return.

To be sure, we should not lose sight of the differences among LibSocs, LibCaps, and LibPops. But we also should not commit the much more common error of allowing the differences to overshadow the common liberatory, anti-authoritarian impulse. Moreover, as we shall see, the need for an adequate theory of class—a need common to all three libertarianisms—may lie at the root of some of those differences.

¹¹ In addition, canny politicians like Pat Buchanan have learned to pitch their message in such a way as to appeal to substantial numbers of populists in both the libertarian and authoritarian camps.

¹² In a number of instances, peaceful, tolerant anti-statists (in some cases not even populist in orientation) have been labeled “white supremacists” or members of “Aryan hate groups” by critics who never bothered to discover that the persons so labeled were in fact Jewish or black.

III. THEORIES OF CLASS

Class analysis in the Western tradition begins in ancient Greece and Rome, with an approach I shall call the *republican theory of class*. Ancient theorists thought of classes in economic terms: the wealthy minority versus the poor majority. The chief task of ancient constitutional thought was to balance the interests and influence of each of these classes against the other, in order to prevent the rich from running roughshod over the poor, or vice versa. This goal was adopted in part for reasons of justice; the ancient republic was supposed to represent the interests of the entire people, not just one faction of them. But the goal also had a pragmatic justification: each class was powerful, the one because of its wealth and the other because of its numbers, and therefore no political system could long remain stable unless it could attract the support of both classes.

Ancient theorists disagreed about how best to achieve this balance. Conservatives like Thucydides, Aristotle, and Polybius (as well as Plato in his later years)¹³ favored the "mixed constitution," a combination of aristocracy and democracy; for their model they looked to Sparta, Rome, or the "ancestral constitution" of Athens under Solon. Ancient liberals like Demosthenes and Athenagoras, by contrast, thought that the mixed constitution undercompensated for the influence of the rich and overcompensated for the influence of the poor; they favored instead the democratic system of post-Kleisthenean Athens (508–338 B.C.E.), where laws were passed by popular referendum and subjected to judicial review in jury courts manned by lot, and public officials were likewise picked by lot to ensure proportional representation. (As these examples show, Athenian democracy, contrary to popular misconception, was never a system of unchecked majority rule.) For us, democracy is synonymous with elections, but in ancient times elections were regarded as antidemocratic; the worry was that wealthy candidates would be better able to influence the electoral process and thus would be disproportionately represented in the government, a problem that random selection by lot avoids.

¹³I am thinking in particular of the *Laws*, where Plato defends a version of the mixed constitution, as opposed to such earlier writings as the *Republic* (and, to a lesser extent, the *Statesman*), where Plato relies on virtuous rulers rather than on constitutional devices to safeguard the public interest.

But both Greek liberals and Greek conservatives, while differing about means,¹⁴ agreed on the basic premise that constitutional design should aim at achieving a balance between the rich and poor classes so that neither class could achieve complete domination over the other. It was this ancient republican perspective on classes that was inherited by the modern liberal and republican traditions, as represented by such thinkers as Machiavelli, Montesquieu, and Madison.

But in the eighteenth century, two new, more radical ways of thinking about class began to emerge. These radical approaches differed from traditional republican class analysis in identifying a particular class as *inherently exploitative*; the internal dynamic of this class was such that, if allowed to exist, it would inevitably gain and maintain the upper hand. Such a class in its nature could not be *checked*; the only solution was to *eliminate* it—not by exterminating its members, of course, but by destroying the class *as a class*, by removing from it the characteristics that made it the class it was.

One of these theories originated with Rousseau and was later inherited by Marx; I shall call it the *Rousseauvian theory of class*. Like its republican counterpart, the Rousseauvian theory identified classes in economic terms; the defining characteristic of a class was its economic status (in Marxist terms, its control over the means of production, e.g., land and capital equipment). But the Rousseauvian theory is pessimistic about the possibility of providing any reliable constitutional safeguard against the tendency of superior wealth to translate itself into superior power. Socioeconomic inequality inherently leads to oppression, and so must be eliminated in order to establish freedom; and since the ruling class is defined by its superior socioeconomic position, in abolishing inequality we abolish the ruling class as well.

The other radical approach had its roots in the writings of Rousseau's contemporary Adam Smith, but received its full development only in the nineteenth century: in France, by the followers of the economist Jean-Baptiste Say;¹⁵ in England, by James Mill and the Philosophical Radicals;

¹⁴ The ancient liberals arguably had the better case; for discussion, see Roderick T. Long "The Athenian Constitution: Government by Jury and Referendum," *Formulations* 4.1 (Autumn, 1996): 7–23, 35.

¹⁵ The most important in this context were Charles Comte, Charles Dunoyer, Augustin Thierry, Frédéric Bastiat, and Gustave de Molinari. For a good introduction, see Leonard Liggio, "Charles Dunoyer and French Classical Liberalism," *Journal of Libertarian Studies* 1.3 (Sum. 1977): 153–78; and David M. Hart, "Gustave de Molinari and the Anti-Statist Liberal Tradition" [part 1], *Journal of Libertarian Studies* 5.3 (Sum. 1981): 263–90. Cf. also Ralph

and in the United States, first by Jeffersonian agrarians like John Taylor and John Calhoun, and later by individualist anarchists like Lysander Spooner and Benjamin Tucker. I shall call it the *Smithian theory of class*.

Smith is often thought of today, by admirers and detractors alike, as a defender of business interests; but Smith saw himself as a defender of laborers and consumers against the "mercantile interest."¹⁶ Smith's defense of *capitalism* did not translate into a defense of *capitalists*; on the contrary, Smith maintained that businessmen never meet together without the conversation ending in a "conspiracy against the public." Smith's antagonism was not toward economic inequality as such; Smith had a positive-sum approach to economics, maintaining that the free market that allowed a few to amass vast fortunes also created dramatic improvements in the living conditions of the many. Rather, Smith's concern focused on the ability of the wealthy to use their wealth to influence the political process in their favor through governmental grants of subsidy and monopoly. The danger was not wealth per se, but the ability of wealth to sway the counsels of state. It was this concern that Smith's French, English, and American admirers developed into a full-fledged theory of class. For the Smithian liberal, the source of the ruling class's dominant position was not its economic status as such, but its differential access to state power; the ruling and ruled classes were defined not by their relative socioeconomic position, but by the extent to which they were beneficiaries or victims of state power.¹⁷ [...]

By its nature, the Smithian theorists thought, a powerful state attracts special interests who will try to direct its activities, and whichever achieves the most sway (presumably by being the wealthiest) will constitute a ruling class. So long as this class holds the reins of power, attempts to check its influence will prove ineffective. Since the Smithian theory defines the ruling class as an artifact of state power, the way to attack that class is to go after

Raico, "Classical Liberal Exploitation Theory," *Journal of Libertarian Studies* 1.3 (Sum. 1977): 179–83; Mark Weinburg, "The Social Analysis of Three Early Nineteenth Century French Liberals: Say, Comte, and Dunoyer," *Journal of Libertarian Studies* 2.1 (1978): 45–63; and Joseph T. Salemo, "Comment on the French Liberal School," *Journal of Libertarian Studies* 2.1 (1978): 65–8.

¹⁶ See Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (New York: Benton 1952) 211.

¹⁷ See, e.g., Wendy McElroy, "Introduction: The Roots of Individualist Feminism in Nineteenth-Century America," *Freedom, Feminism, and the State: An Overview of Individualist Feminism*, 2d ed., ed. McElroy (New York: Holmes 1992) 23.

state power instead. The anarchist wing of Smithian liberalism favored eliminating the state altogether; more moderate liberals favored keeping the state but severely curbing its power through structural and constitutional safeguards (and here they drew once more, though in a different context, on the checks and balances of republican tradition). The idea common to both anarchists and moderates, however, was that the key to a ruling class's power is a powerful state, and that the ruling class must wither away if that power source is either eliminated or sufficiently curtailed. While Rousseauvian socialists saw a ruling class as an elite group that developed its power in the cutthroat capitalist marketplace and then used this power to gain political domination as well, the Smithian liberals saw the state as the crucial source of power for elites, arguing that the power of such "special interests" could not survive in a free marketplace but depended crucially on special privileges from government. A power must exist in order for it to be abused to benefit those with political pull; so every power we strip away from government is one more brick removed from the foundation that upholds the ruling class. Special interests cannot win favors from the state if it has no favors to give out.

Rousseau and his intellectual heirs, by contrast, were far less sanguine about the ability of market competition to keep the power of the rich in check. Unlike the positive-sum Smithians, Rousseau viewed the market as a zero-sum or even negative-sum process, in which those who gain can do so only at the expense of others who lose. For Rousseau, the ability of the rich to oppress the poor does not presuppose state intervention, but arises naturally even in the absence of government. As Rousseau views the historical process, it is the introduction of private property and the division of labor that puts an end to primitive anarcho-communism and leads to socioeconomic stratification and the emergence of a wealthy ruling class; that class then creates the political state in order to solidify the power it has already achieved on the market, thus ending the class struggle by winning it.¹⁸ [...] The Marxist theory of the origin of classes essentially recapitulates that of Rousseau.¹⁹ [...]

But Rousseau was not the only influence on Marx and Engels, who actually drew on the Smithian theory of class as well. Indeed, Marx always acknowledged (if somewhat ironically) his debt to the "bourgeois

¹⁸ Jean-Jacques Rousseau, "Discourse on the Origin of Inequality," *The Social Contract and Discourses*, by Rousseau, trans. G.D. H. Cole et al. (London: Dent 1982) 83–89.

¹⁹ Frederick Engels, *The Origin of the Family, Private Property, and the State*, trans. Alec West et al. (New York: International 1985) 224–31.

economists," but of course he transformed the details of their theories in order to bring them more in line with the Rousseauvian position.²⁰ [...]

Since Rousseau and Marx saw the source of power for elites as the marketplace, they concluded that it was the marketplace that needed to be restrained (Rousseau) or eliminated (Marx), and that big government could be trusted, once the marketplace could no longer corrupt it, to wield dictatorial powers in a benign fashion either indefinitely (Rousseau) or until it was no longer necessary, at which point it would politely wither away (Marx). The Smithian liberals, by contrast, since they saw the state as the source of the dominant elites' power, concluded that it was the state that needed to be restrained or eliminated, and that the free market could be trusted to coordinate human interaction once the state could no longer intervene on behalf of the economic aristocracy.

Today's LibCaps, when they think about class at all, tend to endorse some version of the Smithian theory, and to reject the Rousseauvian alternative as bad economics. By contrast, LibSocs and LibPops consider LibCap faith in the beneficence of the unregulated market to be naïve, and tend to be much more attracted to some version of the Rousseauvian theory, though they are likely to temper it with elements of the Smithian theory as well. Therefore, the fundamental question of class theory is also one of the main issues at the root of the divisions among the various libertarian camps; as Walter Grinder succinctly puts it: "Which comes first—classes and then the State or the State and then classes?"²¹

IV. STATOCRATS AND PLUTOCRATS

We can gain a better understanding of the nature of a ruling class if we distinguish two possible subclasses within it: those who actually hold political office within the state, and those who influence the state from the private sector.

If the State is a group of plunderers, *who* then constitutes the State? Clearly, the ruling elite consists at any time of (a) the full-time *apparatus*—the

²⁰ Murray N. Rothbard, "Concepts of the Role of Intellectuals in Social Change Toward Laissez Faire," *Journal of Libertarian Studies* 9.2 (Fall 1990): 66n.30; cf. Murray N. Rothbard, "The Laissez-Faire Radical: A Quest for the Historical Mises," *Journal of Libertarian Studies* 5.3 (Sum. 1981): 244–45.

²¹ Walter E. Grinder, "Introduction," *Our Enemy the State*, by Albert Jay Nock (New York: Free Life 1973) xx.

kings, politicians, and bureaucrats who man and operate the State; and (b) the groups who have maneuvered to gain privileges, subsidies, and benefices from the State. The remainder of society constitutes the ruled.²²

I propose to call group (a) the *statocratic class*, or *statocracy*,²³ and group (b) the plutocratic class, or plutocracy. It is self-evident that a statocratic class must depend for its power on the existence of the state; the question at issue between Smithians and Rousseauvians is whether the same is true of a plutocratic class as well.

For those who view society in terms of ruling classes, then, there are five salient possibilities.²⁴ One might accept the existence of a statocratic ruling class, but deny the existence of a plutocratic one; call this the *Statocracy-Only* position. Or one might accept the existence of a plutocratic ruling class, but deny the existence of a statocratic one; call this the *Plutocracy-Only* position. If instead one grants the existence of both statocratic and plutocratic classes, then three possibilities remain. First, one might think, with the Smithians, that the statocratic class is the basic source of oppression on which the power of the plutocratic class depends; call this the *Statocracy-Dominant* position. Second, one might think, with the Rousseauvians, that the plutocratic class is the basic source of oppression on which the power of the statocratic class depends; call this the *Plutocracy-Dominant* position. Finally, one might think that neither class is more fundamental than the other, that statocrats and plutocrats represent equal and coordinate threats to liberty; call this the *Neither-Dominant* position.

What might motivate these various positions? Consider first the Plutocracy-Only view. To take this position is to deny that the state represents a significant source of oppression at all; political institutions are beneficent (or at least neutral), but they have not yet succeeded in overcoming the power of private wealth, the only true ruling class. This view or

²² Murray N. Rothbard, *For a New Liberty: The Libertarian Manifesto*, rev. ed. (San Francisco: Fox and Wilkes 1994) 52. Unfortunately, Rothbard does not go on to tell us much about the dynamic between these two components.

²³ I borrow these terms from Bertrand de Jouvenel, who defines “statocrat” as “a man who derives his authority only from the position which he holds and the office which he performs in the service of the state.” See Bertrand de Jouvenel, *On Power: The Natural History of Its Growth*, trans. J. F. Huntington (Indianapolis: Liberty Fund 1993) 174n.4.

²⁴ These five are not the only possibilities, of course. Indeed, I shall be arguing that none of them gets it exactly right. But the sixth approach that I favor will not become salient until we see what is wrong with the initially salient five.

something like it is held by some socialists, but generally not by libertarian ones; suspicion of the state is central to libertarianism in all its forms.

A more attractive position for libertarians is the view I call Plutocracy-Dominant. On this view (essentially the Rousseauvian approach), the state is oppressive, yet not because of its inherent nature, but rather because it has become a tool of the plutocratic class. One LibSoc theorist who seems to subscribe to this view is Noam Chomsky:

[Y]ou can't get away from the fact that there are sharp differences in power which in fact are ultimately rooted in the economic system Objective power lies in various places: in patriarchy, in race. [But c]rucially, it lies in ownership The society [is] governed by those who own it That's at the core of things. Lots of other things can change and that can remain and we will have pretty much the same forms of domination.²⁵

The government is far from benign—that's true. On the other hand, it's at least partially accountable, and it can become as benign as we make it.

What's not benign (what's extremely harmful, in fact) is . . . business power, which is highly concentrated and, by now, largely transnational. Business power is very far from benign and it's completely unaccountable. It's a totalitarian system that has an enormous effect on our lives. It's also the main reason why the government isn't benign.²⁶

Although Chomsky is an anarchist, these remarks suggest that in his view the abolition of state power, while perhaps desirable, would be a matter of no great urgency in the absence of "business power."

This perspective is not confined to LibSocs. While LibPops are staunch defenders of inviolable private property at the level of homesteads and small businesses (and so would part company with the Rousseauvians when it comes to blaming oppression on private property as such), they see the power of big banks and corporations as a threat to liberty; and although they see "business power" as using the state for its ends, they seem to regard the former as the cause of the latter's malfeasance rather than vice versa. Consider, for example, LibPop criticisms of the U.S. Federal Reserve. Although in principle LibPops generally oppose central banking, one

²⁵ Noam Chomsky, *Keeping the Rabble in Line* (Monroe, ME: Common Courage 1994) 109–11.

²⁶ Noam Chomsky, *Secrets, Lies, and Democracy* (Tucson, AZ: Odonian 1994) 37. Yet Chomsky does distinguish, as many LibCaps would, between a free-market system and the kind of economic system favored by plutocrats (*Keeping* 242).

often gets the impression from their literature that it is the *private* character of the Federal Reserve that most attracts their ire, and that a central bank run directly by Congress would be far more acceptable to them. (By contrast, the typical LibCap objection to the Federal Reserve is that it is a government monopoly *rather* than a private bank.)

The Plutocracy-Only and Plutocracy-Dominant positions, whether in socialist or populist guise, rest on the assumption that while there is an internal dynamic within the capitalist market that leads to greater and greater centralization of power, there is no analogous internal dynamic within the state itself. This is a difficult claim to believe. Public-choice economics has shown that politicians and bureaucrats respond to incentives in the same way that private individuals on the market do, and that the state's insulation from market competition makes many of those incentives perverse.²⁷ Moreover, considerable evidence suggests that states have an inherent tendency to grow and aggrandize power.²⁸

Not all LibSocs would agree with Chomsky's suggestion that the state would be benign without the influence of the business interest. When Marx invoked the Plutocracy-Dominant approach in calling for a "dictatorship of the proletariat" during the transitional phase between capitalism and anarcho-communism (on the theory that once it was no longer a tool of the capitalist class, a dictatorial state could be trusted to wield vast powers in the short run and wither away in the long run), the Russian LibSoc anarchist Mikhail Bakunin took Marx to task for naïveté about the internal dynamic of political power:

The question arises, if the proletariat is ruling, over whom will it rule? ... If there exists a state, there is inevitably domination [and] slavery ... What does it mean for the proletariat to be "organized as the ruling class"? ... Can it really be that the entire proletariat will stand at the head of the administration? ... There are about forty million Germans. Will all forty millions really be members of the government? ... The entire nation will be governors and there will be no governed ones ... Then there will be no government, no state, but if there is a state, there will be governors and slaves ... So, in sum: government of the great majority of popular masses by a privileged minority. But this minority will be composed of workers, say the Marxists ... Of former

²⁷ See, for example, James M. Buchanan and Robert D. Tollison, eds., *The Theory of Public Choice: Political Applications of Economics* (Ann Arbor, MI: U of Michigan P 1972); and Gordon Tullock, *The Economics of Special Privilege and Rent Seeking* (Boston: Kluwer 1989).

²⁸ See, for example, Robert Higgs, *Crisis and Leviathan: Critical Episodes in the Growth of American Government* (Oxford: OUP 1987).

workers, perhaps, but just as soon as they become representatives or rulers of the people *they will cease to be workers* And they'll start looking down on all ordinary workers from the heights of the state: they will now represent not the people but themselves and their claims to govern the people. He who doubts this simply doesn't know human nature They say that such a state yoke, a dictatorship, is a necessary transitional means for attaining the most complete popular liberation. So, to liberate the masses of the people they first have to be enslaved They maintain that only a dictatorship, their own naturally, can create the people's will; we answer: no dictatorship can have any other aim than to perpetuate itself, and it can only give rise to and instill slavery in the people that tolerates it. . . .²⁹

In effect, Bakunin was predicting the rise of what Milovan Djilas would later call the "New Class."³⁰ But Marx remained unpersuaded. To Bakunin's suggestion that workers in charge of the State would start to identify with statocratic rather than proletarian interests, and thus effectively cease to be members of the working class, Marx replied:

No more than a factory-owner ceases to be a capitalist nowadays because he has become a member of the town council. . . . If Herr Bakunin knew even one thing about the situation of the manager of a workers' cooperative factory, all his hallucinations about domination would go to the devil.³¹

Marx was convinced that an oppressive statocracy presupposes an independent plutocracy pulling the strings: cut the state's ties to the capitalist class, and an authoritarian centralized dictatorship would no longer pose any danger. In light of the horrors perpetrated by socialist regimes in this century, Marxist insouciance in the face of criticisms like Bakunin's must strike us today as chillingly unconvincing. In their confidence that a socialist dictatorship would govern benignly once established, and then politely wither away when its job was done, it is Marx and Engels who are now seen to have been "utopian socialists," while the anarchist critics they dismissed as idle dreamers turn out to have been the genuine hardheaded

²⁹ See Bakunin's contribution to "After the Revolution: Marx Debates Bakunin," *The Marx-Engels Reader*, 2d ed., ed. Robert C. Tucker (New York: Norton 1978) 542–48.

³⁰ Milovan Djilas, *The New Class: An Analysis of the Communist System* (New York: Praeger 1957). Interestingly, Djilas seems to regard the Plutocracy-Dominant position as a viable explanation of most class systems, while treating the Soviet regime as an exception (38).

³¹ Marx, quoted in "After the Revolution" 546.

realists. Marxism, with its call for dictatorship now and anarchy later, represents a confused attempt to unite opposite tendencies, to merge the authoritarian and libertarian wings of socialism. Janus-headed, Marxism turns its left face toward Proudhon, Bakunin, and Kropotkin—and its right face toward Stalin, Mao, and Pol Pot.

If the Plutocracy-Only and Plutocracy-Dominant positions lack credibility, what of Statocracy-Only? Some LibCaps do seem to hold this view, regarding corporate interests as purely benign, and the victims of socialistic government oppression. Ayn Rand³² (1905–1982), for example, called big business a “persecuted minority,”³³ and denied the very existence of the military-industrial complex.³⁴ To her credit, she did acknowledge

³² Ayn Rand and her “Objectivist” followers (the orthodox ones, at least) would not accept the title “libertarian.” Indeed, one prominent Randian, Peter Schwartz, has authored a thundering condemnation of the entire LibCap movement (see Peter Schwartz, *Libertarianism: The Perversion of Liberty* [New York: Intellectual Activist 1986]; a revised and condensed version appears in Ayn Rand et al., *The Voice of Reason: Essays in Objectivist Thought*, ed. Leonard Peikoff [New York: Penguin 1989] 311–33.) But I challenge anyone to construct criteria that are simultaneously broad enough to include the major thinkers and traditions of the LibCap movement yet narrow enough to exclude Rand. In my judgment, Rand and her followers should be considered Libertarian Capitalists whether they like the label or not, since the features of the LibCap position they reject are either (a) held by only some LibCaps and therefore not essential to the LibCap position, or (b) not held by any LibCaps at all and therefore based on misunderstandings (often fantastic ones). Randians try to distance themselves from LibCaps on the grounds that the LibCap movement tolerates a number of different philosophical approaches to grounding libertarianism, while Randians insist that Ayn Rand’s Objectivist approach provides the only acceptable grounding. But this is a bit like denying the existence of God yet declining to be called an atheist on the grounds that there are many different kinds of atheists with grounds for disbelief different from one’s own; disbelief in God makes one an atheist, regardless of how one feels about other atheists.

³³ Ayn Rand, “America’s Persecuted Minority: Big Business,” *Capitalism: The Unknown Ideal*, by Rand et al. (New York: NAL 1970) 44–62.

³⁴ “Something called ‘the military-industrial complex’—which is a myth or worse—is being blamed for all this country’s troubles.” Ayn Rand, “Philosophy: Who Needs It,” *Philosophy: Who Needs It* (Indianapolis: Bobbs-Merrill 1982) 10. On the same page, Rand wrote, breathtakingly, that “the United States Army [is] the army of the last semi-free country left on earth, yet [it is] accused of being a tool of imperialism—and ‘imperialism’ is the name given to the foreign policy of this country, which has never engaged in military conquest. . . . Our defence budget is being attacked, denounced, and undercut [and] a similar kind of campaign is conducted against the police force.” Despite Rand’s fierce antistatism, her equally fierce Vietnam-era pro-American patriotism had a tendency to lead her into what can only be described as astonishingly naïve statements, not only about the plutocracy but about the statocracy itself. (Most LibCaps would have a far more skeptical assessment of U.S. foreign policy, for example.)

that many businesses have historically looked to the state for political favors.³⁵ [...]

So long as a government holds the power of economic control, it will necessarily create a special "elite," an "aristocracy of pull," it will attract the corrupt type of politician into the legislature, it will work to the advantage of the dishonest businessman, and will penalize and, eventually, destroy the honest and the able The issue is not between pro-business controls and pro-labor controls, but between controls and freedom. It is not the Big Four against the welfare state, but the Big Four and the welfare state on one side—against J. J. Hill and every honest worker on the other.³⁶

All this *sounds* like the Statocracy-Dominant position. However, Rand seriously downplayed the importance of the "political pull" variety of businessmen, by treating the business lobby's use of bribery and influencepeddling as generally benign, thus moving to the Statocracy-Only position instead.³⁷ [...]

This view of American economic history is challenged by a great deal of current scholarly research, which shows that the call for governmental regulation of the economy was largely orchestrated by big business in the first place, as a way of securing its hold on the market and strangling competition.³⁸ Moreover, Rand's list of "good" businessmen—what historian Burton Folsom would call "market entrepreneurs" as opposed to "political entrepreneurs"³⁹—shows the extent to which Rand underestimated the extent of the problem. James J. Hill of the Great Northern Railroad is plausible enough as an example of an independent "market entrepreneur" who refused to seek governmental favors, but Vanderbilt and Carnegie hardly fall into that category, while J. P. Morgan is its antithesis; indeed, it would be difficult to name any tum-of-the-century American businessman who did more to help build the regulatory

³⁵ Rand, "Minority" 48–49.

³⁶ Ayn Rand, "Notes on the History of American Free Enterprise," *Capitalism* 108–9.

³⁷ Rand, "Notes" 107–8.

³⁸ For a LibSoc analysis, see Gabriel Kolko, *Railroads and Regulation* (Princeton: Princeton UP 1965); and Kolko, *The Triumph of Conservatism* (Chicago: Quadrangle 1967). For a LibCap analysis, see Roy A. Childs, Jr., "Big Business and the Rise of American Statism," ch. 32 in this volume, as well as Weaver.

³⁹ Burton W. Folsom, *The Myth of the Robber Barons* (Herndon: Young America's Foundation 1991) 1–2.

pro-business regime than Morgan, the *consummate* “political entrepreneur.”⁴⁰

Rand saw figures like Vanderbilt, Carnegie, and Morgan as market entrepreneurs because they were *self-made men*. True, their initial acquisition of wealth depended primarily on their own ability and initiative, not on political favoritism. From this fact, however, Rand made the erroneous inference that these men did not use their vast fortunes, once they had acquired them, to gain political advantage.⁴¹ [. . .]

But this claim will not withstand historical scrutiny. Businessmen cannot be divided into two classes, one rising by economic means and using economic means thenceforth, and another rising by political means and using political means thenceforth. On the contrary, many of those who initially achieved their wealth simply through success on the free market, then used their new economic position to lobby the state for favors.⁴² Such men were market entrepreneurs by necessity, until they had acquired enough money to play the political game, at which point many of them made the transition to political entrepreneurship with alacrity.⁴³ Because Rand denied this, she saw no danger in market-based wealth per se; she failed to see how wealth that arises peacefully on the market can then be translated into political power, and as a result she severely underestimated the extent of “political pull” on the part of business interests. Hence her

⁴⁰In *Liberty Against Power: Essays by Roy A. Childs, Jr.*, ed. Joan Kennedy Taylor (San Francisco: Fox 1994) 30, 38–39, 41–43, Roy Childs offers a LibCap analysis of Morgan less favorable than Rand’s.

⁴¹Rand, “Notes” 108.

⁴²In the same way, Folsom (in *Myth 2*), despite his caveat that “[n]o entrepreneur fits perfectly into one category or the other,” divides historical business figures rather too neatly into market entrepreneurs and political entrepreneurs, with the implausible result that John D. Rockefeller, of all people, comes out as a benign market entrepreneur untainted by political favoritism. One would scarcely guess from Folsom’s presentation that Rockefeller, like Morgan, was a vigorous lobbyist for federal regulation of industry; see, e.g., Kolko, *Triumph* 63–64, 78.

⁴³Of course, from the fact that they became political entrepreneurs, it does not follow that they necessarily ceased to act as market entrepreneurs; many businessmen pursued both strategies simultaneously. Rand’s assumption that no one who was succeeding by his own economic efforts would be interested in becoming a political parasite at the same time is unwarranted; her mistake was to read her own Manichean ethical stance into other people’s motivations. Real people are messier and more complicated than the streamlined characters of an Ayn Rand novel.

position comes perilously close to the Statocracy-Only view. For Rand, the only ruling class worth worrying about is the state itself.

Thanks in part to Rand's influence, this attitude toward big business is fairly common in the conservative wing of the LibCap movement.⁴⁴ For a conservative LibCap, the paradigmatic example of a special interest advancing its interests through government favoritism is that of impoverished welfare recipients—an unlikely candidate for a ruling class! If asked, a conservative LibCap will generally agree that corporate welfare exists and that it is bad, but conservative LibCaps nonetheless spend far more time and energy fulminating against subsidies to the poor than they do against subsidies to the affluent. Business interests are seen primarily as the "good guys," the victims of governmental regulation. Such LibCaps tend to find themselves in sympathy with the "right," as represented by, for example, the Republican Party in the United States and the Conservative Party in Britain. By contrast, the radical wing of the LibCap movement is more likely to see business interests, and their political apologists, as the enemy.⁴⁵ [...]

It is important for libertarians, of whatever ideological stripe, to recognize the existence of both statistocratic and plutocratic classes. The relation between them is something like that between church and state in the Middle Ages: their interests overlap heavily but are not identical, so the two will commonly cooperate in holding down the people; but at the same time each wants to be the dominant partner, so they will frequently come into conflict as well. When the plutocracy gains the upper hand; the polity tends toward authoritarian capitalism (and sometimes a version of fascism); when the statistocracy gains the upper hand, the polity tends toward authoritarian socialism. Left-wing and right-wing political parties (e.g., Labour versus Tory in Britain, Democratic versus Republican in the United States) may represent the interests of both factions, but not equally; left-wing parties can be seen as favoring a shift of power in the direction of the statistocracy, while right-wing parties prefer to see the scales tip toward the

⁴⁴ By the conservative wing of the LibCap movement I mean the wing that tends to soften libertarian principles in a direction congenial to mainstream conservatives. The conservative/radical distinction within the LibCap movement does not necessarily line up neatly with the division between minarchists and anarcho-capitalists.

⁴⁵ Childs, *Liberty* 45.

plutocracy.⁴⁶ Hence it is that mainstream political dialogue is restricted to disputes *within* the reigning authoritarian paradigm, while genuine challenges to topdown control as such are marginalized.⁴⁷

A plutocratic ruling class need not operate via conscious machinations, of course (though such machinations are not necessarily to be ruled out, either). A malign invisible-hand process may come into play instead. Suppose that a variety of governmental policies are proposed or adopted, perhaps at random. Those that adversely affect entrenched and concentrated interests will get noticed and become the object of attack. By contrast, those that injure the average person will meet with less opposition, since average people are too busy to keep track of what the government is doing, too poor to hire lawyers and lobbyists, and too dispersed to have an effective voice. Thus, legislation which is disadvantageous to the rich will tend to be filtered out, while legislation which is disadvantageous to the poor will not. Over time, this skews state action more and more in the direction of advancing the interests of the powerful at the expense of those of the weak.

⁴⁶ Charles Tilly has suggested an ingenious criterion to measure the degree to which one or the other of these classes is dominant. Drawing on categories developed by economic historian Frederic Lane, Tilly distinguishes between “(a) the monopoly profit, or *tribute*, coming to owners of the means of producing [governmental] violence as a result of the difference between production costs and the price exacted from ‘customers’ and (b) the *protection rent* accruing to those customers—for example, merchants—who drew effective protection against outside competitors If citizens in general exercised effective ownership of the government—O distant ideal!—we might expect the managers to minimize protection costs and tribute, thus maximizing protection rent. . . . If [instead] the managers owned the government, they would tend to keep costs high by maximizing their own wages, to maximize tribute over and above those costs by exacting a high price from their subjects, and . . . to be indifferent to the level of protection rent. . . . [This scheme] yields interesting empirical criteria for evaluating claims that a given government was “relatively autonomous” or strictly subordinate to the interests of a dominant class. Presumably, a subordinate government would tend to maximize monopoly profits—returns to the dominant class resulting from the difference between the costs of protection and the price received from it—as well as tuning protection rents nicely to the economic interests of the dominant class. An autonomous government, in contrast, would tend to maximize managers’ wages and its own size as well and would be indifferent to protection rents.” See Charles Tilly, “War Making and State Making as Organized Crime,” *Bringing the State Back In*, ed. Peter Evans, Dietrich Rueschemeyer, and Theda Skocpol (Cambridge: CUP 1985) 175–76. While this criterion’s validity can be no more than *ceteris paribus*, it does cast a most instructive light on the policy positions traditionally adopted by left-wing and right-wing political parties.

⁴⁷ Long, “Liberalism” 27 (text and note 61).

[...] A ruling class with two cooperating but competitive factions, one statocratic and the other plutocratic, seems to have a great deal of explanatory power. (Nor is either faction completely unified internally; we are dealing with matters of degree.) If the business community controlled everything, we would not see such high capital gains taxes. On the other hand, if the business community were simply an exploited victim, we would not see such high levels of corporate welfare (i.e., subsidies, protections, and grants of monopoly privilege). Any position that focuses only on one class and ignores the other is unacceptably one-sided.

Yet this still leaves open the question: Is the power of the plutocratic class parasitic on the presence of a powerful state open to influence by the wealthy, or is political influence simply the consolidation of power already won on the market? In other words, once the Plutocracy-Dominant position is ruled out, which is closer to the truth: Statocracy-Dominant or Neither-Dominant?

Statocracy-Dominant is the orthodox position in the more radical wing of the LibCap movement. As against Chomsky's claim that government is more accountable than business, LibCaps argue that *in a genuinely free market*, business is more accountable than government, since businesses must be responsive to customer needs in order to avoid losing them to competitors, while government is a monopoly and thus is insulated from the incentives that competition provides. What makes business power unaccountable, radical LibCaps argue, is government intervention in the economy that hinders competition (either through direct protections and subsidies for big business, or else indirectly through regulatory hurdles that in theory apply equally to everyone, but in practice disproportionately affect the less affluent who are less able to afford the fees, licenses, and lawyers required to engage in business). The radical LibCap position is recognizable as a resurrection of the Smithian-liberal position.⁴⁸ [...]

But LibCaps do not have a monopoly on the Statocracy-Dominant position. LibSoc Alexander Berkman (1876–1936) noted that his LibCap opponents accept the Statocracy-Dominant view,⁴⁹ but he also endorsed it

⁴⁸ Grinder, "Introduction" xviii–xix; cf. Hans-Hermann Hoppe, "Marxist and Austrian Class Analysis," *Journal of Libertarian Studies* 9.2 (Fall 1990): 86–87; Walter E. Grinder and John Hagel, "Toward a Theory of State Capitalism: Ultimate Decision-Making and Class Structure," *Journal of Libertarian Studies* 1.1 (1977): 59–79.

⁴⁹ Alexander Berkman, "The ABC of Anarchism," *Life of an Anarchist: The Alexander Berkman Reader*, ed. Gene Fellner (New York: Four Walls Eight Windows 1992) 300.

himself: “It follows that when government is abolished, wage slavery and capitalism must also go with it, because they cannot exist without the support and protection of government.”⁵⁰ Friedrich Engels also attributed the Statocracy-Dominant position to LibSoc Bakunin.⁵¹

But while the LibSoc tradition has its Chomskyan defenders of the Plutocracy-Dominant position and its Berkmanite defenders of the Statocracy-Dominant position, it is probably fair to say that most LibSocs have taken the intermediate Neither-Dominant position, regarding concentrated economic power and concentrated political power as coordinate evils to be combated, neither more fundamental than the other.⁵² Yet while LibSocs are more likely than LibCaps to adopt this view, it has had its LibCap adherents. For example, the individualist anarchist Benjamin Tucker (1854–1939)—essentially a LibCap, despite some LibSoc elements in his thought—seems to have moved from a Statocracy-Dominant to a Neither-Dominant position as his thought developed.⁵³ [...] Tucker came to believe that a sufficient concentration of wealth could manage to stifle competition and retain its dominant position even in the absence of governmental assistance.⁵⁴ Most LibCaps, however, retain confidence in either the Statocracy-Only or Statocracy-Dominant positions.

⁵⁰ Berkman 285.

⁵¹ Friedrich Engels, “Versus the Anarchists,” in *Reader* 728–29.

⁵² We can identify optimistic and pessimistic versions of this thesis. The optimistic version is that plutocracy and statocracy arise together and depend on each other, so that to vanquish one is to vanquish both. The pessimistic version is that each one is capable of exercising domination even in the absence of the other. The optimistic version seems to have greater affinity with the Statocracy-Dominant view than the pessimistic version has. Henceforth when I speak of the Neither-Dominant view I shall mean the pessimistic version.

⁵³ James J. Martin, *Men Against the State: The Expositors of Individualist Anarchism in America, 1827–1908* (Colorado Springs: Myles 1970) 271–73.

⁵⁴ Another LibCap who may endorse a version of the Neither-Dominant position is Herbert Spencer, who, despite his well-known conquest theory of state origination, traces the origin of class domination not to the organized violence of a state or proto-state, but rather to the division of labor—above all, to the division of labor between the sexes, which leads to the oppression of women by men. It is with the subjection of women, Spencer argues, that a distinction between ruling and ruled classes first emerges (see Herbert Spencer, *The Principles of Sociology*, 2 vols. [New York: Appleton 1884] 2: 288–91, 643–46). Spencer looks forward to an eventual end to class domination, but he puts his faith less in market forces than in the progressive moral development of the human race. (For other versions of the conquest theory of state origination, see Franz Oppenheimer, *The State*, trans. John Gitterman [Montreal: Black

The differing attitudes of LibCaps, LibPops, and LibSocs concerning the relation between statocracy and plutocracy help to explain the ways in which these movements can be tempted to compromise with their authoritarian counterparts. If Libertarian Socialists and Libertarian Populists have sometimes flirted with authoritarian statism (of the leftist and rightist varieties, respectively), the tendency to downplay the importance of the statocratic class is part of the reason. If Libertarian Capitalists have sometimes soft-pedaled the influence of corporate power, the tendency to downplay the importance of the plutocratic class is part of the reason. LibSocs have on occasion acted as apologists for Marxist regimes. Also, political activists with strong LibSoc leanings (I am thinking of American figures like Ralph Nader and Jerry Brown) frequently call for a larger and more powerful government, while even Noam Chomsky, the self-professed anarchist and foe of all concentrated power, advocates national health care and public control of the airwaves. These positions are motivated in large part by the perception that the power of the plutocracy is the real evil to be combated, and that the danger from statocracy is comparatively minor. This opens the door to authoritarian socialism.

LibPops largely share the LibSoc focus on the evils of plutocracy, but with a difference. LibSocs tend to think of business power as an *institutional* or *systemic* problem; but LibPops, in part because of their religious concerns, are more likely to see it in *personal* terms, as a matter of wickedness in high places. Hence, LibPops are more prone to conspiracy theories than are LibSocs.⁵⁵ But seeing social problems as deriving from the immorality of individuals rather than from system-wide incentives makes LibPops more amenable to the idea that the system might work if *good* people took it over; it also makes them more susceptible to the suggestion that perhaps it is the wrong *cultural* or *ethnic* groups that have gotten in power. This opens the door to authoritarian populism.

Rose 1975]; and Alexander Rüstow, *Freedom and Domination: A Historical Critique of Civilization*, trans. Salvator Attanasio [Princeton: Princeton UP 1980].)

⁵⁵ Conspiracy theories as such should not necessarily be regarded as inherently suspect. After all, the greater the extent to which power is *concentrated* in a society, the easier it is to form an effective conspiracy (because the number of people that need to be involved to pull off a major change is smaller); so we should predict that more conspiracies will indeed occur in societies with centralized power. However, it is also true that incentive structures can coordinate human activities in ways that involve no conscious cooperation. LibPops seem to see the visible hand everywhere; LibSocs are more aware of invisible-hand explanations, and thus tend to produce somewhat more sophisticated analyses.

On the other side, LibCaps' tendency to deemphasize the power of plutocracy can lead them to severely underestimate the maleficent influence of big business in society, and to downplay the plight of the poor. LibCaps, especially conservative-leaning ones, can be too quick to see existing capitalism as an approximation to the free market they cherish, and to defend it accordingly. When LibCaps blame the government for harming the poor, they are all too likely to use the conservative argument that handouts create a welfare mentality and a culture of dependence, without the distinctively libertarian supplement that government regulations actually *prevent* the poor from rising out of poverty.

Insufficient sensitivity to the power of plutocracy can also lead LibCaps to be peculiarly blind to the reasons that free trade is opposed by many LibPops and LibSocs. LibCaps argue that when big corporations decide to cut costs by increasing their reliance on inexpensive foreign parts and labor, domestic laborers and producers of parts may indeed suffer an income loss as the price of their goods and services is pushed down by foreign competition, but that loss in income that they face in their role as laborers and producers will be offset by the lower prices they face in their role as consumers. But this argument assumes that the big corporations will pass their savings on to their customers. This is something they will indeed be compelled to do in a vigorously competitive market, to avoid being under-sold by rival firms; but if government regulations tend to insulate the big corporations from competition, those corporations can pocket the savings with impunity. Citizens will receive lower incomes in their role as producers, without seeing any compensating drop in prices in their role as consumers. So when LibSocs and LibPops describe free trade as a redistribution from small manufacturers to giant corporations, they are often quite right. The answer LibCaps should be giving is that the fault lies not with free trade (the presence of foreign competition) but with regulation (the strangling of domestic competition); but instead LibCaps all too often dismiss protectionist arguments as motivated by an irrational anti-business bias.

[. . .] In general, because of their focus on combating statocracy, LibCaps often have trouble recognizing entrenched power except when it comes attached to some governmental office. This may also explain why in recent years some writers associated the LibCap movement have been attracted to

theories of innate sexual and racial superiority.⁵⁶ If women and minorities systematically lose out on the market, despite the absence of explicitly discriminatory laws aimed at impeding their success, then this failure cannot be the fault of the beloved market—so perhaps it indicates inherent inferiority!

In my judgment, each of the three libertarianisms needs to do two things. First, clean house—that is, free itself from the tendency toward its authoritarian counterpart. Second, enter into dialogue with the other two libertarianisms, to gain a better understanding of its rivals' positions⁵⁷ and to correct some of the one-sidedness in its own.

V. TWO CHEERS FOR SMITH, ONE CHEER FOR ROUSSEAU

As we have seen, on the issue of what a ruling class is and how it achieves and maintains power, there is a spectrum of possible positions from Plutocracy-Only at one end to Statocracy-Only at the other. Plutocracy-Only is rejected by almost all libertarians. As for the remaining views, the portion of the spectrum ranging from Plutocracy-Dominant through Neither-Dominant to Statocracy-Dominant is largely the domain of LibSocs and LibPops, while the remainder of the spectrum from Statocracy-Dominant to Statocracy-Only is occupied primarily by LibCaps. Plutocracy-Only, Plutocracy-Dominant, and Statocracy-Only have been seen to rest on highly unrealistic assumptions about human nature. This leaves the field to be disputed between the Statocracy-Dominant and Neither-Dominant positions. Which should libertarians favor?

I suggest that neither contestant is adequate. The Statocracy-Dominant position underestimates, while the Neither-Dominant position overestimates, the ability of wealthy elites to maintain dominance in the absence of government favoritism. The truth, I hope to show, lies in a position intermediate between the two, which I shall accordingly call the Statocracy-Mostly-Dominant view.

⁵⁶ I am thinking in particular of Michael Levin and Charles Murray. See Michael E. Levin, *Feminism and Freedom* (New Brunswick: Transaction 1987); Richard J. Herrnstein and Charles Murray, *The Bell Curve: Intelligence and Class Structure in American Life* (New York: Free 1994).

⁵⁷ Currently each tends to accept a distorted stereotype of the other two. More specifically, each libertarian group tends to be seen, by the other two, through the lens of its authoritarian counterpart: LibSocs are seen as Stalinists, LibCaps as fascists, LibPops as neo-Nazis.

The fatal flaw in the Statocracy-Dominant view is its limited historical applicability. The political communities of the classical world—the city-states of Greece, as well as the Roman Republic—had surprisingly weak and decentralized governments, with nothing we would recognize as a police force.⁵⁸ Yet, notoriously, these city-states were class societies, in which powerful elites managed to maintain dominance. The same is true of medieval Iceland, whose political institutions were so decentralized that they hardly count as a government at all. Where did the power of the ruling class come from, if not from a powerful state?

The most plausible answer has been offered by the historian Moses Finley: ruling classes maintained their power through the device of patronage.⁵⁹ [...] In effect, the wealthy classes kept control not through organized violence but by buying off the poor. Each wealthy family would have a large following of commoners who served their patrons' interests (e.g., supporting aristocratic policies in the public assembly) in exchange for the family's largesse.⁶⁰ [...]

[The] aristocratic device of offering to defend the suits of the poor and weak has been used in more recent societies too as a means of consolidating power; consider the case of Anglo-Saxon England. [...] ⁶¹ By beginning the process of political centralization in England, King Aelfred (or Alfred) paved the way for the loss of English liberty; for when the Norman invaders conquered England two centuries later, they found an embryonic centralized structure already in place for them to take over—a skeleton to which they quickly added flesh.

[...] [The] threat of Viking invasions from Denmark as a factor contributing to Aelfred's power. The threat of war played a similar role in early Republican Rome. Whenever the plebeians seemed on the verge of winning too many political concessions, the patricians would endeavor to involve Rome in a war. This gave the patricians an excuse to put off the plebeians' demands in the name of national unity.⁶² [...]

[I]nvolving Rome in a war also gave the plebeians some leverage; for they could refuse to march to war until their demands were satisfied. Such

⁵⁸ A regular police force was not introduced in Rome until the Empire, during the reign of Augustus.

⁵⁹ M. I. Finley, *Politics in the Ancient World* (Cambridge: CUP 1994) 18–24, 45.

⁶⁰ Finley 107.

⁶¹ Tom Bell, "Polycentric Law," *Humane Studies Review* 7.1 (1991–92): 5.

⁶² Livy, *The Early History of Rome*, trans. Aubrey de Selincourt (London: Penguin 1988) 269.

situations often deteriorated into games of chicken between the patricians and the plebeians: the patricians would refuse to yield, and the plebeians would refuse to arm, while the enemy marched closer and closer. Eventually one or the other would lose nerve first; the patricians would give in and accept the tribunes' reforms, or else the plebeians would agree to fight off the enemy without having gained the desired concessions. But the patricians must presumably have won these games more often than they lost them—because it was almost always the patricians who initiated them. (And even the patricians' losses were seldom serious. For example, the plebeians eventually won the concession to which Livy refers—the right to elect plebeians to the consulship—but thanks to an effective patronage system, the plebeians almost always elected patricians to the office anyway.)⁶³

States fight wars because those who make the decision to go to war (or create the climate that makes other nations likely to go to war against them) are distinct from those who bear the primary costs of the war. (The internal class structure of states thus makes it a mistake to treat potentially adversarial states as if they faced incentives to cooperate analogous to those faced by potentially adversarial individuals.) We have seen in the Roman case that a ruling class can use war to advance its agenda even in the absence of strong centralized power.

Even in the modern nation-state, which does *not* suffer from a lack of centralized power, the influence of statocracy and plutocracy alike depends at least as much on old-style patronage as on the direct use of force. As the sixteenth-century political theorist Étienne de la Boétie pointed out in his classic *Discourse of Voluntary Servitude*, no government can wield enough coercive force to subdue an unwilling populace; thus, even the absolutist monarchy of Renaissance France rested in the end on patronage.⁶⁴

The problem for the Statocracy-Dominant view, then, is this: since patronage appears to be an effective tool for maintaining class privilege even in the absence of a powerful state, then even if the power of the statocracy were broken, so long as economic inequalities were not abolished at the same time, would not the rich be able to maintain the status of a

⁶³ That is why in classical times aristocratic political parties in Greece and Rome always preferred elections over the Athenian practice of choosing officials by lot.

⁶⁴ Étienne de la Boétie, *The Politics of Obedience: The Discourse of Voluntary Servitude*, trans. Harry Kurz (New York: Free Life 1975) 77–78.

plutocratic ruling class by buying off the poor (and perhaps use this power to reestablish a statocracy as well)?

Yet we should not be too quick to rush to the Neither-Dominant view instead. There is an important kernel of truth in the Statocracy-Dominant view that the Neither-Dominant view ignores. Consider all the ways in which the statocracy holds down the poor and prevents them from rising through their own abilities: minimum-wage laws increase the cost to businesses of hiring unskilled workers, and thus decrease the supply of such jobs, causing unemployment; rent-control laws increase the cost to landlords of providing housing, and thus decrease the supply of such housing, causing homelessness; licensure laws, zoning restrictions, and other regulations make it nearly impossible for the poor to start their own businesses.⁶⁵ All these laws conspire, whether by intention or otherwise, to entrench the more affluent in their current positions by keeping the poor poor and unable to compete.⁶⁶ Similar principles apply higher up the economic ladder, as tax laws and economic regulations entrench the power of big corporations by insulating them from competition by smaller businesses (and incidentally helping to ossify the favored corporations into sluggish, hierarchical, inefficient, irresponsible monoliths). Having rendered the poor unable to help themselves effectively, government then makes itself seem indispensable to them by giving them handouts via welfare;⁶⁷ but at the same time, the state is vigorously redistributing money *up* the economic ladder via corporate welfare and the like.⁶⁸

⁶⁵ Two examples: urban black teenagers have been prosecuted for offering hair-braiding services without benefit of expensive beauticians' degrees; and in many cities, a taxi license costs as much as \$100,000. Such low-capital enterprises as hair-braiding and taxi service are natural avenues for people of modest means to start earning money and achieving independence; but the coercive power of the state closes such avenues off.

⁶⁶ I do not mean to imply that these results were consciously aimed at by the wealthy. Rather, plutocratic interests frequently shape public policy unintentionally, via the "malign invisible hand" mechanism described earlier.

⁶⁷ This leads conservatives, and some conservative-leaning LibCaps, to see the poor as beneficiaries of statism—parasites feeding at the public trough. A more realistic assessment would see the poor as net losers, since the benefits received through welfare are rarely large enough to compensate for the harms inflicted through regulation.

⁶⁸ For example, the recent debate over farm policy in the United States has largely ignored the fact that most agricultural subsidies go to giant agribusiness conglomerates rather than to family farms. Another example is government support for higher education—a benefit received disproportionately by members of the middle class, yet funded through taxes by lower-class

Moreover, in addition to crippling the poor, government *magnifies* the power of the wealthy. Suppose Daddy Warbucks wants to achieve some goal that costs one million dollars. Under a free-market system, Warbucks has to cough up one million of his own dollars in order to achieve this goal. If a powerful state is present, however, Warbucks has the option of (directly or indirectly) bribing some politicians or bureaucrats to the tune of a few *thousand* dollars to persuade them to divert a million dollars of taxpayers' money to Warbucks's favored project. Since the politicians are spending other people's money rather than their own, they lose nothing by the deal.

Centralized state power—in its *effects*, regardless of its intentions—is Robin Hood in reverse: it robs from the poor and gives to the rich.⁶⁹ Government regulation has the same effect on the economy that molasses has on an engine: it slows everything down. The more hoops one has to jump through in order to start a new venture—permits, licenses, taxes, fees, mandates, building codes, zoning restrictions, etc.—the fewer new ventures will be started. And the least affluent will be hurt the most. The richest corporations can afford to jump through the hoops; they have money to pay the fees and lawyers to figure out the regulations. Small businesses have a tougher time, and so are at a comparative disadvantage. For the poor, starting a business is close to impossible. Thus, the system favors the rich over the middle class, and the middle class over the poor.

When one considers the enormous extent to which the wealthy owe to state intervention their position of dominance over the poor and middle class, it is hard to believe there isn't *some* truth to the Statocracy-Dominant view. Surely the elimination of statocratic rule would *have* to shift the

workers who cannot afford to postpone their earnings for four years. But one of the worst instances of upward redistribution is inflation, caused by government manipulation of the currency. An increase in the money supply results in an increase in prices and wages—but not immediately. There is some lag time as the effects of the expansion radiate outward through the economy. Under central banking, the rich—i.e., banks, and those to whom banks lend—get the new money *first*, before prices have risen. They systematically benefit, because they get to spend their new money before prices have risen to reflect the expansion. The poor systematically lose out, since they get the new money *last*, and thus have to face higher prices *before* they have higher salaries. (Moreover, the asymmetrical effects of monetary expansion create artificial booms and busts, as different sectors of the economy are *temporarily* stimulated by early receipt of the new money, encouraging overinvestment that goes bust when the boom proves illusory. The unemployment caused by this misdirection hurts the poor most of all.)

⁶⁹ Mary Ruwart, *Healing Our World: The Other Piece of the Puzzle*, rev. ed. (Kalamazoo: Sun Star 1993) 154.

balance of power between rich and poor much farther in the poor's favor than is the case today. These arguments suggest the Smithians were on to something. On the other hand, history shows us that the power of patronage gives the rich substantial clout even in the absence of governmental favoritism; so the Statocracy-Dominant view cannot be the whole story. Classes should not be defined in solely economic terms *or* in solely political terms.⁷⁰ There are groups in society who depend heavily on the power of the state for their dominant position, but who would still pose a serious threat to liberty even in the absence of state favoritism. Libertarians need to think seriously about ways of checking their power.

For LibSocs and LibPops, this might involve using compulsory means to eliminate certain socioeconomic inequalities; but, ethical worries aside, the question is whether this can be practically achieved without a centralized state apparatus of the sort that we have seen tends to become inherently exploitative itself. For LibCaps, coercive expropriation of the wealthy is not an option, but in that case LibCaps need to consider what capitalistically permissible resources may be available to them to combat the problem.⁷¹ This is a problem that libertarians of all schools need to explore in light of the fact that plutocratic power is *largely* but *not solely* dependent on

⁷⁰ An adequate theory of class would also have to distinguish more groups than just “rulers” and “ruled.” As Chomsky writes: “[T]o do a really serious class analysis, you can’t just talk about the ruling class. Are the professors at Harvard part of the ruling class? Are the editors of the *New York Times* part of the ruling class? Are the bureaucrats in the State Department? There are differentiations, a lot of different categories of people” (*Keeping* 109). Dividing the ruling class into statistocratic and plutocratic factions is valuable as a start, but only as a start.

Libertarian sociologist Phil Jacobson, whose work draws on both the LibCap and LibSoc traditions, is making some valuable developments in this area. Jacobson distinguishes three main groups: the Idea, Force, and Wealth classes. These basically correspond to the priests, warriors, and merchants of traditional class theory: Plato’s philosopher-kings, auxiliaries, and craftsmen; India’s brahmins, kshatriyas, and vaishyas. In turn, each of these three groups is subdivided into two factions with somewhat divergent interests. The Wealth class is divided into a symbol-manipulation component (e.g., banking and finance) and a physical-reality component (e.g., actual manufacturing). The Force class is likewise divided into a symbol-manipulation component (e.g., politicians) and a physical-reality component (e.g., police and the military). The Idea class is all symbol-manipulation, but can be divided into elite-culture and popular-culture groups (i.e., intellectuals versus entertainers). Jacobson analyzes social change in terms of the interaction and shifting alliances among these six groups.

⁷¹ Perhaps the ancient republican theorists—particularly the Athenian democrats (as opposed to the more oligarchy-friendly proponents of the “mixed constitution”)—deserve a second look.

statocratic power. (As I’ve noted, I call this the Statocracy-Mostly-Dominant view.)

There may be grounds for optimism, though. Patronage might pose less of a threat in a modern, industrialized, commercial society than in ancient Rome or medieval Europe. Perhaps such earlier societies, despite their nearly stateless character, failed to develop in a libertarian direction because they came closer to having only a fixed pie of resources to fight over. Conceivably, the release of creative energy made possible by the Industrial Revolution, together with the rapid increase in the standard of living which resulted for the working classes, and the accompanying social mobility that upset traditional hierarchies, has made a ruling class impossible without the aid of a centralized state.

The increasing pluralization of society may be a positive factor as well. In the passage on King Aelfred quoted earlier, Bell noted that religious ideas about royal authority helped the English kings to centralize their power. Religion was a similar factor in Rome, where the patricians were also the priestly class, being the only ones permitted to “take the auspices” (an official ceremony of divination required at most public occasions). We find a similar development in stateless Iceland, where the *godbar* (chieftains) who ruled via patronage were also priests—first pagan and later Christian.⁷² In a society characterized by religious uniformity, it is much easier for a single group to claim a religious (or other traditional) sanction for its authority. By contrast, in modern society, with its religious, ethnic, and cultural diversity, it would be much harder for any single group to succeed in demanding allegiance.⁷³

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⁷² And when they were not Christian priests, they at least maintained exclusive control over Church lands—and their associated tithe revenues.

⁷³ The role of ideology in supporting a ruling class is considerable. Cf. Hoppe, “Analysis” 84–85.

Government Part of a Free Country? (2008). *Source*: Roderick T. Long, "Toward a Libertarian Theory of Class," *Social Philosophy and Policy* 15.2 (Sum. 1998): 303–49. Portions of this chapter have been edited and some references eliminated for reasons of space.

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