

# Bold ideas. French liberal economists and the State: Say to Leroy-Beaulieu

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**Abstract.** In 19th-century France, the nature and functions of the State were an almost constant subject of debate among liberal economists. The aim of this paper is to analyse and restate some hitherto neglected discussions and to discover some bold ideas that could form the hallmarks of a French approach to the question. The enquiry starts at the turn of the century with the seminal work of J.-B. Say and writings by A. L. C. Destutt de Tracy, who both shaped the liberal reflection on public economics during this period. But the works of these authors suffered from important ambiguities. It is shown how subsequent liberal economists — Ch. Dunoyer, V. de Broglie, G. de Molinari, É. de Girardin, P. Leroy-Beaulieu — tried to deal with some of the unresolved questions and, mainly on the basis of Say's work, developed original approaches focusing on the productivity of public spending, the role of the State as a factor of production, utopian views of the State as a private company, and finally the inexorable political and administrative logic of the modern electoral State.

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## 1 Setting the stage

In 19th-century France, the questions of the nature and economic role of the State were extensively discussed among the various currents of thought concerned with the public sphere. This troubled period had no shortage of opportunities to debate about economic and political subjects, because of a long series of dramatic events that often gave rise to changes of political regime. Remember that the turmoil of the 1789 Revolution and the episode of the First Empire were followed by two Bourbon Restorations (1814 and 1815), the second of which lasted until the July Revolution of 1830. This was followed by the July Monarchy of Louis-Philippe, the February Revolution of 1848, the Second Republic, the *coup d'État* by Louis-Napoléon Bonaparte and the Second Empire (1852-1870), a transitional and ambiguous regime (1870-1879) after the fall of the Empire and eventually the official establishment of the Third Republic in 1879.

The question of the State was thus permanently on the agenda. The controversies of the time were lively, not only between opposing political camps, i.e., to put it briefly, liberals against *associationnistes* or socialists, but also within each camp. On the associationnist side there was little agreement between the ideas of the Saint-Simonians, Joseph Fourier, Pierre Leroux, Pierre-Joseph Proudhon or Constantin Pecqueur for example. And the debates were no less heated within the liberal camp. The liberal strand of industrialism<sup>1</sup> for instance was by no means homogeneous on the question of the State, and moreover certainly often at odds with the more moderate *doctrinaires*.<sup>2</sup> The heterogeneity of positions among the liberals is a first relevant observation for our subject.

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1. Jean-Baptiste Say and his followers : first Charles Comte — Say's son in law —and Barthélémy-Charles Dunoyer de Segonzac, and then most of the economists who later gathered around the *Journal des économistes* and the Société d'économie politique. This current of thought also includes political thinkers like Madame de Staël and Benjamin Constant (Faccarello and Steiner 2008).

2. The *doctrinaires* formed another liberal current of thought of the time and held sway during the July Monarchy. They recognized a positive and leading influence of the State and some educated elites upon the organization and evolution of society. Among the most well known figures are François Guizot and Pellegrino Rossi. Say often took a polemical stance against them. In *Politique pratique*, some pages attack their position, equating them to the English Whigs (cf. for example Say nd : 362-3). We can also find an echo of his critique in *Cours complet* : “the social body is a living body by itself, by nature [. . .]. It does not receive its impulsion from an extraneous force” i.e., the government (Say 1828-9, II : 536).

But when analysing the evolution of public economics in France during the 19th century, we are faced with a second significant observation. Together with a huge and well-known development of economic theory, the second half of the French 18th century also witnessed some important advances in public economics. Yet these were almost completely ignored in the 19th century. In contrast with English Classical economics, the French sensationist approach — Turgot, Condorcet and Røederer, for example, and even Graslin (Faccarello 2006, 2009) — developed theories that were only to be rediscovered by Italian and Swedish economists a century later. To put it briefly, we can find in their writings (i) a strong link between the nature of public finance and the kind of political regime examined, with the conviction that a proper theory of public finance is only possible for a modern, democratic State; (ii) a reflection on the nature of public goods, externalities — generally speaking the free rider problem — and merit goods following what was later termed the “market failures” approach; (iii) the idea that it is impossible to analyze the income side of the budget independently of the expenditure side; (iv) a *quid pro quo* theory of taxation; (v) the determination, at the macro level, of the optimal amount of public expenditure and taxation — and, in this context, of the first equilibrium at the margin. At the turn of the 19th century, the development of public economics along these lines apparently stopped in France. With the exception of some developments by the *ingénieurs économistes*, it seems that most liberal economists were easily satisfied with a vague reference to public or merit goods, without any further precision.<sup>3</sup>

To illustrate these observations, one episode in the debates within the Société d'économie politique is of particular interest, for two reasons. Firstly because these discussions arose just after the 1848 Revolution, during the troubled years of the Second Republic : the dramatic events reminded economists that they had to clarify and develop their position(s) on the question of the State. And secondly because of the publication of provocative texts by two important liberal figures of the century, namely Frédéric Bastiat's pamphlet “L'État” (Bastiat 1848) and two writings by Gustave de Molinari :<sup>4</sup> a paper,

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3. The diffusion of the *Wealth of Nations* in France (see Faccarello and Steiner 2002, and Béraud, Gislain and Steiner 2004) may have also played a part in this evolution — an issue beyond the scope of this paper.

4. A young Belgian economist who had joined Bastiat some years earlier in his fight for

“De la production de sécurité”, and his celebrated book, *Les soirées de la rue Saint-Lazare* (Molinari 1849a and b). While Bastiat’s assertions were obviously excessive,<sup>5</sup> the ideas put forth by Molinari (see below, section 3) brought the analytical question of the State back to the fore, and prominent members of the Société d’économie politique felt obliged to react. An extensive and critical review of Molinari’s book was published in the *Journal des économistes* (November 1849 : 364-372), and a footnote by the editor was added to Molinari’s paper describing it as utopian but at the same time acknowledging the necessity to discuss the subject :

As utopian as the conclusions of this paper may appear, we believe that we must nevertheless publish it in order to draw the attention . . . to a question which, until now, has only been dealt with incidentally and which should now be broached more accurately. (in Molinari 1849a : 277)

Discussions were organized at the Société d’économie politique, reported as usual in the “Chronique” of the *Journal des économistes*. “M. Say<sup>6</sup> . . . proposed to discuss . . . the question of the limits of the functions of the State and of individual action; and to know whether these limits are well defined . . . M. Say said that this subject was suggested to him by his reading of the book just published by M. Molinari” (*Journal des économistes*, October 1849 : 315). The discussions about “one of the most delicate questions one could ever consider” (ibid., January 1850 : 202) continued and were reported in the 1850 January and February issues of the *Journal*. A paper by Ambroise Clément, “Des attributions rationnelles de l’autorité publique” (February 1850) was supposed provisionally to end the debates.<sup>7</sup>

All these debates produced no positive results. The only thing liberal econo-

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free trade . . . and who was still publishing in 1911.

5. For example : “The STATE is a great illusion by means of which EVERYBODY endeavours to live at the expense of EVERYBODY” (Bastiat 1848 : 332).

6. Horace Émile Say, Jean-Baptiste’s son.

7. The discussions, however, resumed some months later when Charles Dunoyer, at the Académie des sciences morales et politiques, read the text of the entry “Government” he had written for the first volume of Coquelin and Guillaumin’s *Dictionnaire de l’économie politique*. A debate followed — especially with the philosopher Victor Cousin, a *doctrinaire*, and the ex-Saint-Simonian economist Michel Chevalier — the content of which can be found in a series of two articles by Dunoyer, with introductions by Joseph Garnier, on “Les limites de l’économie politique” (Dunoyer 1852a, 1853a).

mists had in common seems to have been their hostility to all kinds of socialism — but the definitions of socialism could greatly vary. The opinions expressed are rather vague, no theoretical developments are advanced to deal with the question of public economics and only the general liberal position is eventually restated. During the discussions, Antoine-Élisée Cherbuliez eventually tried to draw the attention of his colleagues to the necessity of a coherent theoretical approach and to find out “the general and, so to speak, higher and leading principles that could help to determine whether a given function should be carried out by the government or left to the private industry.” (*Chronique, Journal des économistes*, January 1850 : 204) But his own solution is mainly rhetorical (*ibid.*).

In spite of all this, however, certain French liberal economists of the time cannot be accused of a lack of originality when dealing with the ‘raison d’être’ of the State — the point on which I concentrate here. My opinion is that the ideas put forth by some of them are of high interest. Leaving aside the best-known authors<sup>8</sup> (with the exception of Jean-Baptiste Say), and analyzing instead some allegedly “minor” figures, I think it is possible to uncover some bold ideas that could form the hallmarks of a French liberal approach to the question.

My enquiry inevitably starts (section 2) at the very turn of the century with the seminal work of Say. Another author, however, was also of importance at that time and must be taken into account : Antoine Louis Claude Destutt de Tracy,<sup>9</sup> whose work constitutes the most direct and explicit continuation of the sensationist approach of the previous century. Say and Destutt symbolize the first generation of liberal thinkers under the Restoration, who tried to deal with the question of the State in a coherent way in the perspective of political economy and on the basis of a subjective theory of value. At different levels, they shaped the reflection about public economics during this period. Moreover, analyzing them together allows for a clearer presentation of the more complex ideas advanced by Say, and their diversity. One of the main ideas Say and Destutt have in common with most of the liberal camp of the time is that

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8. Dupuit, Cournot, Walras for example, whose positions are well-known.

9. Auguste Walras still writes of the “so imposing authority of M. de Tracy” (1850 : 566), and stresses that the economic science is greatly indebted “to the works of Quesnay, Turgot, Adam Smith, Ricardo, J.-B. Say and Destutt de Tracy” (1849b : 537).

the State, while a useful institution, is nevertheless an unproductive entity. However, their positions involve important and unresolved ambiguities.

I then examine some of the positions ensuing from these ambiguities. Section 3 deals with two kinds of reactions expressed during the first part of the century. Firstly, some liberals, responding to the allegations of Smith, Say and Destutt, forcefully developed the idea of the productive character of the State's activities. Using different arguments, this thesis is put forward by both the industrialist Charles Dunoyer and the doctrinaire Victor de Broglie.<sup>10</sup> Secondly, and again with different arguments, Gustave de Molinari and Émile de Girardin proposed the transformation of the political authority into a commercial company. Their utopian position pushed the liberal logic of the market to an extreme degree and formed two related answers to Say's dream of a society without a conventional State.

As a conclusion, I present in section 4 a third kind of position, expressed towards the end of the century, at a time when a democratic parliamentary regime seemed stabilized : namely, Paul Leroy-Beaulieu's<sup>11</sup> strong reaction against any idealization of the State and its functions. Elaborating upon some ideas closely akin to those of Say when he noted how the State was functioning in practice — focusing his attention on the real process of decision-making by politicians and civil servants —, Leroy-Beaulieu stressed the inexorable logic of the modern electoral State. His analysis, together with Say's views on the subject, forms one of the first coherent expressions of public choice analysis.<sup>12</sup>

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10. V. de Broglie — Madame de Staël's son in law — was a minister and prime minister under the July Monarchy.

11. P. Leroy-Beaulieu was Michel Chevalier's son in law. As a student, he spent the academic year 1864-65 in Bonn and Berlin. He had a good knowledge of the German economic literature.

12. In the following pages the words "government" and "State" will generally be considered as synonyms. The vocabulary used by the authors is not fixed. At the beginning of the period, Say makes a distinction between the government (the political structure of the country and the men in charge of it) and the public or the nation (that represents the general interest). He uses "State" most often for government, but sometimes also for nation. At the end of the period, Leroy-Beaulieu most of the time speaks of the State. In the *Dictionnaire de l'économie politique*, the entry "Gouvernement" (Dunoyer 1852), is substantial, while "État" (Coquelin 1852) is rather brief. Coquelin's text states that "the State is the political body, the head of which is the government. To define and characterize it, we can thus refer to the entry Government where its natural and legitimate attributions are clearly determined" (ibid. : 733-4). Later, the *Nouveau dictionnaire d'économie politique* has only one entry, "État" (Leroy-Beaulieu 1890) and no "Gouvernement".

## 2 On some initial ambiguities : Say and Destutt de Tracy

Say published the first edition of his *Traité d'économie politique* in 1803, but because of imperial censorship, the second edition (1814) had to wait until the fall of Napoléon. These first two editions, together with the subsequent ones (1817, 1819, 1826 and the posthumous 6th edition : 1841) and some other works like *Cours complet d'économie politique pratique* (1828-9), played a fundamental role in French intellectual life, in continental Europe and even in the United States of America, where the *Traité* was highly appreciated by Thomas Jefferson and James Madison.<sup>13</sup> Destutt de Tracy, for his part, was a celebrated philosopher thanks to the publication of the first three parts of his *Éléments d'idéologie* (1801-1805). Again, Napoleonic censorship prevented publication of the fourth and fifth parts (namely the *Traité de la volonté et de ses effets*, where economic matters are dealt with), until 1815. Of great interest is also Destutt's *Commentaire de l'Esprit des lois de Montesquieu*, written more than 10 years before its publication in France in 1819, and before the *Traité de la volonté*. Both books were very quickly published in America thanks to Jefferson.<sup>14</sup>

### 2.1 The basic function of the State

In the eyes of Say and Destutt, the question of the nature of the State and its effects on the economy should be dealt with, like any other question of political economy, in relation with the first principles of the new science. These fundamental principles alone could generate the right analysis. In consequence, for our authors the main problem was to determine whether the State is necessary or useful in a free market society, and if it is, whether and to what extent it is productive.

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13. On the different editions of Say's *Traité*, and their translations, see Steiner (2006) and Potier (2006).

14. The *Traité de la volonté* was published in 1817 as *A Treatise on Political Economy*, the translation being revised by Jefferson. As for the *Commentaire*, its American translation by Jefferson — *A Commetary and Review of Montesquieu's Spirit of the Laws*, 1811 — was published long before the French original text. It is also to be noted that, in France, an unauthorized and anonymous edition of the French version was published in 1817 and was most favourably reviewed in *Le Censeur Européen* (Thierry 1818).

On the first point, they are affirmative. The usefulness of a State lies in its basic and traditional functions of police, justice and defence : “the advantages we seek with the establishment of a government . . . boil down to a single one : *safety*” (Say nd : 331). Safety means the defence of private property, but also more fundamentally the achievement of liberty.

As the first condition of the state of society is property, because property only encourages production which is the condition of our existence, any infringement on property is an infringement on the entire social body. . . . The defence of property thus not only includes the defence of goods but also the defence of persons and faculties, which encompasses liberty itself. I say that the main *utility* of governments lies in the defence of the property of the citizens, as I define it. (Say 1819 : 106)

Destutt is of course of the same opinion (Destutt 1815 : 196). Besides this fundamental task, however, the question arises of whether the government can exercise additional activities such as education, some carefully designed public relief, encouraging the arts and sciences, and of course financing public works like the construction of roads, bridges and canals. A kind of rule, inherited from Turgot and Smith, asserted that the State should not engage in any activity that could be performed by private entrepreneurs. In a sense, Destutt and Say agree : the State, dealing with money which is not its own and having to rely on people who, unlike entrepreneurs, have no direct interest in the success of the enterprise, is in fact too big and careless a competitor vis-à-vis the other entrepreneurs (Say 1841a : 382 & sq, 932 ; 1828-9, II : 323 & sq). Negative externalities will be imposed on the private sector and public expenditure will necessarily be wasted. As Say declares repeatedly, “government is itself a poor producer” (1841a : 385), “private individuals work with less expenses than the government” (ibid. : 382). This statement was accepted as a kind of axiom by Destutt and most of the liberals of the time.

But some situations are not so clear-cut and there is room for discussion. What about the possible additional public activities just listed above, that are not an essential part of the State’s mission ? The position of Destutt on this point is rather radical and close to the common understanding of Smith in France. As far as public works are concerned, for example, he thinks that whenever it is possible to sell their services to users in the market, and thus recoup the expenses incurred in production, with a profit, they must also be

left to the private sector, which can carry them out “with more intelligence and economy” (Destutt 1815 : 234) :

... if, as it frequently happens, the government which defrays the expense of construction, profits therefrom by establishing tolls, which, besides the expense of repairs, produces the interest of its money, and thus nothing is done which individuals would not have done with the same conditions and the same funds, if they had been permitted to do so ; it may be said, that these individuals would almost always have attained the same end, with less expense (Destutt 1811 : 265).

Destutt is also doubtful of the utility of public encouragement of the arts and sciences. While the sums devoted to them are not important, their usefulness is questionable.

For it is very certain that in general the most powerful encouragement that can be given to industry of every kind, is to let it alone, and not to meddle with it. The human mind would advance very rapidly if only not restrained ; and it would be led, by the force of things to do always what is most essential on every occurrence. To direct it artificially on one side rather than on another, is commonly to lead it astray instead of guiding it. (Destutt 1815 : 234)

Say’s opinion is more balanced. Actions in favour of education and science, for example, must be financed by the State — in a non-monopolistic manner — but only at the extremes of the educational system. Government should take care of primary education because it is a merit good that is necessary to the formation of any citizen. It should also finance some higher education and research (academies, encouragements to arts and sciences) because their beneficial effects on production and welfare, while certain and of fundamental importance,<sup>15</sup> are not immediate and would therefore be neglected by private business. Intermediate education is not a matter for public intervention : citizens do not need to have encyclopaedic knowledge, but only to master the science relative to their profession. And they are interested in acquiring this knowledge by themselves.

As for public works, Say is very much in favour of them. In a way, unlike Destutt, he continues the French tradition inherited from the previous century.

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15. Remember the role the scientist plays in Say’s approach, in conjunction with the entrepreneur and the worker.

There are certain rules that must be respected, however, to ensure good management. In the first place, as Turgot affirmed, the realization of any such public work, while financed by the State — either at the national or local level — must be entrusted to the private sector. Say is decisively hostile not only to public companies but also to a public department of civil engineering like the celebrated French Corps des ingénieurs des Ponts et Chaussées (see for example Say 1828-9, II : 318-9).

In the second place, as for any production, the benefits generated by a public work must at least be equal to the costs. “Establishments made at the expense of the public”, Says writes, “must generate a good, for the public, equivalent to the sacrifices imposed on them on this subject. While the costs of first establishment are more an investment than an expense, the public is entitled to require from those who impose this forced investment on them that the advantage they will get from it be at least equivalent to the revenue they would have obtained otherwise.” (1828-9, II : 298) But this rule is still to be specified. When comparing the costs and the advantages of a public intervention, the State must also take into account all the externalities resulting from its implementation, at the different levels of the community considered as a whole.

The entire society must pay for those establishments that generate advantages that are too divided in order for each consumer to be able to appreciate them and to pay for them ; but that at the same time are so much multiplied that the possibility to enjoy them is of the greatest benefit to the public. (ibid. : 319-20)

What does this mean ? In brief, two kinds of works are considered. The first and most important concerns communication routes and the immense advantages the population can get from them in terms of production and welfare.

... although government is itself a poor producer, it can at any rate give a powerful stimulus to private production, by well-planned, well-conducted, and well-maintained public works, particularly roads, bridges, canals, and harbours. (1841a : 385)

But why must the State worry about them ? Could they not be profitably undertaken by private initiative, as Smith and Destutt think ? Say disagrees for two reasons. Firstly because, as noted above, people are sometimes too short-sighted to realize that works are capable of generating more advantages than

they cost. This happens either because they cannot properly judge the future advantages of an undertaking like a communication route, or because they only take into account the monetary returns they can get from it, disregarding all the potential positive externalities of the project. “It seems to me that in England it is too easily thought that a public building, a bridge, a canal . . . that does not yield the interest on the investment and the costs of maintenance is not worth being constructed.” (Say 1828-9, II : 304)

But should we not, at least in many cases, put the communication routes among those establishments of which Smith himself says . . . that, while greatly beneficial to society in general, nobody in particular thinks to be interested enough in their existence to pay their costs? (ibid. : 305n)

Whence a second argument in favour of the State financing of such public works. Even if such works could generate profits and be done privately, this would not be a good solution because many people who might have used a route would refrain from doing so because they are unwilling or unable to pay a toll. This is why Say is, in general, against tolls : they exclude many people from using the route and prevent the realization of important positive externalities.

If — on the pretext that the interests on the investment and the costs of maintenance of a public establishment must be reimbursed by those who use it i.e., by means of tolls . . . — many people are deterred from using it, they are deprived of this multitude of indirect benefits that could have been enjoyed, and that, multiplied during centuries in the case of a lasting establishment, defies any calculation. The entire nation is deprived of the principal merit of the establishment. (ibid. : 305)

Say also examines a second type of public works. This concerns expenses to do with some sort of redistribution of wealth resulting from the degree of civilisation and increasing total welfare. Consider for example a bridge or a town park, for the use of which you cannot decently ask any toll or entrance fee, or the construction of underground sewers to remove the wastewater flowing through the streets — work for which it is impossible to ask any direct payment. There is here a source of enjoyment granted to those who could not pay for it :

. . . we must consider it as an increase of enjoyment equivalent to an increase in the income of the least wealthy class of the nation.

Establishments of public utility are thus a forced accumulation imposed on the wealth of the citizens in proportion to their faculties, and handed out to the enjoyment of the least wealthy class, not in proportion to their faculties but to the need they have of them. (ibid. : 298)

## 2.2 The State as an unproductive consumer

In spite of these — and other — differences between the positions of our authors, however, and independently of any consideration of merit goods and externalities, an important problem remains. “The question is, to know what effects these revenues, and these expenses [of the State], produce on the public riches and national prosperity.” (Destutt 1815 : 196) This is the central question of the productivity of public spending. This relates, of course, first of all to a fundamental aspect of Say’s doctrine : the meaning he attaches to production. As Destutt reminds his readers,

... it is very important in political economy, to know what we ought to understand by the word production .... This question ... has been treated of by many able men, at the head of whom we should place Turgot and Smith. But ... no one has thrown so much light on it as Mr. Say, the author of the best book I know on these matters. (Destutt 1815 : 19)<sup>16</sup>

As we know — and this is a point Say and Destutt stress again and again — production means the production of utility. “In this sense, then, the word production must be understood in political economy ... Production is the creation, not of matter, but of utility.” (Say 1841a : 81) “This is what we should understand by *to produce* : It is to give things an utility which they had not. Whatever be our labour, if no utility results from it it is unfruitful. If any results it is *productive*.” (Destutt 1815 : 20)

... since the result of all our labours is never but the production of utility, ... we are all producers ... because there is no person so unfortunate as never to do any thing useful. (ibid. : 35)

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16. The English translation goes on : “although he [Say] leaves still something to be desired”. This qualification cannot be found in the French text, whatever the edition. Could it be considered as an addition by Jefferson? It is also to be noted that Destutt refers to the first edition of Say’s *Traité* because his own texts were written before the publication of the second edition in 1814.

But the notion of production also takes on another important aspect. While to be productive is to generate some utility, whatever that might be — “In general we may say that whatever is capable of procuring any advantage, even a frivolous pleasure, is *useful*” (Destutt 1815 : 27) —, this utility does not have to be embodied in a material object. Although most products in markets assume a material shape, many do not have this property : Say calls them *produits immatériels*. In spite of the fact that immaterial products are consumed at the very moment of their production, and that they cannot be accumulated (see however below, section 3), their producers are obviously considered as productive — this being stressed in opposition to Smith.

Besides these definitions of production and immaterial products, another concept is relevant here : that of consumption.<sup>17</sup> This is simply the opposite of production, to consume a product meaning to destroy its utility. But this destruction itself can be either “reproductive” or “unproductive”. The loss of utility that results from consumption, Say stresses, always finds a kind of compensation, i.e., a pleasure. “This pleasure can be of two different kinds. It consists either in the immediate satisfaction of a need : this is the pleasure generated by *unproductive consumption* ; or in the reproduction of another product that can be considered as a postponed satisfaction : this is the *reproductive consumption*.” (1841a : 863) Hence the definitions we find in the “Épitomé des principes fondamentaux de l’économie politique”, included in the second and subsequent editions of the *Traité d’économie politique* as an appendix :

There are thus two kinds of consumption : 1° The *reproductive consumption* which destroys a value in order to replace it by another one ; 2° The *unproductive consumption* which destroys the consumed value without replacement. The first is a destruction of values generating some other values inferior, equal or superior in amount to that destroyed. . . . Unproductive consumption is a destruction of values with no other result than the pleasure it gives to the consumer. (1841b : 1100)

Now, with these basic definitions in mind, how should one characterize the activity of the State ? As an *unproductive* consumer. This is very clear in Des-

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17. The words “consumption” and “expense” are used as synonyms on many occasions. Say is aware they can have different meanings : see 1841b, seventh part, Chapter III : “Of the words *Expense* and *Consumption*”. He admits however that he can follow the common usage and identify the two (ibid. : 206 ; see also ibid, 249).

tutt de Tracy : “In every society the government is the greatest of consumers.” (Destutt 1815 : 195). “Its expense does not re-produce itself in its hands . . . , as in those of industrious men. Its consumption is real and definitive. Nothing remains from the labour it hires.” (ibid. : 233)

I conclude, that the whole of the public expenses ought to be ranged in the class of expenses justly called *sterile and unproductive*, and consequently that whatever is paid to the State . . . is a result of productive labour previously executed, which ought to be considered as entirely consumed and annihilated the day it enters the national treasury. (ibid. : 234-5)

J.-B. Say is no less affirmative. In Book III of his *Traité*, Chapter IV — “Of the Effect of Unproductive Consumption in General” — he declares that “we shall only deal, in this and the following chapters, with such consumptions as are effected with no other end or object in view, than the mere satisfaction of a want, or the enjoyment of some pleasurable sensation — consumptions that are called unproductive or sterile.” (1841a : 881) Among the “following chapters” alluded to are precisely the ones devoted to the public consumption or expenses.<sup>18</sup>

If I have made myself understood in the commencement of this third book, my readers will have no difficulty in comprehending, that public consumption . . . is precisely analogous to that consumption, which goes to satisfy the wants of individuals or families. In either case, there is a destruction of values, and a loss of wealth. (ibid. : 921)

### 2.3 A fundamental ambiguity

It seems that there is a contradiction here. On the one hand, any activity which produces any kind of utility is said to be productive. On the other hand, the outcome of the activities of the State, which can be characterized as immaterial products, are not subsumed in this category despite their utility to

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18. Chapter VI, “Of the Nature and general Effect of Public Consumption”, and VII, “Of the principal Objects of National Expenditure”. Until and including the fourth edition of the *Traité* in 1819, these two chapters were merged in a single chapter divided into two sections, entitled “On Public Consumption”. This was changed in the fifth edition of 1826. But the English and American editions — from 1821 on — are based on a translation by Charles Robert Prinsep of the fourth edition and thus still retain the former division.

society. Public consumptions are made “for the common utility”, Say admits (1841a : 921 ; see also 930, 937). The loss which results from these consumptions must be balanced “by the advantage that society gets from them” (ibid. : 920) even if, very often, this advantage cannot properly be evaluated, and not only because there is no market for them (ibid. : 971). Referring to the various activities of the State, Destutt declares for his part that “all this is very useful without doubt . . . ; but nothing of all this is productive.” (Destutt 1815 : 233) What is then the rationale for such a position ? Two hypotheses can be formulated which involve either a modification in the concept of productivity, or a peculiar conception of “the public” and the State.

Let us first deal with the definition of productivity. If the State is only considered as an unproductive consumer although it produces useful immaterial services, this could be because the production of some kind of utility, while necessary, is no longer sufficient to describe it as productive. This is the case in Destutt de Tracy, with two main complementary lines of reasoning. A first argument refers to the fact that “almost the whole of the expense [of the State], all that which is employed in paying soldiers, seamen, judges, the public administration, priests and ministers . . . is absolutely lost ; for none of those people produce any thing, which replaces what they consume.” (Destutt 1811 : 264) This implicitly emphasizes the non-marketable nature of the public immaterial products : they are not sold in market, the expenses cannot thus be reimbursed and taxation is not seen in a *quid pro quo* perspective.

This is confirmed by the fact that the argument goes further, stressing that the State does not generate any monetary profit in the way that private commercial activities do. Consequently, “government cannot be ranked amongst the consumers of the industrious class. The expenditure it makes does not return into its hands with an increase of value. It does not support itself on the profits it makes. I conclude, then, that its consumption is very real and definitive ; that nothing remains from the labour which it pays” (Destutt 1815 : 196-7). Forgetting that he had asserted that “*reproductive consumption* . . . is a destruction of values generating some other values inferior, equal or superior in amount to that destroyed” (see above), Say also stresses the criterion of a positive profit :

There are not two kinds of economy, any more than two kinds of honesty, or of morality. If a government or an individual consume

in such a way, as to give birth to a production of value larger than the value consumed, they have a productive activity. (1841a : 925)

Finally, another conception of productivity can be found in Say's last work, *Cours complet d'économie politique pratique*. There, on the occasion of the discussion of the public expenses, a new criterion for productivity is presented : the production of a capital.

Reproductive public expenses all amount to an accumulation of a revenue in order to create a capital or to maintain a capital in its integrity. Unproductive public expenses are aimed at the satisfaction of one of the ordinary needs of the social body, and the value employed for this can only be used once . . . . Thus the expenses devoted to the construction of a beautiful road, a bridge, are reproductive because the value is not consumed immediately. (1828-9, II : 251)

All these definitions of productivity — an activity is productive when it simply generates some utility, or when expenses return to the producer, or when it generates a monetary profit or forms a capital — explain why Destutt's and Say's analyses are ambiguous, and why they sometimes hesitate in their classifications. Take, for example, Destutt's judgment on public works. In *Commentaire* they are supposed to “enhance the value of land, facilitate the transportation of goods, and encourage industry. It is certain that expenses of this kind, directly increase the national riches, and are, therefore, in reality productive” (Destutt 1811 : 265). Consequently, while “almost all public expenditures” are unproductive (*ibid.* : 265-6), some are not. In *Traité de la volonté*, however, the judgment is different. These expenses, he writes, while contributing “powerfully to public prosperity”, “cannot be regarded as directly productive in the hands of government, since they do not return to it with profit and do not create for it a revenue which represents the interest of the funds they have absorbed” (Destutt 1815 : 233-4) — or otherwise they should not have been undertaken by the State. Consequently, “the whole of the public expenses” are now considered as unproductive (Destutt 1815 : 234). Say's views evolve in the opposite direction. In the *Traité*, he implicitly thinks that public works are unproductive. His opinion is modified in *Cours complet* (Say 1828-9, II : 251, as just quoted above).<sup>19</sup>

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19. It is true that the *Traité d'économie politique* includes assertions such as : “The total

Besides the fluctuations in the definition of productivity, the other possible explanation of the general characterization of the public expenses as unproductive concerns the meaning of what is called “the public” or the State. Public consumptions, it is said, aim at satisfying “collective needs of a town, a province, a nation” (Say 1821 : 399). They are consumed “for the public” (ibid.), just as private consumptions are made “by” or “for” the private individuals.

*Is it the public itself that is consuming the service of the public servants? It is; or at least it is in the interest of the public that this service is consumed.* (Say 1821 : 408)

What does all this mean? Here again, we face some ambiguities in Say’s texts. One possible interpretation is to conceive “the public” as a collective body that at the same time buys material and immaterial products in the market and itself consumes the services they generate.

Besides the needs of individuals and of families . . . , the collection of the private individuals also possesses, as a society, its own needs which give rise to public consumptions : it buys and consumes the service of the administrator . . . , of the soldier, . . . of the civil or criminal judge. (Say 1841a : 921)

When individuals buy clothes and food, they enjoy its consumption. When these items are bought for the troops, “it is the State which enjoys them. It is easy to apply the same reasoning to all kinds of public consumptions” (ibid. : 923). In this perspective, “the public” or the State is necessarily unproductive.

## 2.4 ‘Il mondo va da se’

Besides this general characterization of public expenses and the role of the State, it is possible to find in Say some interesting additional reflections suggesting new perspectives for these topics, later developed, for example, by

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national consumption may be divided into the heads of public consumption, and private consumption ; the former is effected by the public, or in its service ; the latter by individuals or families. Either class may be productive or unproductive” (1841a : 860). But in this book, public works are dealt with in the chapters devoted to unproductive public expenses. Therefore, the possible productivity of public consumption probably refers here to the possibility for the State to engage in normal marketable activities of production, such as the tapestry manufacturing of the Gobelins, or the porcelain manufacturing of Sèvres, which it should not be allowed to do.

Molinari or Leroy-Beaulieu. Many of these reflections can be found in his manuscripts, either of his teachings at Athénée or at Collège de France, or of a book he planned on *Politique pratique*. These manuscripts reveal a rather more radical and utopian Say than readers of his published works might imagine. They also reveal an aspect that is in fact true for almost all the economists and political philosophers of the century : the fundamental importance of a reflection on the dramatic events of the French Revolution. Three main points are of interest for our subject. According to Say, (i) a government, while useful, is not a necessary institution ; (ii) the activities of the government should be understood within the context of a general theory of the division of labour ; and (iii) no reflection on public economics can avoid investigating and taking into account the real decision processes at the level of the political power or administration.

Say's philosophy is best expressed by the Italian motto "Il mondo va da se" (the world goes by itself), which he quotes both in the original language and in French : "Le monde va tout seul". The basic bond between citizens, he stresses, is not political but economic, because "the main link in society is the mutual need that all the productive classes have of each other" (Say 1819 : 106). This is why it is possible to imagine a society without any government : "government is no *essential* part of a social organization. Note that I do not say that government is *useless* ; I say that it is not *essential* ; that society can do without it — provided that the associated men mind their own business and let me mind my own one, society could possibly do without government" (Say 1819 : 101).<sup>20</sup> If government exists, this is only because of the "foolishness" and "injustice" of men who cannot refrain from encroaching upon each others' rights— hence the question of safety. But, while a "necessary evil" (Say nd : 348), it is a mere "accident" (1819 : 101) and its usefulness is in fact "in proportion to our stupidity" (Say nd : 329). *Il mondo va da se*, "we are never better governed than when there is no government" (ibid. : 325).

Say interpreted recent historical events as confirming his opinion — or

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20. This point is (cautiously) repeated in Say's last work, the *Cours complet d'économie politique pratique*. An appendix to the book, the "Tableau général de l'économie des sociétés", in which Say sums up the most important results of his analyses, is divided into two parts : the first deals with the "organes essentiels" to society, and the second with the "organes accidentels". Government is included among the latter (Say 1828-9, II : 528 ; see also ibid. : 267).

dream. On three or four occasions during the Revolution, he remarks, political authority was nonexistent and there was no government. “Well, in no other period the essential functions of the government were better achieved. All was working as usual, and better than usual. The greatest evils that we had to endure happened when we were governed, too much governed” (Say 1819 : 101). And this is also true for safety, the main task of the political authority : (Say nd : 331) : “crimes have never been more severely repressed than at the time the police found itself dissolved ; everybody then did his own policing, and order has never been better kept” (ibid. : 327-8). Just “leave the policing to society” :

Look at what happens in the streets of a town when a man beats a woman, when a burglar breaks in a shop : everybody apprehends the delinquent. Look what happens when two merchants have a dispute of interest : both of them appeal to arbiters. The arbiters deliver a verdict and the dispute comes to an end. (ibid. : 324)<sup>21</sup>

The defence of the country against foreign aggression should also be the business of the people : a numerous and permanent army is not necessary. Say knows that his opinion on this subject could seem paradoxical to his audience. “I would advise you to beware of my ideas on this point. They are not very diplomatic.” (Say 1819 : 108) He nevertheless insists that “a danger only threatens those who look for it, that nothing is more risky for a country than a permanent army and that a great nation which is not constituted in order to disturb the peace of the others is never attacked” (ibid.) The best defence lies in the will and courage of the citizens, the task of the government in this matter — “if it is really national and if its interests are fully identical with those of the nation” — being to coordinate their efforts (ibid.). In *Cours complet* (1828-9, II : 278-93), Say develops his ideas against permanent armies and in favour of a system based on a militia.

The example of safety is all the more interesting since, in one passage, Say gives his readers to understand that the functions of the State could be performed by private entrepreneurs. In this perspective, these functions are seen as specialized activities within the context of the division of labour. This idea had already been put forth by Graslin, in 1768, in his *Dissertation* of Saint

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21. In *Cours complet*, Say suggested extending the system of arbiters to cover all civil justice (1828-9, II : 273 et seq.).

Petersburg. In his opinion, the activities of the State were a result of the process of the division of labour and should consequently be considered like any other sector of production. The idea of the State as a neutral entity aiming at the general or public interest was thus rejected. “The protective power itself, while instituted for the safety and peacefulness of all, has its own private interest . . . . This interest is tied to the interest of all and in this sense it is essential for people that this power be in a condition to perform its function. But this can also be said of the interest of any class because ; in the same way, it is essential for all other classes that each one in particular be in the condition to provide the object in its charge.” (Graslin 1768 : 142) Say’s assertions go along the same lines.

The world goes by itself. Society consists in different useful professions which have various functions. One of these functions is to protect individuals, their safety, their rights. It is as just a profession as the one entrusted with restoring health when one is sick. (Say nd : 327 ; see also 1828-9, II : 254)

Applied to safety, this means for example that the domestic protection of citizens could be entrusted to private companies when the collective self-policing described above is not sufficient. “Give to entrepreneurship the task of guarding that you cannot accomplish yourself, and cancel the contract if the entrepreneur does not protect you from some attack or at least does not hand the perpetrators over” (Say nd : 325).

We are thus led to a final point which explains in part, also, Say’s hostility towards any government — “government must be the object of a permanent mistrust” (ibid. : 634). Look at the State that really exists. Who are the people in power ? Who are the civil servants, and how do they work ? This questioning is important if one is to learn how and by whom public decisions are made. The French Enlightenment had an answer : at the different levels of the State, things should be decided by politicians or civil servants whose only aim is the general interest. Of course, 18th-century theoreticians were not so naïve and did not think that this was always the case : but they believed that this behaviour was possible and that the development of economic and political sciences could help to improve both knowledge and the decision-making process. Hence, for example, Condorcet’s constant endeavours to discover voting methods that would be at the same time democratic and efficient in delivering the “true”

decisions. The experience of the French Revolution destroyed such hopes in the eyes of most people. Say was one of them : the problem of public decision-making had to be approached in a totally different way.

Like people in any other profession, politicians and civil servants have their own private interests that do not always match the general interest. Rulers, like other people, have their own passions, their own prejudices and an education often “a hundred times worse than ignorance” (Say 1819 : 104). Moreover, they are members of a specific class or cast, and of a given family. “As interest is all the more powerful as it is limited, it is to be feared that each of them sacrifice the interests of the nation for those of his cast or family” (Say nd : 635). This is the reason why “it is impossible to have an exact idea of public finance without carefully distinguishing the interest of the government from that of the State” (ibid.). In *Politique pratique* this is a *leitmotiv*.<sup>22</sup> “The interest of the public is what tends to achieve the greatest good for the greatest number of people. The dismal interest is the interest of those in power” (ibid. : 637-8).<sup>23</sup>

Moreover, government has a natural tendency to increase its prerogatives and domain of action. The same thing happens with civil servants. They tend to widen their remit and their power : and most of the time “they do not have any scruples for this spirit of invasion because, in general, they have upright intentions and think to do good. They do not suspect that it is an evil to do the good badly” (Say 1819 : 114) — an echo of Condorcet’s motto : “Il ne suffit pas de faire le bien, il faut le bien faire” (“It is not enough to do good ; it must be done well”) (Condorcet 1779 : 373). And so the “administrative cancer” (Say 1819 : 117) goes on.

Nevertheless, Say was a pragmatist.<sup>24</sup> He believed that the development of the social sciences could, in the future, open the eyes of the citizens and,

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22. For example : “Interests of nations, interests of rulers always distinct and almost always conflicting” (Say nd : 634). “The idea that the interest of rulers is the same as that of those who are governed lies at the origin of repeated abuses” (ibid. : 635 ; see also ibid. : 637). “The confidence we must have in the rulers is but nonsense, and the one who would put it forth in a private business would be laughed at” (ibid. : 640).

23. Say also refers to Destutt de Tracy, who explains why particular interests are always more powerful than the general interest, and especially successful when lobbying (Say nd : 640, Destutt 1815 : 41-3).

24. For some other views and analyses of Say’s opinions in relation to politics, see Steiner (1989, 1997) and Whatmore (2000).

with the progress of representative government (Say nd : 408), lead to the restriction of the State's functions, carefully ensuring that only the strictly necessary functions be fulfilled and at the lowest cost. The private interests of the rulers and civil servants, while unavoidable, could thus in the end be made less alarming : after all, they are also to be considered as the interests of any other profession. We thus return to Graslin's ideal view.

An opposition of interests is no division, is no quarrel, does not break peace. Are not the individuals who form a nation in constant opposition of interests between each other, without being at war ? . . . Each time we go into a shop and buy, do we not have an interest that is opposed to that of the merchant ? . . . Does a war necessarily ensue between those in power and those who are governed ? Not at all. These are interests to be amicably discussed, just as are the interests of two merchants who do business together and agree on sharing outlay and profits (ibid. : 644-5)

### 3 From clearing up ambiguities to fighting for utopian ideas : Dunoyer to Girardin

#### 3.1 'Le gouvernement est le plus utile des producteurs'

When Say defined the act of production as the production of utility and proposed the concept of immaterial product, he opened a kind of Pandora's box. Although they did solve some difficulties, these innovations<sup>25</sup> created new theoretical problems, because Say seemed reluctant to draw all the consequences of his own principles. This was the opinion of Charles Dunoyer. Together with Charles Comte he played an important part in the battle for industrialism and the liberties under the Restoration, especially with the publication of journals like *Le Censeur* (1814-15) and *Le Censeur européen* (1817-19) and later with a book entitled *L'industrie et la morale considérées dans leurs rapports avec la liberté* (1825) and its developments : *Nouveau traité d'économie sociale* (1830) and *De la liberté du travail* (1845). Dunoyer was a strong supporter of Say's political economy, and in *Le Censeur* and *Le Censeur européen* he always devoted a great deal of space to Say's books. They were, in his opinion, of the

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25. Some essential elements had, however, already been advanced by Turgot, and also by Alexandre Vandermonde during the Revolution (Faccarello 1989).

utmost importance in the search to find the new and only adequate way to think about politics in the context of the modern industrial society. Over time, however, he became increasingly critical of some of the fundamental points of Say's economic doctrine. He expressed his dissenting views in a long review of the fifth edition of Say's *Traité d'économie politique* that he published in 1827 in *Revue Encyclopédique*. Pointing out a number of flaws and inconsistencies in Say's analysis, he followed Say's approach to its logical conclusions. He repeated this point of view in various later writings and especially in the entries "Gouvernement" and "Production" (Dunoyer 1852b, 1853b) that he wrote for the *Dictionnaire de l'économie politique*.

For what concerns our subject, Dunoyer's critique is the following. He first reminds Say and his followers of the importance of the definition of production as the production of utility. He then contests Say's three-way division of the "agents of production" into labour, capital and land, affirming that there is only one agent : labour (Dunoyer 1827 : 75-8 ; 1853b : 445-6, 449-50). The only original power in production lies in labour, in its quantity, quality, division and freedom. "Land" and the collection of objects called "capital" are indeed useful for the applications of the different kinds of industry (i.e., activities), but their utility is not natural. It does not exist as an original fact but has been previously created by labour itself. Hence Dunoyer attaches the greatest importance to all the circumstances that can act on human beings, physically and intellectually.

Dunoyer then contests Say's famous distinction between material and immaterial products, which he finds inadequate and misleading. In fact, he stresses, if production is simply the production of utility, then the only products human beings can create are necessarily immaterial. Say himself noted that we never create any fragment of matter. It is true that our industry can act on two different orders of things, i.e., either on material things or on human beings. In both cases, however, this industry is exerted with the sole aim of modifying them, of conferring on them a utility they do not initially have. The product — utility — is immaterial. The neglect of this point also led political economy to focus its attention on the production of material things, disregarding industries that act on human beings despite their fundamental importance.

But this is not the only inconsistency in Say. His definition of productivity

is flawed with ambiguities. “It is possible to criticize M. Say”, Dunoyer stresses, “for having only considered as really productive the industries that act on physical objects and the products of which are realized in something material.” (1827 : 68) Dunoyer knows of course that in Say’s opinion the producers of immaterial products —physicians, lawyers, civil servants, etc. — perform a productive activity. But, he asks, what kind of productivity is that? Is it not Say’s opinion that these products cannot be accumulated, do not add anything to the national wealth and moreover that the expenses incurred in obtaining them are unproductive, like public expenses?

Now, I wonder what are these products which do not add anything to the national wealth . . . and that confer on the expenses necessary to get them the character of unproductive consumption? Would it not be better to say, with the author of the *Wealth of Nations*, that the creators of such wealth are unproductive? The fact is that M. Say was aware of Smith’s mistake but did not succeed in correcting it. He did not succeed in stating clearly how the classes that produce what he calls *immaterial products* are in fact productive. (ibid. : 68)

Say asserts that the distinctive character of immaterial products lies in the fact that they are destroyed at the very moment of production. In Dunoyer’s opinion, this statement is wrong. What is destroyed in production is labour, but this happens in all kinds of activities. The very product of industry is utility and this utility, far from being annihilated, remains.

It is because they do not distinguish labour from its results that Smith and his followers made the above-mentioned mistake. All the useful professions . . . exert a labour that vanishes when it is executed, and all create some utility that is accumulated as it is obtained. One must not say, with Smith, that wealth is accumulated labour, but that it is accumulated utility. (ibid. : 68-69; see also 1853b : 442)

Like any other products, the so-called immaterial products can be kept, increased and accumulated, for example in human beings : “we can acquire more or less virtues or knowledge, just as we can accumulate more or less corn, cloth, money and all these utilities that we can fix in things” (1827 : 69). Moreover, these “immaterial” products are even more durable and accumulable than the so-called material products : “these latter cannot be used without destruction nor handed on without being lost for their owners, while ideas and

sentiments are improved through usage and increased through communication” (1827 : 72).

For all these reasons, the so-called “immaterial” capital of a nation is as important as — and even more important than (1852b : 838) — the “material” accumulation of physical means of production. And those who, through their industry, provide the various elements of this capital produce in fact a utility, and a greater utility than what they consume — even if it is sometimes impossible to evaluate this utility exactly, when markets are missing for instance. They are productive.

A capital made of knowledge or of good habits is worth no less than a capital made of money ... In order to produce material wealth, it is not enough for a nation to possess workshops, tools, machines, food or money. The nation needs safety, health, science, taste, imagination, good moral habits ; and those who work to the creation or improvement of these products can rightly be considered as productive of the so-called material wealth, just as much as those who directly and physically contribute to their creation. (Dunoyer 1827 : 71)

Now, the State is one of these producers. It is even the most important among them because its role is to produce a basic utility without which nothing would be possible : safety. This is the reason why, in this perspective, Say would have been obliged to admit that “the government is the most useful of all the producers whenever it creates in the population habits of respect for property and persons” (ibid. : 72).

Government is essentially an art that acts on men ... Its specific task ... is to teach men to live well together, to imbue their relationships ... with measure and justice. ... It is a producer of sociability, of good civil habits. ... It contributes to the general production through the introduction, into this immense laboratory that constitutes the society, of this precious ingredient of good relationships, of justice, without which nothing would be possible and all would immediately stop, and which makes the art which produces it probably the most important in the economy of society. (1852b : 837)

Had Say drawn all the consequences of his own principles, he would not have been of the opinion that public expenses are unproductive or sterile : “he would only have called sterile, in this order of consumption as in all reproductive

consumption, the expenses that are not necessary to get the product” (1827 : 73).

Dunoyer’s critique of Say is thus far-reaching (see also Augello 1979). But on one point it is not totally fair. Probably because of previous discussions, Say’s thinking on immaterial products changed somewhat over time. An evolution was noticeable in the fifth edition of the *Traité* that Dunoyer was reviewing. In the “Épitomé” of this edition, Say now asserts : “While *immaterial products* do not seem susceptible to be accumulated because they are necessarily consumed at the moment of production, they can however be accumulated to the extent that they can be reproductively consumed and give rise to new value” (1841b : 1087). His typical example is a lecture attended by medical students : the lesson itself is an immaterial product, but its consumption allows the increase of a human capital that will later yield a profit. Later, Say again put forward his new ideas in his lectures at the College de France (Say 1831-32 : 419). Admittedly, Dunoyer had good reasons to overlook this evolution. For one thing, this evolution is presented in a rather timid way, with no real impact on the theoretical structure of the *Traité* : it is in fact confined to the field of professional training. But there is a second, more powerful reason : although some of the sentences in the “Épitomé” had been modified, the text of the *Traité* itself remained curiously unchanged (see for example 1841a : 215).

### 3.2 The State as a factor of production

It is thus Dunoyer’s opinion that public expenses are productive because they are spent to satisfy a basic final need of the citizens : safety. The more society evolves towards the industrial model, he argues, the more this basic need will be felt by the citizens and the more the actual State will concentrate on its genuine mission. It is interesting to note, however, how this mission is very often presented. Obviously, in modern terms, Dunoyer’s approach also focuses on the role of the State as a factor of production. The terminology seems inadequate here, of course, because he does not recognize any “agent of production” other than labour : but the action of the State as a producer is apprehended as providing essential elements for the implementation of production and the wealth of the nation. “M. Say ... must have considered as productive consumptions all the private and public expenses that, while

satisfying the needs of men, maintain or increase their faculties, and as unproductive only those that are made without necessity for a useful object, or those made in a totally useless way” (1827 : 89).

From another perspective, this role of the State as a factor of production is unambiguously stressed by the *doctrinaire* Victor de Broglie. After the Revolution of 1848, during the discussions on taxation at the National Assembly — and specifically to counteract a proposal by Hippolyte Passy to establish an income tax — he wrote a long text, “Les impôts et les emprunts” (Broglie 1849), published posthumously by his son in 1879. This is a remarkably clear text where the economic function of the State is addressed from the exclusive point of view of production, focusing on the costs.

Say had already opened the way to such analysis when dealing with public works like communication routes. In spite of some important ambiguity about the productive character of this kind of work, he noted that it has the same beneficial effect as machinery and considerably lowers the costs of production.

It is a means of furnishing the same product at less expense, which has exactly the same effect as raising a greater product with the same expense. If this kind of calculation could be done — and if we take into account the immense quantity of goods conveyed upon the roads of a rich and populous empire, from the commonest vegetables brought daily to market, up to the products poured into its harbours from every part of the globe, and thence diffused over the whole surface of a continent — we could readily perceive the inestimable economy in the costs of production. (Say 1841a : 385-7)

For his part, Pellegrino Rossi,<sup>26</sup> in his lectures at the Collège de France, spoke of the activity of the State as an “indirect means of production”.

Imagine that the government, social justice and the police are abolished, and see what the labour of the civil societies would become. . . . As a consequence, all those who devote their labour, their time, their study to the exercise of the public authorities or the administration of social justice contribute to the national product. (Rossi 1836-38, I : 214)

Broglie pursued this analysis. Suppose, he writes, that the State does not exist and thus cannot provide the country with any protection or roads. As

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26. Rossi was nominated to the Collège de France thanks to Broglie and Guizot.

safety is essential to production, entrepreneurs will have to overcome the difficulty, either by organizing their own protection or by hiring the services of specialized companies : in both cases, the costs of production would be increased (Broglie 1849 : 14-5). The same is true for roads (ibid. : 15-6). Hence a first conclusion : public expenses are productive. “All the expenses which are necessary for production, all the expenses that directly or indirectly contribute to production . . . , all the expenses without which any kind of production cannot be initiated, carried on and completed, are productive expenses” (ibid. : 13). It would be illogical to describe them as either productive or unproductive according to whether they are made by entrepreneurs themselves or by the State.

Public expenses, however, are not only productive : they are the most productive of all the expenses incurred in production. In a firm, Broglie remarks, there are two kinds of costs : specific costs of production and overhead charges, the burden of which becomes proportionately lighter as production increases. The same happens in society, where the specific costs are incurred by the producers while the overhead charges are supported by the State, to the great benefit of all the entrepreneurs because the transfer of these charges from private firms to society generates increasing returns to scale. “The overhead charges, in any firm, are the lower, in proportion to specific costs, as the firm acts on a greater scale. In a like manner, in this immense workshop of society, the disproportion between overhead charges and specific costs is great : a given expense, made by the State . . . , thus contributes to the global production ten times, a hundred times, a thousand times . . . more than the same sum . . . spent by a private producer” (ibid. : 17). The abolition of the State would of course abolish taxes : but it would also generate an increase in the costs of production far greater than the savings made on taxation.

All the works made by the State, all the expenses incurred in the interest of the entire society are not only productive works, productive expenses, but they are the most productive of all works and expenses, because they are properly speaking the *overhead costs* of the social production. (ibid. : 16)

### 3.3 ‘Je demande des gouvernements libres’

At the same period, however, during the hectic discussions provoked by the February Revolution, some liberal economists became bolder and proposed systems that the great majority of their fellows in the Société d'économie politique considered as pure utopian dreams. This was the case for Gustave de Molinari in the above-mentioned texts (Molinari 1849a, 1849b). It was also the case for Émile de Girardin, an entrepreneur and the influential founder of the modern press in France — especially with the newspaper entitled *La Presse*. He also took part in the general discussion on taxation during the Second Republic and collected in one volume, *Le socialisme et l'impôt* (1849), the contributions he had published on this subject in his own journal.<sup>27</sup> Molinari and Girardin proposed radically different theories : but both of them based their proposals on the idea of a necessary disappearance or transformation of the State into a new organisation designed on the model of a private company — thus extending to the political level the logic of free market activity.

In the liberal tradition, some ideas in this direction had already been put forth. The discourse on the division of labour and its powerful and beneficial effects quite naturally induced some economists to think of government as following the same model as any other activity. Some more or less ambiguous phrases by Graslin and Say have already been reported above. A similar position can also be found in Dunoyer. Under the regime of industry, he stressed, the State “is in fact but a commercial company, financed by the community and intended to preserve law and order” (Dunoyer 1825 : 358). But these statements are, in a way, just a metaphor, the expression of a liberal dream that our authors well knew to be impossible. The same can be said of Say's assertion that a government is not essential to society — a view that is also to be found in Dunoyer (Dunoyer 1818 : 91-2). Molinari and Girardin, on the other hand, took this idea literally.

Molinari's position is an invitation to coherence. “For a long time”, he writes, “economists not only refused to deal with government but also with

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27. According to Auguste Walras, Girardin “has a distinguished mind. While he is not an economist but first and foremost a politician, he is fond of new ideas and he often seems to be in search for them seriously. [...] One always likes to fight with men who are not stagnating in the most crude prejudices” (Auguste to Léon Walras, 31 July 1859, in A. Walras 1821-1866 : 355).

all purely immaterial functions. J.-B. Say was the first to include this kind of service in the field of political economy” (1849b : 303). As a consequence, “he did a far greater service” to this science “than is commonly supposed” (ibid.) because now the function of the State can be rationally grasped and correctly dealt with. Like Dunoyer, Molinari thought that economics would eventually allow politics to be apprehended in a new manner, the only one adapted to a free market society.

In this kind of society, where private industry efficiently provides for the satisfaction of any need, it is simply illogical to make an exception with regard to the need for safety and to consider that it can only be satisfied by a monopolized activity or, worse, a communistic organization. Even Dunoyer is to be criticized on this point. “Among the economists who most greatly extended the application of the principle of liberty, M. Dunoyer thinks that ‘the functions of government should not be left to private activity’.” Why this “clear and obvious exception made to the principle of free competition” (1849a : 279)? There is no rational ground for it. Economic theory, Molinari asserts, shows how a monopoly is inefficient and dangerous, and historical evidence supports political economy : any monopoly or privileged organization in charge of safety always tends to neglect its duty, increases its ascendancy and power over populations and tries to extend the number of people it can control — whence a permanent state of war and rebellion. “Just as war is the consequence of monopoly, peace naturally results from liberty” (ibid. : 290). In the name of efficiency, freedom and peace, then, it is necessary to accept “the rigorous consequence of the principle of free competition” (ibid. : 279) and leave the “production of safety” to private initiative.

*It is the interest of the consumers of this immaterial product that the production of safety be left to the law of free competition . . . No government should prevent another government from competing with it, nor should it oblige the consumers of safety to obtain this product exclusively from itself. (ibid.)*

In the name of the principle of property, in the name of the right I have to provide myself for my own safety, or to buy it from anybody as I think fit, I call for free governments. (ibid. : 304)

These competing “governments” — “free governments” i.e., freely chosen

by consumers who thus get rid of any “political servitude”<sup>28</sup> — are private companies, also described in *Les soirées de la rue Saint-Lazare* as “insurance companies”, whose task is to protect property (e.g., 1849b : 331).<sup>29</sup> Before contracting with a company, consumers must investigate whether the firm is powerful enough to protect them, whether it will not use its power against them and whether some other firm could provide them with the same service under better conditions. Any provider of safety, for its part, must be in a position to protect persons and properties and, if need be, to repay the consumers a sum proportionate to any damage incurred :

1° The insurance companies must establish some form of punishment for those who offend against people and property, and insured people should accept to subject themselves to this punishment if they themselves create any damage to persons and property. 2° They should be able to impose some trouble on insured people with the aim of discovering the perpetrators of offences. 3° They should receive regularly . . . a given premium that would vary with the situation of the insured people, their specific activity, the nature, extent and value of the property to be protected. (ibid. : 334)

Whenever these conditions suit the consumers, “the deal is concluded; otherwise consumers would provide themselves for their own safety or look for another company” (ibid.) The “producers of safety” companies, on the other hand, would not be able to grow indefinitely : like any other firm, their size is bounded by necessary upper and lower limits outside which they incur increasing costs and therefore lower profits.

Some additional aspects of this question, as well as the consequences of this approach for the franchise and the concept of nation for instance,<sup>30</sup> can be disregarded here : they do not alter Molinari’s basic position. Moreover, he did not think it possible to enter into details that cannot be dealt with in advance. “Political economy can say : if a given need exists, it will be satisfied, and in a better way under a regime of entire freedom than under any other one.

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28. On the *raison d’être* of “political servitude” and its end, see for example Molinari 1884 : 377-382.

29. Three years before, in a paper published in *Le Courrier Français* (23 July 1846), Molinari wrote : “Men gather in a society in order to guarantee the safety of persons and properties. A State is just a great company for mutual insurance.”

30. See for example Molinari 1884 : 394 et seq., “Individual sovereignty and political sovereignty”, and “Nationality and patriotism”.

There is no exception to this rule! But how this industry will organize itself, what will be its technical processes — political economy cannot say anything on this question” (1849b : 328-9). He nevertheless tried to specify his position in a series of subsequent writings (Molinari 1854, 1884, 1887, 1899), with always the same conclusion :<sup>31</sup>

The future belongs neither to the absorption of the society into the State, as communists and collectivists claim, nor to the suppression of the State, as anarchists and nihilists dream of, but to the diffusion of the State into society. It is ... a free State in a free Society. (Molinari 1884 : 393-4)

Understandably enough, these ideas were received with scepticism or hostility in the discussions of the Société d'économie politique. Even Bastiat declared himself in favour of a State monopoly of the production of safety. As reported in the *Journal des économistes* in a Chronique summing up one of the debates, a governmental power was thought necessary for the efficiency of free competition.

M. Coquelin remarked that M. de Molinari disregarded the fact that, without any supreme authority, justice cannot be implemented, and that competition — the sole remedy against fraud and violence ... — could not exist without this supreme authority, without the State. Below the level of the State, competition is possible and fruitful; above, it is impossible to implement and even to imagine. M. Bastiat spoke along the same lines as M. Coquelin. (*Journal des économistes*, Chronique, October 1849 : 315)

### 3.4 The State as an insurance company

Molinari was not the only economist to refer to the State as an insurance company. Adolphe Thiers, in his book *De la propriété* (Thiers 1848), made a comparison of the same kind : but in this case the aim was just to determine the rate of taxation,<sup>32</sup> with no implications for the organization of the State. Moreover, a vague parallel between the protection provided by the State and an

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31. As soon as 1854, in his *Cours d'économie politique*, he presents the reader with an extensive philosophical account of the nature and changing attributions of governments in the different stages of history.

32. This comparison was of course approved by Molinari. Thiers's calculations were later criticized by Gustave Fauveau (Fauveau 1864; see also Silvant 2010).

act of insurance was quite widespread among economists. The idea of literally transforming the State into an insurance company was instead advocated by Girardin, with, as a consequence, an increase in its attributions. “The State must only be a national company for mutual insurance against all the risks susceptible of being anticipated” (1849 : 230).

Taxation is and must be nothing but an insurance premium paid by all the members of a society called Nation, in order to assure a full enjoyment of their rights, an efficient protection of their interests and the free exercise of their faculties. (ibid. : 229)

First published in *La Presse* and then as a book with many editions, his proposal is described in the following (puzzled and confused) way in a *Chronique* of the *Journal des économistes* (October 1849 : 319).

M. de Girardin published in *La Presse* a long work on taxation. After having criticized all the systems of taxation, he adopts a tax on capital, of 1 per cent — in return for which the taxpayer will benefit from protection, justice, religion, instruction, credit, sickness and old age pension, indemnification in case of blaze, flood, hail storm, epizootic disease, bankruptcy, shipwreck ; they will also be exempted from military service and protected from falling into destitution. All these advantages are consigned on an insurance policy that also serves as record book, passport, voting card, etc.

Unlike Molinari, however, Girardin did not open the field to competing private companies, but simply proposed that the State be reformed and behave like a real insurance company. Hence the comment of the *Journal des économistes* : “This is rather original, but essentially socialist, and far too complex to be taken as a remedy to the present situation” (ibid.). Girardin’s proposal was widely discussed. While some pamphleteers did indeed denounce the project as socialist (Duverne 1851), some authors, like Auguste Walras (1849a, 1850), discussed them seriously : “this system is far superior to anything which exists. It is an eminently liberal conception” (A. Walras 1849a : 495).

To put it briefly, the existing taxation system must be abolished and replaced by a single tax, the insurance premium. As a premium, it should of course be “in proportion to the extent and probability of the risk” (ibid. : 229). A good base for the calculation of this premium being the “capital” possessed by any citizen, this premium would be a “tax on capital” — actually a tax on wealth.

The rate would be uniform : one per cent (half of one per cent in the 1852 edition). As an insurance company, the State would insure citizens against all kind of risks, including wars. As for the other activities traditionally included in the past in the public sphere, like education or religion,<sup>33</sup> they would have to be financed by specific private associations freely deciding to produce these services.

... public education as well as the expenses for religion will be again what they never should have ceased to be, and what they are in England and in the United States : purely individual expenses made with receipts centralized by corporations or associations. (ibid. : 247)

One distinctive character of the insurance premium as compared to a traditional tax is that it would be voluntarily subscribed, whereas taxation is compulsory. But, with a typical utopian discourse, Girardin asserted that this would not be a problem for the new State. Owing to the great advantages of such an insurance mechanism — the wealth a citizen declares, for example, and the protection he or she receives, being a good basis for obtaining credit, employment, etc. — every citizen would be immediately convinced of the need to subscribe.<sup>34</sup>

Only a single tax must exist, the same everywhere, and so mathematically just that it would be *de facto* compulsory while *de jure* voluntary. (ibid. : 161)

The tax being an insurance premium, the free rider problem is somewhat alleviated, except of course for what concerns the value of the wealth declared by the citizens. Girardin states that he is convinced that an immense majority of citizens will not be induced to cheat but, as a protection against possible evaders, specifies that the State would have a pre-emptive right on the goods possessed by the subscribers, at the value he or she declared for the different items.

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33. In 1849, education is still included among public activities, but logically excluded in 1852, not being subject to an insurance premium.

34. Moreover, other countries would soon imitate France and reform their States along similar lines. This typical utopian firm belief in the irresistible power of any alleged profitable reform is also sometimes shared by Molinari.

Last but not least, in addition to the personal advantages that people could get from such a system, the so-called “single tax on capital” is also supposed to have a powerful positive macroeconomic effect — and this is in fact Girardin’s main goal. Since the “tax” is applied to all elements of wealth but leaves untouched any income that people may get from that wealth, Girardin is convinced that there will be a general incentive to exploit each of these elements productively and to develop them in the best possible way. Active capital will be managed even better, to get a maximum of revenue, and any hitherto idle capital will be put to productive use. This will lead to the disappearance of idle capital and complete the work of the French Revolution.<sup>35</sup>

The cry of our first revolution was : EQUALITY OF THE CITIZENS  
IN THE EYES OF THE LAW ; UNITY OF THE LAW. The cry of our  
last revolution will be : EQUALITY OF CAPITALS IN THE EYES OF  
TAXATION ; UNITY OF TAXATION. (ibid. : 220)

#### 4 From utopian dreams back to reality : Leroy-Beaulieu

The fact that some French liberal economists proposed utopian models of the transformation of the State does not mean that they were not aware of the way the real State was actually functioning. Like Say before (see above, section 2), some of them noted the inexorable practical logic of the modern State. During the 1849-50 debates at the Société d’économie politique, for example, Dunoyer made an interesting intervention. “M. Dunoyer”, says the October 1849 Chronique of the *Journal des économistes*, “like M. Coquelin and M. Bastiat, thinks that M. de Molinari went astray . . . ; and that a competition between governmental companies is chimerical because it leads to violent fights. Now these fights would only end through force, and it is wiser to leave force where civilisation put it, with the State” (ibid. : 316). But Dunoyer recognized that, within a modern electoral State, a form of competition nevertheless takes place : a competition between political parties.

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35. After the fall of Napoléon III, another entrepreneur, Émile-Justin Ménier (1871 to 1874b), picked up Girardin’s ideas, although he gradually dropped the insurance side of the project and ended up focusing only on the tax on “capital” — provoking lively discussions at the Société d’économie politique. In 1874, his argument became close to that of Broglie : taxes represent “the overhead costs of the exploitation of the capital of the nation” (Ménier 1874a : 10).

M. Dunoyer believes . . . that competition in fact works its way into government through the interplay of the representative institutions. In France for example all the parties really compete with each other, and each of them offers its services to the public who actually chooses every time it votes. (ibid.)

In a way, this fact was also acknowledged by Molinari, who stressed its negative consequences for the actual action of the State. After the French Revolution, the formation of governments was either based on an electoral system or simply resulted from coups d'État, provoking the changeover of power between "political associations". With what result? Molinari asks :

The exploitation of the State is left to an association that, enjoying only a temporary possession, is interested to get from it, during this limited period of time, the maximum of benefits and advantages — even at the price of sacrificing the future, which does not belong to this association, for the present, which is its own. Hence the irresistible trend of growth in the attributions of the State, with all the benefits attached to their exploitation, a tendency enhanced by the necessities of the competition between the associations organized with the aim of conquering the State or having its exploitation granted to them. Moreover, the temporary administrators, whatever can be the errors, mistakes and even crimes of their administration, do not have to suffer thereof : the only risk they run is, at the end of their administration, to see the State granted to somebody else. (Molinari 1884 : 361-2; see also 388)

This line of thought was taken up and powerfully developed by Paul Leroy-Beaulieu. This author is usually remembered in public economics for his celebrated *Traité de la science des finances*, first published in 1876 (see for example Musgrave and Peacock 1958). Contrary to what happened in Germany and Italy, the use of the phrase "science des finances" was a kind of innovation in France, where the expression had a rather bad reputation, probably because the term "finance", at the level of the State, reminded people of the awful mismanagement of public finances during the Absolute Monarchy. For different reasons, the judgments of such different authors as Cherbuliez and Léon Walras for instance — who both symptomatically refer to the German term "Finanzwissenschaft" — are final and negative.<sup>36</sup> The success of Leroy-Beaulieu's

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36. In the German literature, under the heading of "science des finances", one only finds "an administrative empiricism to which it is impossible to apply the method and rigorous

*Traité*, on the other hand, established the term in the Faculties of Law.<sup>37</sup> The field of the “science des finances” is accurately defined and restricted. It only concerns the determination of the optimal management rules for all kinds of public revenues — this being said in opposition to Karl Heinrich Rau, Adolf Wagner or Lorenz von Stein.

It would have been easy to speak of the essential and secondary attributions of the State, of the functions it has to be in charge of and those it must leave to the citizens and free associations. But in our opinion this kind of research does not belong to the science of finance ; it belongs to political economy or even to politics. (Leroy-Beaulieu 1876, I : 2)

Everything that concerns public expenditure thus constitutes a distinct field of inquiry : it deals with the functions of the State and is held to be a special chapter of a treatise of political economy. But a look at Leroy-Beaulieu’s successful *Traité théorique et pratique d’économie politique* (first edition : 1896) is disappointing : his approach to the State and its functions is mainly traditional and non-innovative. In fact, Leroy-Beaulieu is convinced that to list a priori the functions of the State is an almost impossible task, because there is nothing that the State can do that cannot also be done by private associations. The opposing view results from the wrong belief that, except for the State, “nothing could be created that is not inspired by a selfish interest in the form of pecuniary interest” (Leroy-Beaulieu 1890 : 946) and that, consequently, no strictly non-profitable undertaking could be carried out by any private individual or organization. The analysis is also historical :

... each of these functions has been fulfilled, in some country and at a given period, by private persons at the same time as by the State. For instance, we know that in Spain, a private association, the Santa Hermandad, was formed to keep law and order ; in England, today, the association of Special Constables i.e., voluntary,

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language of political economy” (Cherbuliez 1848 : 387n). “Finanzwissenschaft” is just “a kind of fiscal law that will be shown by the side of Canon law in the future museums of social archaeology” (L. Walras 1896 : 408).

37. Until then only a very few books were entitled “science of finance” : Charles Ganilh’s 1825 *De la science des finances et du ministère de M. le comte de Villèle*, René Gandillot’s (a lawyer) 1840 *Essai sur la science des finances* and the latter’s 1875 *Principes de la science des finances*. In 1841, a translation of Ludwig Heinrich von Jacob’s *Staatsfinanzwissenschaft* was published : *Science des finances, exposée théoriquement et pratiquement*.

temporary and non-paid policemen, has not totally disappeared.  
(Leroy-Beaulieu 1876, I : 3 ; see also 1890 : 948-9)

The spreading of the phrase “science des finances” would be a very poor achievement indeed, were not the name of Leroy-Beaulieu worth remembering for another — unfortunately hitherto neglected — reason. In 1889 he published an important study, *L'État moderne et ses fonctions* — the outcome of his lectures at the Collège de France in 1883-84 — and, one year later, the entry “État” in the *Nouveau dictionnaire d'économie politique* edited by Joseph Chailley and Léon Say. There, far from any theoretical “dream”, he described accurately the logic and implications of the actual modern electoral State.

His real interest lies not at all in what the State should be and how it should behave according to political economy, but in what it actually is. There is nothing like an ideal State, or a “State in itself”, just as there is nothing like a “man in himself”. “Some questions cannot be confined to the absolute, and necessarily entail a relative and contingent aspect” (Leroy-Beaulieu 1889 : 4). “It seems to me that philosophers do not return to earth sufficiently” (ibid. : 2). In this perspective, Leroy-Beaulieu heavily criticizes the German authors (Rau, Stein, Wagner, Schäffle, Bluntschli) who tried to develop a theory of an ideal State, and only produced “an idolatry for the State” (ibid. : 14).

Not only do we not kneel before the idol, but we analyze the metal it is made of, and the structural defects it suffers from. May it be possible to reduce the number of its worshippers and save Western civilisation from the threat of a new servitude. (ibid. : x)

A closer look at the idol reveals a creature made of poor alloy. The “modern State” as it actually exists is a specific political structure with two basic characteristics (1889 : v-vi) : it is a democratic State based on regular elections ; and it confers substantial power to the government because of the disappearance of almost all the traditional intermediary links between the citizens and itself, such as the nobility, the Church, etc. More specifically, four major general consequences are stressed throughout *L'État moderne*.

In the first place, the State — being no abstract entity — does not think or speak by itself : it is the men in power who think and speak for the State. Now, who are they ? Ordinary men — as Say already stressed. They do not show any specific difference or superior capacity compared to other ordinary

men in society.

Experience proves that the State is a body left in the hands of certain people, that the State . . . thinks and wants only through the thought and will of the men in charge of the body. . . . Those people who succeed one another and eliminate each other more or less rapidly . . . do not have a different physical and mental structure than all other people. They do not enjoy any natural superiority, be it innate or instilled by the profession itself. The functions of the State do not necessarily enlighten the mind nor refine the hearts. The Church can teach that a weak man, when assuming priesthood, is transformed and enjoys the divine grace. A democratic society cannot claim that men in power . . . benefit from any kind of special grace and would not dare to maintain that the Holy Spirit descends upon them. (Leroy-Beaulieu 1889 : 29)

In the second place, the State is not impartial. The government is always in the hands of the party that won the last election. The modern electoral State is not an expression of a dispassionate reason or will. Rather, it amplifies all the passions and fashions prevailing in the society when elections take place. No democracy, Leroy-Beaulieu stresses, “can arrive at a conception of a general and permanent interest and give it preference over the private and transitory interests” (Leroy-Beaulieu 1889 : vii ; see also *ibid.* : 426). Moreover, the time-horizon of a government is short — four or five years. Consequently, politicians try to implement the programme for which they have been elected as fast as possible, using the law, regulations and of course public finance.

While public finance forms, at the theoretical level, an independent science, it is unfortunately, in practice, the humble servant and almost the slave of an arbitrary . . . master : politics (Leroy-Beaulieu 1876 : xx)

Thirdly, civil servants and politicians are not under the pressure of competition — this being said in opposition to Dunoyer’s suggestion that political elections could be considered as a kind of competition. They are therefore often inefficient. They tend moreover to increase their field of action — as Say noted — and, in addition, they systematically choose the most expensive policies because these are likely to win them consideration and votes from the electorate.

Finally, Leroy-Beaulieu asserted, the democratic electoral State is most often against any novel policy. Politicians, being under the pressure of all kinds

of lobbies, are induced to protect old and established interests against innovations. Such a State can only be a factor of conservatism (Leroy-Beaulieu 1889 : 431-2 ; 1890 : 951-3). In the same way, under the pressure of uneducated voters and self-interested lobbies, there is a strong incentive to protectionism and chauvinism, a marked hostility to foreign workers, and even, as a consequence, a propensity towards antisemitism (Leroy-Beaulieu 1889 : 424 & sq.).

These are only some of the consequences resulting from the constitution of the modern State. Throughout *L'État moderne et ses fonctions*, Leroy-Beaulieu carefully analyzes the various actual policies of the modern State, from the interventions in public works and colonisation to those directed at public relief, education and religion. No doubt, the book deserves a more detailed analysis. But our *tour d'horizon* of the attitudes of these 19th-century liberal economists in France would have been incomplete without mentioning it. It marks an obvious break with the main traditions of thought in public economics of the time, while at the same time representing a continuation and powerful development of a trend of thought already present in the French literature since Jean-Baptiste Say at the turn of the century.

While not always strictly rigorous and analytically coherent — but then who else could claim to be exempt from such shortcomings at that time? — the work of Say constituted a matrix from which much of 19th-century French political economy ensued. As this paper has tried to show, this is also true in the field of public economics. In very different and sometimes incompatible ways, the liberal economists analysed here — Destutt de Tracy, Dunoyer, Broglie, Molinari, Girardin, Leroy-Beaulieu — each developed certain aspects of Say's thought. With an interesting result : a variety of theoretical approaches to the nature and functions of the State — from the most utopian to the more realist — now, for the most part, part and parcel of the various current theories of the public economy.

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