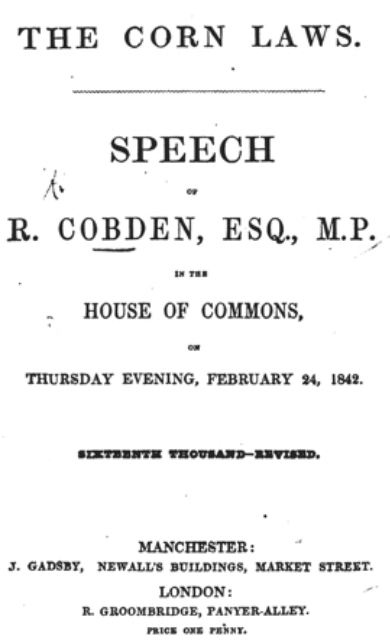
"RICHARD COBDEN: IDEAS AND STRATEGIES IN ORGANIZING THE FREE-TRADE MOVEMENT IN BRITAIN"
A DISCUSSION HELD IN JANUARY, 2015.
Online: <http://oll.libertyfund.org/pages/lm-ideas>
Ebooks: <http://oll.libertyfund.org/titles/2663>.

Richard Cobden (1804-1865)



THE CORN LAWS.

SPEECH

OF

R. COBDEN, ESQ., M.P.

IN THE

HOUSE OF COMMONS,

ON

THURSDAY EVENING, FEBRUARY 24, 1842.

SIXTEENTH THOUSAND—REVISED.

MANCHESTER:
J. GADSBY, NEWALL'S BUILDINGS, MARKET STREET.
LONDON:
R. GROOMBRIDGE, PANYER-ALLEY.
PRICE ONE PENNY.

Title page of a mass distribution copy of a speech given by Cobden in the House of Commons on Feb. 24, 1842.

Summary

Today it is easy to be despondent about the prospects of bringing about radical change in public policy or the political and social order. Policies that are widely recognized to be foolish and self-defeating (such as the "war on drugs") seem to be immoveable. There are a plethora of analyses of faults in policy or in political institutions, but most of these lack the crucial ingredient of a plausible way of getting from A to B, from where we are now to somewhere better. However, history gives us a number of counterexamples that should lead us to think more carefully about how to understand both the need for certain kinds of political change and the ways of achieving this. One of the most striking of these counterexamples is the career of Richard Cobden and in particular the way that he pioneered forms of advocacy and organization in the Anti-Corn Law League in the late 1830s and early 1840s that were highly effective in his own time, had long-lasting effects, and are still relevant today. The Lead Essay has been written by Stephen Davies who is education director at the Institute of Economic Affairs in London. The commentators are Gordon Bannerman who is a freelance writer and researcher, Professor Anthony Howe who is professor of modern history at the University of East Anglia, and Sarah Richardson who is associate professor of history at the University of Warwick.

About *Liberty Matters* and the Online Library of Liberty

“Liberty Matters” is a project of Liberty Fund, Inc. which is part of the Online Library of Liberty website. Every two months we ask a leading scholar to present an argument on a particular topic “pertaining to liberty” in a “Lead Essay” and to develop this argument at some length. The “Lead Essay” is posted in the first week of the month. Three or four other scholars will respond to this essay in slightly shorter “Response Essays” during the second week of the month.

Once all these ideas and arguments are on the table an open discussion between the various parties takes place over the course of the following weeks. At the end of the month the online discussion is closed.

We plan to have discussions about some of the most important online resources which can be found of the Online Library of Liberty website. We will link to these resources wherever possible from the essays and responses of our discussants so our reader can find out more about the topic under discussion.

The complete collection of Liberty Matters can be found here <http://oll.libertyfund.org/pages/liberty-matters>.

EBook versions of these discussions in PDF, ePub, and Kindle formats can be found at <http://oll.libertyfund.org/titles/2516>.

About the Online Library of Liberty and Liberty Fund

The Online Library of Liberty is a project of Liberty Fund, Inc., a private educational foundation established in 1960 to encourage the study of the ideal of a society of free and responsible individuals. The OLL website has a large collection of books and study guides about individual liberty, limited constitutional government, the free market, and peace.

- Liberty Fund: <www.libertyfund.org>.
- OLL: <oll.libertyfund.org>.

The Debate

Lead Essay: Stephen Davies, "Richard Cobden: Ideas and Strategies in Organizing the Free-Trade Movement in Britain" [Posted: Jan. 5, 2015]

Responses and Critiques

1. Anthony Howe, "Why Couldn't Cobden Replicate His Anti-Corn Law Success?" [Posted: Jan. 6, 2015]
2. Gordon Bannerman, "Cobden's Single-Issue Politics" [Posted: Jan. 7, 2015]
3. Sarah Richardson, "What Next, and Next? The Cobden Moment: Fleeting or Fundamental?" [Posted: Jan. 7, 2015]

The Conversation

1. Stephen Davies, "Are Other Cobdens Out There?" [Posted: Jan. 9, 2015]
2. Anthony Howe. "How Permanent Was Cobden's Influence?" [Posted: Jan. 11, 2015]
3. Gordon Bannerman, "The Continuing Relevance of Cobdenite Internationalism" [Posted: Jan. 12, 2015]
4. Sarah Richardson, "Peace Through Trade – Cobden's Lasting Legacy" [Posted: Jan. 13, 2015]
5. Gordon Bannerman, "Richard Cobden: Impact and Legacy" [Posted: Jan. 15, 2015]
6. Stephen Davies, "What Cobden Has Wrought" [Posted: Jan. 16, 2015]
7. Sarah Richardson, "Manchester or Midhurst?" [Posted: Jan. 19, 2015]
8. Gordon Bannerman, "Richard Cobden: Further Thoughts and Future Prospects" [Posted: Jan. 20, 2015]
9. Anthony Howe, "Cobden and the People: Then and Now" [Posted: Jan. 20, 2015]
10. Gordon Bannerman, "Cobden, Commerce, and Empire" [Posted: Feb. 1, 2015]
11. Sarah Richardson, "Cobden and Communication" [Posted: Feb. 1, 2015]

About the Authors

Stephen Davies is education director at the Institute of Economic Affairs in London. Previously he was program officer at the Institute for Humane Studies (IHS) at George Mason University. He joined IHS from the United Kingdom, where he was senior lecturer in the department of history and economic history at Manchester Metropolitan University. He has also been a visiting scholar at the Social Philosophy and Policy Center at Bowling Green State University, Ohio. A historian, he graduated from St. Andrews University in Scotland in 1976 and gained his Ph.D. from the same institution in 1984. He has authored several books, including *Empiricism and History* (Palgrave Macmillan, 2003), and was coeditor with Nigel Ashford of *The Dictionary of Conservative and Libertarian Thought* (Routledge, 1991).

Gordon Bannerman is a freelance writer, researcher, and tutor. He received his Ph.D. from King's College London in 2005 having previously studied modern history at the London School of Economics and King's College London. He has previously taught modern British history at the London School of Economics, Dundee University, and King's College London. Dr. Bannerman's research interests include the "fiscal-military State" of 18th-century Britain, political radicalism in 19th-century Britain, and 20th-century international history. He has coauthored and coedited (with Cheryl Schonhardt-Bailey and Anthony Howe) two volumes of a four-volume document-based collection, *Battles over Free Trade: Anglo-American Experiences with International Trade, 1776-2006*, (London: Chatto & Pickering, 2008). He has also written the entry "Free Trade" for *European History Online* (2013; <www.ieg.ego.eu>) as well as a number of biographical entries for *The Encyclopaedia of Modern Political Thought* (CQ Press, 2013). His latest publication is "The Free Trade Idea" in *The Oxford Handbook of the Politics of International Trade*, ed. Lisa Martin (Oxford University Press) to be published in March 2015. Dr. Bannerman also served as Research Officer for The Letters of Richard Cobden project at the University of East Anglia.

Professor Anthony Howe, MA, D.Phil (Oxon), FRHistS, was educated at the University of Oxford (Wadham and Nuffield Colleges) and was a lecturer at Oriel College, Oxford, before moving to the department of international history at the London School of Economics (1983-2003). Since 2003 he has been professor of modern history at the University of East Anglia. His publications include *Free Trade and Liberal England, 1846-1946* (Oxford, 1998) and *Rethinking Nineteenth-Century Liberalism: Richard Cobden Bicentenary Essays* (with Simon Morgan) (2006). Since 2003 he has been the main editor of *The Letters of Richard Cobden (1804-65)*, the fourth and final volume of which will be published in August 2015, marking the 150th anniversary of Cobden's death. He is also working on an international history of free trade from Adam Smith to globalisation.

Dr. Sarah Richardson is associate professor of history at the University of Warwick. She received her PhD from the University of Leeds. Her work focuses on the political history of Britain in the 19th century and her most recent monograph is *The Political Worlds of Women: Gender and Political Culture in Nineteenth-Century Britain* (2013) where she assesses the varied and complex relationships between gender and political culture in the period before female suffrage. She has also written 'Women, Philanthropy and Imperialism in Nineteenth-century Britain' (2008); '"You know your father's heart". The Cobden sisterhood and the legacy of Richard Cobden' (2006); and co-edited with Anna Clark the 6 volume collection on *The History of the Suffrage, 1760-1867* (Pickering Chatto, 2000).

Additional Reading

- Online Resources
- Works Mentioned in the Discussion

LEAD ESSAY: Stephen Davies, "Richard Cobden: Ideas and Strategies in Organizing the Free-Trade Movement in Britain" [Posted: Jan. 5, 2015]↩

Today it is easy to be despondent about the prospects of bringing about radical change in public policy or the political and social order. Policies that are widely recognized to be foolish and self-defeating (such as the "war on drugs") seem to be immoveable. There are a plethora of analyses of faults in policy or in political institutions, but most of these lack the crucial ingredient of a plausible way of getting from A to B, from where we are now to somewhere better. Moreover, there is now an entire literature in economics and political science to tell us that this is inevitable. The incentives facing ordinary people mean that politics will always be dominated by a small number of wealthy and privileged people (political "investors");[1] the lack of impact any one voter can have means that it is rational to be ignorant, ill-informed, and apathetic;[2] the way that the benefits of policy are concentrated while the costs are widely dispersed means that the advantage is always with special interests rather than the general interest.[3] It is no surprise that the judiciary is now the favored route for political action on all sides of current debate.

However, history gives us a number of counterexamples that should lead us to think more carefully about how to understand both the need for certain kinds of political change and the ways of achieving this. When we do this we will realize that while the obstacles to change are still formidable, we can be much more optimistic and, more importantly, more effective. One of the most striking of these counterexamples is the career of Richard Cobden and in particular the way that he pioneered forms of advocacy and organization that were highly effective in his own time, had long-lasting effects, and are still relevant today.

The main features of Cobden's career in Victorian politics are well known. He was a member of Parliament from 1841 to 1857 and again from 1859 to his death in 1865. During this time he was regarded as a leading political figure and was offered government office on at least two occasions. In 1860 he acted as the British government's representative in negotiating a free-trade agreement between Britain and France. Despite this, he was always a political outsider rather than a member of the inner circle, and saw himself as such. He was, however, associated with one of the great dramas of Victorian politics, the ultimately successful campaign to repeal the Corn Laws, fought between 1838 and 1846. This was more than just a change in trade policy. It meant a fundamental shift in the longer term in the fiscal basis of the British state and both symbolized and brought about a decisive move from one kind of political economy to another. There had been steady movement in this direction for some time, since the 1820s in fact, but this was still a critical moment.

Moreover, anyone who looked at British politics in 1838 with the benefit of the kind of present-day analysis described above would have decided that the odds against moving to a general policy of free trade and repealing the Corn Laws in particular were overwhelming. With a restricted franchise the control of politics and government by a privileged class was apparently stronger then than now. The obstacles and disincentives for political organization and activism by the mass of the population were also apparently more severe than they are today. The special interest that gained from agricultural protectionism (much of the landed aristocracy) was both concentrated and enormously powerful since it directly or indirectly controlled both houses of Parliament. Finally, the case for protectionism was part of a more general ideological defense of the status quo that still had a hegemonic position, despite the great reforms that had taken place since 1829.

Despite all of this, the Corn Laws were repealed. What also happened was a decisive ideological shift in the way that trade and exchange were understood. This became embedded in British popular culture to a remarkable degree, as the work of Frank Trentmann shows, which meant that the effects of the repeal were far more extensive than a simple change in trade policy.[4] Why, though, did this happen? One reason was the personal qualities of Cobden himself, his extraordinary ability as an organizer and innovator in political organization, campaigning, and education. His personal capacity, however, was effective because it was inspired by a particular kind of intellectual analysis, one that not only identified bad policy and the reasons for it while proposing an alternative, but also suggested how to bring about change. In other words, Cobden's thinking contained not only a clear sense of present evils and the alternative but also a worked-out theory of how to get from A to B that was an inherent part of the analysis itself rather than a tactical afterthought. Finally there were structural changes in British society at this time, both technological and social, that made this easier than would have been the case a hundred years before. The question for ourselves is whether there was something historically specific about Cobden's success, dependent upon the particular circumstances of his times, or alternatively that his methods and analysis are still applicable.

The crucial point to grasp is that Cobden's decision to organize and run a campaign to repeal the Corn Laws was tactical and derivative rather than primary. In other words it was a consequence of a more general perspective and was chosen as being the most effective action rather than as an end in itself.

What, though, was that perspective?

Cobden's central ideas were not commonplaces and had a definite "oppositional" quality to them, but they were also widespread among people of all social ranks. They had been developed and articulated by a range of thinkers over the previous two generations. Much of this had been done by economists, and it is easy to see this as a narrowly economic way of thinking. Certainly Ricardo's theory of comparative advantage and the consequent benefits of free trade was a crucial part of the arguments of Cobden and others. However, as reading of the speeches and pamphlets of the time will show, purely economic theses as we would understand them were embedded in and incorporated into a wider kind of analysis, and it was this kind of political economy that generated an understanding of what to do in order to change things.

One obvious element was the (accurate) perception that government and its power was used by sectional interests to benefit themselves at the expense of the wider community. Government as it was at the time was understood as being simply the creature of special interests. In her life of Cobden, Wendy Hinde quotes the economist Robert Torrens as saying about the proposed Corn Law in 1815: "It would be tantamount to laying a tax upon bread, for the purpose of pensioning off the landed aristocracy. It would be nothing better than legalized robbery, taking money out of the pockets of the poor and industrious, in order to lavish it on the idle and the rich."[5] This was very much the view of Cobden and his colleagues in the Anti-Corn Law League.

However, the understanding went deeper. The key insight was that government power was also the *creator* of special interest and privilege.

The key terms in the Torrens quote are “industrious” and “idle” as the defining features of two kinds of social entity. On the one side were the “industrious classes,” those who created wealth and gained income by work and exchange. On the other were the “idle classes,” which acquired wealth and income through force and the use of political power. The problem for Cobden and his allies was not a particular policy per se but rather the nature of government and the way it created a privileged class that then used it to support itself, both directly through things such as state pensions and employment, and indirectly by effective income transfers such as those brought about by the Corn Laws. In other words the real problem was aristocratic government, and agricultural protectionism was one part of that system.

This insight also explained the connections between trade policy and other areas. Free trade was seen as promoting peace, and protectionism war, for a number of reasons and not just because greater trade relations would lead to mutual dependency and greater personal contact between the inhabitants of rival states, important as those arguments were. War, the organized use of violence, was seen as both the ultimate source of aristocratic power and an important source of support. Cobden’s colleague John Bright captured this when he described British foreign policy and the wars it had led to as “an enormous system of outdoor relief for the aristocratic classes.”[6] Thus to undermine the economic power of the aristocracy and its ability to extract rents from the rest of society would also reduce its ability to maintain the war system of excessive armaments and secret diplomacy combined with regular panics about foreign threats. For Cobden this was actually the main benefit to be got from free trade, even over the enormous economic gains that would result.

The other key element in Cobden’s thinking was the idea that all government ultimately rested not upon force but on opinion (as Hume had put it). In other words, the key thing was the beliefs of the mass of the population as to the rightness or otherwise of political institutions and current policy. The innovation in thinking about this was the concept of “public opinion,” which came into being in Cobden’s own early life. As defined by authors such as William McKinnon in 1828, public opinion was the settled view and understanding of the educated part of the population (which meant that its scope could be enlarged by education, whether formal or informal) and was formed by public discussion and conversation through a number of media, including the early forms of what we would now call the “mass media.”[7] For Cobden and others this public opinion could be and often was formed and manipulated by elites through official propaganda and the stirring up of panics, but it could also be shaped by organized action on the part of private individuals. If public opinion was moved decisively, then certain kinds of institution and policy would simply become unsustainable or impossible to advocate successfully, while policy could also be moved actively in a different direction.

This explains why Cobden thought, as he said to a correspondent in 1836, “The Corn Laws are only part of a system in which the Whig and Tory Aristocracy have about an equal interest. The Colonies, the Army, Navy and Church, are, with the Corn Laws, merely accessories to our aristocratic government.”[8]

Why then decide to launch a campaign to repeal the Corn Laws rather than to attack the system as a whole or some other part of it? Cobden’s own correspondence shows that he considered other targets but decided on the Corn Laws because, firstly, their repeal would have far-reaching effects beyond the obvious ones (such as a decline in the price of bread and an increase in prosperity). Even more importantly, he felt that they were the weak point in the aristocratic fortress and thus a campaign on this subject was winnable. The reason was that this was a subject that directly affected and interested a huge and diverse range of people. Consequently it would be possible to extend and even in some sense create public opinion on the subject of free trade and protection (with the Corn Laws as a proxy for the general argument) in a way that would redefine the range of political possibilities. What this meant was that the key strategy had to be to create, inform, and mobilize public opinion rather than to make arguments within Parliament or to seek to influence or persuade the elite. (Not that he was averse to either of these, but they were seen as supportive rather than as primary.) This in turn meant there were practical activities that would bring this about.

It was here, in devising the kinds of activity that would bring about a revolution in opinion, that Cobden’s practical organizing genius became apparent. There had been campaigns before, and there were others going on at the same time, most notably the campaign for the People’s Charter, but these were not as effective as the Anti-Corn Law agitation. If we look at the amazing range of activities that Cobden and his colleagues engaged in over the eight years between 1838 and 1846, we can see it as having two main aspects. The first was the project itself. While the goal was the immediate and total repeal of the Corn Laws, the means was through what became known as “pressure from without,” that is, not by lobbying or seeking to directly influence the elite.[9] This pressure, however, was not to be created through the implicit or explicit threat of disorder or large public demonstrations and aggressive demands (which were the methods of the dominant faction among the Chartists or later Irish Nationalists). Rather it was done by creating and informing public opinion. This was done by creating and then propagating a series of arguments, narratives, and images that were then picked up and internalized not only by those who were already interested or involved but also others who had previously not been concerned. To use a current term, me may think of this as being the creation and propagation of a set of “memes.”

The important point is that this was not just aimed at the “political nation,” i.e., those who had the vote. Rather the idea was to create a set of settled convictions, beliefs, and opinions that could be articulated in a range of common arguments and be triggered by widely recognized narratives and images; these would be held by a very large part of the population most of whom could not vote. What this would do first, it was hoped, would be to press the entire “political nation” (and not just the part of it that actually sat in Parliament) to change its policy, partly through its becoming actually persuaded and partly through a feeling that the existing policy was not sustainable because ordinary people would simply not cooperate with it. Secondly, to the extent that this became settled it would constrain the range of policy options by making the entire policy of protectionism and all it implied impossible to take seriously as an option.

Illustration 12: ACLL Badge or Button Illustration 13: ACLL Medallion

A button or badge which is probably made of wood or cardboard and which states: "No Corn Laws. We demand Total & Immediate Repeal." The call for immediate and total abolition was a deliberate strategic decision rather than agitiating for partial reform.

Medallion of the National Anti-Corn Law League. The symbol of the sheaf of wheat was commonly used by the ACLL in its propaganda.

[More images about the Anti-Corn law League]

This was done through a massive campaign of both education and activism. Here Cobden and his colleagues on the League Council created or perfected a whole range of methods of political mobilization and activism. These included the systematic use of mass public meetings, the use of paid and trained lecturers and public speakers, the creation of a national membership organization with local branches, the use of paid memberships and subscriptions to raise large sums of money from large numbers of geographically dispersed small donors, the use of membership lists to keep in contact with people and to identify activists, and organized education through lectures. But even more importantly, the campaign pressed its case through the production on a large scale of pamphlets and leaflets, making use of literature such as the poetry of Ebenezer Elliot,[10] using large-scale social events such as bazaars both to raise funds and to build and strengthen networks and personal contacts, and taking advantage of political events such as by-elections as a political platform.[11]

Looked at analytically, what Cobden and the League did was to educate a large number of people in a way that created an active and engaged public opinion and at the same time, by the very way this was done, to make that public opinion more effective. This was done by mobilizing people and connecting and networking them, and above all by reducing the cost of political participation in a way that enabled a dispersed, diverse, and large group of people, each of whom had a definite but small interest, to cooperate and contribute. The fact that they were a large and general group rather than a specific and concentrated one was actually an advantage once these organizational innovations had made it possible to do this at a reduced cost.

All of this raises some interesting questions. First of all, did it actually work? Some would argue that it was in fact the conversion of members of the elite, above all Peel, that was crucial, rather than mass campaigning. There are two responses to this: firstly, while Peel's change of mind probably was a matter of genuine intellectual conversion, the shift in position of others such as Lord John Russell was more due to the effect of "pressure from without." Secondly, the real effect of the campaign was felt not just in 1846 but in the longer run. What resulted was what Trentmann describes: a popular culture in which free trade had a central place and was seen as a moral imperative. This remained the case for a long time, so that when Joseph Chamberlain tried to overturn it between 1903-6 (using exactly the same methods as Cobden) the result was an electoral disaster for his party.

On the other hand, Cobden was less successful in his great endeavor after the repeal of the Corn Laws, namely, his involvement in the organized Peace Congresses in the 1840s and 1850s. Here a similar strategy failed to bring about a shift in public thinking, and he and Bright were both decisively rebuffed with the outbreak of the Crimean War. This may suggest that there was something contingent or particular about his previous success.

Another question is the one posed at the start. Was there something peculiar about Cobden's own time that made this possible, and is it possible now? Certainly there were a range of structural developments that made this kind of action much easier, of which the most important were reductions in the cost of travel and communication via the mail, and the appearance of the cheap press and other publications. Conversely, in the course of the 20th century a number of developments raised the cost of political organization and made this kind of campaign more difficult for private actors while expanding the capacity of governments. Among these we may note the rise of electronic mass media such as radio and television and the rise (due to deliberate political choice in many cases) of suburbia as the principal living arrangement. On the other hand, it may well be that, even if that point is granted, current developments such as social media are once again reducing the costs of political mobilization. What is lacking is rather the kind of organizational skills that Cobden had and a systematic body of thought that connects theory, analysis, and action.

End Notes

[1.] See, Ferguson, Thomas. *The Investment Theory of Party Competition and the Logic of Money-Driven Political Systems*. University of Chicago Press, 1995. Chicago, IL.

[2.] See Bryan Caplan, *The Myth of the Rational Voter: Why Democracies choose bad Policies* (Princeton : Princeton University Press, 2007).

[3.] See Tullock, Gordon. *The Vote Motive* Institute of Economic Affairs, 2006 (1st ed 1976). London

[4.] See, Trentmann, Frank. *Free Trade Nation: Commerce, Consumption, and Civil Society in Modern Britain*. Oxford University Press, 2008. Oxford.

[5.] Hinde, Wendy. *Richard Cobden* Yale University Press, 1987. London., p, 61.

[6.] See the quote of the week <http://oll.libertyfund.org/quotes/388> "John Bright calls British foreign policy “a gigantic system of (welfare) for the aristocracy” (1858)" from John Bright, *Selected Speeches of the Rt. Hon. John Bright M.P. On Public Questions*, introduction by Joseph Sturge (London: J.M. Dent and Co., 1907). <http://oll.libertyfund.org/titles/1658#Bright_0618_365>.

[7.] See, McKinnon, William Alexander. *On the Rise, Progress and Present State of Public Opinion in Great Britain and Other Parts of the World* London, 1828.

[8.] Hinde, *Richard Cobden*, p. 61.

[9.] See, Hollis, Patricia (ed). *Pressure From Without in Early Victorian England*. Edward Arnold, 1974. London.

[10.] Ebenezer Elliot was known as the "corn-law rhymer". See, *The Poetical Works of Ebenezer Elliott, the Corn-Law Rhymer* (Endinburgh: William Tait, 1840). Especially the "Corn-Law Hymns No. I to XX," pp. 167-73. Dedicated to Thomas Hodgskin.

[11.] See, Edsall, Nicholas. *Richard Cobden: Independent Radical*. Harvard University Press, 1986. Cambridge, Mass., especially chapter 11.

RESPONSES AND CRITIQUES↩

1. Anthony Howe, "Why Couldn't Cobden Replicate His Anti-Corn Law Success?" [Posted: Jan. 6, 2015]↩

> "I am not sanguine as you know about the success of any effort to recall to the attention of the public the details of our long agitation – I doubt the possibility of any body making the history an interesting one. In fact, it is not a pleasant chapter to go over again in all its minutiae; for it was but a blundering unsystematic series of campaigns, in which we were indebted for our success to the stupidity of our foes, & still more to the badness of their cause.' --Richard Cobden to Archibald Prentice, 13 September 18523. [12]

Cobden's own comment on the history of the Anti-Corn Law League suggests that he was less certain about the roots of his own success than Davies's careful reconstruction of his ideas and strategy implies. Nevertheless, in combating the Corn Laws, not only did Cobden benefit from the weakness of the protectionist cause, but unlike those seeking change today, he also rode the wave of recent political activism. For following the Reform Act of 1832, the 1830s in Britain had seen a revolution in political participation with the emergence of a vastly increased electorate, local party politicization, and the revitalization of municipal government, whose councils were in effect the "soviets of the bourgeoisie." (Hence Cobden began political life as "Alderman Cobden of Manchester.")

Inspired by the successful antislavery movement, a huge number of pressure groups were also already in action seeking goals as diverse as temperance, disestablishment of the Church of England, and the repeal of the Union with Ireland. The free-trade movement also existed at various levels – within the bureaucracy, the Political Economy Club, and in various localities -- while the Manchester Anti-Corn Law Association from which the League sprang existed independently of Cobden. Indeed he had been absent in Germany when it was formed.[13] Cobden's success lay therefore in harnessing growing activism to a better-focused free-trade movement, although all this may have been unnecessary had the Liberal Tory William Huskisson (1770-1830), often deemed the father of free trade, succeeded in the late 1820s in his planned reform (possibly even abolition) of the Corn Laws.

Cobden's own animus against the Corn Laws did, as Davies argues convincingly, stem from his wider intellectual outlook, but it is useful to recall that this was originally expressed in his pamphlets on foreign policy in the mid-1830s,[14] designed to attack reliance upon the bogey of the "balance of power" to justify expensive entanglements abroad, which in turn served only to benefit the few at the cost of the many. Significantly these tracts were published under the sobriquet of "A Manchester manufacturer." This was important, for Cobden remained an outspoken representative of the entrepreneurial classes, seeking to free industry from the exactions of the aristocratic state, although his own rural roots added a strong strain of radical hostility to landlordism or "territorialism."[15] But Cobden's anti-aristocratic sentiment ran through his entire career, fueling inter alia his campaigns for peace and the reform of foreign policy, his opposition to colonial expansion, and his campaigns for financial and land reform. Here in many ways therefore he held to a consistent worldview which directed his efforts at reform.[16] This therefore leads us to the question Davies rightly asks – was his success over the Corn Laws "contingent" upon other factors -- and to the question Davies prompts but does not answer – why did Cobden's later campaigns fail to replicate the success of his anti-Corn Law campaigns? Why did his single-minded strategy work over the Corn Laws but not over land, peace, and foreign policy.

Illustration 11: Membership Cards for the National ACLL

An example of a Membership Card for the National Anti-Corn Law League:
Above: a membership card for "John Lomas", no. 1,362, which shows a poor family eating dear bread (protection) and a prosperous family eating cheap bread (free trade). They are separated by the ACLL symbol of a sheaf of wheat, beneath a banner which says "He that withholdeth corn, the people shall curse him."

[See more images of Cobden and the Anti-Corn Law League].

Interestingly Cobden himself used the success over the Corn Laws to formulate in effect a seven-year model of successful reform, combining the education of opinion, pressure from without, and parliamentary campaigning: “We must serve our apprenticeship in these great legislative measures … and it is well we have to do so, for if we were to succeed too soon we should not consider our advantages worth preserving.” (*Morning Post,* 27 November 1849) Why did he not successfully put this into subsequent practice? One cardinal rule he emphasized in the case of the League was single-issue politics, a clear decisive legislative goal. This proved far more difficult in later radical campaigns when goals were often confused, for example, financial and parliamentary reform in the late 1840s. Nor did later reforms lend themselves to such well-orchestrated social support – Cobden often referred to the League’s success as that of “a middle class set of agitators,”[17] with the cotton masters of northern England (of whom Cobden was one) providing the spearhead and the vast majority of its funds while using the Corn Law issue to assert their presence and identity within the political system.[18] Virtually all later reforms fragmented rather than united the middle classes. Thus education, to which Cobden attached huge importance, immediately fell victim to the church and chapel consciousness of the Victorians, with the fissure between the Church of England and the serried ranks of Dissenters and Catholics proving a fatal obstacle to reform. Over land reform, the direct assault of the bastion of the aristocracy, the middle classes as urban property owners remained indifferent, or alternatively, as nouveaux riches aspiring to their own landed estates, became hostile.

On major issues of foreign policy, especially the Crimean War, Cobden felt isolated from the patriotism of the many, fed he believed by the war-mongering martial spirit inculcated by the elite. Even before the end of the Crimean war the Radicals Cobden and Bright appeared as “generals without armies.” Against this background, despite his efforts to cultivate public opinion, Cobden remained unable to recreate the enthusiasm generated by the anti-Corn Law movement, which remained the outstandingly successful reform pressed from without. Equally, following the suggestion in the quotation from Cobden above, we may surmise that other causes were both “better” in themselves and better defended, for example, the case for the reform of international maritime law, where Cobden found J. S. Mill among his leading opponents.[19] Interestingly other reforms with which Cobden was identified, for example, the important introduction of limited liability in 1855, seemed to pass without great visible external pressure, while the highly important repeal of the taxes on knowledge (completed in 1861) has passed almost unnoticed by historians until recently.[20] In later life Cobden lost confidence in his own ability to orchestrate reform from without, but he also looked in vain for the new generation to succeed him. Perhaps the greatest “missed opportunity” lay in terms of the peace movement, where Cobden had the capacity to unite the disparate strands of utilitarian pacifist and religious opposition to war.[21] Yet here too the context remained unfavorable to success as war enveloped the Near East, Italy, and the United States.

This therefore left repeal of the Corn Laws as the chief achievement of Cobden’s career. Although he rightly took great satisfaction from the 1860 Anglo-French commercial treaty, this had been achieved by working within the political system, although Cobden’s purpose was still to use foreign economic policy in order to subvert aristocratic rule, a consistency of ideas although not of strategy. This also helped cement the gains of the 1840s, and here, while Davies rightly points to the long-term impact of repeal, repeal in itself, while necessary, was not sufficient for Britain’s becoming the free-trade nation.[22] Not only was the memory of repeal carefully orchestrated in popular history and memory, but institutions such as the Cobden Club[23] worked avidly to cement this legacy, which was also central to the popular politics of the Liberal party under Gladstone. In this way later challenges of “Fair trade” and tariff reform were defeated by the deep-rootedness of the popular loyalty to free trade created after 1846.[24]

Finally, as to context, the repeal movement undoubtedly benefited from the new postal facilities of the 1840s, but free trade was also part and parcel of the wider communications revolution in which the railways, the telegraph, canals, and steam shipping reduced time and distance and sustained trade and capital flows within the world economy. Here the third quarter of the 19th-century proved to be a period of considerable globalization, of which Cobden himself was an optimistic proponent, believing that all nations might be united by trade, that imperial power was unnecessary as were wars, and that popularly governed nations, on the model of the United States, would have “no foreign politics.”[25] This vision was already under threat before his death 150 years ago; whether it is capable of resurrection in a new age of globalization will certainly require at the very least an individual of supreme organizational skills and systematic thought, but might be expected more readily to emerge within institutions (of which Cobden himself was profoundly suspicious) devoted to global governance.

Endnotes

[12.] See, Howe, Anthony, ed. *The Letters of Richard Cobden Volume 2 1848-1853* (Oxford, 2010).

[13.] See, Howe, Anthony, ed. *The Letters of Richard Cobden, Volume 1 1815-1847* (Oxford, 2007) .

[14.] See Cobden, *England, Ireland, and America* (1835) <http://oll.libertyfund.org/titles/82#lf0424-01_head_007> and Russia (1836) <http://oll.libertyfund.org/titles/82#lf0424-01_head_015>.

[15.] See, Howe, Anthony, *Free Trade and Liberal England, 1846-1946* (Oxford, 1997) .

[16.] See, Cain, Peter, “Capitalism, War, and Internationalism in the Thought of Richard Cobden,” *British Journal of International Studies 5* (1979), 229-47.

[17.] See for example, "Our opponents have been fond of telling us that this is a middle-class agitation. I do not like classes, and therefore have said that we are the best of all classes; but this I believe, that we have enough of the middle class, and the propertied portion of the middle class, to beat the landlords at their own game in all the populous counties in England." in Richard Cobden, Speeches on Questions of Public Policy by Richard Cobden, M.P., ed. by John Bright and J.E. Thorold Rogers with a Preface and Appreciation by J.E. Thorold Rogers and an Appreciation by Goldwin Smith (London: T.Fisher Unwin, 1908). 2 volumes in 1. Vol. 1 Free Trade and Finance. "Speech on Free Trade XIII. London, Dec. 11, 1844." <http://oll.libertyfund.org/title/927#Cobden_0129.01_399>.

[18.] See, Howe, Anthony, “The ‘Manchester School’ and the Landlords,” in M. Cragoe and P. Readman eds. *The Land Question in Britain, 1750-1950* (Basingstoke, 2010).

[19.] See, Varouxakis, Georgios, *Liberty Abroad: J. S. Mill on International Relations* (Cambridge, 2013).

[20.] See, Hewitt, Martin, *The Dawn of the Cheap Press in Victorian Britain* (London, 2014).

[21.] See, Ceadel, Martin, "Cobden and Peace," in Anthony Howe and Simon Morgan, eds., *Rethinking Nineteenth-Century Liberalism: Richard Cobden Bicentenary Essays* (Aldershot, 2006) .

[22.] See, Trentmann, Frank, *Free Trade Nation* (Oxford, 2008).

[23.] See, Howe, Anthony, *Free Trade and Liberal England, 1846-1946* (Oxford, 1997).

[24.] See, Howe, Anthony, "Free trade and its Enemies," in M. Hewitt ed. *The Victorian World* (London, 2012).

[25.] "We know of no means by which a body of members in the reformed House of Commons could so fairly achieve for itself the patriotic title of a national party, as by associating for the common object of deprecating all intervention on our part in continental politics. Such a party might well comprise every representative of our manufacturing and commercial districts, and would, we doubt not, very soon embrace the majority of a powerful House of Commons. At some future election, we may probably see the test of "no foreign politics "applied to those who offer to become the representatives of free constituencies. Happy would it have been for us, and well for our posterity, had such a feeling predominated in this country fifty years ago! " in "Part I. England" in *England, Ireland, and America* (1835), in Richard Cobden, *The Political Writings of Richard Cobden, with a Preface by Lord Welby, Introductions by Sir Louis Mallet, C.B., and William Cullen Bryant, Notes by F.W. Chesson and a Bibliography,* vol. 1, (London: T. Fisher Unwin, 1903). <http://oll.libertyfund.org/titles/82#Cobden_0424-01_331>.

2. Gordon Bannerman, "Cobden's Single-Issue Politics" [Posted: Jan. 7, 2015]↩

The illuminating essay by Stephen Davies clearly identifies the strengths in Richard Cobden's intellectual armoury. Practical business experience, foreign travel, and wide reading all contributed towards his great political acumen, along with his ability to vibrantly assert and convey a coherent set of principles encompassing a progressive worldview. These intellectual attributes marked Cobden out as a unique figure outside the mainstream of political opinion, most definitely a "Victorian outsider." Equally, Cobden's advocacy of commercial liberalism and free exchange has led to his being known as "the International Man."[26] It was particularly appropriate and just recognition of the importance Cobden placed on freedom in international commerce as the facilitator and driver of economic growth, international peace, and more philosophically, the progress of ethical values and human civilization. Cobden built on Herbert Spencer's distinction between "militant" and "industrial" societies:[27] the former organized primarily for war with free reign for militarism and aggressive instincts, while the latter sublimated these instincts in work and commerce: civilized, peaceful activities which contributed towards wealth-creation.[28] Here was the broad basis for the division between "productive" and "idle" classes which permeated Cobden's social theory.

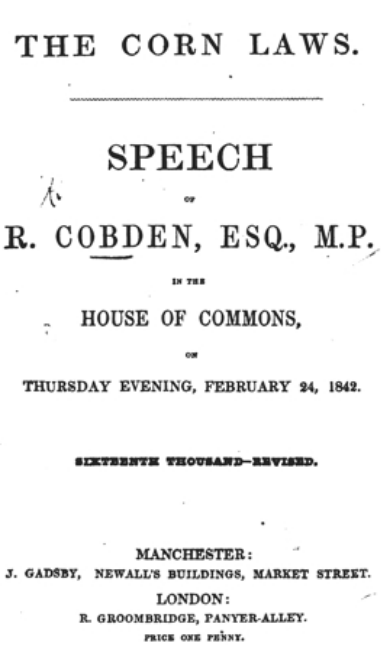
Cobden first came to public prominence as the author of two pamphlets, *England, Ireland, and America* (1835) and *Russia* (1836) under the (significant) pseudonym "A Manchester Manufacturer."[29] Foreign policy and nonintervention were Cobden's main concerns early in his career, and his opposition to traditional balance-of-power diplomacy was expressed in vigorous but disarmingly plain terms:

> Those who, from an eager desire to aid civilization, wish that Great Britain should interpose in the dissensions of neighbouring states, would do wisely to study, in the history of their own country.… To those generous spirits we would urge, that, in the present day, commerce is the grand panacea, which, like a beneficent medical discovery, will serve to inoculate with the healthy and saving taste for civilization all the nations of the world.[30]

Although often viewed as a highly progressive and modern thinker, elements of Cobden's thought clearly owed something to the oppositional 18th-century "Country" tradition.[31] Yet, while there were many different aspects to Cobden's thought, and his radical ideas were developed and refined over time, the fundamental principles he advocated in the 1830s remained largely intact throughout his life.[32] Before taking his message to the world Cobden had to convince his own countrymen of the desirability of free trade. The notion of greater commercial freedom had a long history in Britain, with abortive moves towards liberalization in the 1780s, and a more systematic implementation of freer trade by reciprocal commercial treaty arrangements promoted by Huskisson in the 1820s. Despite these steps, protectionism remained entrenched within the British body politic, for fiscal and political reasons which had evolved over centuries.

Illustration 16: A mass produced copy of one of Cobden's Speeches in the House

Illustration 17: TP of a presentation copy of key ACLL literature



THE CORN LAWS.

SPEECH

OF

R. COBDEN, ESQ., M.P.

IN THE

HOUSE OF COMMONS,

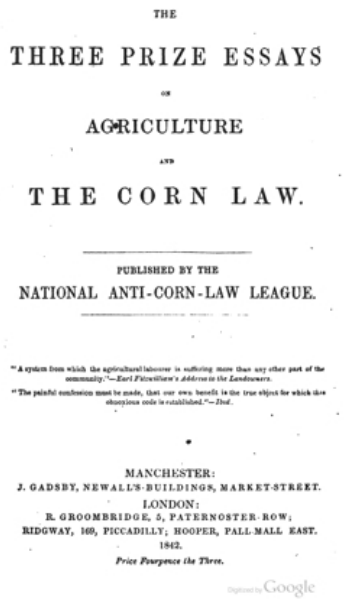
ON

THURSDAY EVENING, FEBRUARY 24, 1842.

SIXTEENTH THOUSAND—REVISED.

MANCHESTER:
J. GADSBY, NEWALL'S BUILDINGS, MARKET STREET.
LONDON:
R. GROOMBRIDGE, PANYER-ALLEY.
PRICE ONE PENNY.

Title page of a mass distribution copy of a speech given by Cobden in the House of Commons on Feb. 24, 1842. Note that it cost 1 penny and that 16,000 had been printed. This was part of the ACLL's strategy to diseminate their views as widely as possibl in both visual and print formats.



THE

THREE PRIZE ESSAYS

ON

AGRICULTURE

AND

THE CORN LAW.

PUBLISHED BY THE

NATIONAL ANTI-CORN-LAW LEAGUE.

MANCHESTER:
J. GADSBY, NEWALL'S-BUILDINGS, MARKET-STREET.
LONDON:
R. GROOMBRIDGE, 5, PATERNOSTER-ROW;
RIDGWAY, 169, PICCADILLY; HOOPER, PALL-MALL EAST.
1842.
Price Fourpence the Three.

This is from a 1842 edition of a selection of ACLL material which was bound in a special presentation edition designed to be signed and given away to potential supporters. It cost only 4 pence, was embossed with a gold image on the cover [see below], had a presentation page where the recipient's name could be hand written, and contained a selection of key ACLL material. The ACLL also awarded money prizes in essay competitions designed to stimulate interest in the topic of free trade. Tis volume contains three of those prize-winning essays.

[See more images of Cobden and the Anti-Corn Law League].

At a theoretical level the astonishing growth in political-economy ideas promoted by the disciples of Adam Smith did not stop at the lecture-room but entered the public domain through periodicals, pamphlets, and abridged and/or cheaper volumes for working men.[33] Theoretical development, particularly Ricardian comparative advantage in international commerce,[34] proved to be hugely influential. Enlightened statesmanship and theoretical rigor were accompanied by a vibrant, expanding manufacturing sector pursuing open markets as a means of procuring cheap raw materials and selling finished products. Cobden himself served an apprenticeship as a clerk and commercial traveler before becoming a partner in a Lancashire calico-mill in 1828, and British manufacturing expansion and industrial development raised suspicions that for all the moralistic talk surrounding open markets, free trade, international peace, and civilization, far more base motives were at work. Domestic protectionists claimed Cobden and his business associates, particularly cotton manufacturers, in the Anti-Corn Law League were primarily motivated by personal gain. The nefarious activities of League "millocrats" were attacked by protectionists and Chartists, and abroad the free trade ideas of "perfidious Albion" were denounced more widely as a tool for ensuring British political and economic hegemony.[35] This type of critique has been maintained by historians in a less pejorative sense, with Cobden characterized as a "middle-class Marxist" based on his blend of "interest and principle."[36] Certainly manufacturers were important in financing and providing leadership, but the League represented more than merely an organization established to obtain Corn Law repeal for the benefit of manufacturing industry. For tactical reasons, Cobden had to downplay the wider implications of repeal, not only because it was potentially divisive but also because it risked diluting and detracting from the repeal campaign. Cobden patiently explained to colleagues that corn and provisions alone must be the focus of the campaign, and by keeping to single-issue politics he successfully avoided division, though, as the Chartist movement demonstrated, divisions could also occur over means rather than ends.

The radical lineage relating to the Corn Laws went back to the immediate aftermath of the 1815 Corn Law, and anti-Corn Law associations existed earlier in the 1830s, providing an example of how the Corn Laws could be viably agitated against as a single-issue question.[37] Cobden understood the importance of repeal towards other policy areas. For him the Corn Laws were the "keystone of monopoly" within the protective system,[38] and repeal would unlock further reforms as a means of undermining the aristocratic "territorial Constitution" in Church and State. Cobden clearly had vision and imagination, particularly notable in his speeches (and letters) which were characteristically tersely argued, vividly described, and highly politicized. As the most prominent and convincing advocate of repeal, his ability, determination, and capacity for hard work were vitally important to the League campaign. Equally though, repeal was a multifaceted issue, and the League drew on many influential and often somewhat contradictory sources of political thought including theology, secular radicalism, and older popular

anti-aristocratic notions of moral economy. In practical terms, repeal was a cause that encompassed different groups and possessed a cross-class and cross-sector appeal. As Marx perceptively noted, the objective of the League was “very general, very popular, very palpable.”[39]

The League was innovative in its methods of agitation and propaganda, and employed numerous rhetorical and theatrical devices to deliver its message; political theatres and staged “events” were often very successful in obtaining publicity and were a potent ideological vehicle. Engels flippantly paid tribute to the ubiquitous nature of the League campaign in citing a delegate to the Economic Congress at Brussels in 1847 as stating “the stalest and most platitudinous shibboleths of the Anti-Corn-Law League, long since known by heart to almost every street urchin in England.”[40]

Nevertheless, the campaign was not all-conquering, and mistakes were made. The annual parliamentary motion for total and immediate repeal did not achieve much, and the petitioning campaign merely diverted opposition to the Corn Laws into innocuous constitutional channels. Moreover, while the noble democratic course of changing opinion was always important in the League campaign, less politically reputable methods of legally challenging votes by the use of revising barristers, and the creation of votes by property qualification were also sanctioned, albeit intermittently, by the League.

Attempting to quantify influence is always difficult, and ultimately Peel was responsible for repeal against the opposition of much of his party and many people in the country. Clearly, the constant agitation and pressure exerted by the League was influential in forcing the issue on to the political agenda, and even into the 20th century, Corn Law repeal remained a symbolic motif embodying a complex skein of quasi-populist, anti-aristocratic and democratic principles. Conversely, many of the causes Cobden espoused in the post-repeal period failed to gain significant traction during his lifetime. Initial support for financial reform, international arbitration, and disarmament was curbed by the 1852 French invasion scare, prompting years of international instability. Yet by the later 1850s, after the Crimean debacle, increasing support for nonintervention and retrenchment in defense spending represented “visible signs of a shift towards Cobdenite sensibilities within English liberalism.”[41]

The standard Cobden set for practical political organization and mobilization of opinion remains relevant today. While impossible to doubt the extent or importance of Cobden’s organizational or rhetorical abilities, contemporary politics, notably Britain’s anti-poll tax campaign, illustrate the potency of a single political issue which can somehow encapsulate a wider philosophy, especially when incorporating a blend of morality, oppositional ideology, and participation in an anti-establishment battle against elite power. Contemporary political cynicism and a more diffuse political culture appear to militate against mobilizing public opinion on the scale and nature of the anti-Corn Law campaign. Yet the Tea Party in the United States, the UK Independence Party in Britain, and the pro-independence “Yes” campaign in Scotland have made significant progress, and all contain elements strikingly similar to the Anti-Corn Law League in terms of their attack on entrenched vested interests, a shared populist rhetoric, and the mobilization of public opinion on single issues, albeit issues highlighting a deeper and wider malaise in the body politic.

Endnotes

[26.] See, Hobson, J. A. 1919. *Richard Cobden: The International Man*. London: H. Holt and Company.

[27.] On Herbert Spencer’s distinction between “militant” and “industrial” societies, see Herbert Spencer, *The Principles of Sociology, in Three Volumes* (New York: D. Appleton and Company, 1898). Vol. 2. <http://oll.libertyfund.org/titles/2632>. Part V. Political Institutions. Chap. XVII. The Militant Type of Society and Chap. XVIII. The Industrial Type of Society.

[28.] Cain, Peter. 1979. "Capitalism, War, and Internationalism in the Thought of Richard Cobden". *British Journal of International Studies* 5, p. 230.

[29.]*England, Ireland, and America* (1835) <http://oll.libertyfund.org/titles/82#lf0424-01_head_007> and *Russia* (1836) <http://oll.libertyfund.org/titles/82#lf0424-01_head_015>, which are both in *The Political Writings of Richard Cobden, with a Preface by Lord Welby, Introductions by Sir Louis Mallet, C.B., and William Cullen Bryant, Notes by F.W. Chesson and a Bibliography* (London: T. Fisher Unwin, 1903), vol. 1.

[30.] In *England, Ireland, and America* (1835). Part I. England, reprinted in *The Political Writings of Richard Cobden, with a Preface by Lord Welby, Introductions by Sir Louis Mallet, C.B., and William Cullen Bryant, Notes by F.W. Chesson and a Bibliography*, vol. 1, (London: T. Fisher Unwin, 1903), p. 20. <http://oll.libertyfund.org/titles/82#Cobden_0424-01_335>

[31.] Conway, Stephen. 1995. "Britain and the Impact of the American War, 1775-1783". *War in History* 2, p. 136.

[32.] Porter, Bernard. 2007. *Critics of Empire: British Radicals and the Imperial Challenge*. London: I.B. Tauris, p. 12-14)

[33.] [Editor] Cobden's own speeches were circulated in cheap editions such as *The Corn Laws. Speech of R. Cobden, Esq., M.P. in the House of Commons, on Thursday Evening, February 24, 1842*. (Manchester: J. Gadsby, n.d.). The 12 page pamphlet was priced at "one penny" and it was the "Sixteenth Thousand-Revised" edition. One might also mention the work of Thomas Hodgskin who regularly lectured to working men's groups at "Mechanics Institutes" and worked for James Wilson's pro-free grade magazine *The Economist*. One of his lectures was published as *A Lecture on Free Trade, in connexion with the Corn Laws; delivered at the White Conduit House, on January 31, 1843* (London: G.J. Palmer, 1843). <http://oll.libertyfund.org/titles/321>.

[34.] On Ricardian comparative advantage in international commerce: "Under a system of perfectly free commerce, each country naturally devotes its capital and labour to such employments as are most beneficial to each. This pursuit of individual advantage is admirably connected with the universal good of the whole." in *Principles of Political Economy and Taxation* (1817) "Chap. VII. On Foreign trade". *The Works and Correspondence of David Ricardo*, ed. Piero Sraffa with the Collaboration of M.H. Dobb (Indianapolis: Liberty Fund, 2005). Vol. 1. <http://oll.libertyfund.org/titles/113#Ricardo_0687-01_454>

[35.]See, McKeown, T. J. 1983. "Hegemonic Stability Theory and 19th Century Tariff Levels in Europe." *International Organization* 37: 73-91.

[36.] See, Briggs, Asa. 1965. *Victorian Cities*. Berkeley: University of California Press, p. 127.

[37.] See, Cameron, Kenneth J. 1979. "William Weir and the origins of the "Manchester League" in Scotland, 1833-39". *Scottish Historical Review* 58: 70-91.

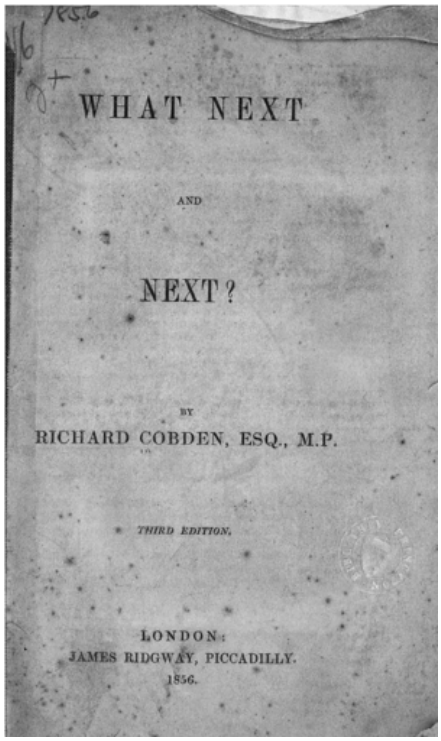
[38.] "I say, then, that whatever may be the fate of the Navigation Laws, the Corn question is a different thing. I was always an advocate for confining the public mind to that one question; I call it the keystone of the arch; the rest will fall of itself." in "Speech on Free Trade XXIII. House of Commons, March 8, 1849," *Speeches on Questions of Public Policy by Richard Cobden, M.P., ed. by John Bright and J.E. Thorold Rogers with a Preface and Appreciation by J.E. Thorold Rogers and an Appreciation by Goldwin Smith* (London: T.Fisher Unwin, 1908). Vol. 1 Free Trade and Finance. <http://oll.libertyfu/title/927#Cobden_0129.01_655nd.org>.

[39.] Marx, Karl. 1855 [1973]. "On the Reform Movement." pp. 286-8 in Karl Marx, *Surveys from Exile: Political Writings*, vol. 2, ed. David Fernbach. London: Penguin, p. 288.

[40.] Engels. Frederick. 1847 [1976]. "The Economic Congress." pp. 274-8 in Karl Marx & Frederick Engels, *Collected Works*, vol. 6 (1845-48). London: Lawrence & Wishart Ltd, p. 277.

[41.] Taylor, Miles. (ed.). 1994. *The European Diaries of Richard Cobden, 1846-1849*. Aldershot: Scolar Press, p. 31.

3. Sarah Richardson, "What Next, and Next? The Cobden Moment: Fleeting or Fundamental?" [Posted: Jan. 8, 2015]↩


WHAT NEXT

AND

NEXT?

BY

RICHARD COBDEN, ESQ., M.P.

THIRD EDITION.

LONDON:
JAMES RIDGWAY, PICCADILLY.
1856.

What Next and Next? (1856)


WHAT NEXT—AND NEXT?

In the following remarks, all allusion to the original cause of the rupture with Russia has been studiously avoided, and I therefore venture to hope that the most strenuous supporters of the war, and the most ardent advocate of peace, may meet me on common ground to discuss the probabilities of the future—a question in which all parties are alike interested.

If any argument were required to show the necessity we are under of entering upon this prospective discussion, it will only be necessary to glance at the circumstances which attended the expedition to the Crimea. That that undertaking was a leap in the dark,—that ministers, generals, admirals, and ambassadors, were all equally ignorant of the strength of the fortress and the numbers of the enemy they were going to encounter, is proved by the evidence before the Sebastopol Committee. We are there told that Lord Raglan could obtain no information; that Sir John Burgoyne believed that none of the authorities with the British army when it landed had any knowledge of the subject; and that Admiral Dundas could get no intelligence from the Greeks who were hostile, and the "Turks knew nothing." Our authorities guessed the number of the Russian forces in the Crimea variously at from 30,000 to 120,000 men. In this state of ignorance, Lord Raglan, under a mild protest which threw the responsibility on the Government at home, set sail from Varna for the invasion of Russia. Yet whilst confessedly without one fact on which to found an opinion the most confident expectations were formed of the result. Lord Aberdeen and Mr. Sidney Herbert state that it was the general belief that Sebastopol would fall by a *coup de main*. Sir John Burgoyne was in hopes we should have taken it "at once," until he saw it, and then he "altered his opinion." And according to Admiral Dundas "two-thirds of the people expected to be in Sebastopol in two or three days."

We are at the end of the second year's campaign; the Allies have lost, in killed and wounded, nearly as many men as it cost Napoleon, in actual combat, to gain possession of Moscow, and still Sebastopol is not wholly in our power.

And what good grounds have we for believing that the Government, and the military and naval authorities, have better information or more wisely arranged plans for the future than they had for the past? Will it not at least be prudent to assume that what happened a year since may occur again, and to recognise the duty of every man to bring to the common stock of knowledge whatever facts or opinions he may possess calculated to shed a ray of light upon the path of triumph or disaster along which both friends and opponents of the war must accompany our national fortunes?

First Page

Stephen Davies's eloquent essay tackles one of the enduring issues of Richard Cobden and his legacy: what traces did his philosophy, so influential and so effective at mobilizing public opinion in the mid-19th century, leave and is there anything of relevance in his ideas for politics today? To borrow Cobden's title for his pamphlet assessing the Crimean War and relations with Russia: what happened next, and next?

The picture looked gloomy in 1903 when F. W. Hirst, the journalist and ardent Cobdenite (he married Cobden's great niece and for a period resided at Dunford House, Cobden's childhood home), wrote:

> During the last decade it has been the fashion to talk of the Manchester School with pity or contempt as of an almost extinct sect, well adapted, no doubt, for the commercial drudgery of a little, early Victorian England, but utterly unfitted to meet the exigencies or satisfy the demands of a moving Imperialism.[42]

Other, more recent commentators have supported this pessimistic assessment, with Frank Trentmann arguing that Cobden's vision of a free-trade nation fell out of favor in the interwar period with liberal economists preferring a new internationalism which supported regulation of the global economy.[43]

It is clear that many aspects of the economy and society dear to Cobden's heart were severely failing in the immediate decades following his death in 1865. Although universal, mass education had been introduced by the Education Act of 1870, many working-class children had an inferior and sporadic experience of school, and educational standards remained low. The numbers of unskilled workers continued to be stubbornly high. Wages were falling, and wealth was unevenly distributed. The 1873 *Return of Owners of Land* demonstrated that 43 percent of land was owned by a small group of around 1,600 landowners (although it also revealed that there were numerous freeholders owning very small parcels of land). Farms were generally getting larger and relying on smaller numbers of wage laborers, restricting employment in the countryside. The abolition of the Corn Laws had not led to universal free trade policies. Nations such as Russia remained obstinately resistant and tariffs, and monopolies were used to develop industry and infrastructure in India and other parts of the Empire. The cost of the army and navy continued to increase, and foreign policy was increasingly militaristic.

As Davies notes, free trade was but one aspect of Cobden's worldview and his philosophy was far broader. It is difficult to pin this down precisely as his political writings tended to be commentaries rather than a setting out of a coherent ideological standpoint, and his views were reinterpreted and refashioned by his wide circle of followers. He had a holistic approach, believing that social progress towards political democracy depended on the interaction of economic, moral and religious, and educational factors. Liberty was core to Cobden's set of values. The Corn Laws were just one manifestation of the consequences of centuries of aristocratic dominance. Others included the corrupt political and electoral system, the intertwining of church and state, militarism, and the unequal distribution of land. Cobden had connections to the complete suffrage movement arguing for household suffrage, the ballot, shorter parliaments, and curbs on the House of Lords. His support for free trade in land was key to his ideology and would become the centerpiece of Cobdenist thought in the late 19th century. A few months before his death, Cobden wrote:

> If I were five and twenty or thirty, instead of, unhappily, twice that number of years, I would take Adam Smith in hand – I would not go beyond him, I would have no politics in it – I would take Adam Smith in hand, and I would have a League for Free Trade in Land just as we had a League for Free Trade in Corn.[44]

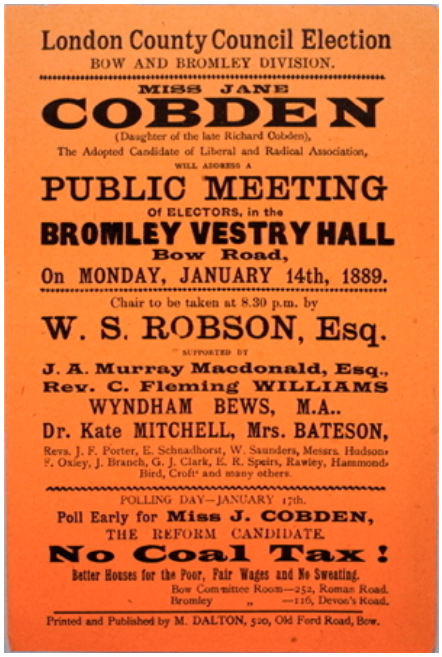
Davies poses a challenging question in his essay: "whether there was something historically specific about Cobden's success, dependent upon the particular circumstances of his times, or alternatively that his methods and analysis are still applicable."

It is clear that the Great Reform Act inaugurated many reform agendas: in the church, law, women's rights, freedom of the press, health, local government, and the arts. These are ably articulated and assessed in an edited collection by Arthur Burns and Joanna Innes[45]. The 1830s witnessed a raft of legislation including civil registration, the commutation of tithes, Jewish emancipation, banking reform, the abolition of slavery in the British colonies, and the reduction in duties on the press. Extra-parliamentary activities also grew in scale and may be gauged by metrics such as the vast increase in the number of petitions presented to parliament; the growth of pressure groups, societies and associations for the social and economic issues such as temperance, education and the treatment of the poor; and the number of mass meetings and campaigns taking place in communities across Britain. Although the pace of reform diminished from the 1840s onwards, there is no doubt that the "people" had begun an important conversation with parliament which shifted the contours of debate. The establishment now had to engage with the language of reform.

Cobden thus had a fertile environment on which to launch the campaign to repeal the Corn Laws. But was the Cobden moment only fleeting? Some would argue that the lack of success for his later endeavors for land reform and international peace demonstrate that the success of the Anti-Corn Law League was due more to timing than to any ideological or organizational strategy. However, this negative conclusion may be countered by considering the political education gained by those participating in the mass campaign to repeal the Corn Laws – particularly for those hitherto largely excluded from the public sphere.

Illustration 41: Jane Cobden (1851-1947)

Illustration 42: Campaign Poster for the London County Council Election 1889


London County Council Election
BOW AND BROMLEY DIVISION.
MISS JANE
COBDEN
(Daughter of the late Richard Cobden),
The Adopted Candidate of Liberal and Radical Association,
WILL ADDRESS A
PUBLIC MEETING
Of ELECTORS, in the
BROMLEY VESTRY HALL
Bow Road,
On MONDAY, JANUARY 14th, 1889.
Chair to be taken at 8.30 p.m. by
W. S. ROBSON, Esq.
SUPPORTED BY
J. A. Murray Macdonald, Esq.,
Rev. C. Fleming WILLIAMS
WYNDHAM BEWS, M.A.,
Dr. Kate MITCHELL, Mrs. BATESON,
Revs. J. F. Porter, E. Schnadhorst, W. Saunders, Messrs. Hudson, F. Oxley, J. Branch, G. J. Clark, E. R. Speirs, Rawley, Hammond, Bird, Croft and many others.
POLLING DAY—JANUARY 17th.
Poll Early for Miss J. COBDEN,
THE REFORM CANDIDATE.
No Coal Tax!
Better Houses for the Poor, Fair Wages and No Sweating.
Bow Committee Room—252, Romas Road.
Bromley „ —116, Devon's Road.
Printed and Published by M. DALTON, 520, Old Ford Road, Bow.

Jane Cobden stood for election to the London County Council in 1889 on a platform against the tax on coal, better housing for the poor, "fair" wages," and no "sweating:" (sweat shops). Although women could vote in County elections they could not serve if elected. Cobden was elected and took her seat which was challenged in court and she was fined.

[See more images of Cobden and the Anti-Corn Law League].

The League was a pivotal movement for both radicalizing women and for providing a model for the organization of later political campaigns. Strategies which were to prove successful in later campaigns for women's rights, such as fund-raising, lobbying and electoral canvassing, were shaped by the experiences gained by participation in the movement. Paul Pickering and Alex Tyrrell have analyzed the varied nature of female commitment to the Anti-Corn Law League and women's contribution to developing the League as a truly national movement[46]. My own work has further demonstrated the rich and vibrant female political culture that proliferated in this period.[47] That this was an enduring, rather than a fleeting, legacy may be demonstrated by the activities of the daughters of Richard Cobden in the later 19th century, at the very time when many commentators argued Cobden's influence and vision was fading. Jane Cobden carried forward the fight for land reform via her two published books, *The Hungry Forties: Life under the Bread Tax* (1904) and *The Land Hunger: Life under Monopoly*. *The Land Hunger* (1913)[48] was dedicated "To the memory of Richard Cobden who loved his native land, these pages are dedicated by his daughter, in the hope that his desire – 'Free Trade in Land' – may be filled." Cobden's daughters were refashioning his democratic ideas for the political circumstances of their own age. They were conscious that they were taking his work forward. As well as harnessing his political philosophy, Cobden's daughters built on the organizational techniques which had made the Anti-Corn Law League so successful. They utilized the courtroom and the streets as well more formal methods of lobbying to keep issues such as land reform, education, and women's rights at the top of the political agenda in the late 19th and early 20th centuries. This is just one illustration of how Cobden's ideas remained at the forefront of radical and progressive politics well into the 20th century, demonstrating that his contribution was not only sustained but remodelled for a new age.

But what of today? Could Cobdenite ideas and tactics be successful in a televisual age? Davies is cautious on this point arguing that the political environment is more hostile to the activities of private individuals. However, whilst the rise of radio and television has meant that face-to-face politics is increasingly mediated through broadcasters, a campaign's turning-point may still hinge on an unscripted personal encounter between a politician and the public. Thus many argue Gordon Brown's 2011 election campaign was scuppered when he termed Gillian Duffy a "bigoted woman" after a bruising encounter on the street. With the rise of the Web 2.0 generation, politics is entering a new phase. The activities of the 2009-10 Iranian Green Movement were termed the "Twitter Revolution" because of the protesters' reliance on Twitter and other social-networking sites to communicate with one another. Attempts by political parties in Britain to control the political blogosphere have gone seriously awry with politicians deviating from the party message and coordinated smear campaigns. Thus, there is potential for Cobden's ideas and tactics to thrive and prosper in the 21st century.

Endnotes

[42.] Hirst, F. W. ed., *Free Trade and Other Fundamental Doctrines of the Manchester School. Set Forth in Selections from the Speeches and Writings of Its Founders and Followers*. Harper and Brothers, 1903. London. <http://oll.libertyfund.org/titles/94#Hirst_0575_2>

[43.] See, Trentmann, Frank. *Free Trade Nation: Commerce, Consumption, and Civil Society in Modern Britain*. Oxford University Press, 2008. Oxford.

[44.] Morley, John. *Life of Richard Cobden*. 2 vols. T. Fisher Unwin, 1881. London. Vol. ii, p. 456. <http://oll.libertyfund.org/titles/1742#Morley_0553_1602>

[45.] See, Burns, Arthur and Innes, Joanna. *Rethinking the Age of Reform: Britain, 1780-1850*. Cambridge University Press, 2003. Cambridge.

[46.] See, Pickering, Paul, A. and Tyrell, Alex. *The People's Bread: A History of the Anti-Corn Law League*. Leicester University Press, 2000. London.

[47.] See, Richardson, Sarah. *The Political Worlds of Women: Gender and Political Culture in Nineteenth-Century Britain*. Routledge, 2013. London. See also the collection of images on the Flickr account of Manchester Archives which demonstrate how the anti-Corn Law League appealed to and utilised women in its campaign, many of which can also be found here in the "Images of Liberty and Power" collection in the essay on "Cobden and the Anti-Corn Law League". They include a membership card of Manchester branch illustrating how the League is campaigning to protect the vulnerable, an invitation to a meeting encouraging attendees to bring their family, a poster encouraging voter registration asking women 'the best of our auxilliaries' to support the campaing, and a poster for a Manchester Bazaar.

[48.] Jane Cobden, *The Hungry Forties: Life under the Bread Tax. Descriptive Letters and other Testimonies from contemporary Witnesses, with and Introduction by Mrs. Cobden Unwin. Illustrated* (London: T. Fisher Unwin, 1904); Jane Cobden, *The Land Hunger: Life under Monopoly. Descriptive Letters and other Testimonies from those who have suffered, with an Introduction by Mrs. Cobden Unwin and an Essay by Brougham Villiers* (London: T. Fisher Unwin, 1913).

THE CONVERSATION↩

1. Stephen Davies, "Are Other Cobdens Out There?" [Posted: Jan. 9, 2015]↩

The three responses all raise specific questions connected with Cobden's career and legacy while at the same time sharing a great deal in terms of perspective. This shows that there is a wide agreement among historians about many parts of Cobden's intellectual and political biography but varying emphases when it comes to interpreting them. I agree with Gordon Bannerman, Sarah Richardson, and Anthony Howe that a coherent ideology stands behind Cobden's career and political activism; we also agree on what the content of that ideology, or worldview, was. As Gordon Bannerman says, Cobden shared with Spencer and many other 19th-century liberals a vision of both the development of history and the nature of class and political divisions in his own time. Bannerman correctly points out that this worldview descended in part from the older "Country" tradition of 18th-century opposition, but it derived mainly from a combination of radical interpretations of political economy and a highly individualistic conception of human action and agency that came ultimately from religious thinking. (This was perhaps less clear in the case of Cobden than in others such as the Quaker John Bright). Two additional points can be made here. Firstly there was a clear difference between this way of thinking and that of the Philosophic Radicals and their intellectual descendants, no matter how much they may have agreed on specific points of policy. Secondly this ideology was not simply Cobden's personal *Weltanschaung*; it was clearly shared by many others, including most of the active members of the Anti-Corn Law League, as well as the obvious cases such as John Bright, Harriet Martineau, Joseph Sturge, and later on people such as Francis Hirst (who is cited by Richardson).

This way of thinking and the agenda it inspired came partly, as all three respondents point out, from a particular place and social context, which was the manufacturing districts of Britain and particularly, of course, Manchester. Howe and Richardson both emphasize the essential part that a particular way of thinking about foreign policy and international relations played in this. As Bannerman points out, Cobden's first venture into national politics came with two pamphlets on foreign policy, and this was to remain a central concern for him throughout his life. The point surely is that rather than a concern with free trade leading to a particular position on international affairs, the arrow rather went in the other direction. It was the concern with the war system and its connection to aristocratic power that then led to his decision to focus on free trade and the Corn Laws.

Howe and Richardson both address the question of why Cobden was unable to reproduce his success with the Anti-Corn Law campaign later in his life and with regard to other issues. The obvious campaign is that of the organized peace movement, which for Howe was perhaps Cobden's big failure. Certainly this was an area where he and Bright suffered bruising political defeat, thanks to their opposition to the Crimean War. Richardson emphasizes the importance of the idea of
"free trade in land" for Cobden and the way this became a central issue for followers of his (such as G.C. Broderick) but without success – British land ownership is, if anything, even more secretive and just as concentrated as it was at the time of the 1873 Return that she alludes to.

What to say then about this? One point is that there were many campaigns in the 19th century that drew on Cobden's model without enjoying the same ultimate success. One was the cause of disestablishment, as advocated by the Liberation Society and Edward Miall. Another was that of temperance, perhaps the biggest single popular movement in later Victorian Britain. However, we should also remember that even "failed campaigns" had major effects in terms of their impact on the popular culture and mentality. Thus the temperance movement played a major part in both a real shift in behavior and the development of an autonomous working-class and artisan-political culture. Moreover, as Howe points out, there were also considerable successes which are simply ignored or taken for granted by much of the historiography. A good example is the one he cites: the abolition of the newspaper duty (taxes on knowledge) 1861.[49] This was a major event, controversial at the time, and the outcome of a large and impressive campaign. (Another one he mentions, the adoption of limited liability in 1855, interestingly was one that divided those who shared the ideology mentioned, with Cobden a strong supporter and Herbert Spencer a vocal critic).[50]

One explanation for the later failure to repeat the success of 1846, offered by both Howe and Bannerman, emphasizes the lack of a single issue that could attract a broad coalition of support. I think there is something in this, but it is not principally a matter of finding it hard to mobilize support in the absence of a single issue. The point about the campaign for free trade was that there was a single specific political action that, if taken, would ultimately bring down the entire protectionist structure – the knot of policy could be unraveled by pulling on a single string. By contrast this was not the case with either international relations or the land system. Even a measure such as prohibiting entail would not have the same kind of extensive effects on land ownership that repealing the Corn Laws had on trade and fiscal policy, while in international and military affairs, there was no single move that would change the nature of the system. Rather there had to be a gradual movement to build up a different way of doing things, together with sustained pressure over a long time on the military establishment. This was obviously much more difficult. In the case of land, there would have to be a sweeping measure of land reform (as happened in Ireland), and as Howe points out, this was hugely divisive.

In addition, there is the vexed question of how public opinion moved on these other issues that Cobden was concerned with. One of the great, perhaps the greatest, failures of 19th- and 20th-century liberalism was the way in which the ideal of a cosmopolitan world society (which Cobden clearly and consciously adhered to) was overcome in popular culture by the ideology of nationalism. Here it is worth pointing out that there were serious divisions and disagreements among the broad class of liberals, with many strongly supportive of the kind of romantic nationalism represented by people such as Kossuth and Garibaldi. This led to support for what we might now call "liberal interventionism" in addition to the traditional policy of the balance of power. Moreover, the dominant whig tradition of historiography led to a perception of Anglo-Saxon exceptionalism, which militated against a more cosmopolitan outlook.

On the other hand I would disagree with both Howe and Richardson that the cultural and political legacy of Cobden's work had declined by the 20th century (the view Trentman also takes). Even at the peak of an economic crisis in 1931, candidates who supported free trade still got a majority of the vote. (The Labor Party and the Liberals both supported it, and a significant part of the National Liberals who would later leave the government over this issue also favored it.) Even today, surveys show that the British public is more strongly supportive of free trade than is the case in most other developed countries and particularly the United States.[51]

What this suggests is that the legacy of Cobden's campaign is much more robust than many think. One reason is the way, described by Howe,

in which there was a systematic effort by organizations such as the Cobden Club, and the *Economist* , to "fix" a particular way of thinking about this issue in the public mind and to associate it with democracy, popular activism, and a whole series of cultural norms (the process Trentman describes).

Moreover, Richardson makes the hugely important point that Cobden's example inspired a whole series of other movements that went on to have a transformative effect, above all the women's movement. Harriet Martineau was one of Cobden's closest allies and in addition to his daughter Jane, most of the founders of so-called "first wave feminism," such as Lydia Becker, Jesse Boucheret, Helen Blackburn, and Barbara Bodichon, were both great admirers of Cobden and people who went on not only to emulate the organizational and propaganda techniques he had developed in the 1840s but also to develop them. The 19th century-liberal movement can be thought of as in some sense a coalition of movements seeking particular changes but united by a foundational ideology, overlapping memberships and personal connections, and, increasingly, a shared political methodology (however mixed the results). The bundle of issues described as "the Woman Question" was central in all this because of the vital part played by women in all kinds of social and political activism, something that had begun in a small way with their participation in the repeal campaign.

The final question raised by my initial piece and addressed by the responses is whether there was something specific about Cobden's own times that does not translate to ours in terms of enabling his kind of organization and activism. Howe, Richardson, and Bannerman all point to the great upsurge of activism and campaigning of all kinds that took place during the "Age of Reform" and offer various explanations for this. Perhaps we can combine all of these using a simple economic analysis. During the 18th century the cost of political activity for individuals (both literal monetary cost and the virtual opportunity cost) rose steadily as compared to the benefits that most individuals could expect as a result, until at least the 1760s. The result was the political system described by Lewis Bernstein Namier,[52.] dominated by aristocratic patronage and factionalism and the systematic use of office and legislation for personal and class benefit. Access to politics was effectively open only to the seriously wealthy except in a number of exceptional constituencies. (This all sounds fearfully familiar).

In the 1770s people such as Christopher Wyvill and the antislavery campaigners started to develop ways of getting round these obstacles. What happened in Cobden's time, however, were the changes described by Howe, Richardson, and Bannerman. The common factor was that these all reduced the cost of political participation, mobilization, and propaganda. Cobden was the political entrepreneur who took advantage of this opportunity most fully and effectively. One key aspect was bundling the "public good" of political action with private goods such as entertainment and even religious observance. With the passage of time the scene became more crowded and defenders of the status quo also became adept at using these new techniques.

In the course of the 20th century the process went into reverse and the cost of political organization rose again, mainly due to the advent of mass media. I am actually less pessimistic and cautious, however, than Sarah Richardson supposes. I think in fact that the kind of developments she alludes to, such as the rise of Twitter and other social media and the dramatic decline in the cost of publishing and propaganda, mark the start of another period where campaigns like Cobden's will once again become both easier to organize and more effective in shaping popular consciousness. The question then is, what issue or issues can play the same role as the Corn Laws and free trade? (My own favored candidates are intellectual property and home schooling, but no doubt others will have different candidates). The final questions of course are these: is there another Richard or Jane Cobden out there and is there an environment like that of early 19th-century Manchester that can produce people like that?

Endnotes

[49.] The newspaper duty was abolished in 1861 in one of Gladstone's budgets. The final regulation of the press was done away with in 1868 (after a case involving Bradlaugh). The best book on this is by Hewitt, Martin *The Dawn of the Cheap Press in Victorian Britain: the End of the 'Taxes on Knowledge', 1849 – 1869*. London, Bloomsbury Press 2013.

[50.] Limited liability by a standard procedure was effected by the Companies Act of 1855. (before then it required a Royal Charter or special Act of Parliament.

[51.] For example, see the evidence presented here <http://conversableeconomist.blogspot.co.uk/2014/09/national-attitudes-on-international.html>.

[52] Namier, Sir Lewis. *The Structure of Politics at the Accession of George III* London, Macmillan 1957 (2nd Edition).

2. Anthony Howe. "How Permanent Was Cobden's Influence?" [Posted: Jan. 11, 2015]↩

This conversation on the ideas and strategies of Cobden and the Anti-Corn Law League has perhaps taken an unduly negative turn in asking why no further reforms followed from the repeal of the Corn Laws. This turn has come at the expense of asking what had changed and how permanent the impact of repeal was. Here, as I have argued elsewhere[53], the 1840s debate fundamentally shifted the terms of political argument in Britain, establishing the primacy or hegemony of a popular language of political economy which suffused all levels of society. This remained dominant into the early 20th century, and even, as Davies argues, well into the 1930s and beyond, although "free trade" as such receded from the center of political debate after 1931. Crucial to the success of the language of free trade was the priority it gave to consumers over producers, and this remained its strongpoint into the early 20th century, recruiting support from the newly enfranchised agricultural laborers after 1885, while the emphasis on "cheap food" fitted well into the Edwardian vocabulary of household management and added a new layer of appeal to groups such as the Women's Co-operative Guild. As the civil servant Edward Hamilton concluded in 1902, "In the days of Protection, producers were more powerful than consumers. Nowadays consumers are more powerful and will remain so."[54] Ironically, had the land-reform movement succeeded, creating a new class of small agrarian producers, this may have jeopardized support for free trade and helped regenerate a rural protectionist movement. As it was, whatever the movements in real wages, free trade was seen as a vital defense of working-class living standards, and the high degree of male and female literacy in Edwardian Britain saw this message effectively communicated to voters and nonvoters. Free trade had become part of a political consensus, however much Cobden in his day remained an

“outsider,” although in fact less one than he has been sometimes presented. (How many outsiders expected *The Times* to give leaders on their speeches?) This was a fundamental, not a fleeting, change in political life.

This adoption of free trade also reminds us that whatever the complexities of Cobden’s ideas, the central message was, as he repeatedly emphasized, that contained in Smith’s *Wealth of Nations*: to prevent powerful interests from threatening the welfare of the many.[55] This, however, was a message which after 1867 relied as much on political parties (Liberal and Labor) as on pressure groups, whose heyday had been between 1832 and 1867. Arguably, therefore, after 1867 no more “Cobdens” were necessary, although the Cobden Club guarded zealously his legacy, and periodic challenges to free trade led to supplementary bodies such as the Free Trade Union, linked to the Liberal Party. If we look too at those parties, we find more of the Cobdenite message than previous contributions to this debate have recognized. For example, Cobden’s hostility to empire and liberal internationalism remained deeply entrenched and, I would argue against Davies, did not in Britain succumb to the appeal of romantic nationalism.[56] This contributed a central strand to debates on foreign policy into the interwar period.

With the decline in the effectiveness of political parties in the present day, perhaps there is scope once more for new “Cobdens” and new styles of politics, whether in the blogosphere or through the ever-proliferating world of voluntary associations and NGOs. Here we might add, however, that their power may be more that of a veto than to promote positive change – we should not in this context lose sight of the powerful global protest behind the antiglobalization campaign as seen at Seattle in 1999. However, this also reminds us that it was part of Cobden’s strategy to avoid physical confrontation with the state, drawing the hotter heads of the Anti-Corn Law League back from this in the dangerous crisis of 1842.

Endnotes

[53.] Howe, Anthony, “Popular Political Economy,” in D. Craig and J. Thompson (eds.), *Languages of Politics in Nineteenth-century Britain* (Basingstoke: Palgrave, 2013).

[54.]Howe, Anthony, *Free Trade and Liberal England, 1846-1946* (Oxford: Clarendon Press, 1997).

[55.]See Adam Smith's classic statement in favour of free trade in the *Wealth of Nations*, Book IV: Of Systems of political Œconomy. Chap. II. "Of Restraints upon the Importation from Foreign Countries of such Goods as can be produced at Home," in Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations by Adam Smith, edited with an Introduction, Notes, Marginal Summary and an Enlarged Index by Edwin Cannan* (London: Methuen, 1904). Vol. 1. <http://oll.libertyfund.org/titles/237#lf0206-01_label_925>. Especially the quote on how “furious monopolists” will fight to the bitter end to keep their privileges <http://oll.libertyfund.org/quotes/367>.

[56.] Howe, Anthony, “British Liberal Internationalism in the Nineteenth Century,” Bologna, 29 September 2014, <http://www.bipr.eu/eventprofile.cfm/idevent=6FDD634B-D495-9FD0-3A3574A08251CB06/Anthony-Howe-British-Liberal-Internationalism-in-the-19th-Century&zdyx=1>.

3. Gordon Bannerman, "The Continuing Relevance of Cobdenite Internationalism" [Posted: Jan. 12, 2015]↩

Stephen Davies correctly points to the distinctive nature of Cobden’s thought, while also alluding to the shared values and opinions of those in the forefront of the League campaign. Clearly, however, Cobden’s rural background combined with his education, industrial experience, and broad knowledge gained from foreign travel made for an interesting form of radicalism which was more nuanced and erudite than others from the manufacturing interest.

Corn Law repeal was a facet of Cobden’s wider internationalism. Indeed in December 1847, referring to his pamphlets of the 1830s concerning balance-of-power politics, secret diplomacy, and militarism, Cobden said, “Free trade has been only a labour of love with me, in order that I might carry out those views.”[57]

While it was the aristocratic warmongering basis of the British State, and its convoluted, tortuous, and secretive diplomacy and foreign policy, which primarily propelled Cobden into political activity, there was an interesting juxtaposition in early League propaganda between war, antimilitarism, and free commerce which was a very apt reflection of Cobden’s linkage of these issues. Thackeray’s woodcut “Illustrations of the Rent Laws,” published in the *Anti-Corn Law Circular* in 1839, strikingly displayed the legal and military forces of the State forcibly preventing grain imports.[58]

Illustration 50: Thackeray, Illustrations Of The Rent Laws I, "Poles offering Corn" (1839)

POLES OFFERING CORN.

(*Anti-Corn Law Circular*, 1839.)

Frontispiece.] [*See page 167.*

Source: *Stray Papers by William Makepeace Thackeray. Being Stories, Reviews, Verses, and Sketches (1821-1847). Edited, with an Introduction and Notes. By Lewis Saul Benjamin. With Illustrations*. (London: Hutchinson and co., 1901). Frontispiece, pp. 167-68, p. 416.

Frontispiece: "Poles offering Corn" (*Anti-Corn Law Circular*, Tuesday, July 23, 1839). [CORN LAWS! By order of the LANDLORD no Bread is to be landed on this Ground.]

Illustration 51: Thackeray, Illustrations Of The Rent Laws II, "The Choice of a Loaf" (1839)

THE CHOICE OF A LOAF.

[*See page 167*

Source: *Stray Papers by William Makepeace Thackeray. Being Stories, Reviews, Verses, and Sketches (1821-1847). Edited, with an Introduction and Notes. By Lewis Saul Benjamin. With Illustrations*. (London: Hutchinson and co., 1901). Frontispiece, pp. 167-68, p. 416.

p. 416: "The Choice of a Loaf" (Anti-Corn Law Circular, Tuesday, December 10, 1839). [Left: Chandos & Co. By their Own Letters Patent Purveyors to the People. Bread 1 s. a Loaf] [Right: Polish Bread Mart. Bread 4 d. a Loaf. N.B. Goods taken in Exchange.]

[See more images of Cobden and the Anti-Corn Law League].

As Davies notes, nationalism proved to be too powerful for the type of cosmopolitan internationalism advocated by Cobden. Cosmopolitanism was easily equated with antipatriotism, and as an old anti-Jacobin rhyme put it, the cosmopolitan was:[59]

> A steady patriot of the world alone
> The friend of every country but his own

Curiously enough, Cobden was rarely criticized for lack of patriotism. While many opposed his views, he remained respected for the principled, robust, and consistent stance he maintained. Cobden himself was never "co-opted" to the British political elite. His role in the Anglo-French Treaty negotiations was the nearest he came to acting in an "official" capacity, and his refusal to consider political office often puzzled those like his political nemesis Palmerston. Uncompromised by office, Cobden's intellectual legacy has remained untarnished, for maintaining his principles was never tested against the trammels of House of Commons majorities, collective responsibility, and ministerial discipline.

Cobden's political career was facilitated by constitutional reform and economic development. As Davies argues, the greater activism of the 19th century was clearly related to the reduced cost of political activity. Ironically the increasing cost of elections in the 18th century was perhaps largely owing to greater accumulation of wealth from those involved in "modern" economic activity, that is, wealthy merchants, nascent industrialists, and upstart "nabobs," securing the representation of small boroughs. As Howe convincingly argues, the anti-Corn Law agitation was an element of the new political activism inaugurated by the 1832 Reform Act. Yet though there was scarcely a feature of the unreformed system that could not be found in existence after 1832, reform paved the way for the influence of local manufacturers in civic and parliamentary life.[60]

In 19th-century Britain, it was the “local state” which “provided the setting where a self-confident middle class built its characteristic institutions and culture.”[61] (Daunton, 152) Nevertheless, the political contours of the British State remained largely dominated by the aristocratic elite. Significantly, on his election to Parliament in 1841 Cobden informed his brother that he was “looked upon as a Gothic invader.”[62] The impulse given to reform movements in the wake of the League, noted by Sarah Richardson and Stephen Davies, was clearly vitally important. Indeed, despite the practical political need to isolate the Corn Law issue, the repeal campaign effectively fueled related issues such as land reform and the Game Laws. These were incorporated within the League campaign, serving as powerful ancillary evidence in the League’s case against landlord legislation and the “usurpations of our feudal lords.”[63]

Despite recent claims of the robust, rounded, and representative nature of the League in national terms, the extent of the League’s popularity must be questioned. While the League campaign was ultimately successful, it did take nearly 10 years to achieve its aim, and the impact of anti-Corn Law meetings, speeches, and literature was highly variable. Attempts to wean workers away from Chartism, though not entirely unsuccessful, met with disappointing results. Bids to construct a hybrid movement failed, with even many notable radicals, including Thomas Hodgskin, trying in vain to win over the working classes towards supporting repeal.[64]

Moreover, agricultural protectionism was buttressed by the complex network of City of London interests, with much support for protectionism, especially relative to sugar and shipping.[65]

Ultimately, the fears of conservatives, if not protectionists, were largely not realized. While Corn Law repeal did bring down the “entire protectionist structure,” repeal seemed to stand as a self-contained, if momentous, reform rather than the precursor of fundamental reform in Church and State. The “Age of Reform” did not fundamentally alter the political foundations of the State, and as John Bright stated in 1866: “There is no greater fallacy than this—that the middle classes are in possession of power.”[66]

The fragmentation of the radical ranks of the 1840s in later decades was clearly a deeply disappointing and disillusioning experience for Cobden.[67] Nevertheless, as Howe points out, there was clearly a paradigm shift in commercial policy which was not overturned until 1931. Equally, the participation of women proved to be inspirational and an important exemplar and template for future political activity. We can therefore agree that there were many positive elements of repeal, and its impact, influence, and legacy were great.

In response to Stephen Davies’s query about the future trajectory of popular movements, I would like to offer a slight variant by alluding to recent events where elements of Cobdenite thought seem to have entered the policy space or at least converged with developments and approaches in international relations. For example, would Cobden have approved of the exercise of “soft” power? While preferable to the “hard” power of coercion and military force, is this not merely a warmer, friendlier term for the economic imperialism and market hegemony of earlier centuries? What of the use of international institutions to resolve and avert conflict? While the record of the United Nations and the European Union is questionable, the principles of conciliation, diplomacy, and pacification embodied by these institutions would surely be approved by Cobden. Yet it is doubtful whether he would have approved of another layer of bureaucratic and highly politicized institutions regardless of the ideals, or the greater emphasis on transparency, accountability, and democratic legitimacy.

If international institutional developments have fallen short of attaining Cobdenite ideals, greater parliamentary consultation and scrutiny of the decision to go to war, emanating from within the UK government, appears more promising. The erosion of the “war prerogative” held by the Crown (though exercised by ministers) is not yet legally enshrined, but after the Iraq debacle, amid accusations that the government waged an “illegal” war, the government is now wary of committing troops without parliamentary consultation and, in the recent case over Syria, parliamentary approval. This change in the operation of the “war prerogative,” inserting democratic accountability and public opinion into the decision to go to war while providing safeguards for national security and operational efficiency, is highly significant.[68] For while Cobden advocated international commerce to completely obviate the need for war, in the absence of this counsel of perfection, moves towards diplomatic transparency and democratic accountability must surely be considered advances in the direction of a Cobdenite conception of international relations.

The legal, political, and diplomatic technicalities inherent in these issues make them unlikely to either capture the public imagination or to provide impetus and enthusiasm for activists. The interaction among political ideas, economic interest groups, and national and supranational institutions has never seemed more complex. It seems unlikely that any popular movement will be able to influence popular consciousness in the same way the Anti-Corn Law League did. Clearly there is no lack of available resources for promoting and pursuing political objectives. However, the proliferation of social media seems thus far to have led to a highly transient and fickle audience, a cacophony of discordant voices, and an ill-defined delineation of political issues, often characterized by sloganeering and oversimplification.

There are clearly limits to what technology can achieve. It can facilitate rather than create, and greater opportunities for political engagement and activism will not necessarily lead to a more politically-conscious nor more politically-active electorate and population. All future activists will have to think carefully about how to effectively deliver, as well as formulate, their message.

Endnotes

[57.]Bannerman, Gordon & Howe, Anthony (eds). 2008. *Battles over Free Trade* vol. 2. London: Chatto & Pickering, p. 45. For Cobden’s fundamental philosophy, to be found in these pamphlets, see: *England, Ireland, and America* (1835) <http://oll.libertyfund.org/titles/2650> and *Russia* (1836) <http://oll.libertyfund.org/titles/cobden-russia>. For a good selection of Cobden’s speeches, see: Cobden, *Speeches on Questions of Public Policy*, 2 vols. especially vol. 2 <http://oll.libertyfund.org/titles/931>.

[58.] See, *Stray Papers by William Makepeace Thackeray. Being Stories, Reviews, Verses, and Sketches (1821-1847). Edited, with an Introduction and Notes. By Lewis Saul Benjamin. With Illustrations.* (London: Hutchinson and co., 1901). Frontispiece, pp. 167-68, p. 416. The images can be found in Cobden and the Anti-Corn Law League.

[59.]The verse comes from George Canning, "New Morality" in the last issue of *The Anti-Jacobin, or, Weekly Examiner* (No. 36, 9 July 1798). The full stanza is:

Taught in her school to imbibe thy mawkish strain,
Condorcet, filtered through the dregs of Paine,
Each pert adept disowns a Briton's part,
And plucks the name of England from his heart.

What! shall a name, a word, a sound, control
Th' aspiring thought, and cramp th' expansive soul?
Shall one half-peopled Island's rocky round
A love, that glows for all creation, bound?
And social charities contract the plan
Framed for thy freedom, Universal Man!
No—through th' extended globe his feelings run
As broad and general as th' unbounded sun!
No narrow bigot he;—his reason'd view
Thy interests, England, ranks with thine, Peru!
France at our doors, he sees no danger nigh,
But heaves for Turkey's woes th' impartial sigh;
A steady patriot of the world alone,
The friend of every country—but his own.

Republished in 1852 following another French Revolution in 1848, *Poetry of the anti-Jacobin: comprising the celebrated political & satirical poems, parodies and jeux-d'esprit of the Right Hon. George Canning, the Earl of Liverpool, Marquis Wellesley, the Right Hon. J. H. Frere, G. Ellis, esq., W. Gifford, esq., and others*. New and Revised Edition, with Explanatory Notes. (London: G. Willis, 1852), No. XXXVI (July 9, 1798), "New Morality," pp. 201-20 [quote from p. 204-5.]

[60.] Howe, Anthony. 1984. *The Cotton Masters, 1830-1860*. Oxford: Clarendon Press, pp. 133-61.

[61.] See, Daunton, M. J. 1989. "'Gentlemanly Capitalism' and British Industry, 1820-1914." *Past & Present* 122: 119-58.

[62.]Morley, John. 1881. *The Life of Richard Cobden*, vol. 1. London: Chapman and Hall, pp. 184-85.

[63.] [National Anti-Corn Law League]. 1842. *The Anti-Bread Tax Almanack for the Year of our Lord 1842*. Manchester: J. Gadsby, p. 2.

[64.] Hodgskin's *A Lecture on Free Trade, in Connexion with the Corn Laws* (1843) <http://oll.libertyfund.org/titles/321>

[65.] Howe, A. C. 1992. "Free Trade and the City of London, *c*. 1820-1870." *History* 77, pp. 401-4.

[66.] Bright, *Speeches on Questions of Public Policy by John Bright M.P. Edited by James Edwin Thorold Rogers in Two Volumes. Second Edition* (London: Macmillan, 1869), Speech to the National Reform Union, Free Trade Hall, Manchester on 20 November 1866, vol. II, p. 216. A larger section of Bright's speech is worth quoting at greater length:

> The middle class are told that since the Reform Bill of 1832 political power has been in their hands; before 1832 it was with the lords and great land owners, but since 1832 it has been in the hands (if the middle class; and now the middle class are asked whether they are willing to surrender that power into the hands of a more numerous, and, as these persons assert, a dangerous class, who would swamp, not the exalted class of lords and great landowners, the highest in social position, but would swamp also the great middle class with whom power is now said to rest. And they try to teach the middle class that there is an essentially different interest between them and the great body of the people who are not yet admitted into that class. They say the one class is in power, and the other class is outside, and out of power, and they warn the middle class against admitting the outsiders into partnership with them, for fear they should dethrone the middle class and set up an unintelligent, unreasoning, and selfish power of their own.
>
> That is the sort of argument which is used to the middle class to induce them to take no part in any measure that shall admit the working class to a participation in political power. I should be ashamed to stand on any platform and to employ such an argument as this. Is there to be found in the writings or the speaking of any public man connected with the Liberal or the Reform party so dangerous and so outrageous a policy as that which these men pursue? When separating the great body of the people into the middle and the working class, they set class against class, and ask you to join with the past and present monopolists of power in the miserable and perilous determination to exclude for ever the great body of your countrymen from the common rights of the glorious English constitution. There is no greater fallacy than this—that the middle classes are in possession of power. The real state of the case, if it were put in simple language, would be this—that the working-men are almost universally excluded, roughly and insolently, from political power, and that the middle class, whilst they have the semblance of it, are defrauded of the reality. The difference and the resemblance is this, that the working-men come to the hustings at an election, and when the returning-oficer asks for the show of hands, every man can hold up his hand although his name is not upon the register of voters; every working-man can vote at that show of hands, but the show of hands is of no avail. The middle class have votes, but those votes are rendered harmless and nugatory by the unfair distribution of them, and there is placed in the voter's hand a weapon which has neither temper nor edge, by which he can neither fight for further freedom, nor defend that which his ancestors have gained.

[67.] Howe, Anthony, ed. *The Letters of Richard Cobden Volume 2 1848-1853* (Oxford; Oxford University Press, 2010), pp. xxx-xxxv.

[68.] Joseph, Rosara. 2013. *The War Prerogative: History, Reform, and Constitutional Design*. Oxford: Oxford University Press., p. 219.

4. Sarah Richardson, "Peace Through Trade – Cobden's Lasting Legacy" [Posted: Jan. 13, 2015]↩

I perhaps gave Stephen Davies the wrong impression of my views on the continuing influence of Cobdenite ideas and strategies as the 20th century progressed. I am not as despondent as Trentmann and others that his ideas lost their relevance, and in my response I demonstrated how his daughters (particularly Jane and Annie) carried forward his legacy in their work on women's rights and land reform. Jane was also a key figure in ensuring that Cobden's significant contribution to the ideology of the international peace movement was continued into the 20th century. Jane was active in antiwar activities, founding the South African Conciliation Committee in 1899 and publishing "The Recent Development of Violence in Our Midst" with the Stop the War Committee in 1900[69] She later donated Dunford House, her father's childhood home, to the LSE in order to further the causes of peace, free trade, and education.

As we have all demonstrated, peace was the cornerstone to Cobden's ideological world view. In one of his earliest publications, "England, Ireland and America" (1835), he bemoaned England's "fatal mania for intervention in foreign politics".[70] The following year his pamphlet "Russia" (1836) advocated "peace, economy, and a moral ascendancy over brute violence".[71]

Cobden's support for peace and noninterventionist policies was directly linked to his advocacy of free trade. He argued that the economic, cultural, and political power of the aristocracy was a key element in the pursuit of wars and the acquisition of colonies, which were a drain on national resources and benefited only a few. This landed/military alliance was a precursor to the industrial-military complex identified by Eisenhower in 1961.[72] Cobden suggested that instead national greatness should be gained through the power of trade:

> Labour, improvements, and discoveries confer the greatest strength upon a people.… [B]y these alone, and not by the sword of the conqueror, can nations … hope to rise to supreme power and grandeur.[73]

Cobden considered that the pursuit of free trade would promote peace by transforming the national government, releasing the mass of the people from the excessive levels of taxation necessary for the pursuit of military adventures. However, he also considered international free-trade policies would cause states to become dependant on each other, writing,

> England has by the magic of her machinery, united for ever two remote hemispheres in the bonds of peace, by placing European and American in absolute and inextricable dependence on each other.[74]

In an important speech delivered to the House of Commons on June 28, 1850, as a response to a motion of confidence in Palmerston's foreign policy, Cobden made direct connections between his economic and international policies:

> I believe the progress of freedom depends more on the maintenance of peace and the spread of commerce and the diffusion of education than upon the labour of Cabinets or Foreign Offices. And if you can prevent those perturbations which have recently taken place abroad in consequence of your foreign policy, and if you will leave other nations in greater tranquillity, those ideas of freedom will continue to progress, and you need not trouble yourselves about them.[75]

Thus, Cobden was not advocating a policy of isolationism; rather, he saw the pursuit of international trade as a positive method of intervening in the internal affairs of other nations, a policy that would ultimately lead to freedom and peace.

David Nicholls has carefully charted Cobden's contribution to the Peace Congress Movement, arguing that his ideology of international cooperation changed policy towards an emphasis on international arbitration and treaties as means of resolving disputes.[76]

In the short-term the Congress movement may be regarded as a failure. The Crimean War turned public opinion against the peace campaigners, and both Cobden and Bright lost their seats in Parliament in the 1857 general election. The last of the organizing committees of the Congress Movement was dissolved in 1859. However, Cobden remained pragmatic, strategic, and tactical, committed to a longer view. He understood that the constituency that had supported the repeal of the Corn Laws would not necessarily back the peace movement, writing: "It would be about as rational to argue that the tree which has yielded a good crop of oranges must be able to give you some apples also."[77] He did not lobby for free trade to be an intrinsic element of the Congress program, realizing that its inclusion would alienate many supporters. He gave equal weight to the moral and the economic aspects of his strategy.

In the decade before his death he was instrumental in negotiating the Anglo-French trade treaty of 1860, which averted the danger of a panic-fed war, and argued against British intervention in the American Civil War.

Notwithstanding the short-term failures of Cobden's peace program, are his ideas of any consequence for later periods? The verdict of many modern scholars is that what is termed the "Trade-Conflict Nexus" does lead to greater peace and prosperity. Thus, the international economist Solomon Polachek argued that countries with the greatest levels of economic trade have the lowest amounts of hostility, and this is measurable. On average, a doubling of trade leads to a 20 percent reduction in hostility between countries.[78] The links Cobden made between the moral and economic aspect of a peace policy have also been employed successfully by many pressure groups for peace in the 150 years since his death.

Endnotes

[69.] Cobden Unwin, J. (1900), "The Recent Development of Violence in Our Midst," London: Stop the War Committee.

[70.] The quotation comes from Cobden's Preface (p. vi) to the 1835 edition of *England, Ireland, and America* which was not included in the 1903 edition which we have online in HTML. The 1835 edition is only available in PDF format <http://oll.libertyfund.org/titles/2650>.

[71.] *The Political Writings of Richard Cobden, with a Preface by Lord Welby, Introductions by Sir Louis Mallet, C.B., and William Cullen Bryant, Notes by F.W. Chesson and a Bibliography*, vol. 1, (London: T. Fisher Unwin, 1903). "Russia" (1836) <http://oll.libertyfund.org/titles/82#Cobden_0424-01_722>.

[72.] Dwight D. Eisenhower's Farewell Address was given on January 17, 1961. Youtube video of speech <http://www.youtube.com/watch?v=vLqWfWxqh_0>; transcription of speech <http://www.americanrhetoric.com/speeches/dwightdeisenhowerfarewell.html>.

[73.] "Russia" (1836), Chap. III "Balance of Power" <http://oll.libertyfund.org/titles/82#Cobden_0424-01_667>

[74.] "Russia" (1836), Chap. I "Russia, Turkey, and England" <http://oll.libertyfund.org/titles/82#Cobden_0424-01_619>.

[75.] *Speeches on Questions of Public Policy by Richard Cobden, M.P., ed. by John Bright and J.E. Thorold Rogers with a Preface and Appreciation by J.E. Thorold Rogers and an Appreciation by Goldwin Smith* (London: T.Fisher Unwin, 1908). 2 volumes in 1. Vol. 2 War, Peace, and Reform. Speech in the House of Commons (June 28, 1850) <http://oll.libertyfund.org/titles/931#Cobden_0129.02_315>.

[76.] See, Nicolls, D. (1991) "Richard Cobden and the International Peace Congress Movement, 1848-1853," *Journal of British Studies*, 30: 351-76.

[77.] Hobson, J. A. (1918) *Richard Cobden: An International Man*. London: T. Fisher Unwin, p. 105.

[78.] See, Polachek, S. (1980) "Conflict and Trade," *Journal of Conflict Resolution*, 24: 55-78, and Robson, A. (2012), "Individual Freedom, International Trade and International Conflict," *Journal of Peace, Prosperity and Freedom*, 1: 93-112.

5. Gordon Bannerman, "Richard Cobden: Impact and Legacy" [Posted: Jan. 15, 2015]↩

Anthony Howe's justified cautionary note in relation to the somewhat negative tone of earlier contributions is well-timed and calls for further explanatory comment. Clearly, by his role in the successful anti-Corn Law campaign Cobden had much to live up to in later campaigns. The failure of many of the causes he advocated cannot be attributed solely to Cobden, just as the success of Corn Law repeal was not his alone. With the possible exception of the 1849 "National Budget," which was primarily his own work, Cobden was only one member of many movements which had a highly variegated membership, and it was often the case that others assumed a leading role. Movements for financial reform and parliamentary reform were highly complex and involved a clash of a wide range of ideas and interests. Education was the classic example where the competing claims of the Established Church, Dissent, and secularism were only the most obvious fault lines in a fractious issue. Moreover, reform agitation surrounding these movements reflected this complexity inasmuch as the varied proposals and recommendations did not lend themselves to an easy or convenient identification of interests which encompassed a wider socioeconomic critique.

In terms of my previous comment regarding the extent of support for the League, I would add a qualification in the sense that a simple head count of the population with a majority in favor of repeal would not, given the political culture of the 1840s, have automatically justified or legitimized repeal. Despite the 1832 Reform Act, Britain was a very long way from a democratic model whereby parliamentary representatives acted as quasi-delegates and whose votes in the House of Commons were merely a reflection of public opinion in their constituencies.

In 1817, George Canning had stated:

> When I am told that the House of Commons is not sufficiently identified with the people, to catch their every nascent wish and to act upon their every transient impression, — that it is not the immediate, passive, unreasoning organ of popular volition, — I answer, thank God that it is not! I answer, that according to no principle of our constitution, was it ever meant to be so; — and that it never pretended to be so, nor ever can pretend to be so, without bringing ruin and misery upon the kingdom.[79]

By 1846 the position was not substantially different. Despite a small number of resignations by MPs whose opinions conflicted with majority opinion in their constituencies, the trustee model of representative democracy famously outlined by Edmund Burke on 3 November 1774 in his *Speech to the Electors of Bristol* remained dominant.

Burke said:

> Parliament is not a Congress of Ambassadors from different and hostile interests; which interests each must maintain, as an Agent and Advocate, against other Agents and Advocates; but Parliament is a deliberative Assembly of one Nation, with one Interest, that of the whole; where, not local Purposes, not local Prejudices ought to guide, but the general Good, resulting from the general Reason of the whole. You chuse [sic] a Member indeed; but when you have chosen him he is not Member of Bristol, but he is a Member of Parliament.[80]

Schonhardt-Bailey has demonstrated how League activity, institutional reform, and changing economic interests at the constituency level were important variables influencing policy preferences in parliamentary votes on repeal.[81] Even if there was clearly no automatic mechanism for translating constituency opinion into parliamentary votes, bringing pressure to bear within constituencies and keeping the question alive was still vitally important. By utilizing a range of propaganda devices and instruments, the League's "multimedia" approach, in speech, text, and illustration, was innovative in popularizing repeal, but quantifying its impact is extremely difficult. [See below for two examples of illustrations (45-46) conceived by Cobden for use by the ACLL.] In defending free trade from fair traders in the 1800s and Tariff Reformers in the 1900s, free traders adopted largely the same propagandist instruments and devices. However, aided by technological advances, the expansion of the press, and the growth of political democracy, late 19th-century and early 20th-century free traders arguably reached a wider and more-informed audience than had been possible in the 1840s.

Yet, while free trade was highly influential in British political culture well into the 20th century, it was never unanimously accepted. Dissenters from free-trade policies and the worldview they represented were fairly consistent in advocating an alternative conceptual framework for the role of commerce within the State. While protectionism languished in mid-Victorian Britain, the emergence of historical economists

counterposing a “national” economic policy to the internationalism of free trade provided some theoretical ballast, vibrancy, and respectability. Nevertheless, the theoretical dominance of free-trade ideas is very apparent when we consider that Friedrich List’s *National System of Political Economy* was not translated into English until 1885, over 40 years after it was first published and circulated widely in Continental Europe.[82]

As we have seen, by the 20th century Free Trade was under threat from a more coherent collectivism and a more powerful rights-based socialist labor movement. Arguments for free trade were modulated and adjusted commensurately with these changes in political culture.[83] The economic case for free trade, on the basis of individual liberty, natural justice, and economic efficiency, was increasingly supplemented by a politically neutral consumerism for the benefit of working-class opinion. In the short-term the success of this approach led socialists to lament the consumer psychology which had subverted proletarian class consciousness. Theodore Rothstein described the shift from militant proletarian to petit bourgeois as characterized by workers’ interest “not so much in the income as in the expenditure side of his budget.”[84]

The social contract with the Victorian state, based on the primacy of the citizen-consumer and embodying a political guarantee of working-class material welfare, proved to be powerful in securing working-class support. The continuity of free-trade principles and the policy instruments it contained made it theoretically and practically mutable, and able to serve as the basis for liberal social democracy in the early 20th century.[85]

Cobden’s influence in this transformation was not lost on contemporaries. As one organ of provincial liberalism stated in the centenary year of his birth:

> Were there no fiscal revival to stimulate interest in his life and work he would nevertheless continue a living force, persisting powerfully in numerous directions.[86]

By 2004, with the passage of time and the revolution and reconfiguration of modern political ideas, appreciation of the political importance of Cobden was more the province of academics than of the popular press or popular political culture. While press comment in 2004 was limited (though not completely absent), it was the bicentenary essays in *Rethinking Nineteenth-Century Liberalism*, edited by Anthony Howe and Simon Morgan (2006), which has revived interest in the man and illustrated the contemporary relevance of his ideas.[87]

Illustration 45: Page 1 from a Letter from Cobden republished in Jane's *The Hungry Forties* (1904) showing him working on ACLL designs for anti-protectionist imagery↩

FACSIMILE OF LETTER FROM RICHARD COBDEN
IN THE FORTIES.

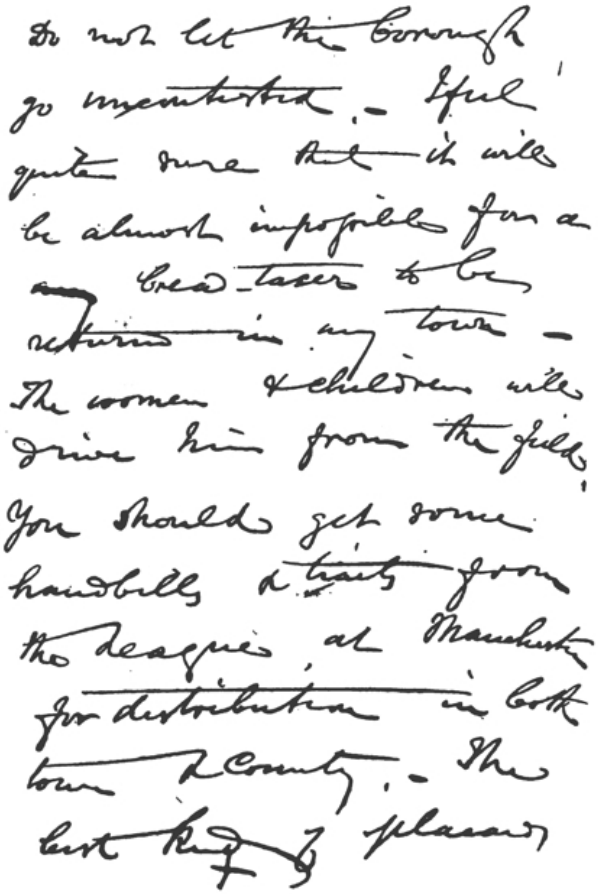
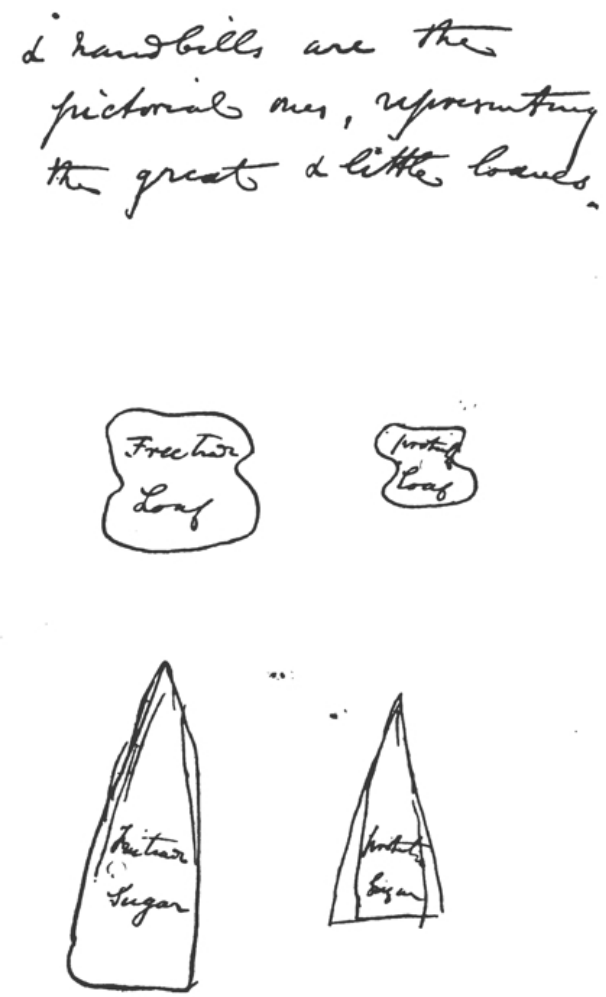


Illustration 46: Page 2 from a Letter from Cobden republished in Jane's *The Hungry Forties* (1904) showing him working on ACLL designs for anti-protectionist imagery↩



Richard Cobden's sketches for images of loaves of bread and sugar cones to show how free trade provides bigger ones and protection smaller ones. Possibly drawn to be used in ACLL propaganda.

Endnotes

[79.] Canning;s "Address on the Prince Regent's Speech at the Opening of the Session" (19 Jan., 1817), *Hansard* HC Deb, 29 January 1817 vol. 35 cc. 130-31. <http://hansard.millbanksystems.com/commons/1817/jan/29/address-on-the-prince-regents-speech-at>.

[80.] Burke's Speech to the Electors of Bristol (3 November 1774) in *Mr Edmund Burke's Speeches at His Arrival at Bristol: and at the Conclusion of the Poll*. (London: J. Dodsley, 1775), pp 28-29 ; and *Select Works of Edmund Burke. A New Imprint of the Payne Edition. Foreword and Biographical Note by Francis Canavan* (Indianapolis: Liberty Fund, 1999). Vol. 4. "Mr. Edmund Burke's Speech to the Electors of Bristol" (3 Nov., 1774) <http://oll.libertyfund.org/titles/659#Burke_0005-04_80>.

[81.] Schonhardt-Bailey, *From the Corn Laws to Free Trade* (2006), pp. 107-54.

[82.] Friedrich List's protectionist work *National System of Political Economy* was published in Stuttgart in 1841 with a second revised edition in 1844. It was translated into French in 1851 by Henri Richelot who was head of the Ministry of Commerce. It was first translated into English in 1856 in Philadelphia, with a London edition appearing in 1885. The 1909 edition of the London translation can be found on the OLL <http://oll.libertyfund.org/titles/315>.

[83.] Howe, "Towards the 'Hungry Forties': Free Trade in Britain, c. 1880-1906," pp. 193-95.

[84.]Rothstein, Theodore, *From Chartism to Labourism: Historical Sketches of the English Working Class Movement* (1929), p. 264.

[85.] Howe, "Towards the 'Hungry Forties': Free Trade in Britain, c. 1880-1906," pp. 199-201.

[86.] "The Centenary of Cobden," *Dundee Advertiser*, 3 June 1904.

[87.] Howe, Anthony and Morgan, Simon, eds.2006. *Rethinking Nineteenth-Century Liberalism: Richard Cobden Bicentenary Essays*. Aldershot; Ashgate.

6. Stephen Davies, "What Cobden Has Wrought" [Posted: Jan. 16, 2015]↩

The comments by the other participants in this conversation contain so many interesting points that I hardly know where to begin in reacting as well as making further points of my own. As such I will highlight what I see as the most important or insightful points, but this should not be taken to mean that other parts of what they have said are not worthy of attention.

I agree with Anthony Howe that perhaps in our focus upon the question of why it proved hard in several cases to repeat the success of the Anti-Corn Law campaign we adopted an excessively negative tone. What is important to remember, as he says, is just how extraordinary the success of the campaign was, given the obstacles it faced. It did take 10 years, as Gordon Bannerman points out, but I suspect that informed political opinion in Cobden's own time would have thought it impossible that it would ever succeed. The many images and texts that David Hart has incorporated[88] remind us of just how varied and extensive the propaganda and activities of the League were. We are in need of a proper comparative study of 19th- and early 20th-century campaigns and pressure groups (Patricia Hollis's edited collection[89] is still the best work on this) which would show, I suspect, that the League employed a far more varied range of techniques than most other campaigns.

One interesting comparison is with Irish nationalism. If we compare Cobden's campaign with the movement to repeal the Act of Union led by his contemporary (and ally) Daniel O'Connell, what becomes clear is the way that the latter was focused very closely on politics, with huge mass meetings the primary activity. The same point can be made a fortiori about Chartism or later Irish nationalism in the age of Parnell. All of these movements were about pressuring the political class to take certain measures, but beyond that, to mobilize a large group (the Irish or manual workers) so that they could gain political power. Both of these were present in the free trade campaign, particularly the former of course, but they were combined with something that was incidental in the contrasting movements, even Chartism. This was what Gordon Bannerman and Sarah Richardson allude to (particularly in the discussion of Cheryl Schonhardt-Bailey's work) – a deliberate effort to shape public culture and outlook. This has much more profound and long-lasting effects arguably than political action and is much more likely to succeed, particularly when compared to an attempt to alter not just a particular government but the entire political regime. Unfortunately the kind of politics that Michael Davitt or Parnell practiced has a persistent fascination for the radical mind when the kind of cultural or institution-building politics of Cobden and others has more chance of lasting effect.

One particular point made by Anthony Howe is the way Cobden successfully brought about a radical shift in the popular perspective, from a focus on the interests of producers to those of consumers. This of course was strongly contested, and the idea that production takes place in order to create jobs rather than to produce goods for consumption is still very popular. However, polls and other tests of opinion in the United Kingdom repeatedly show that the majority of the British public continues to take the consumer-oriented position. This is a simple change of thinking and perspective that has profound and extensive consequences. The interesting contrast is with the United States, where producerist arguments continue to have enormous popular purchase and there is an entire genre of popular economic writing that calls for protection and other measures to boost production at the expense of consumption. There is no counterpart to this in the United Kingdom.

One interesting question that Gordon Bannerman raises is that of Cobden's view of international relations. Put simply, what would he make of supranationalism of the kind represented by the United Nations and other institutions and the growth of a body of international law in the form of binding treaties and covenants. This is a controversial topic, with some authors such as Razeen Sally[90] arguing that this kind of development is very much the realization of Cobden's ideas. I personally disagree strongly with that. In my view the model of international relations that Cobden and many of his contemporaries espoused was very different, with two important elements not found in current internationalist thinking. The first was the idea that a stable order of commonly shared principles and rules would grow up piecemeal from the bottom up through repeated resort to arbitration and plebiscites to settle disputes between states. This is critically different from the top down model of sovereign states (particularly the great powers) acting to impose an order on the world. In particular the content of the emergent world order was not prescribed for Cobden or derived from abstract principles; it was rather something that would emerge or be discovered. The second was the idea found in the writings of several of his contemporaries (notably French liberals such as Charles Dunoyer) and which Cobden himself alluded to, that of the "municipalization of the world." This was the idea that as society progressed, large territorial states and empires would be replaced by a multiplicity of small self-governing communities organized collectively in voluntary confederations or leagues. In a speech Cobden gave in Manchester on January 15, 1846 he states:

> I see in the Free-trade principle that which shall act on the moral world as the principle of gravitation in the universe,—drawing men together, thrusting aside the antagonism of race, and creed, and language, and uniting us in the bonds of eternal peace. I have looked even farther. I have speculated, and probably dreamt, in the dim future—ay, a thousand years hence—I have speculated on what the effect of the triumph of this principle may be. I believe that the effect will be to change the face of the world, so as to introduce a system of government entirely distinct from that which now prevails. I believe that the desire and the motive for large and mighty empires; for gigantic armies and great navies—for those materials which are used for the destruction of life and the desolation of the rewards of labour—will die away; I believe that such things will cease to be necessary, or to be used, when man becomes one family, and freely exchanges the fruits of his labour with his brother man. I believe that, if we could be allowed to reappear on this sublunary scene, we should see, at a far distant period, the governing system of this world revert to something like the municipal system; and I believe that the speculative philosopher of a thousand years hence will date the greatest revolution that ever happened in the world's history from the triumph of the principle which we have met here to advocate.[91]

This is relevant for a point made by Sarah Richardson. She mentions Cobden's involvement in the Peace Congress movement, as examined by my former colleague David Nicholls. This was indeed much more successful and had a greater impact at the time and subsequently than we realize. One important part of this whole movement, which Cobden supported although it was most associated with his ally Joseph Sturge, was the notion of "peoples diplomacy." This meant developing what we would now call civil-society connections between the inhabitants of different states, direct personal contacts and links between ordinary people as opposed to formal diplomatic relations between governments. (One reason for this was the explicit belief that diplomats reflected the interests of ruling classes rather than ordinary people.) This kind of activity, as Sarah points out, did indeed bring about significant shifts in outlook. Unfortunately the later 19th and very early 20th centuries saw a sudden revival of the idea that relations between different national groups were zero-sum competitions and that war was actually a good, particularly as a character-building exercise. This strikes most people today as simply bonkers, but it became an important part of both elite and popular culture by the 1890s and 1900s.

An important point that Gordon Bannerman makes is the enduring resistance to free trade and the later revival of economic nationalism. He mentions the crucial figure in this process, Friedrich List. As he says, List's ides did not have an impact in Britain until a comparatively late date. In fact when List's book *The National System of Political Economy* was first published in 1841, it had little success, and when he took his own life in 1846 due his having a terminal illness, he probably thought it had completely failed. It was, however, always popular in the United States (where he had actually formed his theories under the influence of people such as Henry Charles Carey[92]) and was translated into English there as early as 1856. However, the real breakthrough for List happened after 1870, particularly of course in his native Germany. In the United States the last third of the 19th century saw a robust debate between supporters of List's approach and advocates of free trade associated with the so-called Bourbon Democrats (such as Grover Cleveland) and the Mugwump faction of the Republicans. A key role in this was played by a network of Cobden Clubs as grassroots advocates of the free-trade position. In 1896, however, the protectionist side gained a crushing and decisive victory. Meanwhile in Britain, there was a challenge to Cobden's legacy with the appearance of the historical approach to economics by people such as William Cunningham. All this came to a head with the great debate over tariff reform between 1902 and 1906.[93] Both sides, as Gordon points out, employed the methods pioneered by Cobden in the 1840s but with much greater reach. The result at the time was a decisive victory for the free-trade side, even greater than the contrary outcome in the United States in 1896.

Illustration 52: Liberal Party poster: "Free Trade Shop vs. Protection Shop" (c. 1905-10)

Source: London School of Economics. British Political Posters, c1905-c1910 <https://www.flickr.com/photos/lselibrary/sets/72157613396150105>.

Left: The Free Trade shop is full of goods(note the size of the 4 d. loaf of bread) and customers are lined up to buy things.
Right: The Protection shop is shabby, with few goods in the window (note the small size of the 4 d. loaf of bread) which are more expensive; a government official with a large "Rates" book under his arm is lecturing the shopkeeper.

[See more images of Cobden and the Anti-Corn Law League].

One final point is that of how to assess current technological developments and whether they make the kind of cultural politics Cobden pioneered more or less likely. I think it is fair to say that Sarah and I are more optimistic, Gordon less so. I think that Sarah and I would emphasize the mobilizing and connecting potential of social media and other developments, while Gordon is more struck by the frivolous and often ill-tempered and splenetic side of phenomena such as Twitter conversations. Certainly it can seem that all that social media have done so far is to provide a megaphone for popular ignorance and bile. However, what it also does is allow opportunity for the correcting and often the shaming or ridiculing of that ignorance (as we have seen a splendid example of recently in the case of the Fox News "terrorism expert" who thought that Birmingham was a majority Muslim city [94]). Clearly we will have to wait and see which of these perceptions is more correct. But I remain hopeful.

Endnotes

[88.] See, Images of Liberty: "Cobden and the Anti-Corn Law League " <http://oll.libertyfund.org/pages/cobden-and-the-anti-corn-law-league>.

[89.] Hollis, Patricia (ed). *Pressure From Without in Early Victorian England*. Edward Arnold, 1974. London.

[90.]Razeen Sally, *Classical Liberalism and International Order*. Routledge, London 1998.

[91.] Cobden's quote comes from *Speeches on Questions of Public Policy by Richard Cobden, M.P.,* (1908), Vol. 1 Free Trade and Finance. Free Trade Speech XX. (Manchester, Jan. 15, 1846) <http://oll.libertyfund.org/titles/927#Cobden_0129.01_579>. Charles Dunoyer (1786-1862) was a lawyer, social theorist, and president of the Political Economy Society. He wrote two books during the 1820s in which he showed how America provided the model for how liberty and industrialism would "municipaliser le monde" (municipalize the world). By this he meant that as industrial societies advanced, they would reach a point where all large political structures would break down into smaller municipalities of self-governing cities and their hinterlands. See, Charles Dunoyer, *L'Industrie et la morale considérées dans leurs rapports avec la liberté* (Paris: A. Sautelet et Cie, 1825), p. 366-7, fn 1.

[92.] Henry Charles Carey (1793-1879) was an American economist who was a strong critic of British free trade policies and a supporter of Alexander Hamilton's "American system" of high tariffs and government funded public works ("internal improvements"). His main works were *Principles of Political Economy*, in 4 vols. (Philadelphia: Carely, Lea & Blanchard, 1837-1840), and *The Harmony of Interests: Agricultural, Manufacturing, and Commercial* (Philadelphia: J.S. Skinner, 1851).

[93.] See Illustration 52: "Free Trade Shop vs. Protection Shop (c. 1905-10); Illustration 53: "An Eye Opener" (c.1905-10); Illustration 54: "How the Tories Have Increased the Cost of Living" (c.1905-10); Illustration 55: "Vote for Tariff Reform" (c.1905-10); Illustration 56: Imperial Tariff Committee: "A Free Trade Forecast" (c1905-10) in the collection "Cobden and the Anti-Corn Law League" <http://oll.libertyfund.org/pages/cobden-and-the-anti-corn-law-league>.

[94.] Steven Emerson, "Fox News 'terrorism expert' apologises for calling Birmingham 'totally Muslim city'", *The Independent*, Friday 16 January, 2015 <http://www.independent.co.uk/news/people/fox-news-terrorism-expert-steven-emerson-apologises-for-calling-birmingham-totally-muslim-city-9971666.html>.

7. Sarah Richardson, "Manchester or Midhurst?" [Posted: Jan. 19, 2015]↩

One aspect of Cobden's success was his ability to present himself equally effectively as the Manchester Manufacturer or the Sussex Yeoman Farmer. This dual identity enabled him to be all things to all men: the cotton merchant campaigning for free trade or the rural agriculturalist urging land reform.

In his earliest pamphlets, Cobden wrote anonymously as A Manchester Manufacturer, using these credentials to speak authoritatively on aspects of economic and foreign policy. As the "Manchester School," he worked effectively with radical business leaders, including John Bright, Archibald Prentice, Edward Miall, and J. B. Smith. The term "Manchester School" was actually coined by Cobden's arch enemy, Benjamin Disraeli, who in a mocking speech to Parliament in 1846 accused the repealers of a naïve belief that other nations would sign up to commercial free-trade treaties :

> I want to ask the right hon. Gentleman a very important question—does he believe that he can fight hostile tariffs with free imports? That is the point. ["Hear!"] "Hear, hear," from the disciples of the *school of Manchester*! A most consistent cheer! They have always maintained they can; and if their principles are right, as they believe they are—as I believe they are not—I can easily understand, that their premises being assumed, they may arrive at that conclusion. They believe they can fight hostile tariffs with free imports, and they tell us very justly, "Let us take care of our imports, and every thing else will take care of itself."[95]

According to William Dyer Grampp, who wrote a key monograph, *The Manchester School of Economics*, Cobden was pleased with the nomenclature and apparently liked to term himself and John Bright as "professors" of the school.[96] Manchester too remained loyal to Cobden and the Manchester School. The Free Trade Hall was built on land donated by Cobden in St Peter's Fields, Manchester between 1853 and 1856. Its name keeping the policy firmly in the minds of the population of the city. A statue to Cobden was also erected in St Ann's Square, Manchester funded by public subscription. The surplus was given to educational causes including funding a Chair of Political Economy at Owens College (later the University of Manchester). The statue was unveiled in 1867 with great pomp, attended by leading northern Liberals, although a notable absence was John Bright. Among the banners and artefacts there were two imitations loaves of bread: a larger one inscribed with the message 'Free Trade' and a smaller one entitled 'Protection'.

However, as Cobden's political interests moved away from repeal towards issues such as land reform, he drew on his early boyhood experience

living on (and losing) the family farm at Heyshott in Sussex. Anthony Howe demonstrates how his move back to rural Sussex in 1850 enlightened him to the backwardness and feudal nature of rural society, citing this letter written by Cobden to Brougham:

> I have frequently asked myself, whilst perambulating the Duke of Richmond's villages, -- in what do these peasants differ from their Saxon forefathers? -- The range of their ideas is about the same; bounded by their daily occupations, which have not much varied in a thousand years. – Their knowledge of the world does not extend much beyond their own parish. -- No light penetrates their mind beyond their hamlets.[97]

However, Anthony Taylor argues that Cobden was reinvented as a great land-reform crusader by his brother-in-law, James Thorold Rogers, in the years after his death.[98] This reworking of Cobden's identity as a Sussex yeoman rather than a Manchester businessman was aided by Cobden's daughters. An article in the *Daily Chronicle* in 1904 based on conversations with Annie Cobden-Sanderson and Kate Cobden Fisher emphasizes that he was first and foremost a friend and advocate of the rural peasantry:

> One of Cobden's most striking characteristics was his antagonism to the feudal class as it survived in his day. He believed that the only class which possessed sufficient wealth and influence to counteract the feudal spirit was the great manufacturers and merchants of England. Mrs. Cobden-Sanderson supplied an interesting gloss on this point. "It was," she said, "living in the country and knowing so much of the lives of the people there that made him understand what feudalism meant."[99]

Kate Fisher recollected,

> He came into the country rather for rest. He loved the country. He was always particularly fond of the South Downs, and he loved all the life of Nature. He liked to watch how the crops were coming on and to visit the farmyard – he loved all the animals; and then he was always glad to talk to the labourers at their work on the farm or on the roads; indeed he was interested in everybody around him or whom he met.
>
> The country, of course, was much more Conservative then than it is now; but there was an old tenant farmer who had such a great admiration for my father -- both for himself and for what he had done in giving the people cheap bread -- that, after my father's death, he had a little obelisk erected to his memory, which is still standing in West Lavington. It was a brave thing at that time for a man to do who was only a tenant farmer….[100]

In 1880, Cobden's daughter Jane donated a cottage to Heyshott village to establish a Cobden Club, one of the first rural working men's clubs in England. The Cobden Club Hall moved to a new building in the twentieth century and the original was converted to a private cottage. His daughters then, were instrumental in re-inventing their father as the champion of rural labourers, to keep his legacy relevant for future generations.

Cobden was a consummate politician and propagandist. His ability to flip identities from urban industrialist to rural landowner was surely part of his success.

Illustration 58: Richard Cobden Obelisk 1, Cocking Causeway (1868)

Cobden lived at Dunford House a mile from where this obelisk was erected in 1868 in his honor (he died in 1865). It was commissioned by H.Y. Court (1868), and the stonemason was J.S. Grist.

Source: *The Geograph Britain and Ireland project* <geograph.org.uk>. Cobden's Obelisk, Cocking Causeway, near West Lavington, West Sussex, Great Britain.

<http://www.geograph.org.uk/photo/225586>.

Illustration 60: Richard Cobden Obelisk (inscription), Cocking Causeway (1868)

Inscription: "Free Trade, Peace, Goodwill among Nations"

[See additional images of the Richard Cobden Obelisk (Illustrations 57-60) in Images of Liberty: "Cobden and the Anti-Corn Law League " <http://oll.libertyfund.org/pages/cobden-and-the-anti-corn-law-league>.]

Endnotes

[95.] Benjamin Disraeli, speech to the House of Commons, 20 February 1846, emphasis added. <http://hansard.millbanksystems.com/commons/1846/feb/20/commercial-policy-customs-corn-laws#column_1326>

[96.] William Dyer Grampp, *The Manchester School of Economics* (Stanford: Stanford University Press, 1960). <http://oll.libertyfund.org/titles/2128#Grampp_1445_21>. Note: Grampp wrongly states that Disraeli's speech was delivered in 1848.

[97.] Cited in Howe, p. 84. Howe, A. "The 'Manchester School' and the Landlords: The Failure of Land Reform in Early Victorian Britain," 74-91 in Cragoe and Readman.

[98.] See, Taylor, A. "Richard Cobden, J. E. Thorold Rogers and Henry George," 146-66 in Cragoe and Readman .

[99.] Typescript of interview between Annie Cobden Sanderson and the *Daily Chronicle*, 1904. Cobden-Sanderson MS, Add. MS 6041.

[100.] Typescript of interview between Kate Cobden Fisher and the *Daily Chronicle*, 1904. Cobden-Sanderson MS, Add. MS 6041.

8. Gordon Bannerman, "Richard Cobden: Further Thoughts and Future Prospects" [Posted: Jan. 20, 2015]↩

Stephen Davies's excellent summary of the conversation offers much food for thought. The conversation has ranged far and wide in exploring, explaining, and defining Cobden's influence in time and space. The multifaceted influence and relevance of Cobden's ideas has been very apparent. The centrality of the League campaign is entirely understandable and justifiable but should not of course blind us to Cobden's long-term international influence, and the longevity and continuing relevance of his ideas. The domestic influence of Cobdenite ideas was indeed great, and the growth of consumer-related politics as the primary theme of free-trade agitation in a more democratic age, with a mass of working-class consumers and voters, was long-lived, despite coming to a rather abrupt end.

While clearly an important figure in forging new and more effective modes of political agitation, perhaps Cobden's most lasting achievement was in creating an intellectual outlook that linked domestic commercial policy, antimilitarism, and international commercial cooperation, which ultimately offered a vision of a better future for humanity. For Cobden international free trade should lead to a transformation in the conduct of diplomacy and foreign policy, from being the province of diplomats and politicians to that of communities, merchants, and traders.

Cobden's internationalist outlook, as described by Stephen Davies, was of a world where there would be an international community sharing common principles and values, and which possessed a broad agreement on arbitration, conciliation, and the peaceful settling of international disputes.

The practicality of these ideas was questioned even by Cobden's admirers. For example Goldwin Smith claimed that Cobden had succumbed to his own enthusiasm:

> Hardly any mind can escape the bias of its history. Cobden's had no doubt constructed a bias, and a serious one, from the Free Trade struggle. Absolutely free from any sordid sentiment, from any disposition to believe that man lives by bread alone, from any conscious preference of material over moral and political consideration, yet he was inclined to overrate the beneficent power of commercial influences, and consequently the value of commercial objects.[101]

Nevertheless, elements of Cobdenite thought remain in the international policy space, and free trade has generally retained its positive connotations despite attacks from the modern "fair-trade" movement. Of course, while many politicians pay lip-service to the moralistic and ethical aspects of free trade, in practice, the implementation of the policy, or the extent of its application, is largely dictated by national "vital interests." Clearly, this "politicking" would not be approved by Cobden, for as he famously stated on 28 June 1850:

> I believe the progress of freedom depends more upon the maintenance of peace, the spread of commerce, and the diffusion of education than upon the labours of Cabinets or Foreign-offices.[102]

While we are very far from having established this state of affairs in foreign relations, it remains a noble aspiration. Yet somewhat ironically, the desire to sustain local economies and small producers, underpinned by ethical and moral imperatives, in a "fair" global commercial environment has resulted in broad-based attacks by NGOs and anticapitalist protesters against open markets and globalization.[103] Popular protest has been supplemented by the loss of academic and theoretical hegemony, with the complexity of the international economy making the modern case for free trade appear, according to Razeen Sally, as "too narrow and mechanical" and even "a little unreal."[104]

It is certainly true that a particularly interesting aspect of the conversation has been the contemporary as well as historical relevance of many of Cobden's ideas. Perhaps new social media will more easily allow the transmission of Cobdenite ideas as well as other radical ideas to reach a wider audience with far less effort than Cobden had to exert. While it seems unlikely that the mere existence of social media can lead to a greater interest in politics or political ideas, it can certainly supplement a popular movement and create something of a community of interest. In that respect, I am not so far away from the more optimistic position of Sarah Richardson and Stephen Davies.

Endnotes

[101.] Smith, Goldwin. 1911. *Reminiscences*. Arnold Haultain (ed.) New York: Macmillan and Co., p. 246.

[102.] Cobden, "Speech in the House of Commons (June 28, 1850)," *Speeches on Questions of Public Policy,* vol. 2, 228 </titles/931#Cobden_0129.02_315>. For speeches on this theme see: *Speeches on Questions of Public Policy by Richard Cobden, M.P., ed. by John Bright and J.E. Thorold Rogers with a Preface and Appreciation by J.E. Thorold Rogers and an Appreciation by Goldwin Smith* (London: T.Fisher Unwin, 1908). 2 volumes in 1. Vol. 2 War, Peace, and Reform.

[103.] Irwin, Douglas A. 2002. *Free Trade under Fire*. Princeton: Princeton University Press, p. 225-28.

[104.] Sally, Razeen. 2008. *Trade Policy, New Century: the WTO, FTAs, and Asia Rising*. London: Institute of Economic Affairs, p. 47-8.

9. Anthony Howe, "Cobden and the People: Then and Now" [Posted: Jan. 20, 2015]↩

Amongst the many interesting points in this conversation, two may be worth elaborating further, the timing and degree of popular support for free trade and Cobden's understanding of internationalism and people's diplomacy.

On the first, while Gordon Bannerman is right to set limits to the Anti-Corn Law League's working-class following, as he also shows, free-trade values permeated popular consciousness, as was seen in the degree of support from trade unions by the 1860s, the cult of Cobden after his death, and the many ways in which, as Sarah Richardson has shown, his legacy was reaffirmed by his daughters. Here we should not forget the huge impact of Jane Cobden-Unwin's *The Hungry Forties* (1904), which also contains interesting reminders of Cobden's Sussex rural radicalism. Hence as Ross McKibbin concluded in a celebrated article, "The free trade fiscal system had, before 1914, an ideological value for the working class far beyond any conceivable socialist doctrine." [105] Here, too, as Stephen Davies rightly notes, most British workers (including agricultural ones) saw themselves as consumers, in contrast to the producers' rhetoric in the United States.[106] This suggests that rather than comparing the League with later British reform movements we might compare it with the activities of groups such as the American Free Trade League, and compare Cobden with the aspiring "Cobden of America," David Wells.[107] This also reveals the extent to which Cobden or the Cobden Club became an object of suspicion within the rhetoric of Anglophobic economic nationalism in the United States.[108] One elderly American once contacted me to recall that in his youth he had been a member of the "Anti-Cobden Club" in Philadelphia. For Cobden himself I would argue that free trade was an essential part of emancipating the people – that tariffs represented "interests" battening on popular welfare, and that with their removal, the "natural order" would be restored, all in line with his desire to popularize Smithian economics.

More difficult to achieve was the alignment of foreign policy with what might be deemed people's diplomacy. Cobden was suspicious of congresses of nations because in his day they would have reinforced the power of existing, mostly reactionary, states. Hence, as Davies points out, Cobden wanted to maximize connections between peoples at all levels, as seen, for example, in his approval of the visit of over 2000

French male singers to the Crystal Palace in 1860: “If the relations between the two countries depended only on the conduct of the *peoples* towards each other I should have no fear;- their instincts alone & force of natures laws would keep them at peace.” [109]

However, this spontaneous peacefulness was vitiated in his view by the John Bullish instincts aroused by Palmerstonian diplomacy. Cobden wrestled with the question as to whether wars were genuinely or artificially popular and by the 1860s came optimistically to believe that with greater democracy in Britain, war would become less popular, an early expression of the view that democracy favored peace.[110] What remains unclear in Cobden’s thought is whether future international bodies might have been deemed to represent the collective peoples’ will – arguably a Gladstonian-style Concert of Europe did promise this. Likewise, avid Cobdenites like Sir Louis Mallet favored an international body to determine tariffs, surely a route to the WTO. Here, too, while I think Stephen Davies is right to link Cobden to the “municipalization of the world” in the 1830s and 1840s, I would suggest his ideas changed after 1848, that he came to recognize more strongly the force of nationalism and therefore became a pioneer of “inter-nationalism,” the building of ties between nations which became a feature of the 1860s.[111] Here, too, Gordon Bannerman is right to stress democratic accountability of foreign policy, which became a hallmark of the Cobdenite tradition, with which a U.S. vote over Syria in 2013 would have accorded precisely; oddly the Cobdenite echoes here seem to have gone unnoticed in public debate.

In trade and foreign policy, therefore, Cobden’s concern was that government should reflect the will of the governed, a view he traced back to the 18th-century “Friends of America.” How far this pertains to the present day is more difficult to judge – can social media and the blogosphere reinforce democracy or not? Cobden himself, however, we can be sure valued highly active citizenship, independent judgement, and the maximum of political information, although he did not of course live to see the age of Victorian two-party representative government.

One final note, in terms of Cobden’s views on government and peoples, this conversation has largely omitted Cobden’s anti-imperial views, surely a major area of his legacy in late-19th- and early-20th-century Britain (and certainly one his daughters enthusiastically took up).

Endnotes

[105.] McKibbin, R. “Why Was There No Marxism in Great Britain?,” *English Historical Review* 99 (1984), p. 322.

[106.]Howe, A. “Free Trade and the International Order: The Anglo-American Tradition, 1846-1946,” in F. Leventhal and R. Quinault eds., *Anglo-American Attitudes* (Aldershot: Ashgate, 2000).

[107.] DMH: The American Free Trade League was founded in 1864 by the lawyer Simon Sterne (1839-1901) and the economist and statistician Alexander del Mar (1836–1926) and included among its membership the economist Arthur Latham Perry (1830-1905), the New York politician Horace White (1865-1943), the engineer and economist David Ames Wells (1828-1898), and the essayist Ralph Waldo Emerson (1803-1882). Related to this were regional groups such as The New York Free-Trade Club which was founded in 1878 and seems to have been quite active, publishing a magazine called *The Free-Trader,* and books like William Graham Sumner's *Lectures on the History of Protection in the United States. Delivered before the International Free-Trade Alliance* (New York: Published for the New York Free Trade Club by G.P. Putnam's Sons, 1883). The engineer and economist David Ames Wells (1828-1898) wrote many pamphlets for the League as well as an important article on "Free Trade" for Lalor's *Cyclopaedia of Political Science, Political Economy, and of the Political History of the United States* (1899). The French economist and friend and colleague of Bastiat, Gustave de Molinari (1819-1912), wrote the article on "Protection" (based upon his article on "Tariffs" in the *Dictionnaire de l'économie politique* (1853-54) ; and David H. Mason wrote the lengthy pro-protectionist article "Protection in the United States" .

[108.] Palen, M-W. “Foreign Relations in the Gilded Age: A British Free Trade Conspiracy?,” *Diplomatic History* 37 (2013).

[109.] Howe, A. and S. J. Morgan eds. *The Letters of Richard Cobden. Volume 4 1860-1865* (forthcoming, Oxford: Oxford University Press, 2015), p. 117.

[110.]Wolf, M. “Richard Cobden and the Democratic Peace,” in G. Cook ed., *Freedom and Trade, Volume 2* (London: Routledge, 1998).

[111.] Howe, A. (2). “Free Trade and Global Order: The Rise and Fall of a Victorian Vision,” in D. Bell ed., *Victorian Visions of Global Order* (Cambridge: Cambridge University Press, 2007).

10. Gordon Bannerman, "Cobden, Commerce, and Empire" [Posted: Feb. 1, 2015]↩

As all the participants in this conversation have noted, the influence of the Anti-Corn Law League on the political consciousness of the British nation was of long duration. As Anthony Howe argues, the idea that taxes on food imports deleteriously impacted on the welfare of the nation was increasingly accepted. Although the League failed to attract mass working-class support, it did succeed in effecting a fundamental shift in the political psychology of workers and in identifying free trade as a vital national interest for an expanding industrial and commercial economy. Over time, working-class opposition to protective duties (and perhaps less enthusiastically, support for free trade) became more pronounced. However, alongside the political opinion of the respectable and politically aware working class, we must set the opinion of those in late-Victorian and early Edwardian Britain who thought little of politics. In August 1903 a walking tour of Britain intended to gauge opinion on the tariff reform issue concluded:

> Above all, the wearisome lack of interest or monotonous opposition to the food taxes as they are known universally throughout the land by the working classes is evident.[112]

It would have taken and indeed ultimately did take a great crisis to effect a paradigm shift of sufficient magnitude to sever the association between protective duties and high food prices.

The power of the League's propaganda in forging that association in the public mind was evident, not least and perhaps especially, among its opponents. In the 1880s, the fair-trade campaign, in attempting to counter the "big loaf" arguments of free traders, tried to turn the tables by portraying "The Free Trade Loaf" as one-third home-grown, two-thirds foreign-grown, with factories running short time and men out of work. By contrast "The Fair Trade Loaf" was all grown within the Empire, with secure return markets for manufactures, and factories running full-time with plenty of work.[113] Interestingly enough, a placard featured in a drawing was inscribed, "independent of the world," thus indicating a concern with self-sufficiency, a vintage autarkic pro-Corn Law argument.[114] By contesting anti-corn law discourse and motifs, fair traders, although subverting the original message, perhaps did little more than propagate that message and bolster the association in the public mind between protective duties and high food prices.

Illustration 51: Thackeray, Illustrations Of The Rent Laws II, "The Choice of a Loaf" (1839)

THE CHOICE OF A LOAF.

[See page 167

Source: *Stray Papers by William Makepeace Thackeray. Being Stories, Reviews, Verses, and Sketches (1821-1847). Edited, with an Introduction and Notes. By Lewis Saul Benjamin. With Illustrations.* (London: Hutchinson and co., 1901). Frontispiece, pp. 167-68, p. 416.

[See additional images in Images of Liberty: "Cobden and the Anti-Corn Law League " <http://oll.libertyfund.org/pages/cobden-and-the-anti-corn-law-league>.]

Certainly, among the political classes, in a more democratic age, adopting food taxes was considered socially and politically dangerous. Even sympathizers like Lord Randolph Churchill held the view that:

> Low prices in the necessaries of life and political stability in a democratic Constitution are practically inseparable, and that high prices in the necessaries of life and political instability in a democratic Constitution are also practically inseparable.[115]

Fair trade struggled to create an identity clearly distinguishable from older forms of protectionism. As Platt has argued, while the movement sought to construct a "national" commercial policy based on protection for domestic industries and imperial preference, "its misfortune was that it became popularly identified with a return to the discredited Protectionism which had ended effectively with the Repeal of the Corn Laws."[116]

The imperial link was increasingly important in 19th-century politics and political discourse. Clearly Anthony Howe is correct to point to anti-imperialism as something not only submerged within this conversation but also perhaps an understated element in Cobdenite historiography. As well as opposing the protectionist regulatory framework of preferential tariffs, Cobden's anti-imperialism was closely linked to support for retrenchment in government expenditure, opposition to the growth of militarism, and the rapid and alarming acceleration in Britain's acquisition of colonial territories.

Anti-imperialism was a pervasive though often subordinate element of his political thought. Early in his career, in a letter of 29 April 1837, he informed William Tait of his thoughts on Britain's Mediterranean colonies:

> Upon Gibraltar I shall give my opinion that it would be best for the English nation to destroy the fortifications; & give up this barren rock to the Spaniards in consideration of a commercial treaty—Upon the subject of Malta I would also advocate the demolition of the fortifications, & the policy of making the island a free port governed by its own people—The Ionian Islands ought not, & must not be suffered, to cost the English a penny—what use are they to us"?[117]

By referencing national self-determination, representative democracy, financial retrenchment, and commercial cooperation, this critique neatly incorporated many important strands in Cobden's radical anti-imperialism. After Cobden's death in 1865, the empire assumed greater prominence in British politics. Disraeli was not alone in considering colonial territories as "millstones," but later in the 19th century Disraeli's brand of Toryism was increasingly superseded by a more aggressive and modern Conservatism which promoted tighter imperial institutional, political, and commercial links.

While fair trade promoted the linkages between tariffs, military power, and empire, these elements were more coherently bound together and displayed more overtly and vigorously in Joseph Chamberlain's tariff-reform movement. The struggle between "formal" empire, imperial expansion, territorial annexations, and Cobden's belief in commerce as a great civilizing force had of course a long lineage. The 1850s had been a particularly tumultuous decade, when Cobden's vision of a new, peaceful form of international relations based on commercial activity rather than diplomatic and military alliances and rivalries foundered and was continually undermined by colonial wars and territorial expansion in India and China, and war in the Crimea. For Cobden's consideration of retribution for "imperial crimes," see this passage from his 1853 pamphlet *How Wars are got up in India*:

> But it is not consistent with the supremacy of that moral law which mysteriously sways the fate of empires, as well as of individuals, that deeds of violence, fraud, and injustice, should be committed with permanent profit and advantage. If wrongs are perpetrated in the name, and by the authority, of this great country, by its proconsuls or naval commanders in distant quarters of the globe, it is not by throwing the flimsy veil of a "double government" over such transactions that we shall ultimately escape the penalty attaching to deeds for which we are really responsible. How, or when, the retribution will re-act upon us, I presume not to say. The rapine in Mexico and Peru was retaliated upon Spain in the ruin of her finances. In France, the razzias of Algeria were repaid by her own troops, in the massacres of the Boulevards, and the savage combats in the streets of Paris. Let us hope that the national conscience, which has before averted from England, by timely atonement and reparation, the punishment due for imperial crimes, will be roused ere it be too late from its lethargy, and put an end to the deeds of violence and injustice which have marked every step of our progress in India. [118]

Imperial and military rivalry meant maintaining a high level of military preparedness. How far Cobden was opposing "official" opinion on peace, international relations, and foreign policy can be seen by reference to the historical trajectory of the mindset of those responsible for British foreign policy. On 14 April 1749, Lord Barrington stated: "Sir, it is a maxim with all wise and well-governed nations, in time of peace, to provide for war."[119] Over one hundred years later, on 11 March 1861, Viscount Palmerston speaking amidst the threat of war with France stated:

> I am really sorry to be discussing the possibility of feelings of hostility between two countries that, I hope, will long remain friends; but it is with the object of impressing on the House and on the country that there is no possibility of peace and friendship between two wealthy and powerful nations unless each is on such a footing as to its defences that neither may invite attack by the other.[120]

This type of language was depressingly familiar to Cobden and reflected the war-like, defensive, and suspicious propensities of the political elite, fueled by aristocratic political control of the State. Despite his period of political isolation, Cobden's return to activity and in negotiating the 1860 Anglo-French treaty validated his belief in commerce as a force for international peace. While this process was diplomatic and political rather being based on purer notions of free exchange between peoples, it did offer a way forward. Cobden saw it mainly as a means of avoiding war, but in personal terms, perhaps his involvement represented a new realism based on the practicalities of working within the diplomatic parameters of the international state system.

We have seen how Cobden's political ideas remain influential, albeit operating in a very different political context from that of mid-Victorian Britain. Moreover, Cobden's influence is likely to endure for some time yet. The complexities of global trade, and the struggle for open markets against regulatory restrictions like quotas and subsidies, as well as the continually contested area of ethical foreign policies mean there is much scope for further exploration of Cobdenite ideas. Elements of Cobden's thought are likely to remain within the policy space and may well inform or at least be a point of reference for policymakers in the future.

Endnotes

[112.] *Daily Mail*, 29 August 1903.

[113.] *Fair Trade: A Weekly Journal Devoted to Industry and Commerce*, 30 October 1885; 6 November 1885.

[114.] *Fair Trade: A Weekly Journal Devoted to Industry and Commerce*, 6 November 1885.

[115.] Brown, B.H. 1943. *The Tariff Reform Movement in Great Britain 1881-1895*. New York: Columbia University Press, p. 68.

[116.] Platt, D.C.M. 1968. *Finance, Trade, and Politics in British Foreign Policy 1815-1914*. Oxford: Oxford University Press, p. 84.

[117.] Howe, Anthony. ed. 2007. *The Letters of Richard Cobden, vol. 1, 1815-1847*. Oxford: Oxford University Press, p. 103.

[118.] Richard Cobden, *The Political Writings of Richard Cobden, with a Preface by Lord Welby, Introductions by Sir Louis Mallet, C.B., and William Cullen Bryant, Notes by F.W. Chesson and a Bibliography*, vol. 2, (London: T. Fisher Unwin, 1903). "How Wars are got up in India" <http://oll.libertyfund.org/titles/231#Cobden_0424-02_365>.

[119.] Hansard. 1747-53. “Debate on a Plan for Speedily Manning the Navy.” *Parliamentary History*. XIV, 538.

[120.] Hansard. 1861. “Supply—Navy Estimates.” *HC Debates*. CLXI, 1789. <http://hansard.millbanksystems.com/commons/1861/mar/11/supply-navt-estimates#column_1789>

11. Sarah Richardson, "Cobden and Communication" [Posted: Feb. 1, 2015]↩

Reading the exchanges among Stephen Davies, Anthony Howe, Gordon Bannerman, and me over the past weeks, I have been struck at how *modern* Cobden’s ideas and campaigning strategies appear.

A fine example of this is his connections with the revolutionary campaign to reform the postal system in the 1830s, led by Rowland Hill and supported by reformers such as Henry Cole, Francis Place, and Robert Wallace. Cobden read Hill’s detailed analysis of the deficiencies of the existing postal system and his utilitarian solutions: *Post Office Reform: Its Importance and Practicability* (1837).[121] He gave evidence to the Parliamentary Select Committee on Postage as a representative of the Manchester Chamber of Commerce. In his evidence he stressed the ineffectiveness of the current system, stating that when he traveled between Manchester and Liverpool he carried pocketfuls of correspondence with him because of the expense and cumbersome nature of the post. He also argued the existing rate of postage was a tax on the poor, effectively excluding them from an essential means of communication and impeding the spread of education. Finally, he emphasized the moral benefits of cheap and simple mass communication. Whilst we should not doubt Cobden’s commitment for post reform on the grounds of moral, intellectual, and commercial improvement, there is no doubt that he also realized the political benefits. In a letter to his ally Charles Pelham Villiers in 1840 he wrote:

> We shall radicalise the country in the process of carrying the repeal of the Corn Law, and we are effecting such an organisation by means of the penny-postage (that destined scourge of the aristocracy) that we shall, by and by, be able to carry any measure of a popular nature by a coup de *billet*.[122]

The Anti-Corn Law League harnessed the power of the new penny post, sending out millions of pamphlets, newspapers, and magazines and even designing their own prepaid stamped envelopes. Cobden estimated that the Corn Laws were repealed two years early because of the introduction of the penny post.

Illustration 32: Illustrated envelopes with ACLL imagery

These are two examples of elaborately illustrated envelopes which supporters of free trade could purchase to both take advantage of the new penny post and make their political views known to the recipient of their mail.
Above: At the bottom centre is a globe with a sash on which is written "Free Trade". To the left is a female figure pointing to some cargo which will be soon loaded onto the ship behind her; to the right is another female figure who is holding a hand scythe used to harvest grain, behind her is a field with a wheat sheaf and a windmill.
Below: This is a simpler design with ears of wheat forming a border around the envelope. At the top and bottom centre are the words "Free Trade."

[See additional images in Images of Liberty: "Cobden and the Anti-Corn Law League " <http://oll.libertyfund.org/pages/cobden-and-the-anti-corn-law-league>.]

In 1846, after repeal, he wrote to Francis Place:

> Bless yourself that you lived in times when reform bills, steamboats, railroads, penny postage, and free trade, to say nothing of ratification of civil and religious liberties, have been possible facts.[123]

There is no doubt that Cobden embraced the revolutionary new technologies of his time, identifying their potential for democratization and mass education. I like to think he would have been equally excited by the opportunities offered by tweets, text messages, and Tumblr blogs.

Endnotes

[121.] Hill, Rowland (1837). *Post Office Reform: Its Importance and Practicability*. Privately Printed. [http://books.google.co.uk/books?id=PJQIAAAAQAAJ&pg=PP5#v=onepage&q&f=false]

[122.] Cited in Donaldson Jordan, H. (1965). “Richard Cobden and Penny Postage: A Note on the Processes of Reform,” *Victorian Studies*, 8:4, p. 360.

[123.] Wallas, Graham (1898). *Life of Francis Place*. London: Longmans, Green & Co., p. 396. [https://archive.org/stream/lifeoffrancispla00walliala/lifeoffrancispla00walliala_djvu.txt]

ADDITIONAL READING

Online Resources↩

Richard Cobden (1804-1865) <http://oll.libertyfund.org/people/richard-cobden>

John Bright (1811-1889) <http://oll.libertyfund.org/people/john-bright>

Topic: Free Trade <http://oll.libertyfund.org/groups/138>

Images of Liberty: "Monuments to Two 19th Century Free Traders: Frédéric Bastiat (1801-1850) & Richard Cobden (1804-1865)" <http://oll.libertyfund.org/pages/monuments-to-free-trade-bastiat-and-cobden>

Images of Liberty: "Cobden and the Anti-Corn Law League " <http://oll.libertyfund.org/pages/cobden-and-the-anti-corn-law-league>.

The Richard Cobden Obelisk, Cocking Causeway (1868)

- See Illustrations 57-60 of Images of Liberty: "Cobden and the Anti-Corn Law League " <http://oll.libertyfund.org/pages/cobden-and-the-anti-corn-law-league>.
- The Geograph Britain and Ireland project <geograph.org.uk>. Cobden's Obelisk, Cocking Causeway, near West Lavington, West Sussex, Great Britain). <http://www.geograph.org.uk/photo/225586>.
- Public Sculptures of Sussex. Cobden's Obelisk, commissioned by H.Y. Court (1868), stonemason J.S. Grist. <http://publicsculpturesofsussex.co.uk/object?id=278>. Inscription: Richard Cobden (1804-1865); Free Trade, Peace, Goodwill among Nations.

Works Mentioned in the Discussion↩

Works by Richard Cobden

Richard Cobden, *England, Ireland, and America. By a Manchester Manufacturer. Second Edition* (London: James Ridgway and Sons, 1835). <http://oll.libertyfund.org/titles/2650>

Richard Cobden, *Russia. By a Manchester Manufacturer; Author of "England, Ireland, and America"*. (Edinburgh: William Tait, 1836). <http://oll.libertyfund.org/titles/2651>

Cobden, Richard, *The Corn Laws. Speech of R. Cobden, Esq., M.P. in the House of Commons, on Thursday Evening, February 24, 1842*. (Manchester: J. Gadsby, n.d.). <http://oll.libertyfund.org/titles/2649>

Richard Cobden, *What Next and Next?* (London: James Ridgway, 1856). <http://oll.libertyfund.org/titles/2652>

Speeches on Questions of Public Policy by Richard Cobden, M.P., ed. by John Bright and J.E. Thorold Rogers with a Preface and Appreciation by J.E. Thorold Rogers and an Appreciation by Goldwin Smith (London: T. Fisher Unwin, 1908). 2 volumes in 1.

- Vol. 1 Free Trade and Finance. <http://oll.libertyfund.org/titles/927>
- Vol. 2 War, Peace, and Reform. <http://oll.libertyfund.org/titles/931>

Cobden, Richard. 1878. *The Political Writings of Richard Cobden*. London: William Ridgway.

The Political Writings of Richard Cobden, with a Preface by Lord Welby, Introductions by Sir Louis Mallet, C.B., and William Cullen Bryant, Notes by F.W. Chesson and a Bibliography, 2 vols. (London: T. Fisher Unwin, 1903). <http://oll.libertyfund.org/titles/173>.

- vol. 1 <http://oll.libertyfund.org/titles/82>
  - *England, Ireland, and America* (1835) <http://oll.libertyfund.org/titles/82#lf0424-01_head_007>.
  - *Russia* (1836) <http://oll.libertyfund.org/titles/82#lf0424-01_head_015>.
- Vol. 2 <http://oll.libertyfund.org/titles/231>
  - *What Next - And Next?* (1856) <http://oll.libertyfund.org/titles/82#lf0424-02_head_008>

Howe, Anthony, ed. *The Letters of Richard Cobden, Volume 1 1815-1847* (Oxford: Oxford University Press, 2007) .

Howe, Anthony, ed. *The Letters of Richard Cobden Volume 2 1848-1853* (Oxford; Oxford University Press, 2010).

Howe, A. and S. J. Morgan eds. *The Letters of Richard Cobden. Volume 4 1860-1865* (forthcoming, Oxford: Oxford University Press, 2015).

Taylor, Miles. (ed.). 1994. *The European Diaries of Richard Cobden, 1846-1849*. Aldershot: Scolar Press.

Works by Jane Cobden

Jane Cobden, *The Hungry Forties: Life under the Bread Tax. Descriptive Letters and other Testimonies from contemporary Witnesses, with and Introduction by Mrs. Cobden Unwin. Illustrated* (London: T. Fisher Unwin, 1904).

Jane Cobden, *The Land Hunger: Life under Monopoly. Descriptive Letters and other Testimonies from those who have suffered, with an Introduction by Mrs. Cobden Unwin and an Essay by Brougham Villiers* (London: T. Fisher Unwin, 1913).

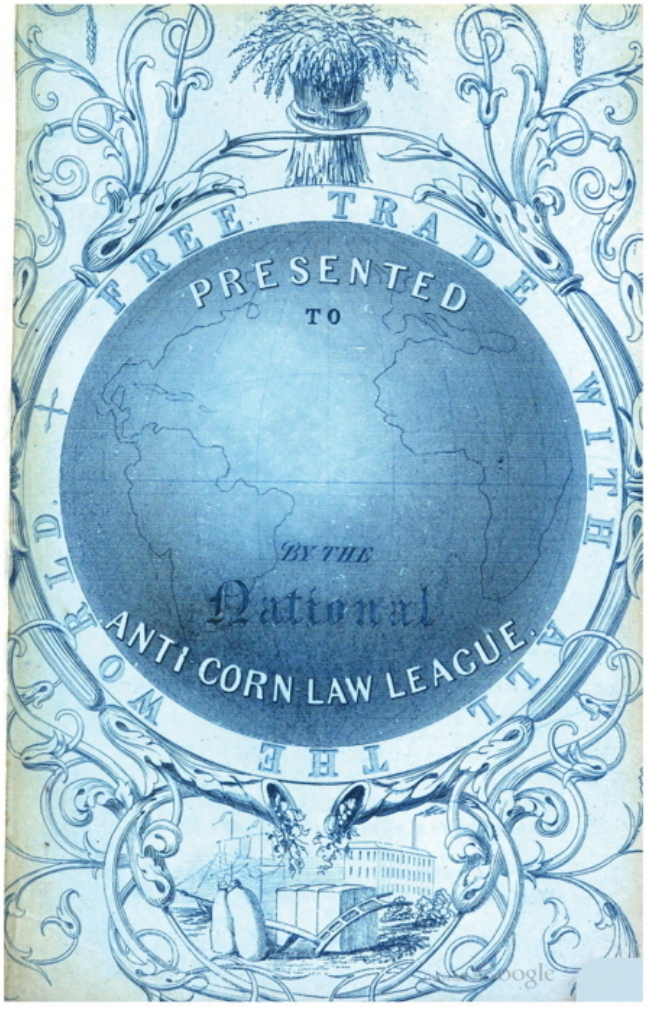
Cobden Unwin, J. (1900), "The Recent Development of Violence in Our Midst," London: Stop the War Committee.

Works published by The National Anti-Corn Law League

Illustration 21: Embossed cover of the ACLL Presentation copy of key literature

The gold embossed leather cover of *The Three Prize Essays on Agriculture and the Corn Law* (and other writings) (Manchester: J. Gadsby, 1842). The first prize was 20 guineas, 2nd prize 10 guineas, 3rd prize 5 guineas. The first half of the book (118 pp.) contained the three prize winning essays with the rest being made up of a selection of other ACLL literature. [See below for a more detailed image of the cover illustration.]

Illustration 22: Page where the recipient's name can be written



The collection of essays was designed to be given away to prospective supporters in large numbers (4 pence). Inside the cover one could inscribe the copy to a particular person. The accompanying illustation has a globe surrounded by the motto "Free Trade with All the World." There is a sheaf of wheat at the top; 2 cornucopias at the bottom above a picture of a factory, a ship, and sacks of wheat and a plough.

[See more images of Cobden and the Anti-Corn Law League].

National Anti-Corn Law League, *The Three Prize Essays on Agriculture and the Corn Law. Published by the National Anti-Corn Law League* (Manchester: J. Gadsby, 1842). <http://oll.libertyfund.org/titles/2653>.

[National Anti-Corn Law League]. 1842. *The Anti-Bread Tax Almanack for the Year of our Lord 1842*. Manchester: J. Gadsby.

The National Anti-Corn Law League, *The League. The Exponent of the Principles of Free Trade, and the Organ of the National Anti-Corn-Law League* (London: Published at the Office, 67, Fleet Street, 1845). <http://oll.libertyfund.org/titles/2092>. The organ of the

National Anti-Corn-Law League was based in London and appeared between 1843 and 1846. It closed when the League achieved its goal of abolishing the Corn Laws in 1846. These PDF files are from a poor quality micro-film copy of the journal.

- *The League*. 1843 (Sept. 30 1843 - Dec. 30 1843).
- *The League*. 1844 Part 1 (Jan. 6 - June 29 1844).
- *The League*. 1844 Part 2 (July 6 - Dec. 28 1844).
- *The League*. 1845 Part 1 (Jan. 4 - June 28 1845).
- *The League*. 1845 Part 2 (July 5 - Dec. 27 1845).
- *The League*. 1846 (Jan. 17 - July 4 1846).

Other 18th and 19thC Works

Bright, J. and Thorold Rogers, J. E. (1870), *Speeches on Questions of Public Policy by Richard Cobden, M. P.* London: T. Fisher Unwin.

John Bright, *Selected Speeches of the Rt. Hon. John Bright M.P. On Public Questions*, introduction by Joseph Sturge (London: J.M. Dent and Co., 1907). <http://oll.libertyfund.org/titles/1658>.

John Bright, *Speeches on Questions of Public Policy by John Bright M.P. Edited by James Edwin Thorold Rogers in Two Volumes*. Second Edition (London: Macmillan, 1869).

- Vol. 1 <http://oll.libertyfund.org/titles/2654> [PDF only]
- Vol. 2 <http://oll.libertyfund.org/titles/2655> [PDF only]

Burke's Speech to the Electors of Bristol (3 November 1774) in *Mr Edmund Burke's Speeches at His Arrival at Bristol: and at the Conclusion of the Poll*. (London: J. Dodsley, 1775), pp 28-29 ; and *Select Works of Edmund Burke. A New Imprint of the Payne Edition. Foreword and Biographical Note by Francis Canavan* (Indianapolis: Liberty Fund, 1999). Vol. 4. "Mr. Edmund Burke's Speech to the Electors of Bristol" (3 Nov., 1774) <http://oll.libertyfund.org/titles/659#Burke_0005-04_80>.

[George Canning], *Poetry of the anti-Jacobin: comprising the celebrated political & satirical poems, parodies and jeux-d'esprit of the Right Hon. George Canning, the Earl of Liverpool, Marquis Wellesley, the Right Hon. J. H. Frere, G. Ellis, esq., W. Gifford, esq., and others*. New and Revised Edition, with Explanatory Notes. (London: G. Willis, 1852).

Canning;s "Address on the Prince Regent's Speech at the Opening of the Session" (19 Jan., 1817), *Hansard* HC Deb, 29 January 1817 vol. 35 cc. 130-31. <http://hansard.millbanksystems.com/commons/1817/jan/29/address-on-the-prince-regents-speech-at>.

Henry Charles Carey , *Principles of Political Economy*, in 4 vols. (Philadelphia: Carely, Lea & Blanchard, 1837-1840.

Henry Charles Carey, *The Harmony of Interests: Agricultural, Manufacturing, and Commercial* (Philadelphia: J.S. Skinner, 1851).

Benjamin Disraeli, speech to the House of Commons, 20 February 1846, *Hansard*, <http://hansard.millbanksystems.com/commons/1846/feb/20/commercial-policy-customs-corn-laws#column_1326>.

Charles Dunoyer, *L'Industrie et la morale considérées dans leurs rapports avec la liberté* (Paris: A. Sautelet et Cie, 1825).

Ebenezer Elliot, *The Poetical Works of Ebenezer Elliott, the Corn-Law Rhymer* (Endinburgh: William Tait, 1840).

Engels. Frederick. 1847 [1976]. "The Economic Congress." pp. 274-8 in Karl Marx & Frederick Engels, *Collected Works*, vol. 6 (1845-48). London: Lawrence & Wishart Ltd.

Hill, Rowland (1837). *Post Office Reform: Its Importance and Practicability*. Privately Printed. [http://books.google.co.uk/books?id=PJQIAAAAQAAJ&pg=PP5#v=onepage&q&f=false]

Hirst, F. W. ed., *Free Trade and Other Fundamental Doctrines of the Manchester School. Set Forth in Selections from the Speeches and Writings of Its Founders and Followers*. Harper and Brothers, 1903. London. <http://oll.libertyfund.org/titles/94>.

Hansard 1803-2005 <http://hansard.millbanksystems.com/index.html>

Hobson, J. A. 1919. *Richard Cobden: The International Man*. London: H. Holt and Company.

Thomas Hodgskin, *A Lecture on Free Trade, in connexion with the Corn Laws; delivered at the White Conduit House, on January 31, 1843* (London: G.J. Palmer, 1843). 1/7/2015. <http://oll.libertyfund.org/titles/321>.

Lalor's *Cyclopaedia of Political Science, Political Economy, and of the Political History of the United States by the best American and European Authors*, ed. John J. Lalor (New York: Maynard, Merrill, & Co., 1899). 3 vols.

- David Ames Wells, "Free Trade" in Vol 2 East India Co. - Nullification. Free Trade <http://oll.libertyfund.org/titles/970#lf0216_head_493>.
- Gustave de Molinari, "Protection" vol. 3 <http://oll.libertyfund.org/titles/971#lf0216_head_898>
- David H. Mason, "Protection in the United States" in vol. 3 <http://oll.libertyfund.org/titles/971#lf0216_head_899>.

Friedrich List, *Das nationale System der politischen Oekonomie* (Stuttgart: J.G. Cotta, 1841). 2 vols. Second revised edition 1844.

Georg Friedrich List, *National system of political economy*, tr. by G.A. Matile, including the notes of the Fr. tr. by H. Richelot, with a prelim. essay and notes by S. Colwell (Philadelphia: J.B. Lippincott, 1856).

Friedrich List, *Système national d'économie politique. Traduit de l'allemand par Henri Richelot chef du bureau au Ministère du commerce, avec deux préfaces, une notice biographique et des notes par le traducteur. Seconde édition revue, corrigée et mises au courant des faits économiques* (Paris: Capelle, 1857). First edition 1851.

Friedrich List, *The National System of Political Economy. Translated from the original German by Sampson S. Lloyd*. (London: Longmans & Company, 1885).

Friedrich List, *The National System of Political Economy by Friedrich List, trans. Sampson S. Lloyd, with an Introduction by J. Shield Nicholson* (London: Longmans, Green and Co., 1909). <http://oll.libertyfund.org/titles/315>

Marx, Karl. 1855 [1973]. "On the Reform Movement." pp. 286-8 in Karl Marx, *Surveys from Exile: Political Writings*, vol. 2, ed. David Fernbach. London: Penguin

McKinnon, William Alexander. *On the Rise, Progress and Present State of Public Opinion in Great Britain and Other Parts of the World* London, 1828.

Morley, John. *Life of Richard Cobden*. 2 vols. T. Fisher Unwin, 1881. London.

Condy Raguet, *The Principles of Free Trade illustrated in a series of short and familiar Essays originally published in the Banner of the Constitution*, 2nd ed. (Philadelphia, 1840). <http://oll.libertyfund.org/titles/raguet-the-principles-of-free-trade>.

David Ricardo, *Principles of Political Economy and Taxation* (1817) in *The Works and Correspondence of David Ricardo*, ed. Piero Sraffa with the Collaboration of M.H. Dobb (Indianapolis: Liberty Fund, 2005). Vol. 1. <http://oll.libertyfund.org/titles/113#Ricardo_0687-01_454>.

Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations by Adam Smith, edited with an Introduction, Notes, Marginal Summary and an Enlarged Index by Edwin Cannan* (London: Methuen, 1904). 2 vols. <http://oll.libertyfund.org/titles/171>.

Smith, Goldwin. 1911. *Reminiscences*. Arnold Haultain (ed.) New York: Macmillan and Co.

Herbert Spencer, *The Principles of Sociology, in Three Volumes* (New York: D. Appleton and Company, 1898). Vol. 2. <http://oll.libertyfund.org/titles/2632>.

Wallas, Graham (1898). *Life of Francis Place*. London: Longmans, Green & Co. [https://archive.org/stream/lifeoffrancispla00walliala/lifeoffrancispla00walliala_djvu.txt]

William Graham Sumner, *Lectures on the History of Protection in the United States. Delivered before the International Free-Trade Alliance* (New York: Published for the New York Free Trade Club by G.P. Putnam's Sons, 1883).

Modern Works

Bannerman, Gordon & Howe, Anthony (eds). 2008. *Battles over Free Trade* vol. 2. London: Chatto & Pickering.

Briggs, Asa. 1965. *Victorian Cities*. Berkeley: University of California Press.

Brown, B.H. 1943. *The Tariff Reform Movement in Great Britain 1881-1895*. New York: Columbia University Press.

Burns, Arthur and Innes, Joanna. *Rethinking the Age of Reform: Britain, 1780-1850*. Cambridge University Press, 2003. Cambridge.

Cain, Peter, 'Capitalism, War, and Internationalism in the Thought of Richard Cobden', *British Journal of International Studies* 5 (1979), 229-47.

Cameron, Kenneth J. 1979. "William Weir and the origins of the "Manchester League" in Scotland, 1833-39". *Scottish Historical Review* 58: 70-91.

Bryan Caplan, *The Myth of the Rational Voter: Why Democracies choose bad Policies* (Princeton : Princeton University Press, 2007).

Ceadel, Martin, 'Cobden and Peace' in Howe, Anthony and Morgan, Simon, eds. *Rethinking Nineteenth-Century Liberalism: Richard Cobden Bicentenary Essays* (Aldershot; Ashgate, 2006) .

Chase, M. (1991) "Out of Radicalism: The Mid-Victorian Freehold Land Movement," *English Historical Review*, 106: 319-45.

Conway, Stephen. 1995. "Britain and the Impact of the American War, 1775-1783". *War in History* 2: 127-50.

Cragoe, M. and Readman, P. (2010), *The Land Question in Britain, 1750-1950*. Basingstoke: Palgrave.

Daunton, M. J. 1989. "'Gentlemanly Capitalism' and British Industry, 1820-1914." *Past & Present* 122: 119-58.

Donaldson Jordan, H. (1965). “Richard Cobden and Penny Postage: A Note on the Processes of Reform,” *Victorian Studies*, 8:4, 355-60.

Edsall, Nicholas. *Richard Cobden: Independent Radical*. Harvard University Press, 1986. Cambridge, Mass.

Dwight D. Eisenhower's Farewell Address (January 17, 1961). Youtube video of speech <http://www.youtube.com/watch?v=vLqWfWxqh_0>; transcription of speech <http://www.americanrhetoric.com/speeches/dwightdeisenhowerfarewell.html>.

Steven Emerson, "Fox News 'terrorism expert' apologises for calling Birmingham 'totally Muslim city'", *The Independent*, Friday 16 January, 2015 <http://www.independent.co.uk/news/people/fox-news-terrorism-expert-steven-emerson-apologises-for-calling-birmingham-totally-muslim-city-9971666.html>.

Ferguson, Thomas. *The Investment Theory of Party Competition and the Logic of Money-Driven Political Systems*. University of Chicago Press, 1995. Chicago, IL.

William Dyer Grampp, *The Manchester School of Economics* (Stanford: Stanford University Press, 1960). <http://oll.libertyfund.org/titles/2128>.

Hewitt, Martin, *The Dawn of the Cheap Press in Victorian Britain* (London; Bloomsbury, 2014).

Hinde, Wendy. *Richard Cobden* Yale University Press, 1987. London.

Hollis, Patricia (ed). *Pressure From Without in Early Victorian England*. Edward Arnold, 1974. London.

Howe, Anthony. 1984. *The Cotton Masters, 1830-1860*. Oxford: Clarendon Press.

Howe, A. C. 1992. “Free Trade and the City of London, *c*. 1820-1870.” *History* 77: 391-410.

Howe, Anthony. 1996. “Towards the ‘Hungry Forties’: Free Trade in Britain, c. 1880-1906,” in Eugenio F. Biagini (ed.), *Citizenship and Community: Liberals, Radicals and Collective Identities in the British Isles, 1865-1931*. Cambridge: Cambridge University Press.

Howe, Anthony, *Free Trade and Liberal England, 1846-1946* (Oxford’ Clarendon Press, 1997).

Howe, A. “Free Trade and the International Order: The Anglo-American Tradition, 1846-1946,” in F. Leventhal and R. Quinault eds., *Anglo-American Attitudes* (Aldershot: Ashgate, 2000).

Howe, Anthony and Morgan, Simon, eds. 2006. *Rethinking Nineteenth-Century Liberalism: Richard Cobden Bicentenary Essays*. Aldershot; Ashgate.

Howe, A. “Free Trade and Global Order: The Rise and Fall of a Victorian Vision,” in D. Bell ed., *Victorian Visions of Global Order* (Cambridge: Cambridge University Press, 2007).

Howe, Anthony, ‘The “Manchester School” and the Landlords’, in M. Cragoe and P. Readman eds. *The Land Question in Britain, 1750-1950* (Basingstoke; Palgrave, 2010).

Howe, Anthony, ‘Free trade and its Enemies’ in M. Hewitt ed. *The Victorian World* (London; Routledge, 2012).

Howe, Anthony, “Popular Political Economy,” in D. Craig and J. Thompson (eds.), *Languages of Politics in Nineteenth-century Britain* (Basingstoke: Palgrave, 2013).

Howe, Anthony, “British Liberal Internationalism in the Nineteenth Century,” Bologna, 29 September 2014, <http://www.bipr.eu/eventprofile.cfm/idevent=6FDD634B-D495-9FD0-3A3574A08251CB06/Anthony-Howe-British-Liberal-Internationalism-in-the-19th-Century&zdyx=1>.

Irwin, Douglas A. 2002. *Free Trade under Fire*. Princeton: Princeton University Press.

McKeown, T. J. 1983. "Hegemonic Stability Theory and 19th Century Tariff Levels in Europe." *International Organization* 37: 73-91.

McKibbin, R. “Why Was There No Marxism in Great Britain?,” *English Historical Review* 99 (1984).

Namier, Sir Lewis. *The Structure of Politics at the Accession of George III* London, Macmillan 1957 (2nd Edition).

Nicolls, D. (1991) “Richard Cobden and the International Peace Congress Movement, 1848-1853,” *Journal of British Studies*, 30: 351-76.

Palen, M-W. “Foreign Relations in the Gilded Age: A British Free Trade Conspiracy?,” *Diplomatic History* 37 (2013).

Pickering, Paul, A. and Tyrell, Alex. *The People’s Bread: A History of the Anti-Corn Law League*. Leicester University Press, 2000. London.

Platt, D.C.M. 1968. *Finance, Trade, and Politics in British Foreign Policy 1815-1914*. Oxford: Oxford University Press.

Polachek, S. (1980) “Conflict and Trade,” *Journal of Conflict Resolution*, 24: 55-78.

Porter, Bernard. 2007. *Critics of Empire: British Radicals and the Imperial Challenge*. London: I.B. Tauris.

Sarah Richardson, *The Political Worlds of Women: Gender and Political Culture in Nineteenth-Century Britain* (Routledge, 2013).

Sarah Richardson, 'Women, Philanthropy and Imperialism in Nineteenth-century Britain' in Helen Gilbert and Chris Tiffin (eds), *Burden or Benefit: The Legacies of Benevolence* (Indiana University Press, 2008).

Sarah Richardson, '"You know your father's heart". The Cobden sisterhood and the legacy of Richard Cobden' in Anthony Howe and Simon Morgan (eds), *Re-thinking Nineteenth-century Liberalism* (Ashgate, 2006).

Sarah Richardson with Anna Clark (eds), *The History of the Suffrage, 1760-1867* 6 vols, (Pickering Chatto, 2000).

Robson, A. (2012), "Individual Freedom, International Trade and International Conflict," *Journal of Peace, Prosperity and Freedom*, 1: 93-112.

Joseph, Rosara. 2013. *The War Prerogative: History, Reform, and Constitutional Design*. Oxford: Oxford University Press.

Rothstein, Theodore. 1929. *From Chartism to Labourism: Historical Sketches of the English Working Class Movement*. London: Martin Lawrence.

Razeen Sally, *Classical Liberalism and International Order*. Routledge, London 1998.

Sally, Razeen. 2008. *Trade Policy, New Century: the WTO, FTAs, and Asia Rising*. London: Institute of Economic Affairs.

Schonhardt-Bailey, Cheryl. 2006. *From the Corn Laws to Free Trade: Interests, Ideas, and Institutions in Historical Perspective*. Cambridge, MA: MIT Press.

Taylor, A. (2010) "Richard Cobden, J. E. Thorold Rogers and Henry George," 146-66 in Cragoe and Readman .

Trentmann, Frank,*Free Trade Nation: Commerce, Consumption, and Civil Society in Modern Britain*. Oxford University Press, 2008. Oxford.

Tullock, Gordon. *The Vote Motive* Institute of Economic Affairs, 2006 (1st ed 1976). London.

Varouxakis, Georgios, *Liberty Abroad: J. S. Mill on International Relations* (Cambridge; Cambridge University Press, 2013).

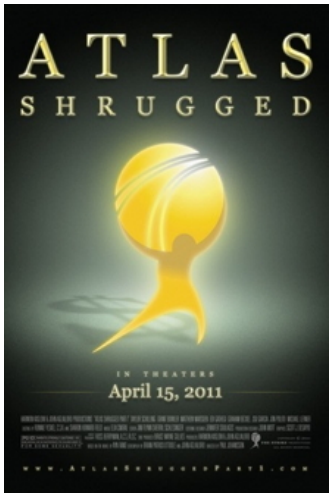
Wolf, M. "Richard Cobden and the Democratic Peace," in G. Cook ed., *Freedom and Trade, Volume 2* (London: Routledge, 1998).

"LIBERTY MATTERS"

A FORUM FOR THE DISCUSSION OF MATTERS PERTAINING TO LIBERTY

"ON THE SPREAD OF CLASSICAL LIBERAL IDEAS"
A DISCUSSION HELD IN MARCH, 2015.
Online: <http://oll.libertyfund.org/pages/lm-ideas>
Ebooks: <http://oll.libertyfund.org/titles/2673>.

An 18th century cartoon showing the burden on the peasants of the aristocracy, church, and state.



Poster for the 2011 film version of Ayn Rand's "Atlas Shrugged"

Summary

In this Liberty Matters online discussion forum we explore a number of issues concerning the role ideas have had in changing societies by examining several historical examples such as the anti-slavery movement in Britain and America in the first half of the 19th century, Richard Cobden and the free trade movement, and the rebirth of classical liberal and free market ideas after the Second World War. In the Lead Essay David Hart surveys the field of ideological movements and present a theory of ideological production and distribution based upon Austrian capital theory as it might be applied to the production of ideas. The commentators are Stephen Davies who is education director at the Institute of Economic Affairs in London; David Gordon who is a Senior Fellow at the Mises Institute; Jason Kuznicki who is a Research Fellow at the Cato Institute and Editor, Cato Unbound; Peter Mentzel who is a Senior Fellow at Liberty Fund; Jim Powell who is a Senior Fellow at the Cato Institute; George H. Smith who an independent scholar and contributor to <libertarianism.org>; and Jeffrey Tucker who is a distinguished fellow at the Foundation for Economic Education, editor at Laissez Faire Books, and founder of Liberty.me <http://liberty.me/> .

This discussion can be viewed online in its original format at <http://oll.libertyfund.org/pages/lm-ideas> or downloaded in various ebook formats here <http://oll.libertyfund.org//titles/2673>.

About *Liberty Matters* and the Online Library of Liberty

“Liberty Matters” is a project of Liberty Fund, Inc. which is part of the Online Library of Liberty website. Every two months we ask a leading scholar to present an argument on a particular topic “pertaining to liberty” in a “Lead Essay” and to develop this argument at some length. The “Lead Essay” is posted in the first week of the month. Three or four other scholars will respond to this essay in slightly shorter “Response Essays” during the second week of the month.

Once all these ideas and arguments are on the table an open discussion between the various parties takes place over the course of the following weeks. At the end of the month the online discussion is closed.

We plan to have discussions about some of the most important online resources which can be found of the Online Library of Liberty website. We will link to these resources wherever possible from the essays and responses of our discussants so our reader can find out more about the topic under discussion.

The complete collection of Liberty Matters can be found here <http://oll.libertyfund.org/pages/liberty-matters>.

EBook versions of these discussions in PDF, ePub, and Kindle formats can be found at <http://oll.libertyfund.org/titles/2516>.

About the Online Library of Liberty and Liberty Fund

The Online Library of Liberty is a project of Liberty Fund, Inc., a private educational foundation established in 1960 to encourage the study of the ideal of a society of free and responsible individuals. The OLL website has a large collection of books and study guides about individual liberty, limited constitutional government, the free market, and peace.

- Liberty Fund: <www.libertyfund.org>.
- OLL: <oll.libertyfund.org>.

The Debate

Lead Essay: David M. Hart, "On the Spread of (Classical) Liberal Ideas" [Posted: March 1, 2015]

Responses and Critiques

1. Jeffrey Tucker, "Does the Structure of Production Apply to Ideas?" [Posted: March 3, 2015]
2. David Gordon, "Austrian Capital Theory and the Role of Ideas" [Posted: March 4, 2015]
3. Jim Powell, "The Importance of Peaceful Mass Movements" [Posted: March 5, 2015]
4. Jason Kuznicki, "The Most Reasonable People in the Room" [Posted: March 6, 2015]
5. Peter C. Mentzel, "On Crisis, Revolution, and Liberty" [Posted: March 6, 2015]
6. Stephen Davies, "Ideas and Strategies" [Posted: March 8, 2015]
7. George H. Smith, "Some Classical Liberal Historians on the Influence and Dissemination of Ideas" [Posted: March 8, 2015]

The Conversation

1. David M. Hart, "Interests, Ideas, and Entrepreneurship" [Posted: March 9, 2015]
2. David M. Hart, "Crises Can Be Negative and Positive" [Posted: March 12, 2015]
3. David M. Hart, "The Aloof Academic Hayek vs. the Intellectual Entrepreneur Rothbard" [Posted: March 17, 2015]
4. Jim Powell, "Developing a Mass Movement for Liberty" [Posted: March 18, 2015]
5. George H. Smith, "Credibility and Shifts in Public Opinion" [Posted: March 18, 2015]
6. David M. Hart, "Revolutionary Moments and the Expansion of Production of Pamphlets" [Posted: March 19, 2015]
7. Peter Mentzel, "Why Does Public Opinion Ever Change?" [Posted: March 19, 2015]
8. George H. Smith, "W.E.H. Lecky Versus J.M. Robertson on how Public Opinion Changes" [Posted: March 20, 2015]
9. David M. Hart, "Revolutionary Moments and the Expansion of Production of Pamphlets II: When the Economists Took to the Streets" [Posted: March 20, 2015]
10. Jason Kuznicki , "Other Tactical Possibilities" [Posted: March 20, 2015]
11. Stephen Davies, "Material Conditions and Ideas as Factors in the Growth of Liberty" [Posted: March 21, 2015]
12. George H. Smith, "Problems and Solutions" [Posted: March 23, 2015]
13. David M. Hart, "The Changing Costs of Defending One's Core Beliefs" [Posted: March 25, 2015]
14. David M. Hart, "The Cost of Reproducing Ideas Has Fallen for Everyone" [Posted: March 25, 2015]
15. Peter Mentzel, "Changing Core Beliefs Takes a Long Time" [Posted: March 26, 2015]
16. David M. Hart, "Civil Disobedience and other Spontaneous Acts of Liberty" [Posted: March 26, 2015]
17. Jim Powell, "Why Did So Many People Turn Away from Classical-Liberal Ideas during the 19th Century?" [Posted: March 26, 2015]
18. George H. Smith, "Some Possible Answers to Jim Powell's Question" [Posted: March 27, 2015]
19. Stephen Davies, "Converting The Prince?" [Posted: March 27, 2015]
20. David Gordon, "How Important Are Ideas?" [Posted: March 28, 2015]
21. David M. Hart, "Revolutions, Ideas, and the Principle of Prudence" [Posted: March 29, 2015]
22. David M. Hart, "Subverting the Prince" [Posted: March 29, 2015]
23. David Gordon, "The Spread of Ideas" [Posted: March 30, 2015]
24. David M. Hart, "Forbidden Metaphors, Empiricism, and another Case Study" [Posted: March 31, 2015]
25. Stephen Davies, "Counter-Society: Shrink the State or Grow the Market?" [Posted: April 1, 2015]
26. Stephen Davies, "Short Thoughts" [Posted: April 1, 2015]

About the Authors

David M. Hart received a Ph.D. in history from King's College, Cambridge on the work of two French classical liberals of the early 19th century, Charles Comte and Charles Dunoyer. He then taught for 15 years in the Department of History at the University of Adelaide in South Australia before joining the Liberty Fund as Director of the Online Library of Liberty Project in 2001. He is currently the Academic Editor of Liberty Fund's six volume translation of the *Collected Works of Frédéric Bastiat*. He is also editing for Liberty Fund a translation of Molinari's *Conversations on Saint Lazarus Street: Discussions on Economic Laws and the Defence of Property* (1849). Recent works include co-editing with Robert Leroux two anthologies of 19th century French classical liberal thought: *French Liberalism in the 19th Century: An Anthology* (London and New York: Routledge, 2011) and in French, *L'Âge d'or du libéralisme français. Anthologie. XIXe siècle* (The Golden Age of French Liberalism) (Ellipses, forthcoming). On his personal website <http://davidmhart.com/liberty> David has a considerable number of resources on 19th century classical liberal thought.

Stephen Davies is education director at the Institute of Economic Affairs in London. Previously he was program officer at the Institute for Humane Studies (IHS) at George Mason University. He joined IHS from the United Kingdom, where he was senior lecturer in the department of history and economic history at Manchester Metropolitan University. He has also been a visiting scholar at the Social Philosophy and Policy Center at Bowling Green State University, Ohio. A historian, he graduated from St. Andrews University in Scotland in 1976 and gained his Ph.D. from the same institution in 1984. He has authored several books, including *Empiricism and History* (Palgrave Macmillan, 2003), and was coeditor with Nigel Ashford of *The Dictionary of Conservative and Libertarian Thought* (Routledge, 1991).

David Gordon is a Senior Fellow at the Ludwig von Mises Institute. He received his Ph.D. in History from UCLA in 1975. He is the author of **Resurrecting Marx, An Introduction to Economic Reasoning**.and *The Essential Rothbard*. He is the Editor of the *Mises Review* and a member of the senior faculty of the Mises Institute. He has contributed to *Analysis, Mind., Ethics, Quarterly Journal of Austrian Economics, Journal of Libertarian Studies,* and other journals.

Jason Kuznicki has facilitated many of the Cato Institute's publishing and educational projects. He is editor of *Cato Unbound*, and his

ongoing interests include censorship, church-state issues, and civil rights in the context of libertarian political theory. He was an assistant editor of the *Encyclopedia of Libertarianism*. He has just completed a book with the working title *What Is Government For?*, which traces the history of various purposes that intellectuals have given in support of the state.

Peter C. Mentzel, Ph.D. is a Senior Fellow at Liberty Fund, Inc. He received his Ph.D. in History from the University in Washington in 1994, after which he was a professor of History at Utah State University until joining Liberty Fund in 2008. During that time, he regularly taught courses on Islam and the History of the Middle East. His research focuses on the social and intellectual history of South Eastern Europe and the Middle East in general, and on the late Ottoman Empire in particular. His publications include *Transportation Technology and Imperialism in the Ottoman Empire*, and (as editor) *Muslim Minorities in the Balkans*.

Jim Powell is a Senior Fellow at the Cato Institute, the author of *FDR's Folly, Wilson's War, Bully Boy, Greatest Emancipations, The Triumph of Liberty, Gnomes of Tokyo* and other books. He has written for the *New York Times, Wall Street Journal, Barron's, American Heritage, Forbes, Americana, Esquire, The Freeman, National Review, Human Events, Liberty, Reason* and *Fox News*, among others.

Jeffrey Tucker is Chief Liberty Officer and founder of Liberty.me <http://liberty.me/>, the global liberty community with advanced social and publishing features. He is also Director of Digital Development for the Foundation for Economic Education <http://fee.org/>, executive editor of Laissez-Faire Books, research fellow at the Acton Institute <http://acton.org/>, policy adviser of the Heartland Institute <http://heartland.org/>, founder of the CryptoCurrency Conference, member of the editorial board of the Molinari Review <http://praxeology.net/molinari-review.htm>, an advisor to the blockchant application builder Factom <http://factom.org/>, and author of five books.

George H. Smith is an independent scholar and a weekly columnist at the Cato Institute's Libertarianism.org. He is the author of *Atheism: The Case Against God* (1974), *Atheism, Ayn Rand, and Other Heresies* (1991), *Why Atheism* (2000). He is also the author of the audio series on "Great Political Thinkers," "The Meaning of the Constitution," and "The Ideas of Liberty." He has articles and book reviews published in the *New York Times, Newsday, Reason, Liberty, The Journal of Libertarian Studies, Free Inquiry*, and *The Humanist*. He wrote the lead essays for an earlier Liberty Matters discussion in September 2013 on his most recent book *The System of Liberty: Themes in the History of Classical Liberalism* (Cambridge University Press, 2013) and on "Herbert Spencer's Sociology of the State" (November 2014).

Appendices and Additional Reading

LEAD ESSAY: David M. Hart, "On the Spread of (Classical) Liberal Ideas"

Hayek's Despair at the End of World War Two

At the height of the war in 1944, when what had once been relatively free market societies had been turned into government planned and regulated war economies, the economist Friedrich Hayek penned a desperate warning - if such heavy planning, regulation, and taxation was not soon brought to an end England and America were well and truly "on the road to serfdom".[1] He followed this up 5 years later with an essay, "The Intellectuals and Socialism" which has become a kind of gospel for libertarian and free market groups ever since as they grappled with the sad fact that they were in such a small minority while all around them, other intellectuals and scholars were socialists and interventionists of various kinds. I remember vividly in the 1970s when I first became involved with these ideas, we used to wonder how to convince our friends and colleagues what a wonderful thing individual liberty really was, a veritable "liberal utopia", as Hayek eloquently phrased it:

> Does this mean that freedom is valued only when it is lost, that the world must everywhere go through a dark phase of socialist totalitarianism before the forces of freedom can gather strength anew? It may be so, but I hope it need not be. Yet, so long as the people who over longer periods determine public opinion continue to be attracted by the ideals of socialism, the trend will continue. If we are to avoid such a development, we must be able to offer a new liberal program which appeals to the imagination. We must make the building of a free society once more an intellectual adventure, a deed of courage. What we lack is a liberal Utopia, a program which seems neither a mere defense of things as they are nor a diluted kind of socialism, but a truly liberal radicalism which does not spare the susceptibilities of the mighty (including the trade unions), which is not too severely practical, and which does not confine itself to what appears today as politically possible. We need intellectual leaders who are willing to work for an ideal, however small may be the prospects of its early realization. They must be men who are willing to stick to principles and to fight for their full realization, however remote. The practical compromises they must leave to the politicians. Free trade and freedom of opportunity are ideals which still may arouse the imaginations of large numbers, but a mere "reasonable freedom of trade" or a mere "relaxation of controls" is neither intellectually respectable nor likely to inspire any enthusiasm.
>
> The main lesson which the true liberal must learn from the success of the socialists is that it was their courage to be Utopian which gained them the support of the intellectuals and therefore an influence on public opinion which is daily making possible what only recently seemed utterly remote. Those who have concerned themselves exclusively with what seemed practicable in the existing state of opinion have constantly found that even this had rapidly become politically impossible as the result of changes in a public opinion which they have done nothing to guide. Unless we can make the philosophic foundations of a free society once more a living intellectual issue, and its implementation a task which challenges the ingenuity and imagination of our liveliest minds. But if we can regain that belief in the power of ideas which was the mark of liberalism at its best, the battle is not lost. The intellectual revival of liberalism is already underway in many parts of the world. Will it be in time?[2]

Nearly 70 years later, we have less reason to be as pessimistic as Hayek was then as we have witnessed in the meantime a significant growth of free market and libertarian individuals, groups, institutes, books, journals, and even rap videos. However, as historically aware individuals we know that this has not been the first time that a pro-liberty movement has emerged, that previous attempts to build a free society were attempted, were partly successful, and that many of them failed and sank into oblivion. Will this happen as well to the current movement? Can we learn from the past, both how the successes were achieved, why they failed, and what might make for another successful movement in the future.

This Liberty Matters discussion follows on from two earlier ones: one in November 2013 on "Arthur Seldon and the Institute of Economic Affairs" and another in January 2015 on "Richard Cobden: Ideas and Strategies in Organizing the Free-Trade Movement in Britain".[3] In those discussions we wanted to study in greater detail a couple of specific examples of how pro-liberty ideas were developed and then used to bring about political and economic change in a pro-liberty direction. The first study was how Arthur Seldon and Ralph Harris began the Institute of Economic Affairs in post-war Britain (1955), developed a research and publication program to disseminate these ideas, and how these ideas gradually came to influence politicians like Margaret Thatcher in the 1980s. The second study examined how Cobden was able to organise one of the most successful single issue movements in the modern history of liberty, namely the repeal in 1846 of the protectionist Corn Laws in England. What I would like to do in the present discussion is to broaden the scope of our analysis to include other movements in the past which have sought to bring about a freer society, especially those movements which some success in moving towards this goal.

What I would like to do in this opening salvo of the discussion is to lay the groundwork in an expansive and rather open-ended way, firstly by listing a large number of general questions about how societies change, and the role which ideas and individuals play in bringing about that change (see Appendix 1: Questions about the Relationships between Ideas and Radical Social Change); secondly, by listing the (surprisingly) large number of historical examples of radical intellectual and political change over the past 2,000 years (both in a pro-liberty and anti-liberty direction), along with some of the key individuals and events involved (see Appendix 2: Historical Examples of Radical Change in Ideas and Political Structures); and finally, a list of some of the institutions, individuals, and events which have arisen to further the cause of liberty since Hayek wrote his appeal for intellectuals to rediscover the utopian promise of liberty (see Appendix 3: The Spread of Pro-Liberty Ideas in the Post-WW2 Period). I hope the other contributors to this discussion will help me flesh out these lists so they are more complete.

I would then like to offer an analysis of intellectual and social change based upon the Austrian theory of the structure of production, in which the production of ideas replaces that of the production of goods. I will argue that, just as in the real economy, a pro-liberty movement requires the creation of raw materials (liberal theory), investors who will provide funding, entrepreneurs who can identify profit opportunities and organise production, a salesforce who can persuade consumers to buy the product, and of course consumers to buy the product.

In the final section is a brief discussion of what most classical liberal and libertarian intellectuals and scholars have largely avoided thinking about in any depth, namely developing strategies for achieving radical intellectual and political change based upon their knowledge of history, economics, and the science of human action. I conclude with a half-serious, half-lighthearted list of the various strategies which have been adopted over the centuries to achieve a free society (see Appendix 4: List of Different Kinds of Strategies for Change: From Retreatism to Cadre-Building and Beyond). I hope my fellow discussants will be able and willing to add to the list!

Surveying the Territory

We need to consider a number of general questions about how societies change, and the role which ideas and individuals play in bringing about that change. These include, how do ideas about liberty develop and how do they spread? what role do individuals play? what groups are interested in change in a pro-liberty direction? who are the vested interests who oppose change in a pro-liberty direction? what are the relative costs and benefits of organising dissent against the old order and how do they change over time? how successful have been "top down" (elite) attempts at reform? how successful have been "bottom up" (popular) reforms? how long does it take for new and radical ideas to go from conception to inception? for classical liberals what are the required objective and subjective conditions for successful change?

For a fuller list of these and other related questions, see Appendix 1: Questions about the Relationships between Ideas and Radical Social Change, below.

Historians have many excellent examples of successful radical change in ideas and political and economic structures, in both a pro-liberty and anti-liberty direction. They include the spread of Christianity, the Enlightenment, the American and French Revolutions, the anti-slavery movement, the Free Trade Movement, and many others (see Appendix 2: Historical Examples of Radical Change in Ideas and Political Structures). Also see my own "Study Guides on the Classical Liberal Tradition"[4] as well as Jim Powell's excellent *The Triumph of Liberty: A 2,000-Year History* (2000) and Steve Davies' "Introduction" to the *The Encyclopedia of Libertarianism* (2008).[5] The articles in the *Encyclopedia of Libertarianism* on key individuals and historical movements are also essential reading (see bibliography for a full list).[6]

Closer to our own time, we can also point to several examples of the successful spread of pro-liberty ideas in the post-Second World War period (see Appendix 3: The Spread of Pro-Liberty Ideas in the Post-WW2 Period for a more detailed list). I think we can identify four waves or generations of pro-liberty organizations and groups which were founded during this period to confront particular issues at particular times but which also shared the more general goal of spreading knowledge about individual liberty and free markets. The First Generation during the 1940s was concerned about rebuilding the classical liberal movement after the devastation of WW2, a strategy which might be termed the discovery and preservation of "The Remnant"; the Second Generation was active during the 1950 and 1960s and busied itself with establishing a variety of educational and publishing institutes and foundations, or a strategy of "Hayekian Educationism"; the Third Generation in the 1970s and 1980s saw the creation of many public policy and outreach programs, or a policy of "Converting the Senior Bureaucrats" combined with "Reverse Fabianism"; and the Fourth Generation in which we are now living has a much more diverse range of activities, several of which take advantage of the internet to disseminate ideas, or a strategy of "let a thousand electronic flowers bloom".

For more information on these groups, see Brian Doherty's *Radicals for Capitalism* (2007) for details[7] and the relevant articles in *The Encyclopedia of Libertarianism*.

Strategies for Achieving Radical Change

Hayek vs. Rothbard

There has been surprisingly little analysis by classical liberals and libertarians of past movements for intellectual and political change and what they might teach us in the present. One might well ask, where is our Antonio Gramsci? Friedrich Hayek outlined his strategy for promoting liberal and free market ideas in "The Intellectuals and Socialism" based upon his analysis of how socialism had become so successful in his lifetime. This essay has been enormously influential in guiding the activities of the Liberty Fund and the Institute for Humane Studies, amongst other institutions. It was written at a time when classical liberals ideas and movement were particularly weak following WW2 and Hayek reflects this with his short term pessimism and very long-term prognosis about the role of intellectuals in changing the climate of opinion. Remember, he had only recently published the warning *The Road to Serfdom* in 1944. His strategy might be termed "Very Long Term Educationism" since he believes that it will take decades or a couple of lifetimes before the ideas of free market economists like him begin to trickle down through academia, into the ranks of journalism, and then be considered for inclusion in policies drawn up by elected politicians. There is also an element of "Reverse Fabianism" in that he hopes to do for liberal ideas what George Bernard Shaw and other English intellectuals did for socialism in the late 19th and early 20th centuries.

The libertarian economist Murray Rothbard on the other hand, beginning in the mid–1970s, has given much thought to the problem of strategy but his work is not well known. His ideas need to be taken seriously because the rise of the modern libertarian movement to a large degree took place in NYC in the 1950s and 1960s (Mises seminar at NYU, the Rand salon, the Circle Bastiat, his and Liggio's activities in the anti-Vietnam war movement, the first libertarian scholars conference, etc) and as a participant in those events his observations should carry some weight. In an unpublished and "strictly confidential" manuscript from April 1977[8] he goes into some detail about the strategies used in the past to achieve radical change, ranging from libertarian movements like the American Revolution, the Philosophic Radicals around James Mill,[9] and William Lloyd Garrison and the abolitionist movement;[10] to totalitarian groups like the Lenin and the Bolsheviks, and the Nazi Party. He advises for the libertarian movement the creation of a Leninist style "cadre" of committed and knowledgeable individuals who understand both the theory of liberty as well as how it might be implemented in practice in the political world. It should be noted that Rothbard wrote this memorandum at a time when he hoped to turn the fledgling Libertarian Party into one modelled on his theory of "cadres" before he split acrimoniously with Koch and the Cato Institute and then gave up the idea of shaping the LP in his Millian-Leninist image. In spite of this political failure, his historical and theoretical reflections in my view still deserve attention by historians and political theorists. To answer the question Lenin himself asked in 1902 "What is to be done?", we can say that we need

more case studies of successful ideological movements, especially pro-liberty ones, like the ones I have listed in Appendix 2.[11]

Rothbard's writings on strategy provoked several discussions both inside and outside the Libertarian Party, such as the shortened version which was published for the "Radical Caucus" of the Libertarian Party "Strategies For A Libertarian Victory",[12] and the special edition of *Libertarian Review* (Aug. 1978) entitled "Toward the Second American Revolution: Libertarian Strategies for Today" which included essays on strategy by Milton Mueller, Murray Rothbard, Ed Crane, Leonard Liggio, Charles Koch, Bill Evers, and David Theroux.[13]

Rothbard's strategic theory might be pursued at greater length in a future post in this discussion, especially his Millian-Leninism and its appropriateness for a movement based upon individual liberty, free markets, and individual responsibility.

Some Observations from History about Strategy

What I have found useful in studying this matter is Austrian capital theory developed by Hayek and Mises,[14] in particular the notion of "the structure of production of goods" - if we understand in this context that "goods" are "intellectual goods" or ideas and not raw materials or machinery. Before we can distribute goods to consumers (first order goods) we have to have a structure of production of goods ranging from the highest order (such as raw materials), to various intermediate orders (such the production of machines for factories, the factories which produce the final goods, and the trucks and logistics to get the goods to their final destination), and then the shops on main street which sell the final order of goods to consumers. For this structure of production of goods to exist, we need investors with a low time preference who are willing to invest their capital in the various stages, we need entrepreneurs who can bring together the funds, skilled personnel, and managerial talent to produce the appropriate goods at each stage of production, and we need a sales force who can persuade consumer to buy their particular product from among all the others goods made by competitors.

When we apply this analysis to the spread of classical liberal ideas it becomes apparent that a successful movement needs all of the following types of individuals and activities:

- individuals who are capable of supplying the intellectual raw materials (the theory of liberty as applied to economics, politics, and society)
- investors who are willing to provide the financial means for these ideas to be produced and distributed to others
- entrepreneurs who can identify a market opportunity (a "strategic issue") and can organise all the components needed for the production and distribution of ideas for different types of markets (scholarly, general interest, education, mass market)
- a salesforce (marketers, advertisers, salespeople) who can persuade the consumers of ideas to buy this particular product in a competitive market for ideas
- consumers who buy our products (ideas)

One might ask, might the state distort this structure of the production of ideas, just as it distorts the investment of capital in the structure of production of economic goods by manipulating interest rates and the money supply? I do not have space to go into this question here, other than to suggest that the biggest distortion it creates is the supply of government schools and universities which "crowd out" both private suppliers of educational services, but perhaps more importantly, crowds out "unwelcome ideas" which support the free market and individual liberty.

From what I have said above I believe we can identify the following patterns in the way pro-liberty advocates have organised their activities in the past. Not all groups have proceeded in this way but they have used various components in their efforts and historians and social theorists might be able to construct a better model for intellectual and social change in the future by studying their activities.

The First Steps

- "gather the Remnant" - there is a need to identify and find like-minded people
- find investors who are willing to fund long term intellectual and political activities

Promote liberal scholarship (highest order production of ideas)

- encourage and fund highly original theorists (Mises, Hayek, Rothbard)
- place scholars in colleges and universities
- publish books, articles, hold conferences
- provide scholarships for interested students
- start graduate programs for scholars and future teachers

Create centres and institutes to disseminate liberal ideas among intellectuals, journalists, and political elites (middle/second order of production of ideas)

- public policy groups which criticise existing government policies and offer alternatives
- produce monographs and policy proposals showing how to liberalise the economy
- produce magazines, organise talks, write op ed pieces for newspapers, appear on TV

Create associations, organisations, parties to agitate and lobby for liberal change (first order)

- outreach to voters, students, and activists
- intellectual material which is suitable for the average educated reader
- create single issue lobby groups to put pressure on government to repeal legislation
- campus organisations

- organise direct action to oppose unjust laws

One Historical Example: The Anti-Corn Law League

I would now like to show how this "structure of the production of ideas" can be applied to a specific historical case study, namely the Anti-Corn Law League (ACLL) 1838–1846, which I regard as the text-book example of the strategy of "Single Causism".[15]

(Highest) Fourth Order: the intellectual groundwork for free trade was done by Adam Smith in his treatise *The Wealth of Nations* (1776). This theoretical work was continued by many other classical economists in the early part of the 19th century like David Ricardo, James Mill, and J.R. McCulloch where the idea of free trade became a core component of the classical school of economics.

Third Order: Other classical economists and intellectuals gave lectures and wrote books and pamphlets on free trade; People like Thomas Hodgskin gave lectures to popular audiences at Mechanics Institutes and published books; Thomas Peronnet Thompson wrote books and pamphlets for middle brow audiences.

Second Order: Members of the Board of Trade had become influenced by Smithian free market ideas, there were sympathetic MPs in the Conservative Party who were prepared to argue in favour of free trade in the House of Commons and to vote for the repeal of the Corn laws, the Prime Minister Sir Robert Peel was won over to the free trade cause and organised a vote on it. Wilson started *The Economist* magazine to promote free trade ideas.

First Order: Cobden's and the ACLL's genius was to see how ordinary people could be organised to put pressure on the government. The ACLL realised that the recent dramatic drop in the price of postage (the Uniform Penny Post) meant that they could distribute their printed material at a much lower cost than previously. He created membership cards for the ACLL so people could show their allegiance; envelopes for personal letters with ACLL designs and slogans were sold (merchandising); bazaars were held to sell other ACLL merchandise; signature drives were orgnised to demonstrate the scale of public support to MPs; large public meetings were held; there was wide distribution of magazine and pamphlets. [16]

I do not believe that this structure of production of ideas was a deliberate creation of any one of the individuals involved in the free trade movement. It seemed to have evolved without a great deal of conscious strategic planning. According to my schema we can identify the following key roles:

- the creator of the "raw materials": Adam Smith in his treatise *The Wealth of Nations*, and his followings in the Classical school of economics
- the investors: Richard Cobden and his fellow cotton manufacturers who funded the organisation
- the entrepreneurs: Cobden was very good at identifying legislative opportunities for the free traders, and showed great skill in designing the best way to market the ideas to the general public (the symbol of the "big loaf" vs. "the small loaf"; James Wilson who founded *The Economist* magazine in 1843 to spread free market ideas
- the salesforce: lecturers like Hodgskin, Thompson; politicians like Villiers and Cobden who gave speeches in the house; the journalists who wrote articles the magazine *The League*
- the consumers: those ordinary people who voted for free trade candidates; signed petitions to parliament; attended large public meetings in support of free trade

The question we might ask ourselves, is whether or not a structure of the production of ideas like this is necessary for any significant intellectual and social/political/economic change to occur? How many examples can we find from history where something like this structure appeared, and how many took place without this kind of structure? If we can, how do explain the creation, dissemination, and impact of ideas in those cases?

A further question to consider is how long it takes for ideas to move from the Highest Fourth Order or stage of high theory production to the First Order or stage where the ideas get put into practice and pro-liberty reforms are enacted? In the case of free trade there was a 70 year period between the publication of Smith's *Wealth of Nations* (1776) and the repeal of the Corn Laws in 1846. Is this a typical time frame? What other examples can historians find?

One might get depressed if one counted the years since the appearance of Mises' *Human Action* in 1949 and the current state of monetary and banking policy in the West - some 65 years. On the other hand, the appearance of Rothbard's *For a New Liberty* in 1974 and the ensuing growth of the modern libertarian movement over the following 40 years might give one cause to be more optimistic.

A final question to consider is to compare the success of classical liberals in England in abolishing slavery (1808 and 1833) and repealing the protectionist Corn Laws (1846) with the failure of liberals to do the same in the United States. There, the slave trade was ended but slavery itself proved to be a much harder nut to crack and the sad conclusion one might have to make is that ideological and political agitation was not enough to overcome the vested interests of the slaveowners and the apathy of the voting public, and that slavery only ended as a result of a very violent and destructive war. The failure of the American free traders is another example which needs to be studied in greater detail. Jean-Baptiste Say's free trade ideas in his *Treatise* (English translation 1821) were taught in American colleges for decades but this did not produce a broadly based free trade movement (although there was an American Free Trade Association with branches in Chicago and New York which republished many of Bastiat's free trade writings) and the U.S. remained a protectionist nation for the entire 19th century with some of the highest rates of tariffs in the world.[17] So on two counts, on issues which practically defined what it meant to be a classical liberal at this time - free trade and opposition to slavery - the U.S. liberals were found wanting and failed.

Conclusion: Some Outstanding Historical Examples of Investors, Entrepreneurs and Salespeople of Ideas

I would like to conclude this already long essay on an upward beat by listing some of the outstanding examples of individuals who have played key roles in the classical liberal movement over the past 200 years. I believe that any successful movement requires individuals like these in all of the main areas of activity if it is to be successful. The problem seems to be that it is in fact a rare occurrence for a movement to have such individuals in each stage of the production of ideas at the same time.

- investors
  - Harold Luhnow and the William Volker Fund
  - Antony Fisher and IEA and Atlas[18]
  - Pierre Goodrich and Liberty fund[19]
  - Charles Koch and Cato Institute and other groups
- entrepreneurs
  - Thomas Clarkson: the British Anti-Slavery movement
  - Guillaumin: the French political economists
  - Richard Cobden: the English free trade movement
  - Arthur Seldon and Ralph Harris: the IEA in London
  - Leonard Read: FEE
  - Baldy Harper: IHS
  - Antony Fisher: IEA and Atlas
  - Ed Crane: Cato Institute
- salespeople
  - Frédéric Bastiat: free trade journalism
  - Ayn Rand: best-selling novels
  - Milton Friedman: "Free to Choose" TV series and book
  - Ron Paul: presidential campaigns

Endnotes

[1.] Friedrich A. Hayek, *The Road to Serfdom* (The University of Chicago Press, 1944, 1976). Also Friedrich A. Hayek, *The Road to Serfdom, with The Intellectuals and Socialism. The Condensed Version of The Road to Serfdom as it appeared in the April 1945 edition of Reader's Digest* (London: The Institute of Economic Affairs, 2005). With "The Road to Serfdom in Cartoons". Originally published in *Look* magazine. See, Alan Ebenstein, *Friedrich Hayek: A Biography* (New York: Palgrave, 2001).

[2.] F.A. Hayek , "The Intellectuals and Socialism" in *Studies in Philosophy, Politics and Economics* (The University of Chicago Press, 1967), pp. 178–94. Quote from p. 194. Online at at mises.org http://mises.org/etexts/hayekintellectuals.pdf.

[3.] John Blundell, "Arthur Seldon and the Institute of Economic Affairs" (November, 2013) http://oll.libertyfund.org/pages/seldon-and-the-iea; Stephen Davies, "Richard Cobden: Ideas and Strategies in Organizing the Free-Trade Movement in Britain" (January 2015) http://oll.libertyfund.org/pages/lm-cobden.

[4.] My own efforts to list some of these movements can be found at my personal website. See, David M. Hart, "Study Guides on the Classical Liberal Tradition" http://davidmhart.com/liberty/Guides/ClassicalLiberalism/index.html. These include a concept map showing the key ideas of the classical liberal tradition, and *A History of Classical Liberalism in Three Parts*: Part 1: Twelve Keys Concepts of the Classical Liberal Tradition; Part 2: Ideological Movements and Key Political Events; Part 3: Quotations from Key Texts Illustrating Classical Liberal Ideas.

[5.] Jim Powell, *The Triumph of Liberty: A 2,000-Year History, told through the Lives' of Freedom's Greatest Champions* New York: The Free Press, 2000). Steve Davies' "General Introduction," *The Encyclopedia of Libertarianism*, pp. xxv-xxxvii, which is an excellent survey of the ideas, movements, and key events in the development of liberty.

[6.] *The Encyclopedia of Libertarianism*, ed. Ronald Hamowy (Los Angeles: Sage, 2008. A Project of the Cato Institute). Most of the key articles are listed in my "Study Guides on the Classical Liberal Tradition".

[7.] Brian Doherty, *Radicals for Capitalism: A Freewheeling History of the Modern American Libertarian Movement* (New York: Public Affairs, Perseus Books Group, 2007).

[8.] Murray N. Rothbard, *Toward a Strategy for Libertarian Social Change* (April, 1977), available on my website <davidmhart.com/liberty/OtherWorks/Rothbard/Rothbard_1977TowardStrategy.pdf> [PDF 6.9 MB]. See also, Murray N. Rothbard, "Concepts of the Role of Intellectuals in Social Change Toward Laissez-Faire," *The Journal of libertarian Studies*, vol. IX, no. 2 (Fall 1990), pp. 43–67, <davidmhart.com/liberty/OtherWorks/Rothbard/Rothbard_1990IntellectualsSocialChange.pdf> [PDF 1.3 MB]; Rothbard also condensed some of these ideas into Part V: "Toward A Theory of Strategy for Liberty." "30. Toward A Theory of Strategy for Liberty" in *The Ethics of Liberty*, pp. 257–273. <davidmhart.com/liberty/OtherWorks/Rothbard/Rothbard_1998TheoryStrategy.pdf> [PDF 438 KB] From, Murray N. Rothbard, *The Ethics of Liberty*. With a New Introduction by Hans-Hermann Hoppe (New York: New York University Press, 1998).

[9.] See, Joseph Hamburger, *Intellectuals in Politics: John Stuart Mill and the Philosophic Radicals* (New Haven: Yale University Press, 1965).

[10.] See, Aileen S. Kraditor, *Means and Ends in American Abolitionism: Garrison and his Critics on Strategy and Tactics, 1834–1850* New

York: Pantheon Books, 1969).

[11.] Vladimir Lenin, *What Is to Be Done? Burning Questions of Our Movement* (1901, 1902). Lenin's *Collected Works*, Foreign Languages Publishing House, 1961, Moscow, Volume 5, pp. 347–530. https://marxists.org/archive/lenin/works/1901/witbd/index.htm or PDF https://marxists.org/archive/lenin/works/download/what-itd.pdf.

[12.] Murray N. Rothbard, "Strategies For A Libertarian Victory" (Libertarian Party. Rothbard (sic) Caucus) (February 2004) http://www.lprc.org/strategies.html. This is an online version of Rothbard's essay which first appeared in *Libertarian Review* (August, 1978). With an epilog dated July, 1982.

[13.] *Libertarian Review,* Special Issue entitled "Toward the Second American Revolution: Libertarian Strategies for Today," Aug. 1978, vol. 7, no.7, Murray Rothbard, "Strategies for a Libertarian Victory," pp. 18–24, 34. http://www.libertarianism.org/lr/LR788.pdf.

[14.] Hayek, *The Pure Theory of Capital* (1941)in *The Collected Works of F.A. Hayek. Volume 12, The Pure Theory of Capital (1941)*, edited by Lawrence H. White (Indianapolis: Liberty Fund, 2007). Ludwig von Mises, "Part I. Human Action. CHAPTER 4: A First Analysis of the Category of Action" in *Human Action: A Treatise on Economics, in 4 vols.*, ed. Bettina Bien Greaves (Indianapolis: Liberty Fund, 2007). Vol. 1. http://oll.libertyfund.org/titles/1893#Mises_3843-01_388.

[15.] See the Liberty Matters discussion, Stephen Davies, "Richard Cobden: Ideas and Strategies in Organizing the Free-Trade Movement in Britain" (January 2015) http://oll.libertyfund.org/pages/lm-cobden.

[16.] See the illustrated essay "Cobden and the Anti-Corn Law League" http://oll.libertyfund.org/pages/cobden-and-the-anti-corn-law-league.

[17.] Jean Baptiste Say, *A Treatise on Political Economy; or the production, distribution, and consumption of wealth. Translated from the 4th ed. of the French by C.R. Prinsep. To which is added, a translation of the introduction and additional notes, by Clement C. Biddle* (Boston, Wells and Lilly, 1821). Also see my paper, "The Liberal Roots of American Conservatism: Bastiat and the French Connection," given to the Philadelphia Society meeting March 27–29, 2015.

[18.] Gerald Frost, *Antony Fisher: Champion of Liberty* (London: Profile Books, 2002).

[19.] Dane Starbuck, *The Goodriches: An American Family* (Indianapolis: Liberty Fund, 2001). http://oll.libertyfund.org/titles/1065.

RESPONSES AND CRITIQUES↩

1. Jeffrey Tucker, "Does the Structure of Production Apply to Ideas?" [March 3, 2015]↩

[After submiting this essay Jeffrey Tucker took no further part in the discussion.]

Sometime in the late 1980s, I found myself in a mild debate with Murray Rothbard over matters of strategy. It was an exchange of private letters. I cannot recall the specifics but the issue had something to do with how broad or narrow an ideological journal, with the goal of propagating a body of ideas, ought to be in order to achieve its goals. Should it encourage broad debate, or try overtly to advance a particular plumbline of thought? Should it be an advocate of one point of view and thereby exclusionary, or a venue inclusive of many points of view including radical ones that mainline publications eschew?

After some back and forth, Rothbard concluded our correspondence with a general observation that I can only paraphrase. He did not believe that he somehow had all the right answers to the strategic question. He was highly interested in more discussion of this topic and happy to have the subject raised. To his mind what mattered was that the strategy, whatever it is, a) not be immoral or be based on some fundamental lie, and b) worked to achieve the result. Despite his reputation as a cadre-enforcing Leninist in the 1970s -- or perhaps because he had seen the failure of that program, as David Hart mentions -- his own attitude was highly flexible on strategic matters. He had his preferences, but he didn't rule out other ways of going about things so long as they were not immoral and held out some possibility of success.

I've always kept that in mind in the course of modern debates on strategy. People can become wildly passionate about this topic, pushing their own view as if there is only one way. If you vote, you are evil; if you don't vote, you are not helping the cause. If you eschew academia, you are not invested in serious ideas; if you are in academia, you have sold out. If you don't protest in the streets, you are unwilling to get your hands dirty; if you do protest in the streets, you are contributing to the problem of mobocracy. And so on. People suppose they have the right way, and it is the only way.

This is one reason I can't but celebrate Hart's creative list of 16 various strategies for social change. It shows just how many theories have been spawned in the last 65 years, a period in which which liberty has suffered so many blows. If we knew the right answers, and if we had seen some particular strategic outlook prevail over the others, matters would be more simple. But we've rarely seen such progress. Ludwig von Mises wrote in his private diary that he wondered whether his dreams of being a reformer had given over to becoming a "historian of decline." I suspect many people feel that way.

And yet, as we look around the world today, with the state still on the march, we do see a new flourishing of liberty. How to measure this? The least-revealing way is to look at the number of libertarian organizations and academics. Surely it is better to look at the actual progress of liberty itself. Here we see massive gains through communication technology, life opportunities, the decline of violence, the decline of poverty, the globalization of the division of labor, and the effective realization of universal rights in more places in the world than ever before. How is this happening? Enterprise is outpacing the the ability of the state of keep up with regulating it. As to how and why enterprise has done so much so fast, I see no one particular causal agent. As Hart notes, "The world being a complex and messy place, there is probably no one strategy that will be successful in all places and all times." The implications of this observation are profound. Just as we cannot anticipate the emergent shape of social institutions under conditions of freedom, we cannot anticipate, much less plan, the way in which liberty-centered ideas will bring about social and political change. We think we know, but then, as it turns out, we don't know.

This is why I have fundamental doubts about this idea of applying to the world of ideas the structure of production as it pertains to the physical world. It strikes me as too constructivist, affected, and planned. More than that, there are important reasons why the model might be fundamentally flawed. Ideas move through time and space in a way that is completely different from the physical world. The danger in conflating these two very different spheres of the world is that we actually limit the power of ideas rather than unleash them.

To see why this is the case, ask why there is a structure of production at all. Goods need to be produced. Once they are consumed, they must be produced again. Production takes time and that production must be coordinated across many layers of cooperative industrial structures: capital goods, intermediate goods, and consumer goods. Institutions such as prices and interest rates assist in this coordinative process. The process is arduous but necessary to overcome the inherent privations of the state of nature. To rise above it requires the employment of scarce means to achieve unlimited wants, and this process of production must keep economics constantly in mind.

But what is the fundamental fact that makes these production structures necessary? Why can't we just have all the stuff we want without having to build these intertemporally complex systems? The reason comes down to scarcity itself. If that condition did not exist, we could dispense with production structures completely.

If it were possible to make gasoline, steaks, and sneakers just one time, and these goods could somehow replicate themselves unto infinity once produced, the whole economics of production would be moot. None of the factors that give rise to it would exist.

Consider: ideas are not scarce in an economic sense. Once produced -- and that production can take a decades or only an instant -- an idea can be infinitely reproduced, just as Thomas Jefferson said of fire itself. It does not depreciate in value as physical property does. It can belong to, and by consumed, one person or billions of people at the same instant. An idea is also immortal: the ideas produced by Plato or Einstein are available forever. An idea is also malleable: it can be changed and remixed with other ideas by any individual mind, without disturbing the integrity of the original. Its course of transport through the population and through history takes a completely unpredictable path: books, word of mouth, blogs, podcasts, signs, texting, rumour, advertising. The digital world has put the portability of ideas on hyperdrive. Their distribution follows no set course; every idea becomes part of a storm of ideas, merging with all other ideas that have ever existed. Their final triumph can take a circuitous route that defies all expectations.

In economics, the first condition of the need for economization is scarcity. For this reason, the difference between scarce and nonscarce

goods is fundamental and absolute. A good is either rivalrous in ownership and control or it is not. It either has to be reproduced following consumption or not. It either depreciates in its physical integrity or it does not. If I am wearing my shoes now, no one else can wear them at the same time. But if I hold an idea and decide to share it with the world, I can retain my ownership while permitting the creation of infinite numbers of copies. In this sense, ideas evade all the limitations of the physical world.

Another example: Let's say that I'm standing in front of a group of a thousand people. I hand an item, like watch or glass, to a person on the front row. She passes it on through the crowd. At any point in time, it would be possible for me to track precisely who has the item, who handed it to her, and then to see whom she hands it to next. It follows a traceable path. That path can be observed. But if I stand in front of the same group, and sing a song, toss out an idea, or show an image, it would be impossible to trace the path that this idea would take as it impresses itself on the minds of the people present. The travels of ideas are impossible map it.

This is the difference between ideas and scarce property. They are produced and distributed in a completely different way. None of the conditions that cause the structure of production to exist in the physical world actually apply to the world of ideas. Their functioning is radically different.

Perhaps, then, it is best to regard the structure of production as applying to the world of ideas only in a metaphorical sense? Even then, there is a question about how much such a metaphor actually explains. Good ideas as they apply to liberty can come from anywhere. Consider the repeal of alcohol prohibition in the United States. Did the idea come first from the academics, flow to the media, and become enacted by the common people working through their representatives in politics? Not so far as I understand the history. Instead, it came about because the policy was no longer enforceable in light of mass civil disobedience. The same might be said of pot legalization today.

Such bottom-up efforts are evident in the progress of the cyberpunk world that gave us distributed networks, mass availability of cryptography, and the innovation of the blockchain ledger for porting secure information. We now have the technology to commodify, bundle, and title any type of information pool, based on our own creation as an extension of our own imagination, and port it over geographically noncontiguous lines, using cryptography to customize what information we share and over a distributed network that no state can take down, in a manner that is non-forgible and nonreproducible and not subject to any level of depreciation, ever. That's just amazing. We can do that now, and no one can take that technology away from us. The whole apparatus was released on a free forum by an anonymous programmer. How can we possibility fit this liberty-granting technology into some structure of production?

And consider, too, the cluster of deregulatory efforts of the late 1970s: trucking, oil, airlines, telecommunications, and banking. Jimmy Carter, a Democrat, was president and a champion of this movement. He worked mainly with the office of Sen. Edward Kennedy, a Democrat, in enacting the legislation. This is something that no one could have anticipated. The "structure of production" of these ideas followed a nonintuitive course.

We make a profound error in imagining that we can plan intellectual change in the way we plan production of other goods and services. That ideas permeate society in an unpredictable and even chaotic way is nothing to regret. But we need to come to terms with the reality and thereby eschew the presumptions of knowledge that are inherent in trying to construct some top-down strategy for social change. It is best just to speak out, tell the truth, and build liberty in every conceivable way we can, pushing history in the direction it must go, and then delight as the course of events defies our every expectation.

2. David Gordon, "Austrian Capital Theory and the Role of Ideas" [Posted: March 4, 2015]↩

I'd like to discuss three topics in David Hart's excellent and characteristically erudite essay. The first of these topics is the most general. Hart writes of wanting to study "how pro-liberty ideas were developed and then used to bring about political and economic change in a pro-liberty direction." He proceeds to list a large number of "historical examples of successful radical change in ideas and political/economic structures, in both a pro-liberty and anti-liberty direction."

I hope that I do not misinterpret Hart, but his remarks suggest that he takes ideas to be a major cause, perhaps *the* major cause, of political and social change. This is a familiar view. Everyone will remember Keynes's comment in *The General Theory*: "the ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back."[20]

Some people go further. Leonard Peikoff claims in *The Ominous Parallels* that not only do philosophical ideas determine the course of history, but that this must be the case. "Since men cannot live or act without some kind of basic guidance, the issues of philosophy in some form necessarily affect every man, in every social group and class. Most men, however, do not consider such issues in explicit terms. They absorb their ideas ... from the atmosphere around them. . ."[21]

Peikoff notes that a "cultural atmosphere is not a primary. It is created, ultimately, by a handful of men: by those whose lifework it is to deal with, originate, and propagate fundamental ideas." Accordingly, the "root cause of Nazism" lies in the "esoteric writings" of the professors who laid the foundation for the events "hailed or cursed in headlines."[22]

I do not wish to claim that the view I attribute to Hart of the role of ideas in history is false: to the contrary, I hope that it is true. If it is true, though, it is not obviously true, and it should not be assumed as a matter of course. Those who favor the position ought to argue for its truth, and pleasant quotations from Friedrich Hayek and Lord Acton about the importance of ideas do not suffice.

Whether or not, though, ideas are influential, the question arises: how are they created and spread? Hart appeals to "Austrian capital theory," and his remarks about this are the next topic I'd like to discuss. What interests Hart is "in particular the notion of 'the structure of production of goods' -- if we understand in this context that "goods' are 'intellectual goods,' or ideas, and not raw materials or machinery. Before we can distribute goods to consumers (first-order goods), we have to have a structure of production of goods ranging from the highest order (analogous to raw materials) to various intermediate orders (analogous to the production of machines for factories that will produce the consumer goods, and the trucks and logistics to get the goods to their final destination), and then the shops on Main Street that will sell the lowest-order goods to consumers."

According to the Austrian theory to which Hart appeals, consumer goods normally require land, labor, and capital to produce. For each capital good involved in the production of a consumer good, one can in turn inquire: how was *it* produced? Either land and labor sufficed to produce the capital good, or another capital good was required. In the latter case, we can repeat the inquiry. Eventually, the inquiry will end at a stage with only land and labor as inputs: no capital good is an original factor of production. Production travels forward from original land and labor to consumer goods, but the analysis of the process of production goes in the other direction, from the consumer goods back through the stages of production to the original land and labor. The stages are said to become "higher" as they recede from the consumer goods.

It should be clear that this has little if anything to do with the generation and spread of ideas. The application of the Austrian view to ideas, I take it, is that one begins with "liberal scholarship" This is analogous to the "raw material" at the "highest level"' that is then passed down the various stages until it reaches the consuming public. The starting point, in sum, is a complex, nuanced, and creative idea that is simplified and made palatable to the public.

Nothing precludes such a process, but it is certainly not necessary. Why *must* one begin with a creative contribution to scholarship? Perhaps instead, in a particular case, popular ideas came first, and later scholarly work refined them. If you want to build a modern airplane, you cannot do it with bare labor and land on which to stand. You require a vast array of capital goods as well, and these must be produced in the way described by Austrian production theory. To bring an idea to the public, by contrast, you do not need to have as "raw material" a scholarly idea that you will then simplify.

Confusion on this point may stem from the fact that Hayek, a leading contributor to Austrian capital theory, wrote also a famous paper, "The Intellectuals and Socialism," that deals with the transmission of ideas, In this paper, which Hart discusses, Hayek has a great deal to say about the way in which intellectuals, whom he calls the "secondhand dealers in ideas," take over the contributions of scholarship and offer them to the reading public. Nowhere, though, does Hayek claim in "The Intellectuals and Socialism" that ideas must be produced in this fashion. Certainly a scholar does not need a "secondhand dealer in ideas" in order to reach a wide audience. Hayek, after all, wrote *The Road to Serfdom* for the educated public. Neither does he make any connection in his article between what he says about ideas and the Austrian theory of production.

The final topic in Hart's essay I wish to discuss is his account of Murray Rothbard's ideas on strategy. Hart says, "For the libertarian movement he advises creation of a Leninist-style 'cadre' of committed and knowledgeable individuals who understand both the theory of liberty as well as how it might be implemented in the political world." Hart goes on to say "Rothbard's strategic theory might be pursued at greater length in a future post in this discussion, especially his [James] Millian-Leninism and its appropriateness for a movement based upon individual liberty, free markets, and individual responsibility."

Hart's remarks convey, unintentionally I am sure, a misleading impression. The unwary reader might surmise that Rothbard was proposing a libertarian version of the Bolshevik party, with its fanaticism and iron discipline. The impression would be enhanced by Hart's incorrect suggestion that Rothbard's thought on strategy began in the 1970s, "when he hoped to turn the fledgling Libertarian Party into one modeled on his theory of 'cadres' and before he split acrimoniously with [Charles] Koch and the Cato Institute and gave up the idea of shaping the LP in his Millian-Leninist image."

Rothbard's began thinking about strategy substantially before the 1970s, and he did not formulate his ideas as a way to influence the Libertarian Party, which did not then exist. When he first spoke of cadres, he did not have in mind a political party, much less a political party in the style of the ruling party in Soviet Russia. In a Memorandum of July 1961, "What Is To be Done?" written for the Volker Fund, Rothbard says: "We are not interested in seizing power and governing the State, and we therefore proclaim, not only adhere to, such values as truth, individual happiness, etc., which the Leninists subordinate to their party's victory."[23]

What, though, of that dread word "cadre"? Rothbard intended nothing sinister by it. Rather, he had in mind people who adhered to a consistent set of libertarian principles. Like the Leninists, they were interested in more than day-to-day-"opportunism." That is to say, they did not find satisfactory as a goal the mere modification of the existing arrangements in way slightly more favorable to the free market. Unlike "'sectarians," Rothbard does not insist that one state one's "full ideological position at all times," but the hard core, or cadre, "must always aim toward the advancement of libertarian-individualist thought … among the people and to spread its policies in the political arena."[24]

In a passage from "The Intellectuals and Socialism" that Hart quotes, Hayek makes the same point: "We need intellectual leaders who are willing to work for an ideal, however small may be the prospects of its early realization. They must be men who are willing to stick to principles and to fight for their full realization, however remote." It is puzzling, for that reason, that Hart entitles the section of his essay that discusses Rothbard, "Hayek vs. Rothbard."

Endnotes

[20.] John Maynard Keynes, *The General Theory of Employment, Interest and Money* (New York, 1936), p. 383.

[21.] Leonard Peikoff, *The Ominous Parallels* (New York, 1982), p. 24

[22.] Ibid., pp. 24-25.

[23.] David Gordon, ed., *Strictly Confidential: The Private Volker Fund Memos of Murray N. Rothbard* (Auburn, 2011), p.8. The title of Rothbard's memo of course echoes Lenin's famous pamphlet.

[24.] Ibid., p. 9

3. Jim Powell, "The Importance of Peaceful Mass Movements" [Posted: March 5, 2015]

In his lead essay David Hart has done a lot fruitful brainstorming and compiled a comprehensive list of important pro-liberty movements. His rich mother lode of material might help resolve an enduring puzzle: There are far more libertarians now than a half-century ago, far more libertarian books published, far more libertarian think tanks developing and promoting libertarian ideas, and so on -- yet government is bigger and more powerful than ever. What, if anything, can be done about it?

My suggestion is that we reexamine peaceful mass movements because some some of the greatest advances for liberty have been achieved with that strategy. Few if any libertarians seem to have had firsthand experience with a peaceful mass movement in the United States -- after all, the last one ended about a half-century ago. Among the most successful peaceful mass movements for liberty were the movement to abolish the British slave trade and British slavery in the Western Hemisphere (1838), the movement to achieve Catholic emancipation from civil disabilities (1829), the movement to abolish the Corn Laws and promote free trade (1846), the movement to achieve equal rights for women, including the right to vote (1918), and the movement to abolish compulsory racial segregation (1964).

A peaceful mass movement aims to get a policy changed, and the movement continues, perhaps for many years, until the policy is changed or the movement runs out of steam. A peaceful mass movement involves mobilizing large numbers of people for rallies, protests, marches, demonstrations, concerts and other public events. Motivating large numbers of people to show up for an event is the most dramatic way to prove that there's a lot of discontent about something the government is doing or not doing. Discontent, in turn, can put pressure on politicians to do the right thing. Mobilizing large numbers of people creates newsworthy events that generate photographs and videos tens of millions if not hundreds of millions of people can see, leading to more publicity. To be effective, a peaceful mass movement must have a specific, simple agenda -- which the recent anti−Wall Street "Occupy" sit-ins notably lacked.

Recall how, in 1955, the American civil rights movement began as protests against compulsory racial segregation and persisted for nine years until compulsory racial segregation ended. Martin Luther King Jr., as the movement's most famous leader, sometimes required considerable courage since he was jailed 14 times, the target of countless death threats, stoned, and stabbed; his home was blasted by a shotgun and bombed, and a motel room where he stayed was bombed, too, before he was assassinated.

In 1823 Irish lawyers Daniel O'Connell and Richard Lawler Sheil formed the Catholic Association to challenge English laws that denied Irish people the liberty to own land, attend school, learn a trade, bear arms, hold public office, travel abroad, or practice their religion without interference. This was the beginning of a peaceful mass movement aimed to achieve Catholic emancipation. O'Connell was on the road constantly, speaking in every city and hamlet. He generated so much popular pressure for reform that back in London, on April 10, 1829, Parliament passed the emancipation bill to reduce or remove many restrictions on Catholics.

In 1787 Cambridge University student Thomas Clarkson began to travel around England, helping to form antislavery groups and giving speeches at public meetings run like religious revivals. In this peaceful mass movement, Clarkson shocked audiences by holding up branding irons, neck collars, leg shackles, handcuffs, thumbscrews, and other gruesome devices for enforcing slavery. He displayed diagrams showing how slave ships chained human beings into tiny spaces, awash with excrement. Clarkson arranged for former slaves like Olaudah Equiano to testify about their experience. Clarkson bombarded Parliament with about 500 antislave-trade petitions signed by more than 400,000 people. Buoyed by this proof of public support, member of Parliament William Wilberforce introduced antislave-trade bills year after year. By 1807 Parliament voted to abolish the British slave trade. Clarkson and Wilberforce subsequently campaigned to abolish British slavery. Parliament passed the Slavery Abolition Act on August 29, 1833.

In 1839 Richard Cobden and John Bright began a peaceful mass movement to abolish grain import taxes that made food more expensive for millions of hungry people. "It appears to me," Cobden wrote, "that a moral and even a religious spirit may be infused into that topic [free trade], and if agitated in the same manner that the question of slavery has been, it will be irresistible." Cobden and Bright were on the road almost nonstop. Cobden recalled, "We spoke to about two thousand persons in the parish church [Aberdeen], travelled thirty−five miles, held a meeting at Montrose, and then thirty-five miles to Dundee, for a meeting the same evening. Tomorrow we go to Cupar Fife, next day, Leith, the day following, Jedburgh." Spurred by the failure of the Irish potato crop and the deadly famine there, Parliament repealed the grain import taxes in 1846.

In 1848 Elizabeth Cady Stanton launched a peaceful mass movement to achieve equal rights for women. She was mainly concerned about gaining equal property rights -- the right to sign contracts, to hold property, to inherit property and so on. She viewed the right to vote as a policy needed for securing equal property rights. She formed the Woman Suffrage Association of America and served as president of the National Woman Suffrage Association. She crisscrossed the country, giving speeches, as she recalled, "in log cabins, in depots, unfinished school houses, churches, hotels, barns, and in the open air." Stanton and her principal partner Susan B. Anthony kept the movement going for decades. The right of women to vote in America was secured 70 years after the movement had begun.

Would it really be possible to mobilize large numbers of people for liberty and justice today? Well, it's hard to draw a crowd, since that

involves motivating people to leave the comfort of their homes, to go someplace that might be inconvenient, perhaps to incur some travel costs, and most important, to make time for the event in a busy schedule.

I have some specific ideas on how this might be done, which I will pursue in more detail in a future post.

References

Jim Powell, *The Triumph of Liberty: A 2,000-Year History, told therough the Lives of Freedom's Greatest Champions* (New York: The Free Press, 2000).

- several chapters from this book have been published on the libertarianism.org website. See:
- "Militant Nonviolence: A Biography of Martin Luther King, Jr." <http://www.libertarianism.org/publications/essays/militant-nonviolence-biography-martin-luther-king-jr>
- "Passionate Oratory: A Biography of Daniel O'Connell" <http://www.libertarianism.org/publications/essays/passionate-oratory-biography-daniel-oconnell>
- and the video: David Boaz and Jim Powell, "The Triumph of Liberty: A 2,000-Year History, Told through the Lives of Freedom's Greatest Champions" (June 28, 2000) <http://www.libertarianism.org/media/around-web/triumph-liberty-2000-year-history-told-through-lives-freedoms-greatest-champions>

Jim Powell, *Greatest Emancipations: How the West Abolished Slavery* (Palgrave Macmillan, 2008).

- and the video: David Boaz and Jim Powell, "Greatest Emancipations: How the West Abolished Slavery" (Sept. 28, 2008) <http://www.libertarianism.org/media/around-web/greatest-emancipations-how-west-abolished-slavery>

4. Jason Kuznicki, "The Most Reasonable People in the Room" [Posted: March 6, 2015]↩

I find nothing more entertaining than getting together with four or five other libertarians, opening a bottle of bourbon, and chatting about praxeology until the wee hours of the morning.

By most Americans' standards, that makes me ... a weirdo.

In my defense I am a happy weirdo. I love being a professional libertarian. Every day I look forward to going to work, and I recognize how rare a treat unalienated labor is in the grand scheme of things.

If you're reading this, you're probably something of a weirdo too. Not that there's anything wrong with that. And I'm glad you're with me, because we liberty people need to stick together.

Our little tribe could even be dead right about everything. I wouldn't be doing what I do if I didn't think we had found something both true and important. When it seems that you have found something like that, it is enormously fun just to sit around and discuss it.

But if we really are right, then we are also called upon to *sell* our unconventional viewpoint. And I've got to confess that the late-night libertarian bull sessions begin to look like a guilty pleasure. To use the metaphor of economic production offered in the lead essay, high-level discussions are not necessarily primary production goods. They may be consumption goods, at least insofar as they don't lead, directly or indirectly, to any form of changed public policy.

Against Utopia

What *might* change public policy? I can name several things. First, though, a couple of warnings.

The vast majority of Americans simply aren't interested in our ideology. They do not want to learn about it. They do not want to hear about it. They may even find something vaguely disreputable about the practice of building an ideology in the first place, whether it be ours, or the socialists', or anyone else's. Americans aren't interested in *ideology*, period.

That all by itself may be a big part of why we haven't won.

In many cases Americans' disdain for ideology works out for the good. We have largely been shielded from fascism and communism, and we have even escaped many of the worst aspects of gradualist socialism. Even the socialists' utopianism -- which Hayek clearly envied -- did not help socialism as much as Hayek feared it would. Being anti-ideological would appear to be a healthy part of our nation's political immune system.

My first caution, then, is that utopian visions are vastly overrated. The unappreciated truth about writing in the utopian vein is that utopias only rarely inspire on their first appearance. Most of them fail immediately, above all among Americans. There is much more in the way of bad and ugly about the genre, I think, than there is of beautiful and stirring. And even successful works of utopian literature usually age badly: Everyone remembers Aldous Huxley's dystopian masterpiece, which is *Brave New World*. Everyone forgets *Island*, his attempt at a utopia.

This suggests that trying to write the next *Atlas Shrugged* may not be the best strategy for us, even granting that the first *Atlas Shrugged* was a phenomenal success. (Which it was!) As an editor, I have seen dozens of books billing themselves as the next *Atlas Shrugged*, and none of

them have stirred me in the slightest. Their authors might have done better to write a simple letter to the editor of a newspaper, or an op-ed about a local issue that mattered. They would certainly have wasted less time, and they might even have made a difference.

I do wish it were easy to be inspiring in the sort of comprehensive, broad-brush way that Ayn Rand so clearly mastered. But it's *not* easy. It's damnably hard, and as a result, our efforts are almost certainly better spent elsewhere.

Rationalism Is Killing Us

My second warning concerns rationalism in ideology. Among those who as a matter of habit think in abstractions, there is a dangerous tendency to ignore -- or even to flout -- that which passes for common sense. And so we are led down paths that do us no good as a movement.

Murray Rothbard frankly shot himself in the foot when suggested that in his ideal society a parent would have no positive legal obligation to feed her child, and that no one would have any legal right to interfere if she did.[34]

Rothbard need not have made the move he did. He might simply have said, as almost all other libertarian rights theorists do, that rights theory is a set of generalizations that begins with -- and that thus only applies to -- adults. We cannot expect it to give reasonable answers when it is applied, unchanged, to infants. If we want to make it work for infants, we first must consider how infants differ from adults.

There would be nothing inconsistent at all about such a position. But the danger I describe here is one of a foolish consistency, and I do think Rothbard fell for it. It's also exactly what happens when theory is pursued to the exclusion of empirical fact.

At times like these, a peculiar mental process begins to work in the minds of most readers. It was first brought to my attention years ago in an op-ed by William F. Buckley, one that I have unfortunately been unable to locate. I recall that Buckley was uncharacteristically kind to libertarians, at least for a bit. Then he narrated several of the Libertarian Party's then-current foibles, and he commented to the following effect: In every reasonable person there exists a little mental sorter, one that constantly asks whether one is not listening to the words of a madman. Whenever the sorter says yes, the reasonable person stops listening altogether.

It does not matter that the little mental sorter sometimes registers false positives. Life is short, and there are many clearly reasonable people to listen to. A few false positives is a small price to pay for weeding out all the nutcases in the world. Against this sorter, it does not avail that Rothbard believed that a libertarian society would see *much less* child neglect than we do today. It does not matter that he was exploring an odd lacuna in his theory, one he thought would basically never find its way into practice. The mental sorter has done its work: Rothbard is a nut. He shall be cast into the outer darkness.

So What Now?

That, my friends, is what we are up against, and I see only one way forward: We must become the most reasonable people in the room. At any gathering we attend, in any venue where we appear, it's up to us to play the straight man. If the status quo really is as crazy as we think, then we have no need to outdo it. Being reasonable attracts reasonable people. Being zany attracts attention, which is a different thing, and it only works until Buckley's mental sorter kicks in.

Now, this does *not* mean that we must surrender our principles so as to win over the unprincipled. Far from it. What it means is that we must whenever possible put empirical foundations under the things we have come to believe through abstraction. We must give people with no patience for ideology a reason to settle on libertarian policies anyway. As Ayn Rand wrote, "Americans are anti-intellectual (with good grounds, in view of current specimens), yet they have a profound respect for knowledge and education." That's where we need to be strong.

But doing so requires *data*. It also requires hard work. It may even require, on further examination, that we alter some of our beliefs -- but *only* if that's where the empirical investigation (and not the lure of political gain) ultimately leads us. We claim that we have courage in our convictions, and that considerations of principle have given us good reason to believe as we do. Very well, let us courageously put our beliefs to the test. If we are right, it is glorious. If we are wrong, we will have learned something. Either one should be counted a win.

Many individuals have been exemplary in this respect. If Milton Friedman doesn't immediately spring to mind, he should. But also Donald J. Boudreaux, Radley Balko, Timothy Sandefur, Jacob Sullum, Greg Lukianoff, Conor Friedersdorf, Clint Bolick, and more. These are the people who do the hard and not always fun work of turning abstract convictions into a measurable difference in the world. They don't agree on everything, and I don't expect them to. What they share is that they are convincing. As a direct result, they change American minds and prompt better public policies. I hope to see many more like them in the future.

Endnotes

[34.] See Rothbard's *The Ethics of Liberty* (Auburn, Ala., Ludwig von Mises Institute, 2002), "14. Children and Rights," p. 100.

5. Peter C. Mentzel, "On Crisis, Revolution, and Liberty" [Posted: March 6, 2015]↩

David Hart has given us an overview of a theory of how classical liberal/libertarian ideas are produced and spread, a suggestion for an intellectual-history project on the subject, and an intriguing taxonomy of different kinds of libertarian approaches to transformation, based on various historical models. As a fellow historian, I was particularly interested in this last aspect of Dr. Hart's fine essay, and in the short space I have here I want to try to tease out a few points from his remarks that I hope will have some relevance to our current conversation. In particular, I would like to suggest that an atmosphere of crisis seems to play an important role in many (if not most) of the historical

examples he provides at the end of his essay. It seems to me that intellectual movements, even those which might seem marginal, or even rather loony, in "normal" times can suddenly emerge as the "obvious" answers to the problems facing a society during times of crisis. In the brief remarks that follow I want to focus on the histories of three revolutions in eastern and central Europe: a revolution that achieved some important successes but ultimately failed to secure political power for the forces of liberalism (the revolutions of 1848); an anti-liberal revolution that succeeded (the October Revolution in Russia); and finally a successful revolution in 1989 that had swept away the communist governments in the region by 1991.

To start with the earliest of these examples, the 1848 revolutions have usually been considered failures. To paraphrase G.M. Trevelyan's famous quip, 1848 was the "turning point that failed to turn." While it is certainly true that the liberals were ultimately defeated by their enemies, they achieved everywhere, but especially in east central Europe, some important and lasting victories. Probably the most important of these, which Dr. Hart mentions in his essay, was the elimination of serfdom in the Austrian Empire in 1848 (actually the culmination of a process begun by Emperor Joseph II in 1781).[25] What were the causes for these successes, and why could the liberals not capitalize on these victories?

Liberal ideas had been circulating in central Europe for at least a couple of decades before 1848, and their promoters had a chance to advance them further due to the exogenous crises created by a string of crop failures all over Europe in the years before 1848. These not only led to rural unrest and to financial difficulties in most European countries but also contributed to the increasing pauperization of the newly emerging industrial working class.[26] The growing social turmoil created the conditions for liberal intellectuals and their allies in most of the European states to try to seize power and establish liberal governments.

The ultimate failure of the east central European liberals was due largely to the fact that they allowed themselves to get sidetracked by another intellectual agenda that ultimately proved to be more powerful: nationalism. Rather than focus on socioeconomic and political liberalization, the members of the revolutionary German government meeting at Frankfurt am Main in the so-called *Vorparlament*, instead focused increasingly on the establishment of a German constitutional monarchy, and in the process dissipated their energies in endless and ultimately futile discussions about the nature and extent of their envisioned German state

A very important example of a successful, though nonliberal, revolution that Dr.Hart mentions is the October (or November) Revolution of 1917.[27] Does this revolution, paradoxically, have something to say to classical liberals and libertarians? Perhaps, but in any case, this revolution, even more than 1848, owed much of its success to exogenous circumstances and an atmosphere of crisis.

It is important to remember that Russia in the fall of 1917 was already experiencing a revolution. The monarchy had been overthrown in the February (or March) Revolution and the country was being ruled by a shaky provisional government. In this context the Bolsheviks had two important advantages. First, they had an ideology that provided clear overall goals (even if they were vague on the specifics). Part of this ideology concerned the architecture not only of the party itself, but also of the society of the future. Lenin's main contribution (outlined in his 1902 tract *What Is to Be Done?*) was his idea of the party not as some sort of proletarian mass-movement, but as a "vanguard" made up of a select, dedicated, group of professional revolutionaries who had mastered the laws of History and could thus steer society.[28]

The second advantage the Bolsheviks had was a politically savvy ability to capitalize on the social and economic catastrophe that was engulfing wartime Russian society. By the fall of 1917 the country's social and economic fabric was so obviously fraying that the Bolsheviks, in Lenin's terms, simply "picked up power" that they found "lying in the street."[29] The October Revolution was really a coup d'etat carried out by Lenin's small vanguard party against the thoroughly demoralized and weakened Provisional Government.

The Bolshevik revolution was a spectacular success, and the system they established ended up dominating much of Europe, indeed the rest of the globe, by the end of the 20th century. The overthrow of the Soviet empire in the revolutions of 1989-1991 must certainly count as one of the greatest victories for the cause of liberty in history. Where does it fit into the categories provided by Dr. Hart and into the narrative I have been sketching in this essay?

Once again, the success of the revolutionaries involved both the power of ideas and the impact of exogenous crisis. Liberal ideas of various kinds had never been completely extinguished in the lands of "Really Existing Socialism," especially in the countries of east central Europe. There were always intellectuals, both in and outside the Party, who were familiar with, and attracted to, various aspects of liberalism. Moreover, the people of those countries had front-row seats to the economic development of the (relatively) liberal polities of western Europe, no matter how vigorously their communist rulers tried to disguise or disparage those achievements.

The opportunity for these liberal ideas to find some sort of purchase grew during the late 1980s because of a growing crisis of confidence in the communist parties of the Soviet Union and its satellites. This was in part the result of economic challenges posed by changes in the world economy, but it can also be thought of as a manifestation of the intellectual exhaustion of Really Existing Socialism. This situation made possible the rise of Mikhail Gorbachev to the post of first secretary of the CPSU in 1985.[30] While Gorbachev was no liberal, he was one of a long line of communist leaders who sought to strengthen the communist system by piecemeal introduction of selective liberal reforms, along with a new approach to relations with the satellite countries.

As we all know, these reforms (soon copied with varying degrees of enthusiasm by the communist countries of east central Europe) if anything only made the crisis worse by creating economic and social chaos. They also provided the opportunity for the thus-far thoroughly marginalized and nearly invisible liberals to come out into the open and demand deeper and more extensive reforms. Interestingly, as in 1848, these liberal voices were frequently joined by, or even influenced by nationalist sentiments and demands.[31]

In any case, faced with increasing economic and social disruptions, the communist parties, especially those in east central Europe, found themselves by 1989 in an untenable situation. Unable to count any longer on the military or even the moral support of their comrades in Moscow, the rulers of the different parties were pushed aside by more opportunistic (not necessarily liberal) comrades who were willing to work with the newly empowered liberal dissidents and others demanding constitutional democracy and free-market reforms. This process continued, with many variations of course, until the Soviet Union officially dissolved itself in December 1991.

In all three of these cases a crisis situation created an opportunity for a previously marginalized intellectual movement to make a bid for power. But where exactly this leaves us I am not sure. While "Rothbardian Leninism" might seem to be an attractive strategy, the sort of ruthless discipline and party purity it calls for are hardly compatible with the broader liberal project. On the other hand, the liberal revolutionaries of 1848, though a very mixed bunch with different intellectual agendas, were initially able to win some important victories, only to be blindsided by the power of nationalism. The revolutionaries of 1989, while also espousing a wide variety of views and while also being influenced in varying degrees by nationalism, were apparently able to muster some bare minimum of discipline so that they were able to take power during the crisis years of 1989-1991.[32] I wonder where their strategy fits within Dr. Hart's taxonomy of libertarian resistance and what if anything it has to teach us?

Endnotes

[25.] Mike Rapport, *1848: Year of Revolution* (New York: Basic Books, 2008), pp. 270-71; Robert Kann, *A History of the Habsburg Empire, 1526-1918* (Los Angeles: University of California Press, 1977), pp. 198-99.

[26.] Rapport, p. 36.

[27.] The revolution occurred in October 1917 according to the old Julian calendar, corresponding to November in the Gregorian calendar.

[28.] Archie Brown, *The Rise and Fall of Communism* (New York: Harper Collins, 2009), p. 35.

[29.] M.K.Dziewanowski, *A History of Soviet Russia and its Aftermath* (Upper Saddle River, NJ: Simon and Schuster, 1997), p. 87.

[30.] Archie Brown carefully notes that the "crisis" was "perceived only by a minority of people within the political elite -- those acutely conscious of the long-term lag between the rate of Soviet economic growth and of the technological lag between the Soviet Union and the West … but this was not crisis in the sense that there was significant public unrest." p. 486.

[31.] Joseph Rothschild and Nancy M. Wingfield, *Return to Diversity: A Political History of East Central Europe since World War II* (Oxford: Oxford University Press, 2008), p. 175; Peter C. Mentzel, "Nationalism, Civil Society, and the Revolution of 1989," *Nations and Nationalism*, vol.18, part 4, October 2012, pp. 624-42.

[32.] Mike Rapport is one of many writers to note the similarities between the revolutions of 1989 and 1848. An important difference is that many of the leaders of the 1989 revolutions "wanted their revolution to be an 'anti-revolution'" in the sense that "opposition to communism was not about a violent seizure of power, but rather involved elevating the cultural opposition in civil society to greater importance than the repressive state." p. 414.

6. Stephen Davies, "Ideas and Strategies" [Posted: March 8, 2015]↩

David Hart's wide-ranging survey offers much food for thought, not least in the exhaustive survey of both strategies to expand liberty and episodes in history that successfully did so. Several immediate thoughts come to mind, in particular that of how far there was a connection between the two. How many of the movements or events he identifies were clearly motivated by ideas of liberty that had been articulated beforehand and were held by, and inspirational for, the participants and leaders? In some cases, such as antislavery, the connection is clear; in other such. as medieval peasant movements, less so. In this piece I will look at one set of thoughts and questions that arise from the essay, leaving another set (that of the role of ideological entrepreneurship and the use of the analogy drawn from Austrian economics) till later.

Clearly we need to make a distinction between formulating, developing, and articulating ideas on the one hand and having them influence and shape political and social change on the other. The two can be connected but the link is not always straightforward. There is also the major question of the direction of the causal arrow. Was Hayek correct in seeing ideas as the driving force, the motivating or shaping factor that led to social change and gave it a specific direction? Or is it rather, as materialist explanations would have it, that it is changes in material conditions of life that lead to new ideas or reformulations of old ones and which lead to certain kinds of outcome. Perhaps, as many argue, the real answer is a combination of the two in which causation works in both directions and with many feedback loops, some positive, others negative.

David Hart has an extended analysis of what he describes as the production process of ideas. Considering this further can clarify what is involved in the activity of sustaining and developing a comprehensive set of ideas, arguments, and analyses, an ideology if you will. One obvious point is that this kind of intellectual production cannot be done by isolated savants, no matter how brilliant or insightful they may be. Isolated scholars will tend to produce work that is not fully thought out and often eccentric or obscure. Moreover it will generally not achieve purchase upon public discourse or vocabulary. What is needed is a community of scholars and producers of ideas and analysis, of people who conduct a conversation among themselves. This is the real importance of Nock's idea of organizing and collecting the "Remnant" together, of the work of Pierre Goodrich in creating Liberty Fund, and of Hayek in creating the Mont Pelerin Society. One of the most important aspects of this is the development of rules, norms, and institutions that govern the conversation, and this is often difficult as it has to mean that certain people or modes of argument are excluded.

However the creation and sustaining of this conversation and the community that creates it is only a necessary condition for the successful development of a sound and effective set of ideas. The organized intellectual community (classical-liberal intellectuals in this case) cannot and must not remain a self-conscious remnant. It is vital that they participate in a conversation with the wider academic community as well as among themselves. Moreover, as Hayek argued, they need to communicate with and influence the disseminators of ideas into wider public discourse, the "second-hand dealers in ideas" that he saw as the crucial social group to influence.

Active and effective participation in the general scholarly conversation is hugely important for a number of reasons. The most obvious is that if the aim is for the ideas to have influence, this will not happen if they are ignored. Even hostile responses are better than none. In addition, it is precisely that criticism and challenge that ultimately strengthens the ideology and makes it more robust. Here the crucial work was done by think tanks such as the Institute of Economic Affairs in London and organizations like the Institute for Humane Studies in America, which supported new and established intellectuals and helped them to do good work and get their arguments and ideas taken seriously, even if they were often sharply criticized. The point is not only to refine one's own ideas but to engage in debate with the dominant orthodoxy, both to challenge it and, more importantly, to ensure that the argument is intellectually robust.

This point bears emphasizing because so many seem to ignore it, not least among classical liberals. The great danger for any intellectual project that aims not only to understand the world but also to change it is that it will fall into what sociologists call "the cultic milieu." This was a concept first formulated by the British sociologist Colin Campbell in 1972.[33] He and other sociologists observed that people who held one view that deviated from the orthodoxy tended to hold other unorthodox views on matters completely unrelated to their main interest. Thus when socialism was very much an unorthodox view, its adherents were disproportionately likely to also be vegetarians and interested in the occult and cranky or discredited views of history. Today people who have fascist politics are also disproportionately likely to believe that the earth was contacted by aliens or that enormously advanced technologies exist but have been suppressed.

The reason for this, Campbell argued, was the existence of an oppositional subculture where people opposed to different aspects of the conventional way of thinking mingled, exchanged ideas, and organized. The result was that their marginality was intensified. In addition, this phenomenon meant that people who had an initially reasoned dissent from some part of conventional wisdom would come to hold views that were genuinely bizarre or cranky. The best example of this, and the big warning sign that an ideology (or rather its followers) have become part of the cultic milieu, is when many of them come to believe in conspiracy theories or other paranoid accounts of the world. The more self-contained and self-referential an intellectual community becomes, the more likely it is that this will happen, and this is an even greater danger than irrelevance when it comes to having an influence on social development.

The classical liberals who came together after World War II (although the process had begun before the war, with the Colloque Lippman in Paris) managed to avoid this trap for the most part, although it remains a peril. However, as David Hart's essay points out, the original production of ideas and their refining (scholarly activity) is only the first stage. The ideas then have to be disseminated. This takes three forms. The first is the one alluded to earlier, in which ideas developed by original thinkers are then spread and broadcast by "second-hand dealers in ideas" such as writers, journalists, teachers; in other words by the "chattering classes." This is the one that classical liberals have followed with some success since Hayek's original formulation of the idea in the 1940s. It was also historically a matter of great importance. In the history of the spread of liberal ideas in 19th-century Europe and the wider world, the key figures were people like Harriet Martineau or Sydney Smith, who took the ideas of scholars such as Smith and Ricardo and made them widely known and understood. Sometimes original thinkers play both roles -- J. S. Mill was an example of this on the liberal side, while Ruskin and Carlyle can be cited on the opposition -- but this is unusual.

However, there are other aspects of this part of the "production process" in which classical liberals have been arguably less successful since 1945 than their predecessors in the 18th and 19th centuries. The second way that ideas are spread is through organized and systematic propaganda aimed at the mass of the population. Here it is fair to say that all political ideologies have found it harder to effectively spread their views than was the case a hundred years ago. This may seem strange, given that the advent of the mass circulation press in the early 20th century, followed by radio and then television, has made it possible to reach a mass audience in a way that was inconceivable before 1900. However, the nature of these media works against oppositional or critical ideologies. Their very high capital costs (exacerbated by regulation and government controls) mean that access to them is controlled by the dominant social and political groups, which make it difficult for rival perspectives to find expression. (This is often done in an unthinking and unpremeditated way, but that does not affect the reality.) Moreover, the nature of these media, above all television, is that it is hard to put over complex or nuanced arguments, as compared to the media that use print or only the spoken word, and this hampers ideas that are not commonplace. Recently even orthodox or mainstream ways of looking at the world have found it difficult to propagandize effectively because the nature of contemporary mass media is to overwhelm messages with random reporting of trivia (in communications-speak, the signal is drowned out by noise) and to focus on the immediate present at the expense of any kind of longer term perspective. Fortunately we seem to be having a new communications revolution that is undoing this, but classical liberals are only starting to find ways of employing propaganda effectively again.

The third way that ideas developed by scholars are disseminated and absorbed is perhaps the most important. This is through the medium of popular culture and art. This can have a truly profound and transformative effect because of the way it shapes what French historians call the "mentalite collectifs," the general (often inarticulate) way of understanding and making sense of the world that is shared by the great mass of the population in a given time and place and the commonly understood symbols and allusions that come from this. In the 19th century, liberal ideas came to permeate much popular culture through literature (as for example in the works of Stendahl, Schiller, Manzoni, Victor Hugo, Trollope, and Thackeray), fine art and architecture (most notably in the works of the "Academical School"), and music (notably the work of people such as Beethoven and Verdi). This was not uncontested of course; we can point to figures such as Charles Dickens, Thomas Carlyle, or Richard Wagner on the other side, but at that time the liberal way of thinking was widespread and influential.

There were certain genres that were particularly important in this regard. One was popular political economy as found in didactic stories, such as those of Martineau. Another was the popular genre of exemplary biography and the related one of self-help literature (before it was taken over by "New Thought" in the 1890s). Perhaps the most important was popular historiography and historical fiction, both of which were hugely popular. There is far less of this kind of phenomenon today. The major exception, which David Hart alludes to, is the case of Ayn Rand, but her prominence is partly due to her being an exception -- if there were more popular authors like her she would not be such a predominant figure. In addition there is a strong element of self-aware libertarianism in much science fiction, but again this is exceptional.

So although the project begun by Hayek and others after World War II has succeeded in creating and sustaining an intellectual community engaged with the wider academic world and producing a stream of ideas and analyses, the second stage of the transmission of those ideas to a wider audience has been only partially successful and is still limited in comparison to earlier periods. So if we are thinking about social

change, we still need to consider how to make the spread of ideas more effective; but more importantly, how to make those ideas influential and in some sense determinative of social change in the direction of greater liberty.

Endnotes

[33.] C. Campbell, "The Cult, the Cultic Milieu and Secularization," in *A Sociological Yearbook of Religion in Britain* 5 (London: SCM Press, 1972), pp. 119-36; C. Campbell, "The Secret Religion of the Educated Classes," *Sociological Analysis* 39 (1978), pp. 146-56.

7. George H. Smith, "Some Classical Liberal Historians on the Influence and Dissemination of Ideas" [Posted: March 8, 2015]↩

David Hart's essay gives us a lot to think about. His outlines alone would take many volumes to address even in a cursory manner. But David's primary purpose was to stimulate a general discussion about the generation, dissemination, and influence of classical liberal ideas.

As my primary contribution to this forum, I wish to discuss how some leading Victorian liberals addressed the issue of how ideas influence legislation and societies in general. The nineteenth century was the great age of liberal intellectual histories, as we see in the ambitious books by H.T. Buckle, *History of Civilization in England* (1857-61),[35] W.E.H. Lecky, *History of the Rise and Influence of Rationalism in Europe* (1865) and *History of European Morals* (1869),[36] Sir Leslie Stephen, *History of English Thought in the Eighteenth Century* (1876),[37] J.M. Robertson, *A History of Freethought, Ancient and Modern* (1906) and *A History of Freethought in the Nineteenth Century* (1899),[38] and A.V. Dicey, *Lectures on the Relation Between Law and Public Opinion in England During the Nineteenth Century*(1905).[39] With the possible exception of Robertson, [40] all of these historians qualify as classical liberals. And all of them, without exception, were keenly interested in the social and political conditions that made the progress of knowledge possible.

Although I will summarize what these liberal historians had to say about the relationship between ideas and social/political change, I cannot possibly do this in a single, brief comment, so my treatment will require additional essays. I shall begin with the views of Leslie Stephen (1832-1904). Before proceeding, however, I should call attention to the expression "spirit of the age" and similar formulations that were commonly used by eighteenth- and nineteenth-century historians.[41] As Stephen made clear, this was simply another label for what we now call "public opinion."

> How is it that a tacit intellectual co-operation is established between minds far apart in the scale of culture and natural acuteness? How is it that the thought of the intellectual leaders is obscurely reflected by so many darkened mirrors, even when we are unable to point to any direct and overt means of transmission? How far may we believe in the apparent unity of that shifting chaos of speculations of more or less independent thinkers, which forms what we vaguely describe as public opinion, or the spirit of the age.[42]

In addition to linking the expressions "public opinion" and "the spirit of the age," Stephen noted how vague these labels tend to be. Moreover, his interest in the problem of how similar ideas may arise in the same society, even though the people with those ideas were not directly influenced by one another, displays a level of sophistication that was characteristic of liberal historians. Some of these Victorian liberals anticipated F.A. Hayek's observations about the role of intellectuals in society, and some even ventured into realms that Hayek never discussed. Yet for the most part modern libertarians, including libertarian scholars, are unaware of their contributions.

Stephen began his discussion of ideas and their influence by citing the example of David Hume. Although friend and foe alike have acknowledged Hume's tremendous influence, his books did not reach a popular audience. Even "amongst the educated minority he had but few readers; and amongst the few readers still fewer who could appreciate his thoughts….Men of the highest reputation failed to understand his importance."[43] Stephen continued:

> If Hume impressed men of mark so slightly, we are tempted to doubt whether he can have affected the main current of thought. Yet, as we study the remarkable change in the whole tone and substance of our literature which synchronised with the appearance of Hume's writings, it is difficult to resist the impression that there is some causal relation. A cold blast of scepticism seems to have chilled the very marrow of speculative activity.[44]

Stephen maintained that Hume's general influence was not due only to his own writings but also owed a great deal to the fact that he "influenced a powerful though small class"—capable intellectuals who gradually spread Hume's ideas throughout a broader social network. (Stephen's thinking here was very similar to Hayek's notion of second-hand intellectuals.) Nevertheless, the remarkable and widespread transmission of Humean skepticism in later eighteenth century Britain cannot be explained adequately by referring only to those intellectuals who were directly influenced by Hume. Rather, "we must admit that thousands of inferior thinkers were dealing with the same problems which occupied Hume, and, though with far less acuteness or logical consistency, arriving at similar solutions"[45] This convergence of many unconnected individuals who were simultaneously concerned with the same problems and who arrived at similar solutions is a common historical phenomenon, and it requires an explanation.

Stephen noted that most histories of philosophy "limit their attention to the ablest thinkers." But the influence of leading philosophers on later philosophers who corrected and/or built upon their ideas was primarily logical, not social, in nature. The proverbial average person has little interest in technical philosophy, and most people make little if any effort to render their ideas clear and consistent. The transmission and influence of ideas depends on many factors other than logical reasoning. As Stephen put it:

> Thought moves in a spiral curve, not in a straight line. But, when we look beyond the narrow circle of illustrious philosophers, we are impressed with the conviction that other causes are at work besides those which are obvious to the logician. Doctrines

> vanish without a direct assault; they change in sympathy with a change in apparently remote departments of enquiry; superstitions, apparently suppressed, break out anew in slightly modified shapes; and we discover that a phase of thought, which we had imagined to involve a new departure, is but a superficial modification of an old order of ideas.[46]

Every historian mentioned in this essay was deeply interested in the social and political conditions that made new intellectual developments possible and acceptable not only to the intellectual class but also among members of a society in general. And this interest led liberal historians to investigate the nature of "public opinion" and how it is typically formed.

Endnotes

[35.] Henry Thomas Buckle, *History of Civilization in England* (London: J. W. Parker and son, 1857-61). 2 vols.

[36.] William Edward Hartpole Lecky, *History of the Rise and Influence of the Spirit of Rationalism in Europe, Revised edition* (New York: D. Appleton, 1919) (1st ed 1865). 2 vols. <http://oll.libertyfund.org/titles/1871>; *History of European Morals from Augustus to Charlemagne, Third edition, revised* (New York: D. Appleton, 1921). (1st ed. 1869) 2 vols. <http://oll.libertyfund.org/titles/1840>. The OLL also has online the following works by Lecky: *A History of England in the Eighteenth Century* (London: Longmans, Green, and Co., 1878, 1917). 8 Vols. <http://oll.libertyfund.org/titles/2026>; *Democracy and Liberty, edited and with an Introduction by William Murchison*, 2 vols. (Indianapolis: Liberty Fund, 1981). (1st ed. 1896) <http://oll.libertyfund.org/titles/1856>; and *Historical and Political Essays* (London: Longmans, Green, and Co., 1908). <http://oll.libertyfund.org/titles/2071>.

[37.] Sir Leslie Stephen, *History of English Thought in the Eighteenth Century* (G. P. Putnam's sons, 1876).

[38.] J.M. Robertson, *A History of Freethought, Ancient and Modern, to the Period of the French Revolution* (London: Watts & co., 1936). 1st ed. 1906; *A History of Freethought in the Nineteenth Century* (London: Watts & Co., 1929). 1st ed. 1899.

[39.] Albert Venn Dicey, *Lectures on the Relation between Law and Public Opinion in England during the Nineteenth Century, edited and with an Introduction by Richard VandeWetering* (Indianapolis: Liberty Fund, 2008). <http://oll.libertyfund.org/titles/2119> 1st ed. 1905. The OLL also has online A.V. Dicey, *Introduction to the Study of the Law of the Constitution, ed. Roger E. Michener* (Indianapolis: Liberty Fund 1982). <http://oll.libertyfund.org/titles/1714> 1st ed. (1885).

[40.] The historian John Mackinnon Robertson (1856-1933), a colleague and close friend of the atheist writer, lecturer, and publisher Charles Bradlaugh, published dozens of books on a wide range of subjects, including sociology and Shakespearean criticism. He also served as a Member of Parliament from 1906 to 1918. Robertson was an able defender of international free trade, as well as a severe critic of colonialism, imperialism, and war. Although Robertson shared these views with classical liberals, he favored *domestic* intervention by government to a degree that few if any classical liberals would accept. He therefore may be described as a "new" liberal rather than as a classical liberal, though the boundary separating those camps is sometimes far from clear.

[41.] [Editor: One of the best known discussions of the idea of "the spirit of the age" was by John Stuart Mill in 1831. See, John Stuart Mill, "The Spirit of the Age" (1831) in *The Collected Works of John Stuart Mill, Volume XXII - Newspaper Writings December 1822 - July 1831 Part I,* ed. Ann P. Robson and John M. Robson, Introduction by Ann P. Robson and John M. Robson (Toronto: University of Toronto Press, London: Routledge and Kegan Paul, 1986). <http://oll.libertyfund.org/titles/256#lf0223-22_label_1091>. In our online edition of the *The Collected Works of John Stuart Mill* the essay "The Spirit of the Age" is split into 7 numbered parts, reflecting its original publication as seven separate articles in *The Examiner* in January-May 1831. Here we have combined them into a single page. <http://oll.libertyfund.org/pages/mill-s-spirit-of-the-age>.

[42.] Sir Leslie Stephen, *History of English Thought in the Eighteenth Century* (New York: Harcourt, Brace, and World, 1962), I:2. First published in two volumes in 1876; 3rd ed. 1902. J.M. Robertson, a severe critic of Stephen on some issues, called his *History* "the first massive and scholarly contribution to the critical history of English freethought." See J.M. Robertson, *A History of Freethought in the Nineteenth Century* (London: Watts and Co., 1929), II:406. For details on Stephen's life and thought, see Frederic William Maitland, *The Life and Letters of Leslie Stephen* (London: Duckworth and Co., 1906). Stephen is best known is some circles as the father of Virginia Woolf.

[43.] Stephen, *History of English Thought in the Eighteenth Century*, II:1.

[44.] Ibid.

[45.] Ibid., II:2.

[46.] Ibid., II:2.

THE CONVERSATION↩

1. David M. Hart, "Interests, Ideas, and Entrepreneurship" [Posted: March 9, 2015]↩

I would like to thank the commentators for their thoughtful and provocative responses to my lead essay. We wanted to have a range of institutes and groups represented in order to get a broad array of perspectives on the question of the impact of ideas on social change, and we were not disappointed. I will do my best in what follows to address their concerns and comments.

The Chicken and the Egg problem; or Which Comes First, Ideas or Interests?

A number of the commentators refer to this core problem, or what Steve Davies aptly describes as the direction taken by "the causal arrow". My own perspective on the methodology of the history of ideas, especially the history of classical-liberal ideas, has been shaped by a combination of praxeology and class analysis. I think that people pursue their own economic, political, and other interests, sometimes peacefully through mutual cooperation and exchange, but often at the expense of others by means of organized violence through institutions such as the state, the church, and the military ("Throne", "Altar", and "Barracks"). Thus the importance of class analysis to identify the "who," the "how," and the "what" - who benefits from access to state power and privileges, how do they benefit, and what are the consequences of this system of privilege.[47]

But I also believe in Mises's important insight developed in the chapter "Ideas and Interests" in *Theory and History* (1957): "In the world of reality, life, and human action there is no such thing as interests independent of ideas, preceding them temporally and logically. What a man considers his interest is the result of his ideas."[48]According to this view, the economic, political, and other interests which people pursue (whether ordinary people or ruling elites) depend upon the ideas they have about what their interests are.

Mises went on further to say about the relationship between ideas and interests:

> If we keep this in mind, it is not sensible to declare that ideas are a product of interests. Ideas tell a man what his interests are. At a later date, looking upon his past actions, the individual may form the opinion that he has erred and that another mode of acting would have served his own interests better. But this does not mean that at the critical instant in which he acted he did not act according to his interests. He acted according to what he, at that time, considered would serve his interests best.[49]

Ideas, interests, and history play an important role in Mises's theory of "praxeology," which he defined as "the general theory of human action," by which individuals undertake "purposeful behavior" in order to pursue their interests and to achieve their goals or ends.[50] History in Mises's view was the second main branch of the science of human action after economics. He defined the relationship between the two as follows:

> There are two main branches of the sciences of human action: praxeology and history. History is the collection and systematic arrangement of all the data of experience concerning human action. It deals with the concrete content of human action. It studies all human endeavors in their infinite multiplicity and variety and all individual actions with all their accidental, special, and particular implications. It scrutinizes the ideas guiding acting men and the outcome of the actions performed. It embraces every aspect of human activities.[51]

Thus the importance of praxeology for understanding how individuals go about pursuing their various purposes and interests, whatever they may be.

If this Misesian insight into the fundamental basis of human action is correct, then the historian of ideas and social change needs to ask a number of questions about three important groups of people, namely ordinary people, intellectuals, and members of the ruling elite:

1. What ideas did this group hold about politics, economics, and social organization?
2. Where did they get these ideas from?
3. Why and under what circumstances have they changed their ideas, especially about their own interests?, and
4. What is the best way to persuade them to hold more pro-liberty ideas about these things?

One might also add another sub-group to each of these three main ones, namely dissidents, with the understanding that dissidents may and have historically come from all three main groups. Where do dissidents come from? Are they "born" or "made"? What impact have their dissident ideas had on societies?

An especially problematical group for the liberal reformer is the ruling elite. Very few if any members of any historical ruling elite have willingly given up their privileges in a "Road to Damascus" moment of liberal enlightenment and embarrassment at their ill-gotten gains. Even members of the "founding generation" of the American Revolution and Constitution who were libertarian on so many issues but also slave owners, could not overcome social, family, and economic pressures and emancipate their slaves on the spot. If they couldn't do it, how can we expect any other, less libertarian-minded ruling elite to do "the right thing" and resign or conduct themselves to the nearest penitentiary in a quiet and orderly manner?

The schematic of the structure of production of ideas which I have drawn up was an attempt to answer some of these questions. It was a functional analysis based upon the application of Austrian insights into the importance of time, scarcity, investment, the division of labor, and the role of the entrepreneur - as well as our study of two historical examples: the Anti-Corn Law League in the 1840s in England,[52] and the development of the modern classical-liberal/libertarian movement in England[53] and the United States since the end of World War II. I hope that this might encourage some of the participants in this discussion to give us their insights into the institutions with which they

are familiar, and other historical examples they have studied. In particular I hope Jim Powell will tell us more about the movement to emancipate the slaves in England and America on which he has written recently.

Cost, Scarcity, and Entrepreneurship in the Production of Ideas

Jeffrey Tucker correctly reminds us that a key component in the dissemination of ideas is the cost of their production, duplication, and transmission of those ideas. We are living through a period which has seen an extraordinary reduction in the price of these things as a result of computers and the Internet and we have witnessed the way classical liberals and libertarians have made use of these to advance their causes. However, we should not exaggerate their importance for two reasons: first, similar revolutionary changes in the cost of production of ideas have occurred in the past, and second, these changes affect all participants.

As for the first point, similar instances of technological changes which lowered costs include the invention of moveable type printing in the 15th century which was a major factor contributing to the spread of new religious ideas known as the Reformation; the introduction of the uniform penny post in England in 1840, which lowered the cost of sending material through the mail and which was quickly adopted by the Anti-Corn law League to disseminate its free trade literature; the new technologies of paper production and steam-powered printing presses in the 19th century which lowered the cost of printing books and newspapers for a mass market, permitting several liberal authors, including Harriet Martineau (1802–1876), to become full-time, professional popularizers of free-market ideas;[54] and the mass production of radios in the 1920s and 1930s, which enabled charismatic politicians like Adolf Hitler and Franklin Delano Roosevelt to speak directly to millions of people in order to promote their political agendas. (It is curious that no classical-liberal individual or group took advantage of the radio to spread liberal ideas - perhaps this kind of mass medium is not suited to their spread). There are other examples, but for reasons of length I'll leave it at that.

Secondly, the lowering of the cost of production of ideas affects not only classical liberals but all groups that wish to disseminate their ideas. A brief advantage may be had by those who use new technology first, but after a while everybody takes advantage of it. As an aside, the Internet was created as a byproduct of military research undertaken by DARPA, the Defense Advanced Research Projects Agency, and was first used by researchers funded by the military who wished to share large amounts of data across the country. An early user of the internet for civilian purposes was the pornography industry, which quickly realized its potential and made important innovations in software such as the "shopping cart," for online purchasers. The danger is that, once again liberal ideas will get crowded out of the market place of ideas with millions or hundreds of millions of producers trying to hawk their goods and services at the same time. The market has gown, but the relative scarcity of liberal ideas, especially in politics and popular culture, remains the same I would say. Examples of other groups that have taken advantage of the lower costs would include the well-organised campaigns which helped Barack Obama get elected, the Occupy Wall Street movement, and the network of Jihadi groups.

As Jason Kuznicki notes, the problem is not the mass production of ideas per se but the tailoring or selling "our unconventional viewpoint" to a market which is not interested in the finer points of libertarian theory or "utopian visions" - that is, a market of people more interested in solving their immediate everyday problems. Apple no doubt has all sorts of exotic gadgets built by its brilliant engineers in its research labs but it brings to market only the one or two products which their senior managers and marketers think will actually be appealing to consumers. Part of Apple's skill is in seeing that an unconventional gadget like an iPod might become a phenomenal best-seller once consumers know more about it.

This is also the Holy Grail for the classical-liberal and libertarian movement. The arcane details of children's rights might be a hot topic of discussion in the libertarian equivalent of our "research labs," but it is not the hot-button issue which might appeal to ordinary voters at the next election. It is up to the entrepreneurs and marketers of free-market and classical-liberal ideas to find the political equivalent of the iPod and bring it to market. It seems that Tom Paine found a hot-button issue with his best-selling pamphlet *Common Sense* in 1776.[55] Ayn Rand did much the same thing in 1957 with *Atlas Shrugged*,[56] and Milton Friedman in 1980 with his TV documentary series, "Free to Choose."[57] John Papola and Russ Roberts struck a chord with their Hayek vs. Keynes rap video "Fear the Boom and Bust" (2010), which has just over 5 million views on Youtube.com so far.[58]

So we know it can be done - the questions are: What will be the next hot-button issue and what medium is the best one to use to address the issue (pamphlet, novel, TV documentary, or social-media video)? Hence the need for adventurous and innovative entrepreneurs of ideas who are willing to try anything and everything, and investors who are willing to fund such experiments.

What Next and Next?[59]

In another post I will discuss several other issues which my colleagues have raised, in particular:

- examples of "direct action" by the people without any apparent intervention by intellectuals (raised by Jeffrey Tucker and Jim Powell)
- the importance of popular culture, especially images and songs, in mass political movements (raised by Jim Powell and Steve Davies)
- the issue of "ideology", especially its supposed absence in the American political system (raised by Jason Kuznicki); and
- the trigger of "crises" which precipitate fundamental political, economic, and ideological change (raised by Peter Mentzel)

Endnotes

[47.] For a good introduction to classical-liberal class analysis, see Sheldon Richman, "Libertarian Class Analysis," *The Future of Freedom Foundation,* June 1, 2006 http://fff.org/explore-freedom/article/libertarian-class-analysis/. For its centrality to French classical-liberal thought, see Ralph Raico, "Classical Liberal Exploitation Theory: A Comment on Professor Liggio's Paper." *Journal of Libertarian Studies*, vol. 1, no. 3 (1977): 179–83; and David M. Hart, *Class Analysis, Slavery and the Industrialist Theory of History in French Liberal Thought, 1814–1830: The Radical Liberalism of Charles Comte and Charles Dunoyer* (unpublished PhD, King's College Cambridge, 1994). Online at

http://davidmhart.com/liberty/Papers/CCCD-PhD/CCCD_Book_2013.html.

[48.] Mises, "Ideas and Interests" in *Theory and History: An Interpretation of Social and Economic Evolution,* ed. Bettina Bien Greaves (Indianapolis: Liberty Fund, 2005). http://oll.libertyfund.org/titles/1464#Mises_0844_324.

[49.] Mises, *Theory and History*, http://oll.libertyfund.org/titles/1464#Mises_0844_320.

[50.] Ludwig von Mises, *Human Action: A Treatise on Economics, in 4 vols*., ed. Bettina Bien Greaves (Indianapolis: Liberty Fund, 2007). Vol. 1. http://oll.libertyfund.org/titles/1893#Mises_3843-01_123.

[51.] Mises, "Praxeology and History" in *Human Action*. vol. 1, http://oll.libertyfund.org/titles/1893#Mises_3843-01_216. See also, the opening paragraph to Rothbard's "Fundamentals of Human Action," Chap. 1 "The Concept of Action," pp. 1–2, and "Appendix A. Praxeology and Economics," pp. 72–76, in Murray N. Rothbard, *Man, Economy, and State: A Treatise on Economic Principles, with Power and Market: Government and the Economy. Second edition. Scholar's Edition* (Auburn, Alabama: Ludwig von Mises Institute, 2009).

[52.] Stephen Davies, "Richard Cobden: Ideas and Strategies in Organizing the Free-Trade Movement in Britain," *Liberty Matters* (January 2015) http://oll.libertyfund.org/pages/lm-cobden.

[53.] John Blundell, "Arthur Seldon and the Institute of Economic Affairs," *Liberty Matters* (November, 2013) http://oll.libertyfund.org/pages/seldon-and-the-iea.

[54.] Harriet Martineau, *Illustrations of Political Economy* (3rd ed) in 9 vols. (London: Charles Fox, 1832). http://oll.libertyfund.org/titles/1873.

[55.] Thomas Paine, *Common Sense: Addressed to the Inhabitants of America, on the following Interesting Subjects, viz.: I. Of the Origin and Design of Government in General; with Concise Remarks on the English Constitution. II. Of Monarchy and Hereditary Succession. III. Thoughts on the Present State of American Affairs. IV. Of the Present Ability of America; with some Miscellaneous Reflections*. (Philadelphia: Printed, and Sold, by R. Bell, in Third Street. MDCCLXXVI). In *The Writings of Thomas Paine, Collected and Edited by Moncure Daniel Conway* (New York: G.P. Putnam's Sons, 1894). Vol. 1. http://oll.libertyfund.org/titles/343#lf0548-01_label_074.

[56.] Ayn Rand, *Atlas Shrugged* (Random House, 1957).

[57.] Milton Friedman and Rose Friedman, *Free to Choose: A Personal Statement* (Harcourt, Brace, Jovanovitch, 1980; Harmondsworth: Penguin, 1980). It was made into a 10-part TV documentary series, "Free to Choose," broadcast by the Public Broadcasting Service (PBS).

[58.] John Papola and Russ Roberts, "Fear the Boom and Bust" (2010), EconStories https://www.youtube.com/user/EconStories. https://www.youtube.com/watch?v=d0nERTFo-Sk.

[59.] My title is borrowed from Richard Cobden, *What Next and Next?* (London: James Ridgway, 1856). http://oll.libertyfund.org/titles/2652. Also in Richard Cobden, *The Political Writings of Richard Cobden, with a Preface by Lord Welby, Introductions by Sir Louis Mallet, C.B., and William Cullen Bryant, Notes by F.W. Chesson and a Bibliography,* vol. 2, (London: T. Fisher Unwin, 1903). "What Next and Next?" http://oll.libertyfund.org/titles/231#lf0424-02_head_008.

2. David M. Hart, "Crises Can Be Negative and Positive" [Posted: March 12, 2015]↩

Peter Mentzel has raised a crucial issue, namely, the role that political, economic, or "systemic" crises play in bringing about radical change. But as he is of course aware, crises can provoke change in a pro-liberty or an anti-liberty direction, depending upon the underlying ideological inclination of the society concerned. I call the former "positive crises" and the latter "negative crises."

Because of the seminal work of Robert Higgs,[60] it is natural to associate crises, especially those in the 20th century like World War I, the Great Depression, World War II, the attacks of 9/11, and the Great Recession of 2008, with dramatic increases in the size and scope of state power. However, this is not necessarily the inevitable outcome of a systemic crisis. In previous centuries such a crisis might have resulted in the very opposite, namely, opportunities for expanding the scope of liberty. Here are some examples of "positive crises" :

- The financial crisis faced by both the British and French empires following the military conflict for control of North America in the 1750s and 1760s led to the imposition of new taxes and economics controls in the American colonies, which in turn le d to the American Revolution . An even greater fiscal crisis in France le d to the failed liberal reforms of Turgot in the mid-1770s and the King's calling the Estates General in 1788 to vote for new taxes -- causing the political deadlock that led eventually to the liberal phase of the French Revolution (1789-1793). The financial crises in both countries took place when economic and political ideas had been moving in a liberal direction as a result of the Enlightenment, the Physiocratic economists in France, and the Smithian school in Britain. The demands of the reformers in 1776 and 1789 were liberal, and the old regimes in both instances either collapsed or were defeated by revolutionary violence.
- The crop failures, rising food prices, and political repression of democratic, liberal, working-class, and socialist groups in the 1840s in Europe resulted in a nearly continent- wide series of uprisings known as the "1848 Revolutions." New constitutional governments were established (some temporary, some more long-lasting); bills of rights were written ; and the face of Europe was changed for good. However, because of the complex mix of ideological movements in play at the time -- classical-liberal, socialist, conservative/monarchist, Bonapartist, and of course nationalist -- the political outcomes of the crises were quite mixed. Many historians have concluded that the 1848 Revolutions "failed" in the sense that they did not result in an unequivocally new,

revolutionary regime . But a more-considered conclusion would be that the regimes which returned to power after the revolutions had to make considerable concessions to liberal principles, creating post-1848 regimes very different from the pre-1848 regimes. These concessions would include much greater freedom of the press and association, and constitutional limits on kingly power, free trade, etc.

- Post -World War II Germany was in ruins and was occupied by the British, French, American, and Russian a rmies. All four armies shared the same hostility to free markets, free prices, and entrepreneurial activity of any kind (including smuggling, black markets, etc.), which is not surprising since all armies are in essence forms of bureaucratic socialism, or what Mises would call *Zwangswirtschaft* (economy based on force) or, to coin a phrase, *Zwangsgesellschaft* (society based on force). The rampant unemployment, industrial inactivity, shortages, and black markets required drastic, even revolutionary action to establish real prices and allow markets in labor, goods, and services to clear. Ludwig Wilhelm Erhard (1897-1977), who was minister of economics under Chancellor Konrad Adenauer, unilaterally decreed the abolition of most price controls one weekend in 1949 while the American military wasn't paying attention (they were probably on golf courses built with American taxpayer s' money), thus launching the German *Wirtschaftswunder* (economic miracle). The ideas behind this action came from a small group of liberal conservatives in Freiburg known as "Ordo" liberals.
- Finally, there was the massive program of deregulation which took place in New Zealand during the Labor government of David Lange , whose minister of finance in 1984 was Roger Douglas. New Zealand faced a series of economic crises following the signing of the Closer Economic Relations agreement with Australia in 1981 (which lowered tariff barriers and eliminated visas for travel between the two countries) and a currency crisis which led to the devaluation of the NZ dollar. New Zealand had become one of the most heavily regulated economies in the industrialized world by the early 1980s. A new generation of Labo r politicians (supposedly left-wing) realized by sheer necessity that the economy required significant deregulation and the removal of tariffs and subsidies to industry. Douglas pursued such a policy, which also included deregulat ing finance markets and removing restrictions on interest rates and foreign exchange. His program was called "Rogernomics" (after "Reaganomics," 1981-1989) and was ideologically anchored in the free-market ideas which were also influencing Britain under Margaret Thatcher and Keith Joseph ("Thatcherism," 1979-90), and Prime Minister Bob Hawke and Treasurer Paul Keating in Australia ("Economic Rationalism," 1983-91). An interesting and unexpected side benefit of Lange's reformist government was the introduction of a "nuclear free zone" around New Zealand, which lead to the banning of U.S. warships from docking at any New Zealand ports.

It is hard to see a similar "positive crisis" emerging in the near future. The ideological framework has changed so much back towards statism that any future crisis would most likely lead to a radical increase in state power. Many economists thought that Keynesian economics had been weakened by its obvious policy failures in the 1970s and 1980s ("stagflation" -- simultaneous economic stagnation and inflation) and the spread of free- market ideas in academia: Chicago-school monetarism, Buchanan- and Tullock- inspired Pubic Choice, and a newly invigorated Austrian school. However, when the Great Financial Crisis of 2007-8 erupted, the mainstream economists stampeded back into the Keynesian corral.

We have also seen the monumental expansion of the American surveillance, police, and military state since 9/11. With two failed wars already under its belt (Afghanistan, Iraq) and four more potential conflicts on the horizon (Iraq again, Syria, Iran, and Ukraine) the institutional and ideological momentum towards further growth in state power seems unstoppable. I fear that any future crisis will be a "negative crisis," at least in the short term.

One potential silver lining in a very dark cloud is that the next systemic crisis might lead to the breakup of the mega-states of the European Union and the United States under the combined pressure of massive debt (for both state and crony banks) and the consequences of the massive "Quantitative Easing," which both central banks have inflicted upon the "real," or productive, sectors of their economies but which have not yet been unleashed in their full fury.

Endnotes

[60.] Robert Higgs, *Crisis and Leviathan: Critical Episodes in the Growth of American Government* (First edition Oxford University Press, 1987. Independent Institute, 25th Anniversary edition, 2013).

3. David M. Hart, "The Aloof Academic Hayek vs. the Intellectual Entrepreneur Rothbard" [Posted: March 17, 2015]↩

David Gordon raises some good points about the differences in strategic vision held by the two Austrian economists Hayek and Rothbard. I would like to thank him for bringing to my attention the Volker Fund memo on strategy which Rothbard had written in 1961, some 14 years before the pieces I quoted in my essay.[61] I hadn't realized he had been thinking along those lines as early as that.

I still think there is a clear distinction between the two men's ideas about the correct strategy for promoting classical-liberal ideas, which reinforces my point about there being a significant opposition between their positions. For most of his scholarly life Hayek focused almost exclusively on the highest order of the production of ideas, first in economics (capital theory) and then in political theory (the *Law, Legislation, and Liberty* trilogy).[62] He made only two efforts to speak to a broader audience (i.e., to move down the structure of production of ideas to a lower level): first with *The Road to Serfdom* (1944) and the significant impact in the United States of the *Reader's Digest* abridgment (today it might be titled *Serfdom for Dummies*),[63] the popular success of which genuinely surprised Hayek; and more seriously, *The Constitution of Liberty* (1960), the failure of which in the popular market also genuinely surprised him.[64]

Hayek also made a number of serious strategic blunders, which suggest that the advice which he was to give in 1949 in "The Intellectuals and Socialism" had not been part of his thinking in the mid-1930s. As one of the leading lights of the Austrian school in the 1930s, he had

not applied the coup de grace to Keynes's theories when he had the opportunity to do so and when it would have had the most impact, before Keynesianism became the new postwar statist orthodoxy and the building of the modern welfare state began in earnest. He chose precisely this time to turn away from economic theory and move towards legal and political theory, thus leaving the gate wide open for Keynes and his supporters.

Hayek's second strategic error, though perhaps not entirely his fault given his age (he was born in 1899) and his weak weak position at the University of Chicago's Committee on Social Thought, was his failure to build up a school of young scholars around him to further develop his free-market ideas. He seemed not to grasp the importance of creating a second generation of scholars via a Ph.D. program who could then go out to other colleges and universities to sow the seeds of economic liberalism. Although he had some graduate students (the historians Ralph Raico and Ronald Hamowy spring to mind) he did not build a school of thought around him, as Mises and Rothbard attempted to do. Thus he remained locked in the intellectual ghetto of the highest order production of ideas with no economics graduate students and only a small audience of dedicated readers.

Rothbard, on the other hand, was both an original scholar and an intellectual entrepreneur who was acutely aware of the importance of promoting activity in all the stages of the production of ideas, from highest to lowest, even if he could not see all of them to fruition because of his limited resources. He and Leonard Liggio were active in the antiwar movement in New York City in the 1960s, reaching out to members of the antiwar New Left and the student movement; they embraced the middle-order Cato Institute and the lowest order Libertarian Party, at least initially. Incidently, Liggio moved into the middle-order Institute for Humane Studies and then the upper order Atlas Network and Liberty Fund in his later years.

Rothbard's movement up and down the structure of production of ideas, from highest to lowest, over his lifetime makes him stand out as a unique example of the scholar and intellectual entrepreneur, certainly compared to Hayek, who lacked the skills, the motivation, and the institutional framework to do anything else than what he did. Rothbard's close participation in the Mises Institute gave him the opportunity to be acive in several orders of the production of ideas at once, which both suited his personality and his strategic vision.

Endnotes

[61.] Rothbard, "What Is To be Done?" (Memorandum of July 1961), in *Strictly Confidential: The Private Volker Fund Memos of Murray N. Rothbard*, ed. David Gordon. Foreword by Brian Doherty (Auburn, Alabama: Ludwig von Mises Institute, 2010), pp. 7-23.

[62.] Hayek's *Law, Legislation, and Liberty* trilogy: *Law, Legislation, and Liberty: A New Statement of the Liberal Principles of Justice and Political Economy. Vol. 1. Rules and Order* (The University of Chicago Press, 1973); vol. 2 *The Mirage of Social Justice* (1976); vol. 3 *The Political Order of a Free People* (1979).

[63.] Friedrich A. Hayek, *The Road to Serfdom, with The Intellectuals and Socialism. The Condensed Version of The Road to Serfdom as it appeared in the April 1945 edition of Reader's Digest* (London: The Institute of Economic Affairs, 2005), with "The Road to Serfdom in Cartoons," originally published in *Look* magazine.

[64.] *The Constitution of Liberty* (Chicago: Henry Regnery, 1972; 1st ed The University of Chicago, 1960).

4. Jim Powell, "Developing a Mass Movement for Liberty" [Posted: March 18, 2015]↩

I offer a simplified view of how a political movement develops in three stages.

First, a few people share a passion for liberty. From time to time they get together and talk about it, but not much else happens.

Second, think tanks, research institutions, youth groups, and other organizations busily develop libertarians ideas that gradually attract people interested in liberty.

Third, multiple efforts go into developing peaceful mass movements, mobilizing large numbers of people to put pressure on politicians. These are *not* election campaigns. Peaceful mass movements continue as long as necessary, until proposed bills are enacted or until targeted laws are passed or court decisions are reversed.

I would say that the libertarian movement in the United States is at stage two. Perhaps more people than ever are involved with the libertarian movement. The focus is on talks, seminars, courses, podcasts, book forums, etc., developing ideas and policies. Many books are written, though almost all the books are nonfiction and few make a bestseller list. Most of the nonfiction books are about economics; a few are about law and history; even fewer are on other relevant topics. Many libertarian websites exist, though few are in the top 100 for web traffic. Few libertarians publish commercial fiction with libertarian themes, and few libertarian children's books are available. Most of the small number of libertarian film-makers seem to work on documentaries. There's very little humor and not much is done for TV.

All this is a huge improvement over a half-century ago, but we're a long way from generating serious pressure on politicians.

More will likely be done with libertarian ideas, but if large numbers of people aren't mobilized for public events, years from now we could still find ourselves at stage two.

If we aren't able to advance to stage three, another terrorist attack on the United States, a war with Russia, or something else could lead to more expansions of government power; or we might get another president determined to "govern from the left" and to get away with trashing constitutional limitations on his power. Hopes for more liberty could be blown away for decades or longer, when political opposition could

become illegal. We cannot exclude the possibility of a new dark age.

Libertarian ideas are unlikely to prevail until we get to stage three. That stage involves a peaceful mass movement to mobilize large numbers of people to pressure politicians to support liberty by enacting some laws and repealing others. A peaceful mass movement is basically what you can do in a democracy when politicians fail to respond to demands.

Movements die when politicians do things to subvert liberty and no political consequences follow. If a peaceful mass movement is successful, it will play an important role in defeating politicians who thwart liberty. We want them coming to us, seeking support for their reelection. We need to target our most important opponents in power, politicians whose defeat will send a clear signal to others who stand in our way.

The mass movement itself wouldn't get involved in election campaigns – there's plenty to be done organizing events and mobilizing large numbers of people – but media reports about our crowds would provide the essential "platform" for gaining clout against our political adversaries. I don't recall that Martin Luther King Jr. ever got involved with an election campaign, but by attracting a crowd estimated at 250,000, he put irresistible pressure on Congress.

It will probably help for friends of liberty to become more familiar with how peaceful mass movements develop. These are major ones: (1) the movement to abolish the British slave trade and slavery in British colonies in the Caribbean; (2) the movement to abolish the English Corn Laws and achieve free trade; (3) the American abolitionist movement; (4) the movement to abolish slavery in Brazil, the last slave society in the Western Hemisphere; (5) the movement to abolish slavery in the Congo, the last Western-controlled slave society; (6) the movement for Irish Emancipation, to abolish civil disabilities for the Irish; (8) the movement to achieve equal rights for women: (7) the movement to achieve independence for India; (8) the movement to abolish compulsory racial segregation in the United States.

Although it's always tough to draw a good crowd, and even tougher to keep doing it long enough to achieve political clout, a victory can have a salutary impact for a long time.

True, it's hard to imagine scholarly libertarians mobilizing large numbers of people. What to do? The short answer is that we need to recruit people with somewhat different talents than have dominated the libertarian movement until now.

Some existing organizations could help support the effort to mobilize large numbers of people for a peaceful mass movement, and perhaps a new organization needs to be started, one that would have the strongest incentive to build such a movement, because it wouldn't have anything else to do.

The peaceful mass movements I cited all made appeals to justice, and I believe we should do that, too -- liberty and justice. We must engage people's minds and hearts.

Such an organization would recruit prospective organizers. It could show them how to raise money, identify resources (like musicians) who could play a role in events, how to get permissions needed (such as from a town when an event is contemplated in a public park or a neighborhood where residents might complain), how to arrange security (so our adversaries don't try to disrupt an event), how to publicize an event, and so on.

What might an event be like?

Imagine music about liberty being played as people arrive, starting with this upbeat theme song that has great lyrics:

- "Freedom" (from the musical Shenandoah (1975) <https://www.youtube.com/watch?v=BahoT7cKOys>. This was originally performed as a lively duet (see second Shenandoah clip <https://www.youtube.com/watch?v=G9cdEZDcTuM>

The master of ceremonies (MC) welcomes the crowd and thanks them for coming to help support the cause of liberty and justice. The MC then introduces the first speaker, who talks for five minutes about the ominous trends towards more arbitrary power, corruption, and injustice.

- the song and video of "Taxman" by the Beatles is played <https://www.youtube.com/watch?v=HB6DssUMx-k>

The MC introduces the second speaker, who talks for five minutes about a few of the greatest peaceful mass movements and how the present protest is part of that glorious tradition.

- the song and video of "We Shall Overcome" by Joan Baez is shown <https://www.youtube.com/watch?v=RkNsEH1GD7Q>

The MC introduces the third speaker, who talks for five minutes about recent peaceful resistance movements, such as the student movement in Venezuela, that have made a difference even in authoritarian regimes

- video of the "Marseillaise" scene from the film *Casablanca* is shown <https://www.youtube.com/watch?v=HM-E2H1ChJM>

The MC introduces the fourth speaker, who talks for five minutes about what students can do now.

- video of *Independence Day* by Martina McBride (Farm Aid 2001: Concert for America in Noblesville, Indiana on September 29, 2001) (the whole song, which is a protest against drunken domestic violence, or just use the glorious 3rd stanza which is more generalized) <https://www.youtube.com/watch?v=5Q3LyECse3g>

The MC introduces the fifth speaker, who talks for five minutes about what seniors can do now.

- video of "America" by Neil Diamond <https://www.youtube.com/watch?v=wTSLRbm8L9E>

The MC introduces the sixth speaker, who talks for five minutes about what business people can do now.

- video of "Let the River Run" by Carly Simon <https://www.youtube.com/watch?v=cv-0mmVnxPA>

The MC introduces the seventh speaker, who talks for five minutes about what people can do in their communities now.

- documentary about how to mobilize large numbers of people (this would have to be put together)

The master of ceremonies concludes with some final inspirational words and thanks the audience for coming.

Freedom music plays as people talk and leave (no video).

- "Freedom" (from the musical Shenandoah, reprise) <https://www.youtube.com/watch?v=BahoT7cKOys>
- "Amazing Grace" (Judy Collins) <https://www.youtube.com/watch?v=p5NCyuRhoGY> (Judy Collins "Amazing Grace" with Boys' Choir Of Harlem 1993).
- "Let It Be" (Beatles) <https://www.youtube.com/watch?v=WcBnJw-H2wQ>

How might this program be modified? It might take place on a campus and be aimed exclusively at students. An all-senior event might be scheduled at or near a senior community. Initially, it might go without a documentary, or a documentary could be used later in the program. Musical attractions might be added. Leading citizens or local celebrities might be persuaded to attend.

Hopefully, some competition might develop as libertarians try their own variations in different places, each aiming for bigger crowds and more local supporters. A local steering committee might be recruited in each case.

There's probably much we can learn from other organizations about putting together events, dealing with crowds, generating publicity, and so on.

Onward and upward!

5. George H. Smith, "Credibility and Shifts in Public Opinion" [Posted: March 18, 2015]↩

In his article "The European Witch-craze of the Sixteenth and Seventeenth Centuries" (1967), Hugh Trevor-Roper addressed a problem that had engaged the attention of previous historians of witchcraft, namely: Why did arguments against witchcraft apparently convince few readers when proposed during, say, the late 1500s, yet a century later those same arguments were widely accepted as definitive? That puzzle, Trevor-Roper concluded, "is mysterious still."[65]

Trevor-Roper briefly considered how "nineteenth-century liberal historians" dealt with this problem, only to reject their explanations as overly rationalistic. They viewed the witchcraft controversy as part of the ongoing battle between reason and superstition. "At first," according to those liberal historians, "it was a losing battle, but at last persistence brought its reward: the tide turned and the battle was won." Today, however, "such a distinction between 'reason' and 'superstition' is difficult to maintain," because it fails to take the relevant social and intellectual conditions of a given historical context into account.[66]

Although Trevor-Roper did not discuss the ideas of W.E.H. Lecky specifically, Lecky's name is included in his list of liberal, rationalistic historians who supposedly gave simplistic accounts of how important intellectual changes occur over time. Lecky was mentioned because of his lengthy chapter on "Magic and Witchcraft" in *History of the Rise and Influence of the Spirit of Rationalism in Europe*, first published in 1861. But Trevor-Roper could not have read Lecky very carefully, for Lecky's explanation of the decline of belief in witches does not conform to Trevor-Roper's stereotype; it is far more complex and sophisticated.

Before proceeding, I should explain why I have introduced the topic of witchcraft in a discussion concerned with the spread of classical-liberal ideas. When Lecky and other 19th-century rationalist historians discussed the rise and fall of belief in witches, they typically viewed this issue as part of the broader problem of how public opinion changes, and they applied their reasoning on this topic to a broader range of issues, including dramatic shifts in public opinion about political issues. That broader framework is directly relevant to the topic of this forum. Lecky in particular had some important ideas on this subject that are worthy of our consideration.

Before explaining some particulars of Lecky's theory of intellectual change, I shall attempt to summarize it in my own words and then apply it to the problem of how public opinion shifted in favor of classical-liberal ideas during the 18th and 19th centuries.

As Lecky saw the matter, we will not take the time and effort to examine a new approach to, say, a political problem unless we first regard that approach as *credible*. To say that a belief system is credible is not to say that it has been justified; rather, it is merely to say that the belief system is taken seriously enough that significant numbers of people will invest the intellectual labor needed to determine whether or not it can be justified sufficiently to merit acceptance. In this respect there can be no doubt that classical-liberal, or libertarian, ideas have made significant advances over the past 50 years. Although still not part of the intellectual mainstream, libertarian ideas are at least regarded as credible enough to be debated in public forums and defended by serious intellectuals. This is an essential first step in changing public opinion. A belief system that lacks credibility will never gain enough traction to become a serious contender in the court of public opinion.

As Lecky put it in his discussion of Montaigne's early skepticism about witchcraft, such skepticism did not arise from "any formal

examination of evidence" about witchcraft, but "from a deep sense of the antecedent improbability."[67] Lecky quoted Montaigne as follows:

> There are proofs and arguments [for witchcraft] that are founded on experience and facts. I do not pretend to unravel them. I often cut them, as Alexander did the knot. After all, it is setting a high value upon our opinions, to roast men alive on account of them.[68]

Lecky attributed Montaigne's influence not to any particular arguments but to his pioneering contributions to the spirit of rationalism, that is, to his use of a new standard of credibility when assessing empirical claims.

> The vast mass of authority which those writers [sophisticated defenders of witchcraft, such as Bodin] loved to array, and by which they shaped the whole course of their reasoning, is calmly and unhesitatingly discarded. The passion for the miraculous, the absorbing sense of diabolical capacities, have all vanished like a dream. *The old theological measure of probability has completely disappeared*, and is replaced by a shrewd secular common sense. The statements [i.e., confessions] of the witches were pronounced *intrinsically incredible*. The dreams of a disordered imagination, or the terrors of the rack, would account for many of them; but *even when it is impossible to explain away the evidence, it is quite unnecessary to do so*. [My italics.][69]

Consider also the remarkable 1584 book by Reginald Scott, *The Discoverie of Witchcraft*. According to Lecky, Scott "unmasked the imposture and the delusion of the system with a boldness that no previous writer had approached, and with an ability which few subsequent writers have equaled." Yet his book "exercised no appreciable influence. Witchcraft depended on general causes, and represented the prevailing modes of religious thought. It was therefore entirely unaffected by the attempted refutation…."[70]

The belief in witchcraft declined, argued Lecky, not because of specific arguments against that belief but rather because of a radical if gradual shift in the prevailing public standard of credibility; naturalistic methods of explanation replaced supernaturalistic methods as the dominant default setting, so to speak. Thereafter arguments in favor of witchcraft, however detailed and backed with empirical evidence, were dismissed out of hand as inherently improbable or impossible. Knowledge claims that lack credibility, as I noted previously, will not be taken seriously enough to merit close examination. And this is largely what we mean when we speak of a change in public opinion. This does not mean that every or even most members of a society will agree on every significant issue. Rather, it means that members of a society will generally agree on which beliefs are credible and which are not.

The application of this viewpoint to the problem of how classical-liberal ideas came to be accepted in the past should be obvious. A general understanding of the basic tenets of classical-liberal ideas, such as spontaneous order, was required, along with a general skepticism about the ability of government planning to accomplish its stated goals. In other words, a shift in the public perception of the fundamental standards of economic and political credibility had to occur. There needed to be a strong and widespread skepticism about the efficacy of government measures and, perhaps even more important, an assumption that most politicians exercised power for their own benefit rather than for some nebulous goal called "the public good." And these were precisely the arguments that we find in the most influential and successful liberal writers from earlier centuries.

Endnotes

[65.] Hugh Trevor Roper, *The Crisis of the Seventeenth Century: Religion, the Reformation, and Social Change*. (Originally published : New York, Harper & Row, 1967. Reprinted: Indianapolis, Ind.: Liberty Fund, 2001), 162. <http://oll.libertyfund.org/titles/719>.

[66.] Ibid., 163

[67.] W.E.H. Lecky, *History of the Rise and Influence of the Spirit of Rationalism in Europe* (New York: George Braziller, 1955), I: 115. Online at the OLL: William Edward Hartpole Lecky, *History of the Rise and Influence of the Spirit of Rationalism in Europe, Revised edition* (New York: D. Appleton, 1919). 2 vols. <http://oll.libertyfund.org/titles/1871>.

[68.] Ibid., I:111.

[69.] Ibid.

[70.] Ibid., I: 122-23.

6. David M. Hart, "Revolutionary Moments and the Expansion of Production of Pamphlets" [Posted: March 19, 2015]↩

In periods of political and ideological turmoil, an explosion in the production of ideas -- through books, pamphlets, newspapers, and other kinds of propaganda -- often takes place. This has both a demand and a supply side to it. On the supply side, people everywhere, including ordinary working people, suddenly feel the need to say something about the current problems they are facing. Often there is also a breakdown in censorship as the established political authority begins to lose its legitimacy or ability to use force, thus allowing more producers, such as printers and book sellers, to publish and distribute pamphlets and tracts. On the demand side, more people wish to read the things that these other people are saying, many of whom are "new voices" who were repressed under the old regime. On both the supply side and the demand side classical liberals and libertarians have played a part in these "ideological explosions," sometimes even an important part. More often than not, the liberal voices get drowned out by the greater number of their opponents or are silenced by the political repression which typically follows these revolutionary moments.

I offer the following three examples :

- 1640s and 1650s in England -- the publication of thousands of Leveller tracts and pamphlets during the English Civil Wars, revolution, and Republic.
- 1750-60s and 1780s in America -- the pamphlet literature in the period leading up to and during the American revolutionary period and the debate about the Constitution in the late 1780s (Federalists vs. Anti-Federalists).
- 1848-49 in France -- the creation of hundreds of political clubs and revolutionary newspapers, pamphlets, and wall posters.

All three examples show the much larger pool of people who had opinions about liberty than are normally visible in non revolutionary times. They seem to exist below the surface and only emerge in revolutionary moments when new opportunities arise for the expression of political views.

The most libertarian and the best-known of these three examples is the American one, so I will not say much about it other than to note two important collections of pamphlet literature by Bernard Bailyn and Herbert Storing.[71]

My first example are the proto-libertarians of the 1640s who were named by their ideological opponents as "The Levellers" because they wished to "level," or abolish, many kinds of political privilege which favo red the established Church, the king, the aristocratic land owners, and the merchant class. The Levellers became active in the early 1640s with the publication of a series of pamphlets which often led to their arrest and imprisonment (from which they often wrote additional pamphlets they had smuggled out to be printed). Their ideas became influential in the New Model Army and formed the basis for the Army's political demands for reform made to Parliament and King Charles in several "Petitions of the People" in 1647 and 1648. The sheer number of pamphlets produced by the Levellers, their critics, and the numerous fellow travel ers who joined in the debates is striking. An English book seller by the name of George Thomason, who lived in London , collected as many of these tracts as he could lay his hands on between 1640 and 1663. Thomason collected 22,255 pamphlets, manuscripts, and newspapers, with the peak period being 1642 -1649. In 1642 and 1648 the number of titles published exceed 2,000. They all form the core of the British Museum's collection of political tracts from the period.[72]

The influence of the Levellers waned after the coming to power of the dictator Oliver Cromwell and the political repression which he imposed in the 1650s. The three key Leveller figures were Richard Overton, John Lilburne, and William Walwyn, whose ideas about individual liberty, property rights, religious toleration, the rule of law, and free trade are remarkably modern- sounding and thus justify us classifying them as the intellectual founding fathers of modern classical liberalism. Annabel Patterson has gone so far as to call them and their generation "early modern liberals," which I think is apt. [73] For too long, the Levellers have been appropriated by the Marxists and the left as their intellectual forefathers. See for example the voluminous work by the English Marxist Christopher Hill on the Levellers and the English Revolution[74] and it is true that there was a communitarian fringe to the Leveller movement (exemplified by Gerrard Winstanley), which modern Marxists might find attractive. However, the center of the movement was solidly individualist and in favo r of private property. Only a handful of modern libertarians have given them due recognition, such as Walter Grinder, Carl Watner[75], James Otteson, and Michael Zuckert.[76] Otteson especially has edited an important five-volume collection of their writings for a mainstream publisher.[77]

However, even Otteson has neglected to show the true range of individuals who were influenced by Leveller (or rather liberal) ideas and who wrote their own pamphlets, or the range of topics they discussed and the style which they used to discuss them. I believe the 1640s was a true flowering of classical-liberal political expression, which involved many new types of authors and commentators such as artisans, informed workers, and even some women. These new voices discussed less well- known topics (not just Magna Carta, the sovereignty of Parliament, or religious toleration), such as the ban on selling food and drink on Sundays, taxes on soap, and who could or could not use "common land" or preach to congregations. They also used a much greater variety of formats for discussing liberal ideas which went far beyond the traditional prose pamphlet form, such as songs, satirical poems, and mini-plays, which appealed to a less scholarly audience of readers. The typesetters who prepared many of Lilburne's or Overton's pamphlets also used their creative skills to devise elaborate title pages with lines of type making interesting shapes such as pyramids, hour glasses, or bowls to add additional meaning to the words on the pages. No doubt many of the men engaged in the printing trade were politically aware and possibly active as well in the events which were going on around them. In many cases, the author or the printer used fictitious names and places of publication in order to taunt and mock the censors whom they knew would be after them. The following by Richard Overton is a good example of this:

> By Yongue Martin Mar-Priest, Son to old Martin the Metrapolitane. This is Licenced, and printed according to Holy Order, but not Entered into the Stationers Monopole. Europe. Printed by Martin Claw Clergie, Printer to the Reverend Assembly of Divines and are to be should (sold) at his Shop in Toleration Street, at the Signe of the Subjects Liberty, right opposite to Persecuting Court. 1645.

To show this more popular, radical, and creative side to Leveller (liberal) ideas in this period, I have been editing and putting online a larger and more comprehensive collection of Leveller tracts. Two volumes have so far appeared, and five more are in the works.[78] Two typical title pages are shown below:

THE

Araignement

OF Mr.

PERSECVTION

Presented to the
CONSIDERATION OF THE HOUSE OF COMMONS,
and to all the COMMON PEOPLE of *England.*

WHEREIN HE IS INDICTED, ARAIGNED, CONVICTED, AND
Condemned of *enmity against God, and all Goodnesse, of Treasons, Rebellion, Bloodshed, &c.* and sent to the place of *Execution.*

In the prosecution whereof, the Iesuiticall Designes, *and* secret Encroachments *of his Descendants, Sir* SYMON SYNOD *and the* IOHN *of all Sir* IOHNS, *Sir* IOHN PRESBITER, *upon the Liberty of the Subject is detected, and laid open.*

By Yongue MARTIN MAR-PREIST, Son
to old MARTIN the Metrapolitane.

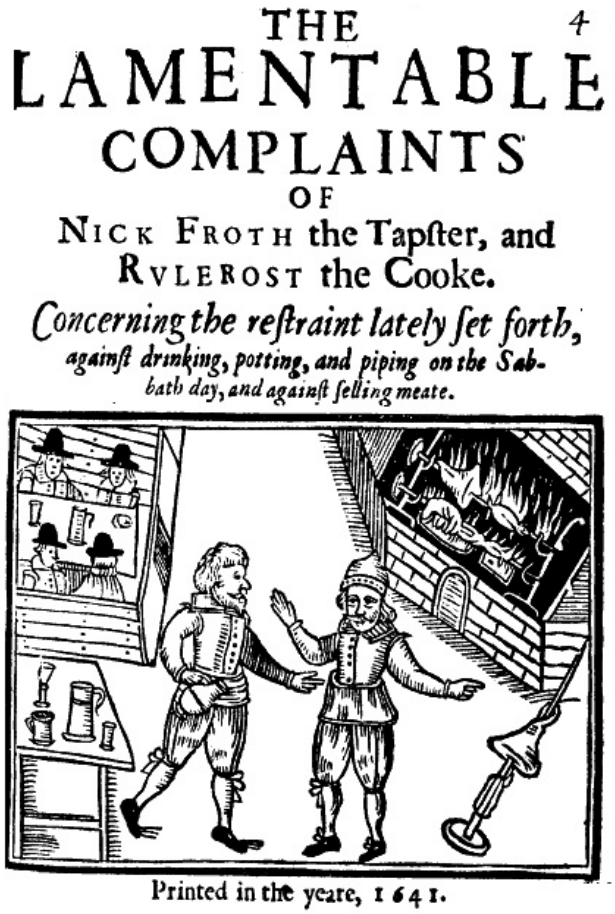
This is Licenced, and printed according to Holy Order, but not Entered into the Stationers Monopole.

Angliæ MARTINIS disce favere tuis.

EVROPE.

Printed by MARTIN CLAW CLERGIE, Printer to the *Reverend Assembly of Divines* and are to be should at his Shop in *Toleration Street*, at the *Signe* of the *Subjects Liberty*, right opposite to *Persecuting Court.* 1645.

The title page below comes from an anonymous pamplet published in 1641 entitled "The lamentable complaints of Nick Froth the tapster, and Rulerost the cooke. Concerning the restraint lately set forth, against drinking, potting, and piping on the Sabbath day, and against selling meate." Note the crude woodcut illustration which accompanies this plea for liberalised trading hours.


THE 4
LAMENTABLE
COMPLAINTS
OF
NICK FROTH the Tapſter, and
RVLEROST the Cooke.
Concerning the reſtraint lately ſet forth,
againſt drinking, potting, and piping on the Sab-
bath day, and againſt ſelling meate.
Printed in the yeare, 1641.

A couple of questions naturally come to mind: where did the Levellers get their liberal ideas , and why did so many English people take action at this time in the name of these ideas? Concerning the first question, three obvious sources are the Bible (their pamphlets are peppered with selected pro-liberty and anti-royalist quotes from the Bible), Magna Carta and English Parliamentarism, and the long tradition of popular thinking about the traditional "rights of Englishmen." Concerning the second, historians are still debating the causes of the systemic "crisis of the seventeenth century," but war and taxes played their inevitable role in provoking popular opposition.[79]

One wonders when the next explosion of liberal "pamphleteering" will take place, what forms it will take, and what impact it will have . Perhaps we are living through it right now with the blogging phenomenon and the part being played by classical liberals and free-market economists?

In a future post I will discuss my third example, liberal pamphleteering during the 1848 Revolution in France, in which Frédéric Bastiat and Gustave de Molinari played a key role .

Endnotes

[71.] *Pamphlets of the American Revolution, 1750-1776*, edited by Bernard Bailyn, with the assistance of Jane N. Garrett. (Cambridge, Belknap Press of Harvard University Press, 1965-). Four volumes were proposed, but only one appeared; the introduction was published separately as Bernard Bailyn, *The Ideological Origins of the American Revolution* (Cambridge, Mass.: Belknap Press of Harvard University Press, 1967). On the Anti-Federalists see *The Complete Anti-Federalist*, edited, with commentary and notes, by Herbert J. Storing with the assistance of Murray Dry. (Chicago: University of Chicago Press, 1981). 7 vols.; the introduction was also published separately as *What the Anti-Federalists Were For*, Herbert J. Storing with the editorial assistance of Murray Dry (Chicago: University of Chicago Press, 1981).

[72.] *Catalogue of the Pamphlets, Books, Newspapers, and Manuscripts relating to the Civil War, the Commonwealth, and Restoration, collected by George Thomason, 1640-1661*. 2 vols. (London: William Cowper and Sons, 1908).

[73.] Annabel M. Patterson, *Early Modern Liberalism* (Cambridge: Cambridge University Press, 1997).

[74.] Christopher Hill, *The World turned Upside Down: Radical Ideas during the English Revolution* (Harmondsworth: Penguin Books, 1972).

[75.] Carl Watner, "'Come What, Come Will!' Richard Overton, Libertarian Leveller," *The Journal of Libertarian Studies*, vol. IV, no. 4 (Fall 1980), pp. 405- 32.

[76.] Michael P. Zuckert, *Natural Rights and the New Republicanism* (Princeton, N.J.: Princeton University Press, 1994).

[77.] *The Levellers: Overton, Walwyn and Lilburne*. Edited and introduced by James R. Otteson (Thoemmes Press, 2003). 5 vols.

[78.] *Tracts on Liberty by the Levellers and their Critics* (1638-1660), 7 vols. Edited by David M. Hart and Ross Kenyon (Indianapolis: Liberty Fund, 2014-15). <http://oll.libertyfund.org/titles/2595>. Volumes 1 and 3 are online. See the *Combined Table of Contents of the Tracts on Liberty by the Levellers and their Critics* (1638-1660), 7 vols. <http://oll.libertyfund.org/pages/leveller-tracts-table-of-contents>; and a "Bibliography and Other Resources on the Levellers" <http://oll.libertyfund.org/pages/leveller-tracts-bibliography>.

[79.] The expression "crisis of the seventeenth century" was coined by Eric Hobsbawm in 1954 in a series of articles which appeared in the journal *Past and Present*. This was followed by a similar work by Hugh Trevor-Roper in a 1959 article entitled "The General Crisis of the Seventeenth Century," *Past and Present*, vol. 16 (1959). This has been republished by Liberty Fund in Hugh Trevor-Roper, *The Crisis of the Seventeenth Century: Religion, the Reformation and Social Change* (Indianapolis: Liberty Fund, 2001). <http://oll.libertyfund.org/titles/719>.

7. Peter Mentzel, "Why Does Public Opinion Ever Change?" [Posted: March 19, 2015] ↩

George Smith's recent post offers some important insights into our conversation and sharpens some of the points David pointed to in his opening essay and subsequent comments. In particular, I was struck by George's observation that changes in behavior seem to occur slowly as a result of a change in "public opinion." If this is correct (and I think it is) it prompts several other questions that should be of interest to us.

Drawing on Lecky's work, George argues that public opinion changes when certain heretofore ignored or marginal ideas become "credible." (Importantly, I think that George's insight here is very close to the point that Kuznicki made in his essay about the importance of libertarian ideas seeming "reasonable.") In George's example, when "naturalistic ideas" about the physical universe became credible, they eventually pushed out older "supernatural" explanations of various phenomena to the point that the belief in witches was dismissed out of hand as not credible. We can describe this sort of development in other ways using all sorts of fancy terms like *Tiefkultur* and *Zeitgeist*,but what we are essentially talking about is the importance of is change "from below." Yet this explanation in some ways only pushes the explanatory horizon back a step. Even if we say that great changes in *Weltanschauung* are the result of changes in public opinion, don't we still have to explain how public opinion changes? As far as I can tell, George doesn't offer an account of that in his short comment. To put it in his terms, what brought about "the radical if gradual shift in the prevailing public standard of credibility" that eventually led to public rejection of witch burning?

So, it seems to me that we are thrown back into the arms of the basic question David posed at the start of this conversation: What changes ideas? What ideas changed public opinion about witch burning? While George is surely right that *specific* arguments against burning witches could not get any sort of purchase on public opinion until it was already inclined away from supernatural explanations, we still have to come up with some sort of story about how these "anti-supernatural" arguments eventually won the day.

8. George H. Smith, "W.E.H. Lecky Versus J.M. Robertson on how Public Opinion Changes" [Posted: March 20, 2015]↩

In my last comment I summarized the views of the rationalist and classical-liberal historian W.E.H. Lecky on the process of intellectual change. In this comment I will explain the criticisms that Lecky's account elicited from J.M. Robertson, a leading Victorian atheist whose four volumes on the history of freethought remain unsurpassed to this day.

As I explained previously, Lecky did not believe that significant intellectual changes, or shifts in public opinion, are caused primarily by *specific* arguments in favor of a new position, nor are they usually caused by new information (though new information may provoke new questions and doubts about established beliefs). As Lecky wrote in the Preface to *History of the Rise and Influence of the Spirit of Rationalism in Europe* (1861):

> A change of speculative opinions does not imply an increase of the data upon which those opinions rest, but a change of the habits of thought and mind which they reflect. Definite arguments are the symptoms and pretexts, but seldom the causes of the change. Their chief merit is to accelerate the inevitable crisis. They derive their force and efficacy from their conformity with the mental habits of those to whom they are addressed. Reasoning which in one age would make no impression whatever, in the next age is received with enthusiastic applause.[80]

Corroboration of Lecky's thesis may be found in a commonly noted example in the history of classical liberalism. We are often told—with some exaggeration, in my opinion—that few if any economic arguments in Adam Smith's *The Wealth of Nations* were original, that his arguments had been defended by earlier economic thinkers. Those earlier incarnations, however, had relatively little influence on public opinion, whereas the impact of *The Wealth of Nations* was profound. So why this difference? Why did essentially the same arguments for free trade and related proposals have dramatically different outcomes at different times? The standard explanation (which I do not entirely accept) has to do with the "spirit of the age," or the "climate of opinion," or what we now call "public opinion." By the time Smith presented

his free-trade arguments, public opinion was in a receptive stage. The ground for Smith's viewpoint had already been laid by various social and economic events and conditions, and by earlier arguments along the same line.

This method of explanation is similar to that employed by Lecky to explain a wide range of intellectual changes. According to Lecky, public opinion in a given age and country will depend on the "standard of belief" – a notion (as explained in my last comment) that is closely related to public credibility, i.e., to widely accepted criteria that determine which beliefs qualify as probable or improbable, possible or impossible, and so on. In a passage that reads, in part, as if it could have been written by Hayek, Lecky said:

> And this standard of belief, this tone and habit of thought, which is the supreme arbiter of the opinions of successive periods, is created, not by the influences arising out of any one department of intellect, but by the combination of all the intellectual and even social tendencies of the age. Those who contribute most largely to its formation are, I believe, the philosophers. Men like Bacon, Descartes, and Locke have probably done more than any others to set the current of their age. They have formed a certain cast and tone of mind. They have introduced peculiar habits of thought, new modes of reasoning, new tendencies of enquiry. The impulse they have given to the higher literature, has been by that literature communicated to the more popular writers; and the impress of these master-minds is clearly visible in the writings of multitudes who are totally unacquainted with their works. But philosophical methods, great and unquestionable as is their power, form but one of the many influences that contribute to the mental habits of society.[81]

In Lecky's judgment, free trade and other manifestations of individual freedom were not caused solely by intellectual arguments; social and psychological factors contributed as well.

> Thus the commercial or municipal spirit exhibits certain habits of thought, certain modes of reasoning, certain repugnances and attractions, which make it invariably tend to one class of opinions. To encourage the occupations that produce this spirit, is to encourage the opinions that are most congenial to it. It is impossible to lay down a railway without creating an intellectual influence. It is probable that Watt and Stephenson will eventually modify the opinions of mankind almost as profoundly as Luther or Voltaire.[82]

The historian, according to Lecky, should not restrict himself to "a single department of mental phenomena, and to those logical connections which determine the opinions of the severe reasoner." Instead, he is "obliged to take a wide survey of the intellectual influences of the period he is describing, and to trace that connection of congruity which has a much greater influence upon the sequence of opinions than logical arguments."[83] Ideas and events have a symbiotic relationship. Ideas about freedom will help to bring about a free society, while the benefits of a free society will tend to enhance and encourage arguments in its defense.

Any appeal to the "spirit of an age" is likely to be attended with a certain amount of vagueness and ambiguity. J.M. Robertson exploited this problem in his criticism of Lecky. Unfortunately, Robertson's comments appeared in a little-known book, *Letters on Reasoning* (1902), so it is understandable if an obscure book written by an obscure author is unknown even to readers, including libertarian readers, with a serious interest in this topic.

Lecky, according to Robertson, had used some key words in a loose, inexact manner. Consider Lecky's argument, quoted above: "Definite arguments are the symptoms and pretexts, but seldom the causes of the change." Here is what Robertson had to say about this claim:

> What Mr. Lecky ought to have said … is that every great change of belief had been preceded by many smaller changes *of belief*. He writes of "intellectual condition" and "intellectual influences" as if these were not in terms of beliefs. Obviously they are. Instead therefore of saying that pressure of general intellectual influences determines a predisposition which determines beliefs (that is what Mr. Lecky's loose phrasing comes to), one should say that beliefs on great or central issues are prepared or determined by beliefs on smaller issues.
>
> How, then, are those minor beliefs so altered as to affect major beliefs? We must answer, Either by simple definite argument or by presentments of fact which evoke and clinch definite argument. To say that definite arguments merely "accelerate the inevitable crisis" is a fresh confusion. There can be no "crisis" until definite arguments are forthcoming. What Mr. Lecky should have said is that definite arguments of an innovating kind on a great or central issue have to be preceded by definite arguments on minor issues if they are to be made acceptable. "Mental habits" are substantially habits of belief.[84]

Later, Robertson repeated his basic point.

> Important changes of opinion, or changes in important opinion, whether on the part of individuals or of numbers, are the result of minor changes of opinion, or changes in minor opinions. Not that any one minor change is necessarily primary in a given process: many minor opinions may be revolutionised as the result of a great change; but the point is that no great change of belief occurs save as a result of a number of small mental adaptations—that is, changes of belief.[85]

Thus, as Robertson saw the matter, to attribute dramatic shifts in public opinion to something other than arguments and beliefs, and to attribute such changes instead to some vague, ethereal phenomenon called "intellectual climate" or "spirit of an age," is the result of sloppy thinking and imprecise speaking. All such phenomena, by whatever name we call them, are ultimately reducible to subjective human beliefs, whether about major or minor issues. Moreover, it is a mistake to contrast, as Lecky did, beliefs that are based on reasoning to beliefs that are based on tradition, or authority, etc. These are all processes of reasoning, however defective that reasoning may be. The real problem is that "the processes of reasoning of most people are incomplete, short-sighted, relatively 'uncritical,' uncandid."[86]

Endnotes

[80.] W.E.H. Lecky, *History of the Rise and Influence of the Spirit of Rationalism in Europe* (New York: George Braziller, 1955), I: x. Online version: <http://oll.libertyfund.org/titles/1666#Lecky_1341.01_1>.

[81.] Ibid., I: xi. Online: <http://oll.libertyfund.org/titles/1666#Lecky_1341.01_2>.

[82.] Ibid. Online: <http://oll.libertyfund.org/titles/1666#Lecky_1341.01_2>.

[83.] Ibid., I: xii. Online: <http://oll.libertyfund.org/titles/1666#Lecky_1341.01_3>.

[84.] f John M. Robertson, *Letters on Reasoning* (London: Watts & Co., 1902), 79.

[85.] Ibid., 80.

[86.] Ibid., 83.

9. David M. Hart, "Revolutionary Moments and the Expansion of Production of Pamphlets II: When the Economists Took to the Streets"[Posted: March 20, 2015]↩

My third example of a liberal explosion of "idea production" occurred in Paris between late 1847 and the end of 1849 during the first, more fluid phase of the French Revolution of February 1848. With the successful example of the English Anti-Corn Law League in their minds the French free traders with Frédéric Bastiat at their head tried to replicate that success in France. Bastiat became a full-time activist for the French Free Trade Association, speaking at large public meetings across France (they will be translated and published in volume 6 of Liberty Fund's *Collected Works of Bastiat*) and writing weekly articles for the association's journal *Le Libre-Échange*.[87] In the Fall of 1847 both Bastiat and Gustave de Molinari got lectureships at the Athénée in Paris where they delivered lectures which they later turned into important and original treatises on economics: Bastiat's *Economic Harmonies* (1850, 1851) and Molinari's *Cours d'Économie politique* (1855).[88]

Their free-trade and scholarly activities were suspended when revolution broke out in February 1848 and they turned their attention to fighting the new enemy of socialism. In this Bastiat and Molinari were joined by other economists like Charles Coquelin, Alcide Fonteyraud, and Joseph Garnier in setting up popular organizations to confront socialism directly on the streets of Paris. They began by starting a popular magazine, *La République française* (which had 30 daily issues in late February and March 1848), to promote liberal ideas in the new market place for ideas which Parisian streets had become with the collapse of the regime and of censorship.[89] They competed with literally hundreds of small ephemeral magazines that advocated every idea across the political spectrum. In addition to magazines there were political clubs in most districts of Paris where ideas were publicly debated and from which street marches and demonstrations were organized, especially by the socialists. By some countssome 200 clubs existed in Paris alone. The political economists started their own club, what I call "Club lib" (Club de la liberté du travail [(The Freedom of Working Club]), to counter the socialists head on, but it only lasted a few weeks before socialist threats and violence forced it to close. Molinari later regretted that the economists had not fought back harder and kept the club open longer.

The political economists started a second magazine in June, *Jacques Bonhomme* (a modern American colloquial translation might be "Joe Six-Pack"), to again take free-market ideas to the streets.[90] Some of the articles that appeared in this magazine were designed to be reprinted as larger posters which could be pasted to the walls around the streets of Paris in order to promote their cause. It is quite possible that the first draft of Bastiat's famous essay "The State" which appeared in the first issue of *Jacques Bonhomme*, also appeared as a poster on the streets of Paris -- at least until it was torn down by rival socialist groups.[91] It is also quite possible that Bastiat and Molinari were on the streets handing out copies of their magazine or even sticking their posters to the walls. They both certainly were eyewitnesses to street violence. In both February and June Bastiat left vivid accounts in his correspondence of his witnessing killings of protesters by troops -- he even intervened on one occasion to negotiate a cease-fire with the soldiers so he could organize the removal of the dead and injured from the street barricades.[92]

In addition to their street activities some of the political economists (Faucher, Wolowski, Bastiat) successfully stood for election in the Constituent Assembly, where they worked against socialist legislation . Another activity was the publication by the Guillaumin publishing firm of dozens of short anti-socialist pamphlets and essays, which were aimed at a popular audience. Guillaumin even produced a separate catalog of the firm's anti-socialist literature in order to advertise the material. Part of this pamphlet war included Bastiat's dozen or so anti-socialist pamphlets like "The State" (September 1848), "Property and Law" (May 1848), and "Justice and Fraternity" (June 1848).[93] Guillaumin also arranged for the writing and publication of several books of "conversations" between "an economist" and "a worker" or "a socialist" in order to popularize free-market ideas to a broader audience. Molinari wrote his book of conversations *Les Soirées de la rue Saint Lazare* (Evenings on Saint Lazarus Street) as part of this campaign during the spring and summer of 1849; in it he defended free-market ideas from conservative and socialist criticism as well as advocated the complete privatization and competitive supply of every kind of public good imaginable, including police and defense services.[94] It was also during 1849 that Bastiat was racing against time to complete his magnum opus *Economic Harmonies* before he died. It too had some revolutionary new economic ideas concerning subjective value theory, exchange, the nature of rent, and Malthusian population theory. This suggests that sometimes revolutionary moments can be a spur to original thinking not just a defense of older notions which have come under attack.

Yet another activity was the decision taken in 1849 by Guillaumin to produce a monumental compendium of free-market ideas which would once and for all destroy socialist economic ideas and which would provide the economic data and theories with which politicians and bureaucrats could devise sounder government economic policies. This was the *Dictionnaire de l'Économie politique* (Dictionary of **the** Political Economy -- there was only one kind of political economy for the Parisian political economists and that the free market), edited by Charles Coquelin and to which Molinari was a major contributor. It appeared in two very large volumes in 1852-53[95] (An aside: the

dictionary has to rank as one of the greatest publishing achievements of the classical-liberal movement in the 19th century and it is a very great pity is not better known.)

The threat of socialism came to an end with the cancellation of the National Workshops program in May/June 1848; the defeat of the right-to-work clause in the new constitution in September 1848; and the police crackdown on the political clubs and magazines; and the arrest, trial, imprisonment, execution, or deportation of thousands of radical socialists and republicans in 1849. In spite of their efforts, the political economists were not able to defeat socialism intellectually. As Molinari noted "*socialisme d'en bas*" (socialism from below, i.e. the street) was crushed by the police baton and the National Guard's rifles, but "*socialisme d'en haut*" (socialism from above, i.e. from within the new Bonapartist bureaucracies) survived and even flourished.[96] Some early deaths (Bastiat, Coquelin) and exile (Molinari) depleted the ranks of the political economists in Paris, and this brief, though quite extraordinary liberal moment came to an end.

Again, the questions arise, where did their liberal ideas come from? and what motivated them to take the actions they did in 1848? Their economic ideas clearly came from the Physiocrats (Quesnay and Turgot, whose work Guillaumin published in new, critical editions during the 1840s), Adam Smith, and J.-B. Say's *Treatise* (1803, 1814). Their ideas about class analysis and economic evolution came from the social theory which had been developed by Charles Comte and Charles Dunoyer during the 1820s and 1830s, culminating in Dunoyer's magnum opus *De la Liberté du travail* in 1845 (the economists named their political club after this book).[97] The trigger to action was the coming to power of a socialist group in early 1848 and their actions were guided by the economic and political ideas which I have just outlined above. These ideas inspired them to become active in starting a free-trade movement and then becoming active on the streets of Paris and in the National Assembly during the revolution.

We can also identify quite clearly some of the key actors in this liberal movement: the intellectual entrepreneur was the publisher and organizer Gilbert-Urbain Guillaumin (1801-1864); the investors in idea production were businessmen and manufacturers like Horace Say (1794-1860), the son of J.-B. Say, and Casimir Cheuvreux who donated money and the use of their homes for functions, and then a number of other writers, speakers, and editors who are too numerous to mention. We also see some of the leading intellectuals "multi-tasking" as academics, journalists, editors, authors, public speakers, politicians, and street activists, as well as others who had more specialized skills and who were active in only one of these activities at any given moment. What the movement lacked however, were many "consumers" of liberal ideas.

The impact of the French political economists on others was slight. The workers marching in the streets were not inspired by Bastiat's and Molinari's free-trade pamphlets and magazines to swing over to the liberals's side. They did have some impact in the Assembly in checking the socialist National Workshops (Bastiat's work in the Finance Committee of the Assembly was crucial) and blocking the insertion of a right-to-a job clause in the new constitution, but these minor victories were swept aside when Louis Napoléon became first President of the Second Republic, then Prince-President, and finally Emperor of the Second Empire. Napoléon III, as he wished to be known, had a more lasting impact by creating a new kind of bureaucratic interventionist state which Marx termed "Bonapartism".[98]

In France in 1848, like other European countries, "liberalism from below" appears to have failed on many levels, yet liberalism's salvation may have been a form of "liberalism from above," as one of the economists active in 1848, Michel Chevalier, went on to work within the Bonapartist state and continued to lobby for free trade. This work was rewarded when Napoléon III chose Chevalier to sign a free trade treaty with England in 1860. The person who signed the agreement on behalf of England was none other than Bastiat's mentor and source of inspiration, Richard Cobden.

Endnotes

[87.] These are now online for the first time at my personal website <http://davidmhart.com/liberty/FrenchClassicalLiberals/Bastiat/LibreEchange/index.html>. *Le Libre-Échange. Journal du travail agricole, industriel et commercial. Première année, No. 1: 29 novembre 1846; No. 52: 21 novembre 1847*. Edited by Frédéric Bastiat and Charles Coquelin; and *Le Libre-Échange. Deuxième année, No. 1: 28 novembre 1848; No. 20: 16 avril 1848*.

[88.] Frédéric Bastiat, *Harmonies économiques* (Paris: Guillaumin, 1850, 1851); Gustave de Molinari, *Cours d'Économie politique*. 1st edition 1855. 2nd revised and enlarged edition (Bruxelles et Leipzig: A Lacroix, Ver broeckoven; Paris: Guillaumin, 1863).

[89.] *La République française*. Daily journal. Signed: the editors: F. Bastiat, Hippolyte Castille, Molinari. Appeared 26 February to 28 March. 30 issues. Available online at <http://davidmhart.com/liberty/FrenchClassicalLiberals/Bastiat/RepubliqueFrancaise1848/index.html>.

[90.] *Jacques Bonhomme*, (Paris: 11 June - 13 July, 1848). Online <http://davidmhart.com/liberty/FrenchClassicalLiberals/Molinari/JB/index.html>.

[91.] Bastiat, "The State (draft)" (11-15 June, 1848), in *Collected Works*, vol. 2, pp. 105-6. <http://oll.libertyfund.org/titles/2450#lf1573-02_label_195>.]

[92.] See the "Selected Quotations from Bastiat's *Collected Works* vol. 1", The 1848 Revolution" <http://oll.libertyfund.org/pages/selected-quotations-from-bastiat-s-collected-works-vol-1#1848>.

[93.] In *Collected Works*, vol. 2 <http://oll.libertyfund.org/titles/2450>.

[94.] Molinari, Gustave de, *Les Soirées de la rue Saint-Lazare; entretiens sur les lois économiques et défense de la propriété* (Paris: Guillaumin, 1849). Online version: <http://oll.libertyfund.org/titles/1344>. Translation forthcoming from Liberty Fund.

[95.] The aim of the chief editor Coquelin and the publisher Guillaumin was to assemble a summary of the state of knowledge of liberal political economy with articles written by leading economists on thematic topics, biographies of key historical figures, bibliographies of the

most important books, and economic and political statistics. The result was a two-volume, nearly 2,000 page, double-columned encyclopedia of political economy which appeared in 1852-53. See, Coquelin, Charles, and Gilbert-Urbain Guillaumin, eds. *Dictionnaire de l'économie politique, contenant l'exposition des principes de la science, l'opinion des écrivains qui ont le plus contribué à sa fondation et à ses progrès, la Bibliographie générale de l'économie politique par noms d'auteurs et par ordre de matières, avec des notices biographiques et une appréciation raisonnée des principaux ouvrages, publié sur la direction de MM. Charles Coquelin et Guillaumin*. (Paris: Librairie de Guillaumin et Cie., 1852-53). 2 vols.

[96.] Molinari, "Obituary of Joseph Garnier," *Journal des Economistes*, Sér. 4, T. 16, No. 46, October 1881, pp. 5-13 Quote p. 9.

[97.] Charles Dunoyer, *De la liberté du travail, ou simple exposé des conditions dans lesquelles les force humaines s'exercent avec le plus de puissance* (Paris: Guillaumin, 1845).

[98.] Karl Marx, "Der 18te Brumaire des Louis Napoleon" ("The Eighteenth Brumaire of Louis Bonaparte"), *Die Revolution* (New York), 1852.

10. Jason Kuznicki , "Other Tactical Possibilities" [Posted: March 20, 2015]↩

I tend to agree with this, from Jeffrey Tucker:

> People can become wildly passionate about [their preferred tactical approaches], pushing their own view as if there is only one way. If you vote, you are evil; if you don't vote, you are not helping the cause. If you eschew academia, you are not invested in serious ideas; if you are in academia, you have sold out. If you don't protest in the streets, you are unwilling to get your hands dirty; if you do protest in the streets, you are contributing to the problem of mobocracy. And so on. People suppose they have the right way, and it is the only way.

There seems to be some deadweight loss to arguing about tactics too strenuously. Even a less-than-optimally effective tactic may in some sense do some good, while fighting merely about tactics is never going to persuade anyone to become a libertarian. (That is, unless a certain type of outsider *likes* to fight about tactics -- in which case we've been attracting them all along. This could explain a lot, but I digress.)

I'm not sure that there is any one best way to win people's minds. And if there isn't, then a varied approach is probably a good idea.

I hope with mixed emotions that Tucker is also right when he claims that "Enterprise is outpacing the ability of the state of keep up with regulating it." If the claim is true, then it makes my job at the Cato Institute a bit redundant: The people are in for more liberty no matter what we do. We could presumably even switch sides, and it might not matter. Our time might be better spent preparing for the change, not advocating it. Gardeners don't write letters in favor of spring.

I wholeheartedly agree with this, though, from George H. Smith:

> Although still not part of the intellectual mainstream, libertarian ideas are at least regarded as credible enough to be debated in public forums and defended by serious intellectuals. This is an essential first step in changing public opinion. A belief system that lacks credibility will never gain enough traction to become a serious contender in the court of public opinion.

I recall when I was perhaps 13 or 14 -- that is, before my own libertarian conversion -- how I saw a group of protesters in downtown Cincinnati. They were demonstrating in favor of legal marijuana. "These people," I told myself, "are hopeless." As to the facts, I was certain the demonstrators were wrong -- because everything I've ever heard about marijuana was negative. And as to the appearances, well, what could they expect to gain by protesting?

I would never have bet on the protesters' success. And yet their demands are now in the slow, perhaps inexorable process of being met. So what were *they* -- or their close allies -- doing right? One view is that it must have been *something*, even if I have counseled being reasonable, and even if they at the time seemed anything but.

Another view says that the pro-pot demonstrators were like the fleas on the back of an elephant. That the elephant turned toward the water has nothing to do with the fleas' hopes in either direction. This second view has an incredibly attractive cynicism to it, but on closer examination it's ungainly: It conjures into existence unseen social forces with ill-defined attributes, whose only evidence for existence in the first place is the fact that a change has occurred. Theories like these are probably not falsifiable, and we will likely do better to look at the protesters and their struggles.

Or we might look at the opposition. As the editor of a debate journal, I have often found that it can be very difficult to find sincere, competent advocates of certain positions at certain moments in time. This lack is often predictive of the defeat of the side in question. I remarked, perhaps too cattily, at the death of James Q. Wilson, that the War on Drugs had just lost its only real defender. Other supporters of imprisoning people over recreational drug use have generally held, and hold, pro-Drug War positions either through inertia or through the fear of not seeming respectable. The latter rationale is rapidly falling apart. The advocacy groups on the pro-Drug War side have either been hollowed out over time or have never been more than transparent shams. The results may well speak for themselves.

These are huge and interesting questions, but there is a sharp edge to them: We might after all be fleas. Worse, if there exists a single most effective method of convincing the public, *irrespective of the truth of one's claims*, and if that method is yet to be discovered or deployed to its greatest effect, then what we have before us is an arms race -- and one that we may or may not win. The choice may even be a Socratic one, between effective philosophy and beguiling rhetoric. But I doubt it. I like to think that eventually the less wrong side will win. I can

hardly think otherwise and keep at the work that I'm in.

11. Stephen Davies, "Material Conditions and Ideas as Factors in the Growth of Liberty"[Posted: March 21, 2015]↩

In his initial response to David Hart, Jeff Tucker makes a very important point. This is that liberty in the sense of chosen action and autonomy has increased enormously in the last hundred years, due primarily to technological innovation and enterprise. An exclusive focus on legislation and economic regulation can make us overlook the fact that in their everyday life ordinary people have far more freedom than was the case a hundred years ago. In particular real liberty has clearly increased for certain groups such as women and sexual or ethnic minorities and rhetoric that portrays the last hundred and fifty years as being a period of sustained decline in liberty is going to strike many people from those groups, not to mention others, as being both wrong headed and bizarre. This point was made very effectively recently by David Boaz of the Cato Institute, in a post that sparked off a considerable debate.[99]

To expand Jeff's point, what we should not forget is the way that material changes such as the development of new technologies and the alterations in the material conditions of life that they bring about, lead to both an increase in personal choice and autonomy and a consequent alteration in thinking, perceptions and understanding of the world. Significantly it is not simply technology that has or can have these kinds of effects. Changes in the way activities are organized and the way that social interactions are structured can also have major effects even in the absence of material changes. The changes can be liberty enhancing in the way that Jeff describes. In addition they can make organization and cooperation easier and make the transmission and spread of ideas easier, with possible benefits for the spread of liberal ideas, as Jim Powell and David Hart both point out.

This sounds rather like Marx's way of thinking but there were of course two problems with that. The practical one was that assuming that it was material changes and changes in the structure of production that led to intellectual, social, and political change could lead to a kind of fatalism in which there was no point in activism, as you might as well just let material historical evolution take its course. This was the view, effectively, of orthodox Marxists such as Kautsky, and Edouard Bernstein and Lenin both pointed out the problems with this in both theory and reality (from very different perspectives of course).[100]

The more serious problem of course is that this makes ideas an epiphenomenon and denies them autonomy. Historical research shows that this is simply untrue. What ideas, produced autonomously by scholars and disseminated by the second hand dealers in ideas, do is this. They provide the intellectual tool kit by which people make sense of and understand the changes going on around them, decide which aspects of this they like and which they do not and also then produce agendas to change the world in one direction or another. This means that there is actually a two-way causal relationship in which ideas are articulated in response to physical change but then shape how that change is understood and then in turn lead to purposive action that leads to further changes or directs the spontaneous changes in one direction rather than another.

Sometimes this works in favour of liberty but on other occasions it works in the other direction. In addition of course what frequently happens is that there is a clash of views over how to understand and evaluate what is happening and then over the direction in which people should consciously seek to change institutions and rules or forms of governance. It is at that point that we may speak of a 'battle of ideas'. For example, in the last third of the nineteenth century something happened that was entirely unexpected and unforeseen, by either classical liberals or socialists (particularly the Marxist variety). This was the appearance of the modern multi-divisional business corporation and alongside that of mass production in large plants and mass marketing. (Contrary to popular belief small workshop production was still dominant as late as the 1860s on both sides of the Atlantic – textiles were exceptional).[101]

Unfortunately there was a major failure on the part of classical liberals in explaining what was going on and responding effectively. What won the day was the idea that these changes showed that it was possible to organize large scale social activity in a conscious and directed way through the practice of scientific management by an elite of experts. The state and economy that the Bolsheviks constructed after the mid-1920s was essentially an attempt to run Soviet life as a singe monopoly corporation. Today professional managerialism and the idea that really smart people can run the world smoothly if only they are left in charge is still the dominant idea. At the same time the new experience of working in large plants, in a collective activity, and of mass consumption, created a new kind of popular consciousness and culture and often undermined older ideas of personal autonomy and independence. [102]

So the question raised by Jeff Tucker and also by George Smith in his discussion of Leslie Stephen is that of the relation between innovation and material change, popular consciousness and the zeitgeist that Stephen was talking about. This is where we should think of the role of people who are not simply intellectuals but cultural and intellectual entrepreneurs who create narratives and analyses that make sense of what is happening, fit it into a more general understanding, and generate ideas about how the world and human life might be changed for the better. People such as Malcolm Gladwell, Jane Jacobs, and Nassim Nicholas Taleb would be examples.[103] What Jeff argues in many of his writings, and I have also argued is that there are many changes going on now that are clearly liberty enhancing, in the way that the changes at the end of the nineteenth century proved not to be. The development for example of peer to peer networking and distribution is a case in point. The challenge is to make sense of these phenomena and to suggest ways in which they can be used in practical ways and in addition to put forward ideas of how these can lead to a positive vision of the future and of ways to realize this.

Endnotes

[99.] David Boaz, "Up from Slavery: There's no such thing as a golden age of lost liberty", *Reason*, April 6, 2010 <http://reason.com/archives/2010/04/06/up-from-slavery> and the 618 responses it provoked. See also the rejoinder by Jacob Hornberger, "Up from Serfdom: How to restore lost liberties while building on the positive strides America has made since 1776", *Reason*, April 9, 2010 <http://reason.com

/archives/2010/04/09/up-from-serfdom>.

[100.] For this see Sheri Berman, *The Primacy of Politics: Social Democracy and the Making of Europe's Twentieth Century* (New York: Cambridge University Press, 2006).

[101.] The definitive account of this is of course the trilogy of works by Alfred D. Chandler: *The Visible Hand: The Managerial Revolution in American Business* (Cambridge, Mass: Belknap Press, 1993); *Strategy and Structure: Chapters in the History of the Industrial Enterprise* (Eastford, CT: Martino Fine Books, 2013 [1962]); and *Scale and Scope: The Dynamics of Industrial Capitalism* (Cambridge, Mass.: Belknap Press, 1994).

[102.] The major response by late-19th-century libertarians was to suggest various forms of profit-sharing as an alternative to wage employment and to advocate the dissolution or replacement of employment relations in industrial enterprise. This did not catch on, partly because professional economists did not take it seriously. See Edward Bristow, *Individualism versus Socialism in Britain, 1880-1914*. (New York: Garland Press, 1987), particularly pp. 229-306. See also Jihang Park, *Profit Sharing and Industrial Co-Partnership in British Industry, 1880-1920: Class Conflict or Class Collaboration?* (New York: Garland Press, 1987).

[103.] Taleb in particular is putting forward a way of understanding the world and current developments that leads to skepticism about power and government, as well as radical libertarian ideas about how to change the world, such as suggesting that city-states and confederations of them are preferable to territorial nation-states. See Nassim Nicholas Taleb, *Antifragile: Things That Gain from Disorder* (New York: Random House,2014).

12. George H. Smith, "Problems and Solutions" [Posted: March 23, 2015]↩

In this comment I wish to discuss not how libertarians can change public opinion per se but how we should frame some of our arguments. This pertains to an important debate among 19th-century liberals, namely, whether freedom depends for its advance primarily on the progress of knowledge, especially in economics, or whether an improvement of moral sentiments is more fundamental. I subscribe to the latter position; unless sufficient numbers of people have a due regard for the *moral autonomy* of individuals, the diffusion of knowledge about economics will have relatively little effect.

It is clear that antislavery crusades were grounded in moral arguments, especially the right of self-ownership, even though economic arguments played a role as well. Even libertarian crusades that seemed economic in character, such as the campaign against the English Corn Laws, had strong moral components, as when free-market types emphasized how tariffs exploited the middle and lower classes for the benefit of the landed aristocracy. And Adam Smith did not hesitate to emphasize the moral injustice of apprenticeship laws. As he wrote in *The Wealth of Nations*:

> The property which every man has in his own labour, as it is the original foundation of all other property, so it is the most sacred and inviolable. The patrimony of a poor man lies in the strength and dexterity of his hands; and to hinder him from employing this strength and dexterity in what manner he thinks proper without injury to his neighbor, is a plain violation of this most sacred property. It is a manifest encroachment upon the just liberty both of the workman, and of those who might be disposed to employ him. As it hinders the one from working at what he thinks proper, so it hinders the others from employing whom they think proper. To judge whether he is fit to be employed, may surely be trusted to the discretion of the employers whose interest it so much concerns. The affected anxiety of the law-giver lest they should employ an improper person, is evidently as impertinent as it is absurd.[104]

Economic arguments are among the most powerful weapons available to libertarians, but close attention should be paid to the context in which these arguments occur. Frequently the libertarian will try to show how the free market would solve various social problems, without asking whether, or in what sense, a problem may be said to exist in the first place. This brings me to an important strategic principle: *He who determines what constitutes a "social problem" will also determine what qualifies as a "solution."* More often than not, social problems are defined in such a way that nothing but governmental intervention will count as a solution. This is nowhere more evident than in what economists call the "public goods problem."

According to the standard account found in textbooks on microeconomics, a "public good" is definable by two objective characteristics of the good itself: first, it must be *nonrival in consumption*, which means that consumption by one person does not diminish the quantity consumed by anyone else. The second characteristic is *nonexclusion*, which means that it is impossible or too costly to confine the benefits of the good to those who pay for it.

The typical example of a public good is national defense, because it protects everyone simultaneously and cannot be limited only to those who pay for it. Those who benefit from a public good without paying for it are known as "free riders." These free riders, it should be noted, are not irrational people. On the contrary, free riding is said to be "rational" when public goods are involved. According to many economists, a public good *should* be produced, in the sense that everyone would benefit from it. Yet it will *not* be produced in the free market, because every rational calculator will prefer a free ride. Therefore, neither the economist nor the consumer is to blame for this supposed "problem"; rather, *it is the market that has failed*. Of course, having defined the "problem" in this manner, any market "solution" is disqualified beforehand. Thus does government enter center-stage, able and willing to solve the problem of market failure.

Although the public-goods argument is typically said to be value-free, it actually reduces to the claim that the market will not produce what I (or others) think it *should* produce, so we *ought* to abandon the outcome of real market decisions and call instead on the nonmarket decisions of government. Through coercive taxation, government will enable consumers to enjoy a product that we would gladly have paid

for voluntarily if only our rational decisions (to be free riders) had not prevented us from satisfying our rational preferences (for public goods).

The concept of a public good, as traditionally employed, is a muddy brew of ill-defined terms and value judgments. A conclusion about alleged market failures, which is where the public-goods argument has been designed to take us, shares these flaws while adding another one to the list, viz., the anthropomorphic fallacy. The concept of "failure" presupposes a purposeful action that does not produce the desired result. To conceive of market failure in literal terms, we must anthropomorphize the market, transforming it from a *process* into a *purposeful being* with desires and goals that it strives, unsuccessfully, to fulfill. It is as if the market were a flesh-and-blood person with rational preferences who, huffing and puffing, undertakes a task for which it is constitutionally unfit. In truth, of course, the "market" is nothing but a collective abstraction that denotes the innumerable economic decisions of singular human beings. The market can neither achieve, nor fail to achieve, anything.

The anthropomorphic metaphor occurs in the old joke about how many libertarians it takes to screw in a light bulb: *none; the market will take care of it*. Now, this metaphorical usage is sometimes appropriate, within limits. It indicates, first, that consumer preferences will be most efficiently satisfied in a free market; and, second, that, owing to multitudinous variables, we cannot be very specific about market outcomes. However, when explaining how "the market" will "solve" a social problem, we should guard against inappropriate applications of this metaphor. The correct response may be to attack the arbitrary nature of the supposed problem, for if that “problem” goes unchallenged, libertarian “solutions” will be often defined out of existence in advance.

In my judgment, the most egregious contemporary example of how the term “problem” is misused is the so-called “drug problem" in America today. Stripped to its bare essentials, this means that many Americans like to use drugs and that many other Americans don't like their behavior. The majority, when it disapproves of a minority, is likely to classify the behavior of that minority as a "social problem," thereby opening the door for a governmental "solution."

Nineteenth-century American nativists didn't like Catholicism, so they postulated an "immigrant problem" or an "Irish problem" and then campaigned for a "solution" in the form of common schools that would "Christianize the Catholics." Obviously, it would have been wrong, not to say absurd, for a libertarian to argue that the market would take care of the "Catholic problem" on its own without government schools. What would we think of an economic argument that said, in effect: "A free market in education and religion will tend to reduce the demand for Catholicism and thereby solve the Catholic problem automatically"? Clearly, the libertarian, rather than offer this kind of "market solution," should simply deny the very existence of a "Catholic problem," attributing to it no meaning other than the personal preference of some Protestants.

Yet some libertarians respond to the "drug problem" in a similar manner. They tell us how the market will "solve" the "drug problem," or at least make it less severe. This, as I said, is similar to the response given earlier to the "Catholic problem," and it is equally problematic. It is mistaken because the market does not determine preferences; it merely reflects them. If there is a demand for drugs, then a free market will fulfill that demand in the most efficient manner possible.

This is why I regard as disingenuous the standard “market solution” for the “drug problem.” Some libertarians do not want to associate themselves with unpopular minorities or be perceived as defending their behavior, so they swallow the mythical "drug problem" and propose an equally mythical "market solution." What they should do, of course, is to deny the legitimacy of the problem itself—or at least be crystal clear about exactly what that alleged problem means.

I do not wish to be understood as minimizing the importance of economic arguments in presenting the case for individual freedom. But I do wish to suggest that libertarians should analyze “social problems” more carefully than they often do. We should not accept a “social problem” at face value and then search for a “market solution.” More often than not, such problems will turn out to be nothing more than the value-laden constructs of people who disapprove of how others live their lives.

Endnotes

[104.] Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, ed. R.H. Campbell and A.S. Skinner (Indianapolis, Ind.: Liberty Classics, 1981), I:138. Online version: Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations by Adam Smith, edited with an Introduction, Notes, Marginal Summary and an Enlarged Index by Edwin Cannan* (London: Methuen, 1904). Vol. 1. Book I. Chapter X: Of Wages and Profit in the Different Employments of Labour and Stock. Part II: Inequalities occasioned by the Policy of Europe <http://oll.libertyfund.org/titles/237#Smith_0206-01_431>.

13. David M. Hart, "The Changing Costs of Defending One's Core Beliefs" [Posted: March 25, 2015]

These thoughts are in response to some of the interesting things George Smith, Jason Kuznicki, and Peter Mentzel have said concerning why people change their ideas and how. I would like to introduce a distinction between the "core beliefs" and "noncore beliefs" which make up a person's or a society's belief structure, as well as discuss the changing relative costs of getting people to think differently, and the role that systemic crises might play in this process.

By "core belief" (or, as George Smith points out, what J.M. Robertson called "major beliefs"), I mean any idea which is fundamental to a person's or a society's *Weltanschauung*, or overall system of belief. For a traditional Catholic or a fundamentalist Protestant a core belief is the idea that marriage must be between a man and women. For a Keynesian it is the idea that "aggregate demand" exists and that when it falls below a certain level it is the right and duty of the government or central bank to manipulate the interest rate and the supply of money to "stimulate" it back up to an acceptable level. To give up this belief would mean giving up their entire worldview, and this they will not do

easily. In fact, they would spend considerable resources defending this view and opposing any challenge to it.

By "noncore beliefs" (or what Robertson called "minor beliefs"), I mean beliefs which do not define a person or a society. As such, they are less important to you and you might be interested in discussing them with others, listening to challenges to their truth or efficacy, and even giving up belief in them if your preferences were to change or if you could be bought off in reaching a compromise. An example of this is the recent growing acceptance of same-sex marriage. For an increasing number of younger people the idea of marriage as only between a man and a women is noncore, rather than a core, belief. Thus they are willing to entertain the idea that laws should be changed to allow state recognition of same-sex marriages. What seemed impossible 50 years ago (because the vast majority of Americans regarded “traditional” marriage as a core Christian belief) is now, through a process of generational and demographic change, becoming a reality.

Some historical examples of core beliefs which have changed over time relate to slavery, the divine right of kings, and sound money (among Germans).

First, under the influence of the Enlightenment, many Europeans in the late-18th and early-19th centuries gave up their traditional ideas that slavery was both just and necessary for inferior races. In a relatively short time (historically speaking) this core belief evaporated; the cost of changing people's minds over the issue declined; and the slave trade, then slavery itself. was abolished in many places (with the exception of America).

Second, in John Locke's time the belief in the divine right of kings was a core belief for most Europeans. See, for example, Locke's debate with Filmer in the *Two Treatises of Government* (1688).[105] Again, as a result of the Enlightenment and the American and French revolutions, this core belief was shattered and was replaced by a new core belief in the legitimacy of democratic government.

Third, as a result of the hyperinflation of 1922 and the defeats of 1918 and 1945, the German people today have a hostility to loose-money policies and war which is not shared to the same degree in other developed countries. Their core beliefs in the right of central banks to manipulate the money supply and the right of the government to engage in frequent wars (or engage in "liberal interventionism") have largely evaporated and have been replaced by beliefs in sound money and minding one's own business in foreign affairs.

The implications of seeing ideas and belief structures in this light are the following:

1. It is costly to change people's core beliefs because they are essential to those peoples' sense of who they are.
2. It is less costly to change people's noncore beliefs or at least to persuade them to compromise or modify them somewhat in the face of growing opposition.
3. Core beliefs do change but only slowly and at high cost. It might be a demographic matter, as younger people with different core beliefs begin to outnumber the older generation with a different set of core beliefs; or it might be the result of crises such as hyperinflation, defeat in war, or even revolution. The possibility of any intellectual movement, whether Marxist or classical liberal, being able to achieve change though the "mass conversion" of people from one set of core beliefs to another set is extremely unlikely.
4. It is less costly to work at gradually changing people's noncore beliefs, in other words, fighting the intellectual battles on the margin.
5. Any intellectual movement still needs a growing number of people who share its core beliefs if it is to grow and prosper.

Endnotes

[105.] See the debate about the Divine Right of Kings between Sir Robert Filmer, Algernon Sidney, John Locke, and James Tyrrell <http://oll.libertyfund.org/groups/80> and the commentary and analysis by Eric Mack, "James Tyrrell on Authority and Liberty" <http://oll.libertyfund.org/pages/james-tyrrell-on-authority-and-liberty>; Eric Mack, "Eric Mack, An Introduction to the Political Thought of John Locke" <http://oll.libertyfund.org/pages/eric-mack-an-introduction-to-the-political-thought-of-john-locke>; and Thomas G. West, "Sidney, Filmer & Locke on Monarchical Power " <http://oll.libertyfund.org/pages/sidney-filmer-locke-on-monarchical-power>.

14. David M. Hart, "The Cost of Reproducing Ideas Has Fallen for Everyone" [Posted: March 25, 2015]↩

Jeffrey Tucker's comments raise the question of whether the historical examples I drew upon are relevant for the brave new world opened up by the Internet. My thoughts about the structure of production of ideas were based upon the empirical observation of several historical examples drawn mainly from the 18th and 19th centuries and in postwar America and England. It was a functional analysis in that I identified several key functions/activities which needed to be undertaken if ideas (of any kind) were to be created, transmitted to others, and put into effect. From this study one should then ask whether all these activities must be present if change is to be brought about. Can we explain the failure of past attempts to change society by the absence or incomplete development of any of these stages? My study also included the importance of the division of labor in the production of ideas, as in any other kind of production, ranging from investors with long-term interests, entrepreneurs of ideas who can see an unmet market need and who can assemble all the people with different sets of skills to work together harmoniously, as well as a sales force that can sell the product to the ultimate consumers.

In these historical cases, especially in the years immediately following World War II, liberal-minded people were in short supply, funding was limited, and the intellectual opposition faced by classical liberals was enormous. The question faced by any investor or entrepreneur who wished to bring his goods to market (whether physical goods or ideas) was how to allocate scarce and costly resources to their best use. Where should we start? Can we find a niche for our particular product? How can we get consumers of ideas interested in our product? Will they "buy it"?

Jeff argues that what is different now in the Internet age is the "costlessness" of the reproduction of ideas. This is indeed true -- or rather the price has dropped considerably; it is still not costless. But it is true for all our competitors as well. We still observe that classical-liberal ideas

are scarce compared to all the non-liberal ideas out there, so I would argue that the relative scarcity of classical-liberal ideas remains about the same. We are constantly faced with the danger of being crowded out in the marketplace of ideas. The problem is still: how do we get our ideas heard above the din made by all the other hawkers of ideas in the market? This is the perennial question that needs answering. Perhaps in our time, when we have numerous bodies/groups active in the higher and middle stages of the structure of production of ideas, the role of marketeers and salespeople is much greater than ever before.

Steve Davies makes a similar remark about how "the development of new technologies and the alterations in the material conditions of life that they bring about lead to both an increase in personal choice and autonomy and a consequent alteration in thinking, perceptions, and understanding of the world." The point is well taken, but the issue remains how best to channel those newly unleashed energies in an explicitly pro-liberty direction. Both Jeff and Steve seem to be suggesting that it is enough to just unleash these new creative energies and the problem of liberty will take care of itself. This seems to me to be a variant of Marshall McLuhan's expression that "the medium is the message," or in this case, "Liberty is a product of the medium."[106]

[106.] Marshall McLuhan and Quentin Fiore, *The Medium is the Massage: An Inventory of Effects*, coordinated by Jerome Agel (New York: Random House, 1967).

15. Peter Mentzel, "Changing Core Beliefs Takes a Long Time" [Posted: March 26, 2015]↩

The comments by George Smith on Lecky and Robertson, and Steve Davies's interesting reflections on the connections between ideas and social change, have helped me greatly in my thinking about how ideas spread. I want to try to synthesize some of what has been said and then pose a couple of new hypotheses.

It seems to me that George's fascinating exploration of Stephen, Lecky, and Robertson clarify some of the basic points that David Hart has been sketching. If I understand George correctly, the process of ideational change begins with what we have been calling "first-order thinkers," in Stephen's example, people like Bacon, Descartes, and Locke. Their ideas gradually filter into society and influence public opinion, which eventually works to change general attitudes and economic and social policies.

So far so good, but George, drawing on Robertson, makes an important argument at this point. Changes of belief, in matters both "major" and "minor" (corresponding, I think, to David Hart's distinction between "core" and "noncore" beliefs), come about as a result of reasoning. This is crucial, I think, because it gives us a mechanism, thus far lacking in our discussion, for how ideas are actually spread, namely, through reasoned argument. In this formulation, concepts like *Zeitgeist* become not the producers of public opinion but their effects. If this description of how ideas are spread is accurate, it is at the same time exciting and daunting. It is exciting because it means that, with the proper sorts of arguments, we can convince people of the truth of our ideas. It is daunting because, as Robertson's quote hints, most people do not want to put forth the necessary effort to consider and reason through new ideas, especially if these run counter to popular opinion

The other question suggested by this line of reasoning is the length of time it takes for ideas to filter through society, become the subjects of debates and arguments, and eventually change public opinion. David Hart and I have been talking about this offline (I have the advantage of working in the same building as he does), and I've come to a couple of tentative hypotheses on the subject.

First, it seems like it takes a very, very long time for abstract "first-order" ideas to make their way into public opinion. Smith and Ricardo, for example, were writing about the importance of free trade and free markets during the late 18th and early 19th centuries, but it took until the 1840s for such ideas to become more or less commonplace. Even then, free-trade policies were (and have continued to be) under relentless attack. If we want to take the date of the abolition of the Corn Laws (1846) as an indication of the victory of free-trade ideas, we can say that from the publication of Adam Smith's *The Wealth of Nations*, it took 70 years for free-trade ideas to see their first significant victory.

Another interesting example of a change in people's core beliefs (or major beliefs) involves the abolition of slavery. It is difficult to pin down a seminal text or thinker to mark this movement's beginning. For centuries in Europe the church and secular authorities had issued various edicts and decrees to regulate or restrict slavery, but the abolitionist movement, as it developed in the 18th and especially the 19th,centuries clearly drew on the natural-rights tradition coming out of the Enlightenment. For convenience, we might take Rousseau's *Social Contract* (1762), with its explicit antislavery arguments, as a kind of foundational abolitionist text. In this case the ideas seem to have spread into public opinion somewhat more quickly, at least initially. Some of the new states in the American republic abolished or otherwise restricted slavery shortly after independence from the British Empire. France abolished slavery in 1794 (though it was reintroduced by Napoleon a few years later. It was finally abolished in 1848). Great Britain declared the slave trade illegal in 1807 and abolished slavery throughout the empire in 1833. In the United States slavery was finally outlawed by the Thirteenth Amendment to the Constitution in 1865, and it was abolished in Brazil in 1888. If we want to use the abolition of slavery in the British Empire as a kind of benchmark for the generalization of antislavery sentiment in European popular opinion, then the span was 72 years

A final example of the spread of ideas traceable from a single philosophical work to a popular belief might be Marxian socialism. While we might with some confidence date the origin of this belief to the publication in 1848 of *The Communist Manifesto*, picking a date when these ideas became a major influence on public opinion is trickier. The victory of the Bolshevik revolution in 1917 seems like a satisfactory, if problematic, event to mark a victory of the ideas of Marx and Engels, even if the degree to which this victory was based on a change of popular opinion is open to question. Again, we have a span of seven decades.

What this suggests is that it takes a long time for popular opinion, or perhaps more important, people's core beliefs to be changed by first-order ideas. It is also interesting that 70 years roughly corresponds to an average human lifespan. This might suggest that major beliefs are so deeply held that people in fact almost never change them, and that seismic shifts in popular opinion are necessarily (not just coincidentally) linked to generational changes.

16. David M. Hart, "Civil Disobedience and other Spontaneous Acts of Liberty" [Posted: March 26, 2015]↩

Jeff Tucker also raises an interesting point I did not address, namely, the importance of spontaneous activity of ordinary people who engage in acts of civil disobedience, such as ignoring prohibitionist drug laws and other difficult-to-enforce and much-disliked laws and regulations. (Another example is cigarette smuggling to avoid heavy state taxes.) These are cases where people's "direct action" (to use a leftist trade union term) is ahead of the intellectuals and where the latter have to play catch-up if they are to be relevant.

The problem with such "spontaneous acts of liberty" is that although people are legitimately attempting to exercise their rights to buy, sell, and consume whatever they like in a nonviolent manner, those acts are usually not linked to the broader issues involved, namely, property rights and free trade. The task of Rothbard's cadres would be to identify in an entrepreneurial manner the possible emergence of these "spontaneous acts of liberty," to give them political and intellectual support, and to make use of them to spread the broader message about liberty and the free market to those involved. The danger is that, instead of winning complete liberty, these "revolts" would be temporarily assuaged, or bought off, through state concessions, say, by partial legalization, and then brought under the normal tax and regulatory regime.

In my view, "spontaneous acts of liberty" will not be successful in the longer run unless they are linked to other factors which are required to bring about lasting change. I think we can identify four factors which can be used to put pressure on governments and vested interests to get them to consider change in a pro-liberty reaction; civil disobedience plays and has played an important part in this process. They are the following:

1. an ideological challenge
2. a political challenge
3. an economic challenge
4. an insurrectionary or civil-disobedience challenge

The two historical examples I want to look at in this context are Cobden's Anti-Corn Law League, where civil disobedience was never part of their strategy for change, yet they were able to achieve their political goals, and the abolitionist movement in the United States, where acts of civil disobedience were substantial, but where the political result of emancipation was only achieved after a bloody war.

First, Cobden's Anti-Corn Law League was a single-issue movement that did not try to link free trade to broader philosophical or political principles, such as the right of the individual to own property and dispose of it as he saw fit, the right of all property owners to vote, the role protectionism played in supporting the power of aristocratic landowners, and so on. Such linkage might have frightened off potential conservative supporters. Ideologically, the Leaguers took advantage of the spread of Smithian ideas on free trade, which were gaining ground among the classical economists and certain sectors of the bureaucracy. The Leaguers to my knowledge did not encourage people to disobey the law by engaging in the smuggling of grain in order to undermine the tariff laws and put economic pressure on protected land owners. Unlike the women's movement in the late-19th century, we do not see radical free traders chaining themselves to grain warehouses to provoke the police into arresting them and using court trials to get publicity. Instead, they focused on a peaceful propaganda campaign aimed at middle-class voters and consumers by using the high price of food for ordinary people to make its point, with effective use of images such as "the big loaf" (the result of free trade in grain) and "the small loaf" (the result of protectionism). They were also effective at putting pressure on elected politicians through the collection of signatures. Once the League had achieved its goal of repealing the Corn Laws (gradually over a three-year period 1846-49) it wound up its political business and disappeared.

One wonders what might have happened if a clique of radical free traders had tried to form their own group to lobby for free trade by using more "direct action" than the staid and middle-class Leaguers did. Since smuggling was an ancient tradition in England because of its long coastline and the state's heavy reliance on excise taxes for funds, they could have tapped into this popular, or folk, tradition of civil disobedience to the customs officials. Note that smuggling was also very much a part of early America, as Peter Andreas has documented in *Smuggler Nation* (2013). [107] The danger of course, is that by becoming more threatening politically and economically, they might have alienated the more moderate and conservative supporters they needed to win repeal of the Corn Laws. Unfortunately, we will never know the result of this counterfactual speculation. On the other hand, we do have the example of the more radical Chartist movement, which was active at the same time as the Anti-Corn Law League, but its success was limited and it faded away after 1848.

My second example is the American abolitionist movement before the Civil War. Ideologically, Frederick Douglass explicitly and repeatedly linked the abolition of slavery to the broader philosophical and political principle of self-ownership and the expression of natural rights as enunciated in the Enlightenment and the Declaration of Independence. The best example of this is his marvelous and radical July 4, 1852, “Oration” to a group of ladies in Rochester, N.Y.[108] His linking of the specific (the injustice of black slavery) to the general (the principles of the Declaration of Independence) may well have worried the good Christian ladies of Rochester, along with other potential supporters of gradual emancipation. Politically it was a hard slog to get abolitionist platforms adopted by the main political parties, and abolitionists always had the stigma of being a bit too much of a fringe movement to be acceptable. In addition, the abolitionists always had to contend with strong sectional interests.

Economically, the American abolitionists did not use the British abolitionists’ strategy of putting pressure on Caribbean sugar producers by boycotting "slave sugar." Replicating this in America was difficult because the goods made by slave-labor (cotton and tobacco) were produced within the country and supported a large number of dependent shipping and manufacturing interests, whereas the British sugar producers lived in a far-flung island colony.

Acts of civil disobedience were widespread, both by the slaves themselves and by some supporters of abolitionism. Slaves owners always feared slave revolts (note Nat Turner's slave rebellion of 1831), and the Fugitive Slave Act of 1850 showed the increasing internal danger and economic cost of runaway slaves. Jeffrey Rogers Hummel has shown how the slave owners attempted to socialize the cost of preventing

escapes or capturing runaway slaves by forcing all American taxpayers to pay the expense and what a burden this was on the American economy.[109] There was also a long history of runaway slaves forming their own free "maroon societies" beyond the reach of the slave owners in Florida, Brazil, and elsewhere.[110] In the late 18th and early 19th centuries the slaves ran away to the south to join these new societies. As the 19th century wore on and routes to the south were closed off, they increasingly fled to British Canada. Supporters of the Underground Railroad participated in acts of civil disobedience by helping the slaves escape from slave America. Some libertarians like Lysander Spooner even gave support to the more radical groups that wanted to foment greater "direct action" on the part of the slaves by supplying guerrilla slave bands with arms so they could confront the slave owners directly.[111] But this strategy alienated most Americans and the consequences were harsh if the uprising failed and the white supporters were caught.

It gradually became clear that a political solution to slavery would be hard to achieve because of the strong regional forces at work in the American federation and the economic importance of slave production, which was concentrated within one sector of the country. Also, it became evident that uncoordinated acts of civil disobedience like running away or fomenting slave uprisings were either ineffectual or doomed to failure.

In retrospect, one wonders how the abolitionists might have acted differently. Perhaps a better-planned campaign which linked all four different ways power can be challenged -- ideologically, politically, economically, and by acts of civil disobedience -- was required. But this would need a lot of luck and, I would say, the existence of a group of gifted "political and ideological entrepreneurs" as well -- a rather tall order.

Gene Sharp has done much to explore the possibilities of civil disobedience and nonviolent resistance.[112] Perhaps others might like to discuss this in future posts.

Endnotes

[107.] Peter Andreas, *Smuggler Nation: How Illicit Trade Made America* (Oxford: Oxford University Press, 2013).

[108.] Frederick Douglass, *Oration, delivered in Corinthian Hall, Rochester. July 4th, 1852. Published by Request* (Rochester: Lee, Mann and Co., 1852). On the Oration see James A. Colaiaco, *Frederick Douglass and the Fourth of July* (New York: Palgrave Macmillan, 2006) and Nicholas Buccola, *The Political Thought of Frederick Douglass: In Pursuit of American Liberty* (New York: New York University Press, 2012).

[109.] Jeffrey Rogers Hummel, *Emancipating Slaves, Enslaving Free Men: A History of the American Civil War*. Foreword by John Majewski (Chicago: Open Court, 2nd ed. 2013).

[110.] *Maroon Societies: Rebel Slave Communities in the Americas*, edited, with a new preface, by Richard Price (Baltimore, Maryland: Johns Hopkins University Press, 1996).

[111.] Lysander Spooner, *A Defence for Fugitive Slaves, against the Acts of Congress of February 12, 1793, and September 18, 1850* (Boston: Bela Marsh, 1850). <http://oll.libertyfund.org/titles/2225>; and *A Plan for the Abolition of Slavery, and To the Non-Slaveholders of the South* (place and publisher unknown, 1858). <http://oll.libertyfund.org/titles/2229>.

[112.] Gene Sharp, *The Politics of Nonviolent Action. Introduction by Thomas C. Schelling. Prepared under the auspices of Harvard University's Center for International Affairs*. (Boston: Porter Sargent, 1973). Vol. 1 *Power and Struggle*, vol. 2 *The Methods of Nonviolent Action*, vol. 3 *Dynamics of Nonviolent Action*; Gene Sharp, *Gandhi as a Political Strategist, with Essays on Ethics and Politics*, Introduction by Coretta Scott King. (Boston: Porter Sargent, 1979); Gene Sharp, *From Dictatorship to Democracy: A Conceptual Framework for Liberation* (East Boston, MA: The Albert Einstein Institution, 2002, 4th ed. 2010).

17. Jim Powell, "Why Did So Many People Turn Away from Classical-Liberal Ideas during the 19th Century?" [Posted: March 26, 2015]↩

For multitudes of ordinary people, the period between the end of the Napoleonic Wars and the outbreak of World War I were the best years ever. This was the most peaceful period since the Roman Peace almost 2,000 years earlier. There were no general wars. Chattel slavery was abolished in the Western Hemisphere. Many countries adopted constitutions, and more people gained the right to vote. The movement to achieve equal rights for women, including property rights as well as the right to vote, got underway and scored big victories in the next century. Living standards in the western world took off after some 2,000 years without sustained economic progress. In most places, taxes were probably not more than 10 percent. The development of science began to conquer dreaded diseases, and increasingly the practice of medicine did more good than harm.

Yet during the mid-19th century more and more people turned away from ideologies responsible for these as well as other breakthroughs for liberty that were truly astounding.

Here are three factors that might help to explain why people turned away from liberty:

1. *People abandoned the natural-rights philosophy.*

That philosophy had established that rights don't come from government and that therefore there are strict limits on what government could legitimately do. The natural-rights philosophy also infused the freedom philosophy with a crucial moral dimension that had a great deal to do

with its appeal.

As it fell out of fashion during the 19th century, a number of people rediscovered it when they found they could not make a legal or constitutional argument for liberty.

William Lloyd Garrison, who found he couldn't make a constitutional argument for abolishing American slavery, frequently quoted from the summary of the natural rights philosophy in the Declaration of Independence, even though Garrison despised Jefferson for owning slaves.

Elizabeth Cady Stanton paraphrased this summary in her Declaration of Rights and Sentiments when she launched the movement to achieve equal rights for women in 1848.

After Jefferson, perhaps the most influential defender of natural rights was Henry David Thoreau; “Civil Disobedience” (1849) influenced people as far afield as Mahatma Gandhi and Martin Luther King, Jr. King couldn't make a legal argument against compulsory racial segregation, since it was supported by southern state laws, so he too often quoted from the Declaration of Independence.

What happened to the natural-rights philosophy? Perhaps the biggest blows came from the Utilitarians, especially Jeremy Bentham and John Stuart Mill. My sense is they played a crucial role promoting a couple of corrosive ideas.

First, if legal institutions and accumulations of laws are reformed, they can become the most logical sources of rights – in other words, positive law. Why look anywhere else to find out what our rights are?

Second, if everybody gets the vote, then the government is us, so it becomes our friend. It's no longer a threat to liberty as it was when there were kings almost everywhere. Extending the franchise is the single most effective policy for protecting liberty. Who needs a constitution?

2. *Multitudes embraced nationalism.*

Nationalism encouraged people to believe that their nationality -- language, culture, religion, and so on -- was better than other people's nationalities. There was an urgency to have one's nationality promoted and defended by a charismatic leader in a powerful state everybody could be proud of.

Many times the cause of classical liberalism became mixed up with nationalism, especially when there was a common adversary like an autocratic king.

Nationalism came to sanction the use of force against minorities, because throughout history people became widely scattered. They settled wherever they could find a sanctuary. Consequently, there were few places occupied 100 percent by people of a particular nationality. Just about every "national" state had a percentage of alien nationalities whose members could be at risk.

Probably the most serious clash between classical liberalism and nationalism occurred in Germany during the 19th century, and the result was that the liberals failed in their bid to impose limits on the power of the Prussian king.

Perhaps what today's classical liberals might learn from nationalism is the importance of emotional appeals, especially emotional appeals about liberty, as well as rational appeals about the unintended consequences of government intervention and inspiring stories about extraordinary things that can be accomplished by free people.

3. *Times were so good, especially in America, that people lost their fear of arbitrary government power.*

This situation is easy to understand among Americans, since the United States hasn't been invaded. The two most memorable attacks -- Pearl Harbor and 9/11 -- didn't threaten the existence of the United States as other countries have been threatened when foreign invaders took over, executed opponents, and installed totalitarian regimes.

The American Progressive movement was born amidst demands for an “energetic” government that some bright people thought was a good idea at the time.

The situation in the rest of the world is puzzling. How can large numbers of people not appreciate the case for limiting arbitrary government power, after having suffered through two world wars and many totalitarian regimes?

How is it possible for so many people to be socialists without recognizing that when government gains control of an economy, it can throttle political opponents?

Maybe the struggle for liberty is only for those who really must struggle or face terrible consequences. This struggle might be comparable to the struggle of poor people who achieve career success, make a lot of money, want to spare their children from the worst risks and privations -- and then wonder why their children aren't driven like they were.

We can try to instill our values in our children, including our passion for liberty, and yet in many cases children don't care, or they don't care as much as they do for other things. It would be difficult and expensive to arrange a world tour providing memorable glimpses of totalitarian terror, so that some of these became more tangible for kids.

The best thing I can think of is to do whatever can be done to inject libertarian ideas into popular culture by facilitating the development of young-adult books, commercial fiction, fantasies, graphic novels, TV shows, comedy routines, documentaries, movies, websites, songs, videos, and media.

I'm not sure how much can be done, because it appears that few libertarians want to do these things. There are sure to be many false starts and failures before there's a hint of financial success that would make it possible for such work to be self-sustaining.

Providing funding might not help much. It's hard to predict the future performance of talent among creative minds as well as professional athletes. Some authors produce only one memorable book and are never able to do anything as good again. Many authors who get a generous fellowship stipend seem to shut down -- they don't have a primordial urge to write. Some keep producing, but they aren't able to surpass their peak work. A few wonders turn out to be marvelously prolific. It seems hard for most people to be sufficiently focused to develop an idea and see it through to completion.

Although it's easy to be pessimistic, just consider how much influence libertarians have gained because of a tiny number of pathbreakers like Ayn Rand, Ludwig von Mises, Friedrich Hayek, and Milton Friedman -- in just two fields, fiction and economics. These days, we can count a few comrades in several other fields, and for the most part everything else is wide open.

One of the greatest wonders about liberty is that while it has been crushed everywhere, there have been remarkable comebacks in some of the most unlikely places. That is sure to happen again and again, wherever the dream can be kept alive.

18. George H. Smith, "Some Possible Answers to Jim Powell's Question" [Posted: March 27, 2015]↩

Jim Powell asked the question "Why Did So Many People Turn Away from Classical-Liberal Ideas during the 19th Century?" I addressed this problem in the Epilogue to my book *The System of Liberty: Themes in the History of Classical Liberalism* (Cambridge: Cambridge University Press, 213-14) (see the *Liberty Matters* discussion of Smith's book), and I shall take the liberty of quoting part of that discussion here.Then I will add one more possible factor that contributed to the decline of classical liberalism. I wrote:

> By the end of the nineteenth century, classical liberalism had been eclipsed by a "new" liberalism that justified state interference in social relationships to a far greater extent than most old liberals, such as Herbert Spencer, were willing to sanction. Various explanations have been offered for the decline and fall of classical liberalism, including one by Spencer himself, who suggested that the public at large did not understand the true nature of the beneficial reforms for which old liberalism was responsible.
>
> According to Spencer, the old liberals abolished or mitigated grievances suffered by large segments of the population, and these reforms had been brought about by relaxing the scope of governmental interference and thereby expanding the range of individual liberty. But most people, seeing that these beneficial results had *something* to do with government, failed to differentiate between the repeal of onerous laws and the passing of new laws. Quoting Spencer:
>
> > For what, in the popular apprehension and in the apprehension of those who effected them, were the changes made by Liberals in the past? They were abolitions of grievances suffered by the people, or by portions of them: this was the common trait they had which most impressed itself on men's minds. They were mitigations of evils which had directly or indirectly been felt by large classes of citizens, as causes to misery or as hindrances to happiness. And since, in the minds of most, a rectified evil is equivalent to an achieved good, these measures came to be thought of as so many positive benefits; and the welfare of the many came to be conceived alike by Liberal statesmen and Liberal voters as the aim of Liberalism. Hence the confusion. The gaining of a popular good, being the external conspicuous trait common to Liberal measures in earlier days (then in each case gained by a relaxation of restraints), it has happened that popular good has come to be sought by Liberals, not as an end to be indirectly gained by relaxations of restraints, but as the end to be directly gained. And seeking to gain it directly, they have used methods intrinsically opposed to those originally used.[113]
>
> Explanations for the decline of classical liberalism were also offered by Ludwig von Mises and Friedrich Hayek, who were largely responsible for carrying the torch of liberalism during its dark years in the first half of the 20th century. Mises wrote that Enlightenment liberals "blithely assumed that what is reasonable will carry on merely on account of its reasonableness. They never gave a thought to the possibility that public opinion could favor spurious ideologies whose realization would harm welfare and well-being and disintegrate social cooperation."[114]
>
> Hayek, in contrast, focused on a deficiency in liberal principles themselves as a major factor in the decline of liberalism:
>
> > It is thus a misunderstanding to blame classical liberalism for having been too doctrinaire. Its defect was not that it adhered too stubbornly to principles, but rather that it lacked principles sufficiently definite to provide clear guidance…. Consistency is possible only if definite principles are accepted. But the concept of liberty with which the liberals of the nineteenth century operated was in many respects so vague that it did not provide clear guidance.[115]

I now wish to mention one other factor that has rarely if ever been noted by historians of classical liberalism. After the Corn Laws had been repealed in 1846, what happened to the Anti-Corn Law League? — an impressive grassroots organization that might have been used to achieve other liberal causes. Well, the obsession of one of its most brilliant leaders, Richard Cobden, for state education made that virtually impossible. Cobden greatly admired the American common-school system of Horace Mann, and he wanted to direct the manpower and resources of the former Anti-Corn Law League to establish a similar system in England. As his biographer John Morley observed, "Popular education had been the most important of all social objects in [Cobden's] mind from the first." But middle-class dissenters had composed a large portion of the League, and a substantial portion of those activists were dissenters who, calling themselves "voluntaryists," were vehemently opposed to any state involvement in education.[116] Unlike John Bright, a Quaker who sympathized with the voluntaryists, the

Anglican Cobden viewed the voluntaryists as reactionaries, in effect, who were fixated on a lost cause for the sake of a principle, and he grew increasingly frustrated with the actions of Edward Baines, Jr., the leader of the voluntaryists and editor of the *Leeds Mercury*, the most influential provincial paper in England. Cobden wanted to incorporate national education as a liberal plank to make extension of the suffrage more appealing, but Baines and other voluntaryists resolutely opposed this idea. As Cobden wrote to George Combe on May 13, 1848:

> You know how cordially I agree with you upon the subject of Education. But I confess I see no chance of incorporating it in any new movement for an extension of the suffrage. The main strength of any such movement must be in the Liberal ranks of the middle class, and they are almost exclusively filled by Dissenters. To attempt to raise the question of National Education amongst them at the present moment, would be to throw a bombshell into their ranks to disperse them.[117]

Soon afterwards (Dec. 28, 1848) Cobden chided Baines for making such a fuss over state education. The principle of state education had become widely accepted, so it seemed pointless to cause a major rift among liberals over a controversy that the voluntaryists could not possibly win. Cobden wrote to Baines:

> I doubt the utility of your recurring to the Education question. My views have undergone no change for twenty years on the subject, excepting that they are infinitely strengthened, and I am convinced that I am as little likely to convert you as you me. Practically no good could come out of the controversy; for we must both admit that the *principle* of State Education is virtually settled, both here and in all civilized countries. It is not an infallible test, I admit, but I don't think there are two men in the House of Commons who are opposed to the principle of National Education.[118]

After Baines had declared that dissenters should vote for any candidate who supported their advocacy of voluntary education, without regard for party affiliation, Cobden declared his intention eventually to forge ahead with his campaign for national education. On Jan. 5, 1849, Cobden wrote to Combe:

> I hope you will not think there is any inconsistency in the strong declaration I made at the meeting, of the paramount importance of the question of Education, and my apparent present inactivity in the matter. Owing to the split in the Liberal party, caused by Baines, it would be impossible for me to make it the leading political subject at this moment. Time is absolutely necessary to ripen it, but in the interim there are other topics which will take the lead in spite of any efforts to prevent it, reduction of expenditure being the foremost; and all I can promise myself is that any influence I may derive now from my connexion with the latter or any other movement, shall at the fitting opportunity be all brought to bear in favour of National Education.[119]

After nearly two years later, Cobden had lost his patience with Baines and the voluntaryist dissenters. On Nov. 9, 1850, he wrote once again to Combe:

> At present the Liberal party, the soul of which is Dissent, are torn to pieces by the question [of state education]…. I thought I had given time to Mr. Baines and his dissenting friends to get cool upon the subject. But they appear to be as hot as ever. However, I shall now go straight at the mark, and shall neither give nor take quarter. I have made up my mind to go for the Massachusetts system as nearly as we can get it.[120]

Cobden's decision to campaign for state education was a nail in the coffin of an organized liberal movement. By focusing on a cause that deeply offended many dissenting liberals, he virtually guaranteed that English liberalism would never again have the collective clout that it had enjoyed during the halcyon days of the Anti-Corn Law League.

Endnotes

[113.] Herbert Spencer, "The New Toryism," in *The Man Versus the State*, ed. Eric Mack (Indianapolis: Liberty Classics, 1981), 14-15.

[114.] Ludwig von Mises, *Human Action,* third revised edition (Chicago: Henry Regnery Company), 864.

[115.] F.A. Hayek, *Law Legislation, and Liberty* (Chicago: University of Chicago Press, 1973) I:61.

[116.] See my three libertarian.org essays on the British voluntaryists, beginning here: <http://www.libertarianism.org/publications/essays/critics-state-education-part-2-british-voluntaryists>.

[117.] John Morley, *The Life of Richard Cobden* (London: T. Fisher Unwin, 1906), 485.

[118.] Ibid., 494.

[119.] Ibid., 505.

[120.] Ibid., 548.

19. Stephen Davies, "Converting The Prince?" [Posted: March 27, 2015]↩

One point made by people who have thought about strategy for social and political change is that while ideas matter and have an effect, it also matters enormously who believes which ideas when it comes to their having an impact on the real world. Ideas can be widely held among the general population and yet have little direct effect on public policy or the nature of the political system. This is true even (or perhaps particularly) in democracies. If they are honest, libertarians will often be thankful that this is so. In economic policy, for example,

the general public's ideas on subjects such as trade or immigration are not of a kind that libertarians would like. Conversely an idea or set of ideas that comes to dominate elite opinion can have an enormous and direct impact.[121]

George Smith cites a chilling example of this in the case of witchcraft and witch hunting. During the high Middle Ages witchcraft and the belief in witches was seen as a popular superstition and not taken seriously by elites. (There was a belief in sorcery, the use of ritual magic to gain earthly ends, but this rarely led to prosecutions, and when they did happen they were normally of people who were themselves from the elite). However, during the second half of the 15th century many of the elites came to believe, first, that witches existed and had real power and, second that these powers derived from a pact with Satan, so that witches came to be seen as comprising an organized counter-religion. Because members of the elite believed this, it had an effect on the criminal justice system and in particular meant that local magistrates and clergy now took accusations of witchcraft seriously. When combined with the widespread use of torture to obtain confessions, this led to the great witch hunts of the 16th and 17th centuries.

There are two points to make here. The first is the one that George makes, citing W. E. H. Lecky, that what is crucial for the acceptance of an idea or argument is its credibility, with that depending on criteria of persuasiveness. There were, as he points out, many skeptics at the time, such as Reginald Scott or Johann Weyer, but for many years their arguments had little impact. Suddenly, though, in the early 18th century they succeeded and the witch hunts came to an end. The problem for people such as Scott or Weyer was that the canons of evidence and credibility used at the time meant that their critiques could not be accepted without also denying what were seen as essential Christian beliefs.[122] At this time it was difficult if not impossible to be an atheist, not only because of the serious penalties for such a belief but because the mental world of the time was such that without a belief in God the entire world was meaningless and incoherent.[123]

The second point is that the crucial part of the story was the attitude of the elite. Things changed and witch hunts happened and then stopped because of shifts in opinion among the elite rather than among the wider population. Belief in the existence of witches and their malevolent power remained widespread among the mass of the population long after the witch trials stopped. What was crucial was that the elite who controlled the criminal-justice system had changed their minds. (Or at least enough of them had).

So what does this imply for the spread and success of classical-liberal ideas? The first point is that ideas, no matter how well thought out, will not be credible or plausible if they run counter to what we may call the foundational assumptions of a time. So to advocate reducing the scale of government, or making well-founded critiques of government action and policy, will count for nothing if the idea of a world of minimal government (or a fortiori no government) means for most people chaos and the abandonment of the poor, because the basic idea of voluntary collective action has been lost. So foundational basic beliefs, axioms of thought if you will, matter.

The second point is one where obvious conclusions may actually be misleading. If it is the opinions and beliefs of elites that have an impact rather than those of the general public, then surely it makes sense to focus on influencing those elites rather than bothering with the wider culture. This indeed is the conclusion drawn by advocates of social and political change of all types for a long time. In its early form, during the time of Enlightened Despotism and in the works of people like the Physiocrats, the policy was to convert or educate the king. The idea was that if you could get the king on your side or persuade him and his ministers, then you could move society in a more humane and liberal direction. More recently this has become the dominant strategy among both left and right of conventional politics.

Now certainly this kind of strategy can have effects, particularly in the short term. It can be useful if the aim is to change a specific policy or to stiffen the spine of policymakers so that they resist misguided popular pressure. However, it has a number of serious problems, which mean that by itself it is very unlikely to bring lasting or extensive success (that being defined as a significant shift of the entire political and social order in a more liberal direction). There are two main problems. The first is that in the case of relatively small and organized groups (which elites are by definition), interests as opposed to ideas count for relatively more than they do for the entire population. This means that ideas will tend to gain traction when they happen to coincide with what the elite or a part of it sees as being its interest. This in turn means that the changes, even if desirable in themselves, will only tend to happen to the extent that they serve elite interests and will often take effect in a form that reflects those interests. Moreover, if elite interests or beliefs shift (which happens much more easily and readily than a shift in general sentiment), then all of the work done previously is undone.

The second problem follows from the first. Despite the obvious reality that elites have more power and therefore their beliefs have more impact, they are not in any society able to do simply what they want or think is right. They are always ultimately constrained by the wider climate of opinion that George referred to in his first piece. So in the United States, many elite figures understand that the entitlement state created by a succession of administrations and congresses since the 1930s is neither desirable nor sustainable, but they can do nothing about this because of widely held beliefs among the population at large (as well as in much elite opinion).

So to bring about fundamental change that is long-lasting, you have to change the dominant beliefs of society. (These are the "core" ideas that David Hart referred to earlier. As Peter Mentzel says, changing these is slow and difficult but nonetheless necessary.) The theorist we should draw on here is Gramsci with his idea of a hegemonic ideology.[124] Thinking this way will help you to, among other things, identify the dominant underlying ideas and their weak points. This is where the kind of mass movements Jim Powell talks about comes in. Paradoxically, all the historical evidence is that the best way to change a basic, or foundational, set of beliefs and attitudes is to campaign on a specific issue, one that raises challenges to those basic beliefs and hence changes them. Thus as Peter Mentzel says, antislavery campaigns did not only delegitimize that institution, they propagated an idea of the autonomous individual and undermined the widely held notion that human beings differed substantively in worth or moral standing. (Amongst other things, this undermined conventional notions of the relations between the sexes, which is one of the reasons why so many feminists came out of abolitionism.)

If we think about the current state of affairs in this way we can see one cause for optimism and one huge challenge. In the first place, there has been a growth of the idea that a good life is one of self-realization and the product of personal choice, and this has undermined ideas about traditional authority and led to quite dramatic shifts in attitudes towards issues such as same sex-marriage. Interestingly this shift has been brought about to a great degree by people who favor a substantial role for government in other areas and, in particular, a redistributive welfare system, despite the fact that their success in one area actually undermines the purchase of their arguments in others.

However, there is still the problem of what is has been undoubtedly the dominant set of ideas in developed societies since at least the 1930s and arguably the 1890s. This the one I alluded to in my previous piece: the idea that it is both desirable and possible for large-scale social action to be directed and controlled through conscious and purposive action by really smart people using the techniques of something called management. As with all really dominant ideas this is so taken for granted that it is hardly spelt out. The argument instead is over what ends should be pursued in this way and whether the most appropriate medium for the exercise of management and direction is government and its agencies or private corporate bodies. It is reflected in all kinds of ways in popular culture, such as the obsession with "leadership" and the idea that having one person rather than another in charge of a system can make a huge difference. (All the empirical evidence is that in almost all cases it does not). Another aspect is the concept or notion of a "social problem" as analyzed by George Smith, which implies that there must be some kind of "solution." Yet another is the way that many people would rather believe that the world is run by amazingly evil and cunning but competent people rather than consider that the people "in charge" are actually incompetent morons who don't know what they are doing and are making it up as they go along.

So what does that suggest about the kinds of issues Jim raises? More on that later.

Endnotes

[121.] The best known recent work making this point is of course Bryan Caplan, *The Myth of the Rational Voter: Why Democracies Choose Bad Policies* (Princeton, N.J.: Princeton University Press, 2011).

[122.] See Walter Stephens, "The Sceptical Tradition," in Brian Levack, ed., *The Oxford Handbook of Witchcraft in Early Modern Europe and Colonial America* (New York: Oxford University Press, 2013), pp 101-21.

[123.] Lucien Febvre, *The Problem of Unbelief in the Sixteenth Century: The Religion of Rabelais* (Cambridge, Mass.: Harvard University Press, 1985).

[124.] Antonio Gramsci *The Modern Prince and Other Writings* (New York: International Publishers, 1959).

20. David Gordon, "How Important Are Ideas?" [Posted: March 28, 2015]↩

In my initial essay, I suggested that one should not take as *a priori* true the contention that ideas are the prime mover of history. In particular, the extent to which the ideas of classical-liberal thinkers have brought about classical-liberal policies is an empirical issue. In their contributions to the conversation, both David Hart and Stephen Davies have very helpful comments on the role of ideas in history, and I should like to address what they have to say.

Hart calls to our attention an important insight of Mises. "According to this view, the economic, political, and other interests which people pursue (whether ordinary people or ruling elites) depend upon the ideas they have about what their interests are." If this is so, one cannot properly speak of interests as a separate force that produces ideas. As Mises puts the point, "Ideas tell a man what his interests are."

Mises's view of interests seems to me correct, but it does not quite speak to the issue I wished to raise in my essay. (To say this need not be a criticism of Hart, as he may not have intended what he says to be a response to me.) That issue, once more, was that the influence of classical-liberal theorists on classical-liberal policies is an empirical question, not one to be settled by *a priori* reasoning.

Suppose someone held, as I certainly do not, that the great classical-liberal theorists had no influence at all on actual policies. That position, wrongheaded though I think it is, would be entirely consistent with Mises's point about interests. Perhaps, one might think, if intellectuals aren't influential, then what is the alternative? It must be that material interests determine history. But Mises's point about interests shows that interests aren't independent of ideas. Therefore, the ideas of intellectuals *are* influential.

The argument just mentioned misses the mark. To deny that the views of classical-liberal intellectuals were influential entails nothing about the role in history of material interests or people's perceptions of these interests. Someone who denies the importance of theoretical ideas may hold any of a number of positions about the forces that influence history or, for that matter, have no general theory of history at all. "Ideas matter," taken to mean that philosophical ideas exercise a determining influence on history, and the view that material interests, entirely apart from ideas, determine history, are far from the only alternatives. I was not concerned to deny the former theory, quite the contrary. I meant only to suggest, once more, that the view cannot be established by *a priori* arguments, e.g., by the bad one just canvassed.

Stephen Davies points out two problems with the theory that "it was material changes and changes in the structure of production that led to intellectual, social, and political change." The first problem is that the position "could lead to a kind of fatalism in which there was no point in activism, as you might as well just let material historical evolution take its course." Here I suggest one needs to draw a distinction. Is the question before us whether the theory that material changes and changes in the structure of production cause changes in ideas implies that activism is futile? Or is it, rather, whether believing this theory leads to the belief that activism is futile?

If the question is taken the first way, why does the theory imply that activism is futile? Perhaps the thought underlying the contention is this: If material changes determine the course of history, then it doesn't matter what people think or do. The material forces will determine what happens.

A moment's thought suffices to show that this is nonsense. If "it was material changes and changes in the structure of production that led to intellectual, social, and political change," then material changes caused people to think and act in certain ways. That is an altogether different notion from the view that, regardless of what people thought or did, the material changes would have brought about the same historical

events. A fatalistic view of this kind is altogether different from a determinist view, and I take the material change theory to be a view of the latter kind.

As to the effect of belief in the material-change theory on people's activism, it is by no means the case that accepting the theory has to lead to political quietism. It may or may not do so: one just has to look at individual cases. Suppose, though, that accepting the theory did lead to a decline in activism; and suppose further that one deemed this a matter for regret. That would not be an argument against the truth of the theory. Whether believing something has bad consequences and whether what one believes is true are separate questions.

Davies finds a "more serious problem" with the material-change theory. The problem is that "this makes ideas an epiphenomenon and denies them autonomy." By referring to ideas as an "epiphenomenon," I take Davies to mean that ideas, on this theory, exert no causal influence. They are simply "there" but are irrelevant to how history develops.

Davies holds that the view of ideas as epiphenomenal can be shown to be false. "[T]here is actually a two-way causal relationship in which ideas are articulated in response to physical change but then shape how that change is understood and then in turn lead to purposive action that leads to further changes or directs the spontaneous changes in one direction rather than another."

Davies seems entirely right that ideas shape how change is understood, but this is consistent with the view that material changes cause changes in ideas. If material changes cause changes in ideas, it does not follow that the altered ideas have no effects. Rather, the contention is that no causal chain has as its first member an idea uncaused by a material change. If A causes B and B causes C, it does not follow that A is the "real" cause of C and that B drops out of the causal chain. A supporter of the material-change view could readily adopt Davies's account, given just above, of the two-way causal relationship. In sum, the contention that ideas aren't first causes does not imply that ideas have no effects.

21. David M. Hart, "Revolutions, Ideas, and the Principle of Prudence" [Posted: March 29, 2015]↩

Earlier this year, Bryan Caplan posted an interesting piece on our sister website *Econlog* titled "Revolution: Two Minimal Conditions," which is pertinent to our discussion here. The essence of his argument is as follows:[125]

> Here's an extremely tempting argument for violent revolution:
>
> 1. The existing government is tyrannical, as evidenced by a giant list of specific, well-documented, horrifying crimes against humanity.
> 2. It is our right, if not our sacred duty, to overthrow tyranny.
> 3. Tyrannies usually crush non-violent efforts to overthrow them.
> 4. Tyrannies rarely give in to isolated violent efforts to overthrow them.
> 5. So the only effective way to exercise our right/duty to overthrow tyranny is to band together for violent revolution.
>
> ... Premise #2 is grossly overstated - for two distinct reasons.
>
> First, overthrowing any particular tyranny often involves committing a new giant list of specific, well-documented, horrifying crimes against humanity. The mere fact that you're fighting tyranny doesn't magically keep your hands clean. Indeed, the rhetoric of tyranny makes it psychologically easy to rationalize whatever new crimes against humanity you end up committing.
>
> Second, overthrowing any particular tyranny typically leads to the rise of a new tyranny. The reasons are familiar: Tyranny arises out of a culture of contempt for human rights, so it's much easier to set up a replacement tyranny than some non-tyrannical system.
>
> ...These insights lead straight to two new minimal conditions for morally permissible revolution. Namely: Fomenting revolution is wrong unless you have strong reasons to believe that (a) your revolution will not lead to big, new human rights abuses, and (b) your revolution will not replace one tyranny with another.
>
> Finding revolutions that run afoul of these strictures is child's play. The Arab Spring revolutions violated them. So did most of the movements for colonial independence -- including American independence. But the largely non-violent revolutions in the former Soviet bloc might make the cut. What makes them special? For starters, the focus on abolishing specific bad policies like censorship, state ownership, militarism, and emigration restrictions -- rather than gleefully handing the reins of power to a new group and assuming its members will use their new-found power wisely and justly.

I would like to make four comments. The first is that an important proviso must be added to Premise #2: "Even though it may be our right to resist and even overthrow tyranny, it may be unwise to do so, and we should refrain from doing so on the grounds of prudence."

Second, Caplan does not consider the problem of the classical-liberal or libertarian who is a bystander in a revolutionary upheaval taking place in the given society. Classical liberals and libertarians are now and have been so small in number in the past that they have very rarely instigated revolution (the sole exception to this may be the American Revolution or the first phase of the French Revolution), but they have been caught up when revolutions started by others have broken out. The moral dilemma facing these liberals is: what should they do? Stay out of it completely? Support the least bad group on the revolutionary side? Or seize the opportunity and start their own liberal subgroup on the revolutionary side (I'm thinking here of Albert Camus's magazine *Combat*, which supported the French resistance in World War II), quietly and secretly providing assistance to individuals persecuted by the existing regime, or supporting the existing regime in order to persuade it to introduce needed reforms and to use as little force as possible.

Third, he says nothing about the state of public opinion at the time this hypothetical revolution breaks out. Have pro-liberty ideas penetrated either the public mind or the ruling elite, and if so, to what degree? If they have, does this mean that the society is now ripe for a successful revolution, and therefore the liberals should participate? If not, then the prognosis for a pro-liberty regime emerging after the revolution is probably zero, that a new dictatorship under a new Napoleon is most likely, and therefore liberals should have nothing to do with it.

Fourth, what do we think of the examples Caplan provides of a "morally permissible revolution"? Many conservatives and libertarians might object to his exclusion of the American Revolution from his listt.

Endnotes

[125.] Bryan Caplan, "Revolution: Two Minimal Conditions," *Econlog*, February 11, 2015 <http://econlog.econlib.org/archives/2015/02/revolution_a_mi.html>.

22. David M. Hart, "Subverting the Prince" [Posted: March 29, 2015]↩

Steve's and George's comments bring me back to an earlier point I made about ideas, interests, and ruling elites (or class analysis).

Ruling elites believe certain things about themselves, the "public interest," and the world around them. They also disseminate or encourage others to believe some of these ideas (usually via the public school system) in order to remain in power and to further their own interests. These include the ideas that the elites have a divine right to rule, have greater wisdom and knowledge with which to make decisions, have a mandate from the people, won the war or revolution which brought them to power, etc.

Ordinary people for the most part accept these ideas and resist attempts to change their minds because they think different ideas and practices based on those new ideas will harm their interests. They may believe that the gods will be angry with them, or that they are too ignorant and stupid to run the country, or that they participated in the election which elected the ruler.

Thus I think we can identify three cracks in the ideological rock into which classical liberals can insert their crowbar of criticism in order to split it open:

The first crack is the ideas which are held by the rulers themselves. We need to sow the seeds of FUD -- fear, uncertainty, and doubt -- in their minds concerning their ideology of power. They need to be afraid of being resisted, opposed, or thrown out of office. They need to fear being ignored (what I call the "La Boétie Effect" after the 16th-century French magistrate),[126] to be uncertain that their orders will be obeyed (from below) or carried out (by disgruntled government officials), and there must be growing self-doubt within the ruling elite itself about their legitimacy to rule and their ability to run or plan the economy. This ideological "rot from within" occurs rarely, but it has happened before in revolutionary moments when the ruling elite seemed to evaporate before people's eyes (such as in France in the early phase of the revolution, and the fall of the Soviet Union).

The second ideological crack we should work on are the ideas held by ordinary people about the State and the ruling elite.

We need to encourage the demythologizing of the state and the rulers in the eyes of ordinary people ("the Emperor has no clothes" strategy). This includes fostering a loss of respect for the elites as special, pointing out that they consist in flawed individuals with interests and weaknesses like everyone else, and teaching that they are not as smart as they and other people think. In other words, we want many more "Watergate moments," which did so much to expose the criminal activities and lies of the Nixon administration.

We also want to encourage the loss of belief in the idea of the "two moralities," namely, that there is one set of moral principles for the rulers and another one for the ruled. We need to use harsh language, to call a spade a spade," to identify taxation, regulation, and subsidies as the plunder and theft they in fact are. We want to shake faith in the rulers' ability to carry out what they have promised, in other words to make the "efficiency argument" (or "inefficiency argument" in this case) as best we can. Steve Davies's strong version of this view is that it is impossible for *anybody* to plan an economy on a large scale, not just a particular ruler. We want people to realize that they have been duped by the elites about the general interest and that the elites in fact cloak their own personal or class interests behind self-serving arguments, or sophisms.

As you might be able to tell from the language I have used here ("two moralities," "harsh language," "plunder," "dupes," "sophisms") this is the strategy adopted by Bastiat in the 1840s with his wonderful series of essays known as the *Economic Sophisms*, written to expose the false and sophistical arguments used by the elites in favor of protection and subsidies for industry.[127]

The third crack corresponds to ordinary people's ideas about how the free market functions.

We need to persuade people that what they do in their ordinary lives (producing, trading, saving, consuming) is moral and just, and leads to personal fulfillment and prosperity for them and their families. We need to show them that there are already existing, efficient, cheap, and plausible voluntary market alternatives to state-run and state-regulated activities. We need to encourage people to go about their business and wherever possible to ignore government regulations, taxes, and prohibitions, and that to do this is moral and just.

To further these three goals, several types of intellectual activity need to be undertaken. They are listed in descending order according to the structure of production of ideas:

- support for the development of economic and political theory to continue to undermine the ruling elites and their advisors about the efficacy and morality of what they are doing;

- writing muckraking biographies and histories of the ruling elites, key leaders, and the most important institutions of the state to expose their corruption, incompetence, and failure;
- fostering a critical press not blinded by the aura of the ruler, a press that asks penetrating questions about what the state is doing and that is willing to report this to the public;
- develop a core group of politicians in Congress who are willing to hold the wielders of power to account with enquiries, threats of impeachment, and the withholding of funding for government projects, etc.;
- mount legal challenges to the most outrageous violations of citizens' liberties;
- spread a better understanding among ordinary people of how politics and free markets really work;
- encourage the development of a popular culture which is willing to use what Bastiat termed "the sting of ridicule" in order to mock and belittle wielders of power and what they do; and
- encourage people either to refuse to participate in civic rituals in which the state or the ruler/leader is honored or venerated, or to adopt the age-old practice of the Catholic Church: taking existing pagan holidays and turn them to their own purposes.

Regarding the latter, I have in mind here the British celebration of Guy Fawkes Day on November 5,[128] when people were encouraged by the Protestant British state to create effigies of the Catholic would-be assassin and burn them in public squares. Over the years the people have taken matters into their own hands and changed this ritual into burning effigies of their most disliked political leaders. I'm sure some creative people could turn the American Presidents Day into a similar pro-liberty ritual, perhaps using Ivan Eland's book *Recarving Mount Rushmore* with its list of good and bad presidents as guidance.[129]

Endnotes

[126.] Étienne de la La Boétie, *The Discourse of Voluntary Servitude*, trans. Harry Kurz (1942). <http://oll.libertyfund.org/titles/2250>.

[127.] Frédéric Bastiat, *Economic Sophisms*, trans. Arthur Goddard, introduction by Henry Hazlitt (Irvington-on-Hudson: Foundation for Economic Education, 1996). <http://oll.libertyfund.org/titles/276>.

[128.] James Sharpe, *Remember, Remember the Fifth of November: Guy Fawkes and the Gunpowder Plot* (London: Profile Books, 2006).

[129.] Ivan Eland, *Recarving Rushmore: Ranking the Presidents on Peace, Prosperity, and Liberty* (Updated Edition) (Oakland, CA.: The Independent Institute, 2014).

23. David Gordon, "The Spread of Ideas" [Posted: March 30, 2015]↩

In “Does the Structure of Production Apply to Ideas?” Jeffrey Tucker rightly points out that the consumption of ideas is nonrivalrous. My thinking about classical liberalism, e.g., does not interfere with anyone else’s thought of it. “A good is either rivalrous in ownership and control or it is not. It either has to be reproduced following consumption or not. It either depreciates in its physical integrity or it does not. If I am wearing my shoes now, no one else can wear them at the same time. But if I hold an idea and decide to share it with the world, I can retain my ownership while permitting the creation of infinite numbers of copies. In this sense, ideas evade all the limitations of the physical world.”

Tucker uses this point to challenge David Hart’s application of the structure of production to ideas. “This is the difference between ideas and scarce property. They are produced and distributed in a completely different way. None of the conditions that cause the structure of production to exist in the physical world actually apply to the world of ideas. Their functioning is radically different.” So different is the world of ideas from production of physical goods, he suggests, that one should not even in a metaphorical sense speak of the structure of production of ideas.

I do not think that nonrivalrousness has the drastic consequences that Tucker suggests. Once an idea has been made public, someone who is aware of the idea does not need to produce it again. He can make use of the existing idea. But someone must first produce the idea, and we can investigate how that came about. Further, once the idea has been produced, the question arises: how was it disseminated? This too requires inquiry.

If this is so, Hart’s structure of production model, for all Tucker has said against it, is still in the running. It may be that new ideas are produced and made available to the public in exactly the way Hart suggested. In my own essay, I claimed that ideas, by contrast with physical goods, need not be produced according to Hart’s model; but what rules out that they at least sometimes are? The fact that an idea need not be invented anew each time it is used and the further fact that the same idea can be simultaneously used by many people have no bearing on the case.

Tucker also says, “An idea is also immortal: the ideas produced by Plato or Einstein are available forever.” Is this so? If people do not become aware of these ideas, and understand them, will they not be forgotten?

24. David M. Hart, "Forbidden Metaphors, Empiricism, and another Case Study" [Posted: March 31, 2015]↩

> "So different is the world of ideas from production of physical goods that one should not even in a metaphorical sense speak of the structure of production of ideas."

"The influence of classical-liberal theorists on classical-liberal policies is an empirical question, not one to be settled by *a priori* reasoning."

On Answering Empirical Questions

I couldn't agree more with David Gordon about the need to ask empirical questions about how ideas are produced and distributed, and how they influence public policy. My current research and publishing interest in the Leveller Tracts of the 1640s and 1650s, and the French classical- liberal economists around Frédéric Bastiat and Gustave de Molinari in the 1840s and 1850s deal precisely with these matters.[130] I would also add that the previous Liberty Matters discussions of the Institute of Economic Affairs, the Anti-Corn Law League, and the work of Deirdre McCloskey on the intellectual origins of the Industrial Revolution also focus ed on this same thing.[131] It was a result of these empirical studies that I came to think that Austrian capital theory might provide some insights of a more abstract nature which might help explain how ideas and their means of transmission come to be produced and distributed over long periods of time, and to help us see if there are any glaring gaps in our own activities in the present.

I had hoped that David Gordon would have told us more about the strategies adopted by the Mises Institute for its programs, especially its online Academy -- why it chose this strategy over others (there are opportunity costs related to ideas and strategies as there are to goods and services), in what ways it improves on strategies used in the past, and where it sees this form of the dissemination of classical- liberals ideas heading in the future.

Ideas might be Free but Books are not: the Production and Distribution of the Ideas in Rothbard's *Man, Economy, and State*

Ideas may or may not be immortal, but they are embodied and transmitted in physical objects like the pages in a book, or dots of light on a computer screen or tablet, which do decay over time. Books have to be edited, published, distributed, and sold in the market place, and re-edited and republished in different formats as the times dictate. E-books in many cases are a product of printed books which have been coded to HTML, formatted by programmers and designers, and then distributed via a website. That more than one person can think "Rothbardian thoughts" at the same time is not disputed; nor is it disputed that that one can reproduce these same "Rothbardian thoughts," at least in theory, at a negligible cost by pushing a key on a computer keyboard. But to teach these thoughts to another person and to assist him in understanding them requires a thoughtful editor, a knowledgeable teacher, a classroom (which may be virtual), some willing students, and suitable teaching materials -- as well as funders and organizers who make all this possible. These latter things are precisely what the Mises Academy has been providing since its founding in 2010.[132]

To take one set of ideas as an example, Rothbard's *Man, Economy and State* (1962), we can draw a line from its origins in the 1950s to its use in one of the Mises Academy's online courses today. Its publication, distribution, and use was the result of the purposeful action of many individuals over a long period of time and at considerable cost, and involved the activities of a number of far-seeing and patient investors and entrepreneurs of ideas.

Rothbard of course attended Mises seminar at New York University in the 1950s and learnt at the feet of the master. Rothbard's book was conceived by some far-seeing intellectual entrepreneur in the William Volker Fund who thought there should be a more accessible version of Mises's magnum opus *Human Action* (1949) in order to reach a broader market for ideas. That entrepreneur persuaded the investors and managers who ran the Fund that there might be a market for such a book and that Rothbard was the man to write it. Funding was arranged for Rothbard to write the book, which he did during the 1950s. The project grew in scope and became much more than a textbook (as originally intended) but a major Austrian economics treatise in its own right. The intellectual entrepreneurs of the Volcker Fund were persuaded that this change in plans for the book was sound and that that they should continue funding Rothbard until it was completed. The conception and undertaking of this book project is an excellent example of the highest order of production of ideas by an original thinker. The project was interrupted when it was decided (under quite strange circumstances) to wind up the Fund in 1963. Rothbard's textbook-turned- treatise became *Man, Economy, and State*, which was published in 1962 but still in an incomplete form. The final section, *Power and Market*, appeared later in a separate volume in 1970 published by the Institute for Humane Studies, a spin-off from the now- defunct William Volker Fund.

Another group of investors and entrepreneurs of ideas who were unhappy at how poorly Austrian economic ideas, especially those of Mises and Rothbard, were being promoted, decided to form the Ludwig von Mises Institute in 1982. They raised money to fund the Institute and began republishing and selling a large number of books and journals dealing with Austrian economics ; the institute has also sold and given away books in electronic versions via the Mises.org website.

In addition to the publishing and online ventures, the Mises Institute also has promoted the ideas via annual Austrian economics conferences, a Mises University, newsletters, and discussion circles. All these are costly undertakings, which the managers of the Institute thought would best further their goals. The scholars who participated in these activities were engaged in a lower but still high- order of production and distribution of ideas.

The Mises Institute also undertook the task of completing the production of Rothbard's magnum opus . The third and final stage in the long story of the production of *Man, Economy, and State* was the appearance of the "Scholar's Edition" in 2004, in which the two parts were finally reunited and published as originally planned in the early 1960s, along with a thoughtful introduction by Joe Salerno.[133] This intellectual project was made possible by the financial investment and support of dozens of p atrons (investors), whose names take up an entire page at the front of the book.

Recently, the institute's board decided to revamp the website at considerable cost and to more heavily promote online learning, with courses taught by leading scholars of Austrian economic and social theory, such as David Gordon himself. There is even a course entirely devoted to Rothbard's *Man, Economy, and State* taught by Robert P. Murphy, among the more than 50 courses on offer.[134] It would be interesting to

know how many copies the Scholar's Edition of *Man, Economy, and State* has sold, how many copies were downloaded for free, how many students have enrolled in the online course, the completion rate, and what the feedback has been. These outreach programs are another order closer to the final consumption of ideas by students and other individuals who are not scholars but who might become scholars, teachers, journalists, congressional aides, or whatever, sometime down the road.

The next stage of our analysis will be to track the impact of the lengthy structure of production and dissemination of the ideas in *Man, Economy, and State* from the mid-1950s to 2015 on the intellectual and political climate of our times -- perhaps someone will be able to do this in 2032, following Peter Mentzel's 70-year rule of thumb between publication of a key text and the implementation of some of its ideas. In the shorter term, we do know that Austrian economics has influenced the thought and behavior of Ron Paul, especially with his sustained criticism of the Federal Reserve and his calls for it to be audited. He in turn has influenced many younger voters . However, at this stage there is no evidence that any legislation has been enacted (or repealed) as a result of this interest in Austrian economic s, but the potential is very much there for this to happen in the future. Perhaps our hypothetical future historian of liberty might be able to show that the b ill repealing the Federal Reserve was put forward by the head of the Anti-Federal Reserve League, who had completed Robert Murphy's online course when she was a student.

In conclusion, I would say the history of Rothbard's *Man, Economy, and State* provides us with another good empirical example of my thesis.

Endnotes

[130.] *Tracts on Liberty by the Levellers and their Critics (1638-1659), 7 vols*. Edited by David M. Hart and Ross Kenyon (Indianapolis, Ind.: Liberty Fund, 2014). <http://oll.libertyfund.org/titles/2595>; also on the Levellers <http://oll.libertyfund.org/groups/139>; *The Collected Works of Frédéric Bastiat. 6 Vols*. Jacques de Guenin, General Editor. Translated from the French by Jane Willems and Michel Willems. Annotations and Glossaries by Jacques de Guenin, Jean-Claude Paul-Dejean, and David M. Hart. Translation Editor Dennis O'Keeffe. Academic Editor, David M. Hart (Indianapolis, Ind.: Liberty Fund, 2011). <http://oll.libertyfund.org/titles/2451>; also on Bastiat <http://oll.libertyfund.org/pages/bastiat>; and Books by Molinari <http://oll.libertyfund.org/people/gustave-de-molinari>.

[131.] Liberty Matters discussion of John Blundell, "Arthur Seldon and the Institute of Economic Affairs" (November, 2013) <http://oll.libertyfund.org/pages/seldon-and-the-iea>; Donald J. Boudreaux, "Deirdre McCloskey and Economists' Ideas about Ideas" (July, 2014) <http://oll.libertyfund.org/pages/lm-mccloskey>; Stephen Davies, "Richard Cobden: Ideas and Strategies in Organizing the Free-Trade Movement in Britain" (January 2015) <http://oll.libertyfund.org/pages/lm-cobden>.

[132.] The Academy of the Mises Institute <http://academy.mises.org/>; The Mises Curriculum of courses <http://academy.mises.org/courses/curriculum/>.

[133.] Murray N. Rothbard, *Man, Economy, and State: A Treatise on Economic Principles, with Power and Market: Government and the Economy. Scholar's Edition. Introduction by Joseph T. Salerno* (Auburn, Ala. : Ludwig von Mises Institute, 2004. Second edition 2009). Online version <http://mises.org/library/man-economy-and-state-power-and-market>.

[134.] "Complete series of courses covering Murray Rothbard's *Man, Economy, and State*, with Robert P. Murphy: Praxeology Through Price Theory (All beginning chapters) <http://academy.mises.org/courses/ae1/>; Production and the Market Process (All middle chapters) <http://academy.mises.org/courses/production/>; Money, Monopoly, and Market Intervention (All ending chapters) <http://academy.mises.org/courses/money-monopoly-market-intervention/>".

25. Stephen Davies, "Counter-Society: Shrink the State or Grow the Market?" [Posted: April 1, 2015]↩

In the discussion of the process by which ideas are articulated and developed, spread and made influential, and ultimately play a part in changing the world, the final stage is the one that Jim Powell discusses: mass movements that demand a change in some crucial aspect of the way things are. Often these are led by social or political entrepreneurs who seize on opportunities created by the conjuncture of new techniques, moments of endogenous change or crisis, and the articulation of persuasive arguments and narratives to put pressure on the status quo and its defenders. Often the crucial point is that the change aimed at has significant knock-on effects, or consequences, cascade effects if you will, and that the campaign itself, as well as the change, brings about long-lasting and significant change in the core beliefs and outlook of a population. The campaigns against slavery and for free trade were both examples of this.

An important point is that such campaigns, as Jim points out, are not narrowly political. One way of understanding them is to use a different idea from economics: public goods. Political activity and significant social and political change are public goods with significant free-rider problems. What campaigns of this kind do, inter alia, is to 'bundle' the public good of purposive collective activity with private goods such as entertainment or (important historically) religious observance. However, they are still political in the general sense that the aim in concrete terms is a change in the law, institutions, or public policy.

Why do this? Perhaps the most effective way of changing things in many cases is to change society through social action and have political change follow as a consequence. Classical liberals and libertarians of all kinds (including, in other words, libertarian conservatives and egalitarians) agonize over how to shrink the state and are ruefully aware of the obstacles. Instead of doing this, why not look at the problem from the other end and think about not how to shrink the state but how to grow the market and voluntary cooperation? The idea would be to grow institutions and practices to the point where, first of all, they start to actually crowd out government supply and, second, they start to change popular outlook and perceptions. This "counter-society" strategy was most fully spelt out by the late Samuel Konkin,[135] but has been tried in a small way in a number of places. One point to bear in mind is the one made by Tyler Cowen: while the state takes a much

larger share of national income than it did in 1900, because of economic growth since then, the share taken by the private sector is in absolute terms much larger. Consequently the resources available are greater.

For example, if we were to list the issues that have the salience and significance that slavery or free trade had, one of the first would be education, which George Smith identified (correctly in my view) as one of the big failures for 19th-century classical liberals. A huge amount of energy has been spent on advocating and lobbying for things like school choice, vouchers, and the like. Why not rather simply get into the business of creating mass low-cost and efficient private education? Crucially I do not mean setting up private schools, which is the route many have tried. Rather look to create all kinds of new and innovative ways of delivering education that escape the model of schooling invented by the Prussians all those years ago. Doing this kind of thing not only changes society by changing the way people behave, it also changes the core ideas through both argument and experience, and it undermines, to the extent it succeeds, one of the core institutions of the modern state and its associated elites. Surely this is worth trying.

Endnotes

[135.] See, Samuel Edward Konkin III, *New Libertarian Manifesto* (Anarchosamisdat Press, 1980; Koman Publishing Co., 1983). Online <http://agorism.info/docs/NewLibertarianManifesto.pdf>.

26. Stephen Davies, "Short Thoughts" [Posted: April 1, 2015]↩

A few short thoughts about things that have come up in the discussion.

First, I agree with what David Gordon says about my comments about ideas and their relation to material conditions. I should have been clearer. The problem of passivity that comes about as a result of a strict materialist view of historical change is due not to the thing itself (I agree with what he says about that) but to people believing that is the case. That's why I mentioned Karl Kautsky and the kind of deterministic view of history he put forward, which both Bernstein and Lenin reacted against. I don't think the argument is actually about ideas and interests (again, I agree with David on this). Rather it is that neither a purely materialist nor a purely idealist account of historical change is correct. Ideas do matter, but they are not the only cause of change. Material circumstances and conditions also play a part, and what you have to do is work out how the two interact -- an admittedly tricky task.

Second, thinking about Jason Kuznicki's remarks about style does prompt some thoughts. The main one is that classical liberals should simply read some of the basic work about how to be persuasive. There are a number of simple things that come from this, such as that saying things with a smile is always better than being aggressive. Mr. Angry is not going to win many arguments, particularly if your target audience gets the impression (often rightly) that you are angry with them. One crucial thing is to know what kinds of language and imagery are appealing or will be simply understood. This is more difficult than it used to be because of the collapse of the common language of references to things such as scripture and classical history. But this is a problem for everyone, so it should not handicap classical liberals disproportionately.

The most important text that people should read, though, is Jonathan Haidt's *The Righteous Mind*.[136] As he points out, arguments of certain kinds will make sense to some people but not everyone. The big problem for classical liberals is that arguments they find convincing are like water off a duck's back for over half the population. So, for example, showing that somebody's positions are inconsistent is a devastatingly effective argument to libertarians because they value consistency highly. Most people, however, are simply not bothered by this. Arguments based on "thinking" rather than "feeling" are also not effective. Above all, arguments about efficiency are persuasive to economists or the economically trained but not to anyone else. What is striking about Haidt's model (as he points out) is that while classical liberals can understand and are to some extent receptive to the kinds of arguments made by "progressives," the same is not true in reverse -- and this is not a matter of simple prejudice or closed-mindedness. (He argues that it is conservatives who have this problem, but that is because he defines "conservative" in the misleading and muddled contemporary American way. In reality many of the arguments made by contemporary conservatives have a considerable resonance for some people on the "progressive" side because they play off a shared concern with the polarity of sanctity versus degradation.) What this means, as Jim Peron, for example, has been arguing at the Moorfield Storey blog,[137] is that classical liberals need to use the language and address the concerns of those on the "progressive" side. Otherwise they will simply be ignored.

Endnotes

[136.] Jonathan Haidt, *The Righteous Mind: Why Good People Are Divided by Politics and Religion* (New York: Vintage Books, 2013).

[137.] Moorfield Storey Blog <http://storeyinstitute.blogspot.com/>. See for example the post "Ten Commandments for Libertarians" (Thursday, September 5, 2013) <http://storeyinstitute.blogspot.com/2013/09/ten-commandments-for-libertarians.html>.

ADDITIONAL MATERIAL

Appendices

1. Questions about the Relationships between Ideas, Interests, and Radical Social Change

Here are a number of general questions to consider about how societies change, and the role which ideas and individuals play in bringing about that change:

1. how are ideas about liberty (political, economic, legal, and social) developed and how do they spread?
    1. among the intellectual elite?
    2. among ordinary people?
2. what role does new technology play in this process?
3. what role do individuals play? (great thinkers, charismatic leaders, ordinary people in the street)
4. who are the vested interests who oppose change in a pro-liberty direction?
    1. how powerful are they?
    2. how do they exercise their power?
    3. how do they justify their power and position to the broader community?
    4. how effectively do they control what can and cannot be discussed? how do they maintain "cultural hegemony"?
    5. can they be persuaded to give up their privileges? can they be bought off? if neither of these, what next?
5. what groups are interested in change in a pro-liberty direction?
    1. why do they wish to charge the status quo? for ideological reasons? personal profit?
    2. how do they organise themselves?
    3. what strategies did they use in order to bring about this change?
    4. how did they go about undermining the "ideological hegemony" of the ruling elites?
    5. how successful were they?
6. what role do institutions play in protecting the old order? creating the foundation for a new order?
7. what are the relative costs and benefits of remaining within the old order?
    1. of creating a new order?
    2. how do these relative costs change over time?
8. what are the relative costs and benefits of organising dissent against the old order?
    1. or the old order repressing that dissent?
    2. how do these costs and benefits change over time?
9. how successful have been "top down" (elite) attempts at reform? how successful have been "bottom up" (popular) reforms?
10. what role has violent revolution played in achieving a freer society? what are the costs and benefits of violent revolution?
11. what role has gradual evolution played in bringing about a freer society? what are the costs and benefits of gradual evolution? who do these compare to the costs and benefits of revolution?
12. what is the relationship between changing ideas and changing politics? how long does it take for new and radical ideas to go from conception to inception?
13. what role do institutional crises (wars, economic depressions) play in hastening or hindering change in a pro-liberty direction?
14. is Marx/Lenin correct in arguing that revolutionary change requires both suitable "objective conditions" (political, economic crisis) as well as suitable "subjective conditions" (change in ideas and values)?
    1. for classical liberals what are the required objective and subjective conditions for successful change?
15. are there any common characteristics which define a "successful" pro-liberty movement? what are they and can they be replicated?

2. Historical Examples of Radical Change in Ideas and Political Structures

Here are some historical examples of successful radical change in ideas and political/economic structures, in both a pro-liberty and anti-liberty direction. For more details see my own "Study Guides on the Classical Liberal Tradition" as well as Jim Powell's excellent *The Triumph of Liberty: A 2,000-Year History* (2000) and Steve Davies' "Introduction" to the *The Encyclopedia of Libertarianism* (2008). The articles in the *Encyclopedia of Libertarianism* on key individuals and historical movements are also essential reading (see bibliography for a full list).

I also include where appropriate the names of some key individuals, texts, and events:

1. the spread of Christianity
    1. the role of Paul and his Epistles
    2. role of voluntary churches and congregations
    3. the role of state, established churches
2. the Reformation (Luther, Calvin)
    1. Martin Luther's translation of the bible 1522, 1534
    2. Johannes Gutenberg and the printing press
3. the Leveller movement in the 1640s
    1. the outpouring of political pamphlets during the 1640s
    2. the overthrow of the Stuart Monarchy

    3. the establishment of a constitutional monarchy in 1688
4. the Enlightenment
    1. Diderot and the Encyclopedia in the 18thC
    2. the Physiocrats (Turgot's reform efforts 1774)
5. the American Revolution
    1. the book seller Thomas Hollis (spread of Lockean and Commonwealthman ideas)
    2. Tom Paine's *Common Sense*
    3. the Declaration of Independence (1776)
    4. *The Federalist* papers (1788)
6. the French Revolution
    1. the freeing of the French peasants (4 Aug. 1789)
    2. the Declaration of the Rights of Man and the Citizen (1789)
7. the anti-slavery movement
    1. in Britain (against the slave trade 1808 and then abolition in 1833)
    2. in France 1794, 1848
8. the Free Trade Movement
    1. Cobden and the Anti-Corn Law League 1838–46
    2. the Cobden-Chevalier Treaty 1860
9. the Abolitionist movement in the US
    1. Garrison's *The Liberator* 1831
    2. The American Anti-Slavery Society 1833–34
10. the freeing of the serfs in central and eastern Europe
    1. in Austria-Hungary (Bauernbefreiung) (1848)
    2. in Russia (1861)
11. the granting of legal and electoral rights to women
    1. JS Mill, *On the Subjection of Women* (1869)
    2. the right to vote campaigns in the UK and America
12. the formation of the Liberal Party in England (1859)
    1. Prime Ministership of William Gladstone, 1868–74; 1880–85; 1892–94
13. the rise of socialism in the late 19th century
    1. Fabian socialism in England
    2. Social Democracy in Europe)
14. Progressivism in early 20thC America
15. the Bolsheviks and the Russian Revolution 1910s
16. Hitler and the Nazi Party in the 1920s
17. Keynesianism in the 1930s
18. Gandhi and organised passive resistance in the Indian independence movement
19. the rise of the Welfare state in post-war Europe and US
20. the Civil Rights movement in the US in the 1950s and 1960s
21. the Anti-Vietnam War movement in the US in the 1960s
22. market reforms in Communist China 1978
23. the collapse of the Soviet Union and the Eastern Bloc 1989–91

3. The Spread of Pro-Liberty Ideas in the Post-WW2 Period

Closer to our own time, we can also point to several examples of the successful spread of pro-liberty ideas in the post-Second World War period. I think we can identify four waves or generations of pro-liberty organizations and groups which were founded during this period to confront particular issues at particular times but which also shared the more general goal of spreading knowledge about individual liberty and free markets. See, Brian Doherty's *Radicals for Capitalism* (2007) for details and the relevant articles in *The Encyclopedia of Libertarianism*. These groups organised by "generations" include the following:

First Generation - the 1940s

- Ludwig von Mises' seminar at NYU: the beginnings of the Austrian school of economics in America
- the formation of the Mont Pelerin Society immediately after WW2 (1947), Hayek & Friedman et al.: the remnants of classical liberals in academia gather in Switzerland; the beginnings of a revival and rebirth of the trans-Atlantic classical liberal movement
- the formation of the Foundation for Economic Education in 1946 by Leonard Read: the popularisation of free market ideas; the Bastiat translation project (1964)
- the transformation of the William Volker Fund (1947) into a supporter of free market ideas: support for Mises at NYU, Hayek at Chicago, Rothbard during 1950s

One might also mention here other events which were taking place at the same time which were not directly the result of libertarian initiatives:

- the General Agreement on Tariffs and Trade (1947) - which began a general post-war reduction in tariffs in the post-war period

Second Generation - the 1950s & 1960s

- formation of the Institute for Economic Affairs 1955 by Anthony Fisher; joined by Ralph Harris in 1957 and Arthur Seldon in 1958: production of policy papers to influence government legislation in free market direction; 177 "Hobart Papers" have been published as of Dec. 2014
- the success of Ayn Rand's novels (*Atlas Shrugged*, 1957) and the rise of the Objectivist movement: with cumulative sales in the millions Rand's novels have brought free market and individualist ideas to ordinary people
- the Center for the Study of Public Choice was established by James M. Buchanan and G. Warren Nutter in 1957 and has been associated with a number of universities since then (the University of Virginia 1957, Virginia Tech 1969, George Mason University in 1983): along with Milton Friedman and the Chicago school, and the Austrian school of Mises and Rothbard, it is the other major source of free market economic thinking.
- the creation of Liberty Fund in 1960 by Indiana lawyer and businessman Pierre Goodrich: policy of bringing back into print classics of the free market tradition which had gone out of print; organising conferences to encourage academics to discuss individual liberty
- the creation of the Institute for Humane Studies in 1961 by F.A. Harper: organises seminars for college students and awards scholarships for graduate study (Claude Lamb Fellowships).
- The Reason Foundation was created in 1968: publishes *Reason* magazine

Third Generation - the 1970s & 1980s

- the formation of the American Libertarian Party by David F. Nolan in 1971
- the Fraser Institute, modelled on the British IEA was established in Vancouver, Canada in 1974 by Michael Walker and T. Patrick Boyle, assisted by Anthony Fisher: Canadian public policy
- Friedrich Hayek wins the Nobel Prize for economics in 1974; Milton Friedman in 1976
    - in 1980 Friedman worked on a 10 part TV documentary series "Free too Choose" which was broadcast by the Public Broadcasting Service (PBS); a follow up best-selling book was co-authored with Rose Friedman.
- Centre for Independent Studies founded in 1976 by Greg Lindsay, modelled on IEA: Australian public policy, the liberty movement is now trans-Pacific
- Cato Institute began as the Charles Koch Foundation in 1974 by Ed Crane, Murray Rothbard, and Charles Koch; in July 1976, the name was changed to the Cato Institute: American public policy;
- The Center for Libertarian Studies (CLS) was founded in 1976 by Murray Rothbard and Burton Blumert: its aim is to foster libertarian scholarship through the Libertarian Scholars Conferences, the *Journal of Libertarian Studies* (1977 to 2000). Now defunct.
- The Mercatus Center was founded by Rich Fink as the Center for the Study of Market Processes at Rutgers University in ???. It moved to George Mason University in the mid–1980s and changed its name to the Mercatus Center in 1999: American public policy
- Atlas Economic Research Foundation (now The Atlas Network) was founded by Antony Fisher in 1981: it is a "meta-organisation" since its purpose is to help create other free market policy foundations throughout the world
- the Ludwig von Mises Institute was established in 1982 by Llewellyn H. Rockwell, Jr., Burton Blumert and Murray Rothbard: organises conferences, seminars, and publishes books to promote Austrian economics
- James M. Buchanan wins the Nobel Prize for Economics in 1986
- The Institute for Justice was founded in 1991 as a non-profit libertarian public interest law firm in the United States: supports key legal challenges in the American legal system

One might also mention here other events which were taking place at the same time which were partly the result of libertarian initiatives:

- the Prime Ministership on Margaret Thatcher 1979–90
- the presidency of Ronald Reagan 1981–89
- the rediscovery of ideas about the free market and limited government in Eastern Europe after the fall of the Soviet Union

Fourth Generation - the 2000s

- the explosion of free market economics blogs such as Econlog, Cafe Hayek, Marginal Revolution, etc.
- FreedomFest established in 2002 by Mark Skousen: aimed at the general public and the broader libertarian movement
- the Online Library of Liberty was established by liberty Fund in 2004: making classics wrks of the free market and classical liberal tradition freely available to the public for educational purpsoes
- The Bastiat Society was founded in 2004 in Charleston, SC by Walter LeCroy and Ben Rast: a discussion forum for professional and self-employed individuals who are interested in free markets and individual liberty
- Students for Liberty founded in 2008 by Alexander McCobin and Sloane Frost: designed to link college students and campus activists throughout the world
- Ron Paul's bid for president in 2008, 2012: promoted free market ideas, non-interventionist foreign policy, and Austrian economics; appealed to students and younger voters

4. List of Different Kinds of Strategies for Change: From Retreatism to Cadre-Building and Beyond

This is a list of some of the main strategies which have been adopted by classical liberals/libertarians over the years:

1. **Brownian Martyrdom** - Algernon Sidney's republicanism and John Brown's abolitionism. Confront the unjust and coercive state and throw yourself under the tracks of its tanks. Maybe someone will learn from your heroic act.
2. **Civil Disobedience** - the 16th century French magistrate Etienne de la Boétie thought that if one could convert a sufficient number of

people to voluntarily withdraw their support for the coercive state, then it would inevitably collapse. A version of this was actually put into practice by the Indian lawyer Mahatma Gandhi in the Indian independence movement in the 1940s.

3. **Converting the Monarch** - also known as “enlightened despotism”, the French Physiocrats in the 18thC took the “reform from the top down” approach whereby they attempted to convert the ruling monarch of the day to adopt liberal reforms. For example, Turgot and his edicts of 1774–76. They ran into problems when the king died or changed his mind. “Thatcherism” might be included in this category as well, with Keith Joseph reprising the role of Turgot and Thatcher that of Louis XVI.
4. **Converting the Senior Bureaucrats (or, "Sir Humphrey-ism")** - free market inspired bureaucrats advise the ruler to introduce economic reforms in order to make the state/military stronger or to avoid revolution from below. Examples include the Austria-Hungary Emperor deciding to abolish serfdom in 1848; and the Russian Tsar Alexander II abolishing serfdom in 1861; and the Chinese communist leader Deng Xiaoping who introduced sweeping market reforms in China in 1978.
5. **Daddy Warbucks** - seek out a very wealthy man to fund institutes and centres, such as Cato, the William Volker Fund, and Liberty Fund.
6. **Gramscian war against ideological hegemony** - follow the Italian Marxist theorist Antonio Gramsci’s strategy of undermining the “cultural hegemony” of the ruling class by exposing its criminality and ridiculing it, and creating an alternative “culture” for ordinary people outside of the state
7. **Hayekian Educationism** - Liberty Fund and other non-profit groups have been inspired by Hayek’s “The Intellectuals and Socialism”. The strategy is not to engage politicians and voters directly but to influence others (intellectuals, scholars, judges, teachers) who will in turn eventually influence the direction of political and economic reform.
8. **Libertarian Monasticism** - The strategy is to keep the old texts alive for another generation who might eventually do something with them. Thus, classic texts are brought back into print or put online. Similar to Nockian Remnantism.
9. **Millian Leninism** - James Mill organised the Philosophic Radicals like Lenin did the Bolshevik Party (according to Rothbard). He was quite ruthless in his campaign to introduce electoral reform and end the power of the “sinister interests” in 1832.
10. **Nockian preservation of The Remnant** - in the 1920s and 1920s older style American conservatives like Albert Jay Nock thought there was only “The Remnant” left and that they were writing for them almost exclusively while they waited for the movement to revive sometime in the distant future.
11. **Reverse Fabianism** - Policy groups such as IEA and the Cato Institute attempt to influence the policies of the existing parties. Part of the strategy is to move close to London/Washington in order to hold conferences, book launches, write op ed pieces for the key newspapers read by the political elites, and to participate in Congressional briefings in order to persuade members of the existing parties and their lobbyists to adopt a more libertarian line.
12. **Rothbardian Leninism** - Rothbard was inspired by Mill and Lenin to introduce his own theory of “building cadres” within the Libertarian Party in the late 1970s.
13. **Single Causism** - such as Abolitionism - Wilberforce and Clarkson, and the English abolition of the slave trade; and Cobden/Bright and the Anti-Corn Law League. Cobden’s idea was to create a broad coalition of groups who could all agree on one thing (free trade) and then dissolve the organisation once that had been achieved.
14. **Taoist Retreatism** - the Taoists of ancient China realised they had no chance of changing the world so they decided to live good personal lives, retreat from the world, and watch it go by towards inevitable decline.
15. **Third Partydom** - e.g. the Libertarian Party. Since the other 2 major parties are so solidly statist, a new third party must be created in order to agitate for more free market reforms from within the existing party controlled Legislature.
16. **Victory through Conversations** - the idea is that one can convert people to liberty over time by having lots of civilised conversations and dinners with opponents and sceptics, that talking about liberty brings one closer to having liberty.
17. **Younger Generationism** - the IHS and FEE and Students for Liberty. IHS has designed educational programs for young would-be scholars, journalists, filmmakers, think-tankers who will go out into the world and begin changing it from within. FEE has aimed its magazine, pamphlets and conferences at high school and early college students.
18. **Maoist Gardening** - "let a thousand flowers bloom" and see who is left standing at the end of the summer.
19. **The Random Sower of Seeds** - "Hearken; Behold, there went out a sower to sow: And it came to pass, as he sowed, some fell by the way side, and the birds of the air came and devoured it up. And some fell on stony ground, where it had not much earth; and immediately it sprang up, because it had no depth of earth: But when the sun was up, it was scorched; and because it had no root, it withered away. And some fell among thorns, the thorns grew up, and choked it, and it yielded no fruit. And other fell on good ground, did yield fruit that sprang up and increased; and brought forth, some thirty, and some sixty, some an hundred. He said unto them, He that has ears to hear, let him hear." (Mark 4:3-9)
20. **One-Bookism** - "If you just read this one book, it will all become clear to you."
21. **Technologism** - the invention of printing,newspapers, the telegraph, the telephone, radio, television, the internet has changed everything about how ideas are spread.

Bibliography↩

A Brief History of Key Movements, Individuals, and Events in the Evolution of the Classical Liberal Tradition

The Encyclopedia of Libertarianism provides an excellent survey of the key movements, individuals, and events in the evolution of the classical liberal movement.

[Hamowy], *The Encyclopedia of Libertarianism*, ed. Ronald Hamowy (Los Angeles: Sage, 2008. A Project of the Cato Institute). Editor-in-Chief, Ronald Hamowy; Assistant Editors, Jason Kuznicki and Aaron Steelman; Consulting Editor, Deirdre McCloskey. Founding and Consulting Editor, Jeffrey D. Schultz. (See below for details).

One should begin with Steve Davies’ “General Introduction,” pp. xxv-xxxvii, which is an excellent survey of the ideas, movements, and key

events in the development of liberty, then read some of the articles on specific historical periods, movements, schools of thought, and individuals. Items in quotes are entries in the *Encyclopedia*.

1. The Ancient World
    1. “Liberty in the Ancient World”
    2. “Epicurianism”
    3. “Stoicism”
2. Medieval Period
    1. “Scholastics - School of Salamanca”
3. Reformation & Renaissance
    1. “Classical Republicanism”
    2. “Dutch Republic”
4. The 17th Century
    1. “English Civil Wars”
        1. “The Levellers”
        2. “John Milton” & “Puritanism”
    2. “Glorious Revolution”
        1. “John Locke” & “Algernon Sidney”
        2. “Whiggism”
5. The 18th Century
    1. 18thC Commonwealthmen - “Cato’s Letters”
    2. The Scottish Enlightenment
        1. “Enlightenment”
        2. “Adam Smith”, “Adam Ferguson” & “David Hume”
    3. The French Enlightenment
        1. “Physiocracy” - “Turgot”
        2. “Montesquieu” & “Voltaire”
    4. “American Revolution”
        1. “Declaration of Independence” - “Thomas Jefferson” & “Thomas Paine”
        2. “Constitution, U.S.” - “James Madison”
        3. “Bill of Rights, U.S.”
    5. “French Revolution”
        1. “Declaration of the Rights of Man and of the Citizen”
6. The 19th Century
    1. “Classical Liberalism” - the English School
        1. “Philosophic Radicals”
        2. “Utilitarianism” - “Jeremy Bentham”
        3. “Classical Economics” - “John Stuart Mill”
    2. “Classical Liberalism” - the French School
        1. “Jean-Baptiste Say” & “Benjamin Constant”
        2. “Charles Comte” & “Charles Dunoyer”
        3. “Frédéric Bastiat” & “Gustave de Molinari”
    3. Free Trade Movement
        1. “Anti-Corn Law League” - “John Bright” & “Richard Cobden”
    4. “Feminism and Women’s Rights”
        1. “Mary Wollstonecraft”
        2. “Condorcet”
    5. Abolition of Slavery - “Abolitionism”
        1. “William Wilberforce”
        2. “William Lloyd Garrison” & “John Brown”
        3. “Frederick Douglass” & “Lysander Spooner”
    6. [The Radical Individualists]
        1. “Thomas Hodgskin”, “Herbert Spencer”, & “Auberon Herbert”
    7. The “Austrian School of Economics” I
        1. 1st generation - “Carl Menger”, “Eugen von Böhm-Bawerk”
        2. interwar years - “Ludwig von Mises”, “Friedrich Hayek”
7. Post-World War 2 Renaissance
    1. “Mont Pelerin Society” - “Friedrich Hayek”, “Milton Friedman”, “Karl Popper”, “James Buchanan”
    2. Institute for Economic Affairs (IEA) & “Antony Fisher”
    3. Foundation for Economc Education (FEE) & “Leonard Read”
    4. Institute for Humane Studies & “F.A. Harper”
    5. The Austrian School of Economics II
        1. post-WW2 2nd generation - “Ludwig von Mises”, “Friedrich Hayek”, “Murray N. Rothbard”, “Israel Kirzner”
    6. “Chicago School of Economics” & “Milton Friedman”
    7. “Objectivism” & “Ayn Rand”
    8. “Public Choice Economics” & “James Buchanan”

Other Works

Peter Andreas, *Smuggler Nation: How Illicit Trade Made America* (Oxford: Oxford University Press, 2013).

[Bailyn], *Pamphlets of the American Revolution, 1750-1776*, edited by Bernard Bailyn, with the assistance of Jane N. Garrett. (Cambridge, Belknap Press of Harvard University Press, 1965-).

Bernard Bailyn, *The Ideological Origins of the American Revolution* (Cambridge, Mass.: Belknap Press of Harvard University Press, 1967).

Frédéric Bastiat, *Economic Sophisms*, trans. Arthur Goddard, introduction by Henry Hazlitt (Irvington-on-Hudson: Foundation for Economic Education, 1996). <http://oll.libertyfund.org/titles/276>.

Frédéric Bastiat, *The Collected Works of Frédéric Bastiat. 6 Vols*. Jacques de Guenin, General Editor. Translated from the French by Jane Willems and Michel Willems. Annotations and Glossaries by Jacques de Guenin, Jean-Claude Paul-Dejean, and David M. Hart. Translation Editor Dennis O'Keeffe. Academic Editor, David M. Hart (Indianapolis, Ind.: Liberty Fund, 2011). <http://oll.libertyfund.org/titles/2451>.

- on Bastiat <http://oll.libertyfund.org/pages/bastiat>

Sheri Berman, *The Primacy of Politics: Social Democracy and the Making of Europe's Twentieth Century* (New York: Cambridge University Press, 2006).

John Blundell, *Margaret Thatcher: A Portrait of the Iron Lady* (New York: Algora Publishing, 2008).

John Blundell, *Waging the War of Ideas* (London: Institute of Economic Affairs, 2007).

[Blundell], *Remembering Margaret Thatcher: Commemorations, Tributes and Assessments. Edited and Annotated by John Blundell. Introduction by the Rt. Hon. David David M.P.* (New York: Algora Publishing, 2013).

John Blundell, "Arthur Seldon and the Institute of Economic Affairs" (November, 2013) http://oll.libertyfund.org/pages/seldon-and-the-iea.

David Boaz, "Up from Slavery: There's no such thing as a golden age of lost liberty", *Reason*, April 6, 2010 <http://reason.com/archives/2010/04/06/up-from-slavery>.

Étienne de la La Boétie, *The Discourse of Voluntary Servitude*, trans. Harry Kurz (1942). <http://oll.libertyfund.org/titles/2250>.

Edward Bristow, *Individualism versus Socialism in Britain, 1880-1914*. (New York: Garland Press, 1987).

Archie Brown, *The Rise and Fall of Communism* (New York: Harper Collins, 2009).

Henry Thomas Buckle, *History of Civilization in England* (London: J. W. Parker and son, 1857-61). 2 vols.

Nicholas Buccola, *The Political Thought of Frederick Douglass: In Pursuit of American Liberty* (New York: New York University Press, 2012).

C. Campbell, "The Cult, the Cultic Milieu and Secularization," in *A Sociological Yearbook of Religion in Britain* 5 (London: SCM Press, 1972), pp. 119-36.

C. Campbell, "The Secret Religion of the Educated Classes," *Sociological Analysis* 39 (1978), pp. 146-56.

Bryan Caplan, *The Myth of the Rational Voter: Why Democracies Choose Bad Policies* (Princeton, N.J.: Princeton University Press, 2011).

Bryan Caplan, "Revolution: Two Minimal Conditions," *Econlog*, February 11, 2015 <http://econlog.econlib.org/archives/2015/02/revolution_a_mi.html>.

Alfred D. Chandler, *The Visible Hand: The Managerial Revolution in American Business* (Cambridge, Mass: Belknap Press, 1993).

Alfred D. Chandler, *Strategy and Structure: Chapters in the History of the Industrial Enterprise* (Eastford, CT: Martino Fine Books, 2013 [1962]).

Alfred D. Chandler, *Scale and Scope: The Dynamics of Industrial Capitalism* (Cambridge, Mass.: Belknap Press, 1994).

Richard Cobden, *What Next and Next?* (London: James Ridgway, 1856). http://oll.libertyfund.org/titles/2652.

Richard Cobden, *The Political Writings of Richard Cobden, with a Preface by Lord Welby, Introductions by Sir Louis Mallet, C.B., and William Cullen Bryant, Notes by F.W. Chesson and a Bibliography,* vol. 2, (London: T. Fisher Unwin, 1903). "What Next and Next?" http://oll.libertyfund.org/titles/231#lf0424-02_head_008.

James A. Colaiaco, *Frederick Douglass and the Fourth of July* (New York: Palgrave Macmillan, 2006).

Stephen Davies, "Richard Cobden: Ideas and Strategies in Organizing the Free-Trade Movement in Britain" (January 2015) http://oll.libertyfund.org/pages/lm-cobden.

- and the associated illustrated essay “Cobden and the Anti-Corn Law League” http://oll.libertyfund.org/pages/cobden-and-the-anti-corn-law-league.

Stephen Davies, “Comment” on the Libertarian Alliance edition of Rothbard’s “Four Strategies for Libertarian Change,” *Tactical Notes No. 6*, (Libertarian Alliance, 1989). http://www.libertarian.co.uk/sites/default/lanotepdf/tactn006.pdf, pp. 12–14.

Debate about the Divine Right of King:.

- the debate about the Divine Right of Kings between Sir Robert Filmer, Algernon Sidney, John Locke, and James Tyrrell <http://oll.libertyfund.org/groups/80>
- Eric Mack, "James Tyrrell on Authority and Liberty" <http://oll.libertyfund.org/pages/james-tyrrell-on-authority-and-liberty>;
- Eric Mack, "Eric Mack, An Introduction to the Political Thought of John Locke" <http://oll.libertyfund.org/pages/eric-mack-an-introduction-to-the-political-thought-of-john-locke>;
- Thomas G. West, "Sidney, Filmer & Locke on Monarchical Power " <http://oll.libertyfund.org/pages/sidney-filmer-locke-on-monarchical-power>.

Albert Venn Dicey, *Lectures on the Relation between Law and Public Opinion in England during the Nineteenth Century, edited and with an Introduction by Richard VandeWetering* (Indianapolis: Liberty Fund, 2008). <http://oll.libertyfund.org/titles/2119> 1st ed. 1905.

A.V. Dicey, *Introduction to the Study of the Law of the Constitution, ed. Roger E. Michener* (Indianapolis: Liberty Fund 1982). <http://oll.libertyfund.org/titles/1714> 1st ed. (1885).

Brian Doherty, *Radicals for Capitalism: A Freewheeling History of the Modern American Libertarian Movement* (New York: Public Affairs, Perseus Books Group, 2007).

Frederick Douglass, *Oration, delivered in Corinthian Hall, Rochester. July 4th, 1852. Published by Request* (Rochester: Lee, Mann and Co., 1852).

M.K.Dziewanowski, *A History of Soviet Russia and its Aftermath* (Upper Saddle River, NJ: Simon and Schuster, 1997).

Alan Ebenstein, *Friedrich Hayek: A Biography* (New York: Palgrave, 2001).

Ivan Eland, *Recarving Rushmore: Ranking the Presidents on Peace, Prosperity, and Liberty* (Updated Edition) (Oakland, CA.: The Independent Institute, 2014).

Lucien Febvre, *The Problem of Unbelief in the Sixteenth Century: The Religion of Rabelais* (Cambridge, Mass.: Harvard University Press, 1985).

Milton Friedman and Rose Friedman, *Free to Choose: A Personal Statement* (Harcourt, Brace, Jovanovitch, 1980; Harmondsworth: Penguin, 1980). It was made into a 10-part TV documentary series, “Free to Choose,” broadcast by the Public Broadcasting Service (PBS).

Gerald Frost, *Antony Fisher: Champion of Liberty* (London: Profile Books, 2002).

Antonio Gramsci *The Modern Prince and Other Writings* (New York: International Publishers, 1959).

Jonathan Haidt, *The Righteous Mind: Why Good People Are Divided by Politics and Religion* (New York: Vintage Books, 2013).

Joseph Hamburger, *Intellectuals in Politics: John Stuart Mill and the Philosophic Radicals* (New Haven: Yale University Press, 1965).

[Hamowy], *The Encyclopedia of Libertarianism*, ed. Ronald Hamowy (Los Angeles: Sage, 2008. A Project of the Cato Institute). Editor-in-Chief, Ronald Hamowy; Assistant Editors, Jason Kuznicki and Aaron Steelman; Consulting Editor, Deirdre McCloskey. Founding and Consulting Editor, Jeffrey D. Schultz. (See below for details).

David M. Hart, “Study Guides on the Classical Liberal Tradition” (2011) http://davidmhart.com/liberty/Guides/ClassicalLiberalism/index.html. It consists of:

- A concept map showing the key ideas of the classical liberal tradition
- A History of Classical Liberalism in Three Parts
  - Part 1: Twelve Keys Concepts of the Classical Liberal Tradition
  - Part 2: Ideological Movements and Key Political Events
  - Part 3: Quotations from Key Texts Illustrating Classical Liberal Ideas

David M. Hart, “The Liberal Roots of American Conservatism: Bastiat and the French Connection,” a paper given to the Philadelphia Society meeting March 27–29, 2015.

David M. Hart, *Class Analysis, Slavery and the Industrialist Theory of History in French Liberal Thought, 1814–1830: The Radical Liberalism of Charles Comte and Charles Dunoyer* (unpublished PhD, King’s College Cambridge, 1994). Online at http://davidmhart.com/liberty/Papers/CCCD-PhD/CCCD_Book_2013.html.

R.M. Hartwell, *A History of the Mont Pelerin Society* (Indianapolis: Liberty Fund, 1995).

Friedrich A. Hayek, *The Road to Serfdom* (The University of Chicago Press, 1944, 1976).

Friedrich A. Hayek, *The Road to Serfdom, with The Intellectuals and Socialism. The Condensed Version of The Road to Serfdom as it appeared in the April 1945 edition of Reader's Digest* (London: The Institute of Economic Affairs, 2005). With "The Road to Serfdom in Cartoons". Originally published in *Look* magazine.

F.A. Hayek, "The Intellectuals and Socialism" (1949) in *Studies in Philosophy, Politics, and Economics* (Chicago: University of Chicago Press, 1967), pp. 178–94.

- online at mises.org http://mises.org/etexts/hayekintellectuals.pdf.

F.A. Hayek, *The Collected Works of F.A. Hayek. Volume 12, The Pure Theory of Capital (1941),* edited by Lawrence H. White (Indianapolis: Liberty Fund, 2007).

F.A. Hayek, *The Constitution of Liberty* (Chicago: Henry Regnery, 1972; 1st ed The University of Chicago, 1960).

F.A. Hayek, *Law, Legislation, and Liberty: A New Statement of the Liberal Principles of Justice and Political Economy. Vol. 1. Rules and Order* (The University of Chicago Press, 1973); vol. 2 *The Mirage of Social Justice* (1976); vol. 3 *The Political Order of a Free People* (1979).

Robert Higgs, *Crisis and Leviathan: Critical Episodes in the Growth of American Government* (First edition Oxford University Press, 1987. Independent Institute, 25th Anniversary edition, 2013).

Christopher Hill, *The World turned Upside Down: Radical Ideas during the English Revolution* (Harmondsworth: Penguin Books, 1972).

Jacob Hornberger, "Up from Serfdom: How to restore lost liberties while building on the positive strides America has made since 1776", *Reason*, April 9, 2010 <http://reason.com/archives/2010/04/09/up-from-serfdom>.

Jeffrey Rogers Hummel, *Emancipating Slaves, Enslaving Free Men: A History of the American Civil War*. Foreword by John Majewski (Chicago: Open Court, 2nd ed. 2013).

Aldous Huxley, *Brave New World* and *Brave New World Revisited*. New York: Harper Perennial, 2004.

Aldous Huxley, *Island*. New York: Harper Perennial, 2009.

Robert Kann, *A History of the Habsburg Empire, 1526-1918* (Los Angeles: University of California Press, 1977).

John Maynard Keynes, *The General Theory of Employment, Interest and Money* (New York, 1936).

Samuel Edward Konkin III, *New Libertarian Manifesto* (Anarchosamisdat Press, 1980; Koman Publishing Co., 1983). Online <http://agorism.info/docs/NewLibertarianManifesto.pdf>.

Aileen S. Kraditor, *Means and Ends in American Abolitionism: Garrison and his Critics on Strategy and Tactics, 1834–1850* New York: Pantheon Books, 1969).

William Edward Hartpole Lecky, *History of the Rise and Influence of the Spirit of Rationalism in Europe, Revised edition* (New York: D. Appleton, 1919) (1st ed 1865). 2 vols. <http://oll.libertyfund.org/titles/1871>.

William Edward Hartpole Lecky, *History of European Morals from Augustus to Charlemagne, Third edition, revised* (New York: D. Appleton, 1921). (1st ed. 1869) 2 vols. <http://oll.libertyfund.org/titles/1840>.

William Edward Hartpole Lecky, *A History of England in the Eighteenth Century* (London: Longmans, Green, and Co., 1878, 1917). 8 Vols. <http://oll.libertyfund.org/titles/2026>.

William Edward Hartpole Lecky, *Democracy and Liberty, edited and with an Introduction by William Murchison*, 2 vols. (Indianapolis: Liberty Fund, 1981). (1st ed. 1896) <http://oll.libertyfund.org/titles/1856>.

William Edward Hartpole Lecky, *Historical and Political Essays* (London: Longmans, Green, and Co., 1908). <http://oll.libertyfund.org/titles/2071>.

Vladimir Lenin, *What Is to Be Done? Burning Questions of Our Movement* (1901, 1902). Lenin's *Collected Works*, Foreign Languages Publishing House, 1961, Moscow, Volume 5, pp. 347–530. https://marxists.org/archive/lenin/works/1901/witbd/index.htm or PDF https://marxists.org/archive/lenin/works/download/what-itd.pdf.

[Levellers], *Tracts on Liberty by the Levellers and their Critics* (1638-1660), 7 vols. Edited by David M. Hart and Ross Kenyon (Indianapolis: Liberty Fund, 2014-15). <http://oll.libertyfund.org/titles/2595>. Volumes 1 and 3 are online. See the *Combined Table of Contents of the Tracts on Liberty by the Levellers and their Critics* (1638-1660), 7 vols. <http://oll.libertyfund.org/pages/leveller-tracts-table-of-contents>; and a "Bibliography and Other Resources on the Levellers" <http://oll.libertyfund.org/pages/leveller-tracts-bibliography>.

- on the Levellers <http://oll.libertyfund.org/groups/139>;

[Liberty Matters]

- John Blundell, "Arthur Seldon and the Institute of Economic Affairs" (November, 2013) <http://oll.libertyfund.org/pages/seldon-

and-the-iea>
- Donald J. Boudreaux, "Deirdre McCloskey and Economists' Ideas about Ideas" (July, 2014) <http://oll.libertyfund.org/pages/lm-mccloskey>
- Stephen Davies, "Richard Cobden: Ideas and Strategies in Organizing the Free-Trade Movement in Britain" (January 2015) <http://oll.libertyfund.org/pages/lm-cobden>.

Frederic William Maitland, *The Life and Letters of Leslie Stephen* (London: Duckworth and Co., 1906).

Harriet Martineau, *Illustrations of Political Economy* (3rd ed) in 9 vols. (London: Charles Fox, 1832). http://oll.libertyfund.org/titles/1873.

Marshall McLuhan and Quentin Fiore, *The Medium is the Massage: An Inventory of Effects*, coordinated by Jerome Agel (New York: Random House, 1967).

Peter C. Mentzel, "Nationalism, Civil Society, and the Revolution of 1989," *Nations and Nationalism*, vol.18, part 4, October 2012, pp. 624-42.

John Stuart Mill, "The Spirit of the Age" (1831) in *The Collected Works of John Stuart Mill, Volume XXII - Newspaper Writings December 1822 - July 1831 Part I,* ed. Ann P. Robson and John M. Robson, Introduction by Ann P. Robson and John M. Robson (Toronto: University of Toronto Press, London: Routledge and Kegan Paul, 1986). <http://oll.libertyfund.org/titles/256#lf0223-22_label_1091>. In our online edition of the *The Collected Works of John Stuart Mill* the essay "The Spirit of the Age" is split into 7 numbered parts, reflecting its original publication as seven separate articles in *The Examiner* in January-May 1831. Here we have combined them into a single page. <http://oll.libertyfund.org/pages/mill-s-spirit-of-the-age>.

[Mises Institute]

- The Academy of the Mises Institute <http://academy.mises.org/>
- The Mises Curriculum of courses <http://academy.mises.org/courses/curriculum/>
- "Complete series of courses covering Murray Rothbard's *Man, Economy, and State*, with Robert P. Murphy: Praxeology Through Price Theory (All beginning chapters) <http://academy.mises.org/courses/ae1/>; Production and the Market Process (All middle chapters) <http://academy.mises.org/courses/production/>; Money, Monopoly, and Market Intervention (All ending chapters) <http://academy.mises.org/courses/money-monopoly-market-intervention/>".

Ludwig von Mises, *Theory and History: An Interpretation of Social and Economic Evolution,* ed. Bettina Bien Greaves (Indianapolis: Liberty Fund, 2005). http://oll.libertyfund.org/titles/1464.

Ludwig von Mises, *Human Action: A Treatise on Economics, in 4 vols*., ed. Bettina Bien Greaves (Indianapolis: Liberty Fund, 2007). http://oll.libertyfund.org/titles/1892.

[Molinari]

- Books by Molinari <http://oll.libertyfund.org/people/gustave-de-molinari>

Moorfield Storey Blog <http://storeyinstitute.blogspot.com/>. See for example the post "Ten Commandments for Libertarians" (Thursday, September 5, 2013) <http://storeyinstitute.blogspot.com/2013/09/ten-commandments-for-libertarians.html>.

Mueller, Rothbard, Crane, Liggio, Koch, Evers, Theroux, in *Libertarian Review*, Special Issue on "Toward the Second American Revolution: Libertarian Strategies for Today", Aug. 1978, vol. 7, no.7, http://www.libertarianism.org/lr/LR788.pdf.

- Milton Mueller, "Toward a Libertarian Theory of Revolution," pp. 14–17.
- Murray Rothbard, "Strategies for a Libertarian Victory," pp. 18–24, 34.
- Ed Crane, "Taking Politics Seriously," pp. 26–27, 42
- Leonard Liggio, "The Disenchanted Electorate: Capturing the Independent Voter," pp. 28–29, 42.
- Charles Koch, "The Business Community: Resisting Regulation," pp. 30–34.
- Bill Evers, "Party Newsletters: No More Kvetching," pp. 36–37, 42.
- David Theroux, "Lessons for Libertarian Campus Radicalism," pp. 38–41.

[Otteson], *The Levellers: Overton, Walwyn and Lilburne*. Edited and introduced by James R. Otteson (Thoemmes Press, 2003). 5 vols.

Thomas Paine, *Common Sense: Addressed to the Inhabitants of America, on the following Interesting Subjects, viz.: I. Of the Origin and Design of Government in General; with Concise Remarks on the English Constitution. II. Of Monarchy and Hereditary Succession. III. Thoughts on the Present State of American Affairs. IV. Of the Present Ability of America; with some Miscellaneous Reflections*. (Philadelphia: Printed, and Sold, by R. Bell, in Third Street. MDCCLXXVI). In *The Writings of Thomas Paine, Collected and Edited by Moncure Daniel Conway* (New York: G.P. Putnam's Sons, 1894). Vol. 1. http://oll.libertyfund.org/titles/343#lf0548-01_label_074.

John Papola and Russ Roberts, "Fear the Boom and Bust" (2010), EconStories https://www.youtube.com/user/EconStories. https://www.youtube.com/watch?v=d0nERTFo-Sk.

Jihang Park, *Profit Sharing and Industrial Co-Partnership in British Industry, 1880-1920: Class Conflict or Class Collaboration?* (New York: Garland Press, 1987).

Annabel M. Patterson, *Early Modern Liberalism* (Cambridge: Cambridge University Press, 1997).

Leonard Peikoff, *The Ominous Parallels* (New York, 1982).

Jim Powell, *The Triumph of Liberty: A 2,000-Year History, told therough the Lives of Freedom's Greatest Champions* (New York: The Free Press, 2000).

- several chapters from this book have been published on the libertarianism.org website. See:
- "Militant Nonviolence: A Biography of Martin Luther King, Jr." <http://www.libertarianism.org/publications/essays/militant-nonviolence-biography-martin-luther-king-jr>
- "Passionate Oratory: A Biography of Daniel O'Connell" <http://www.libertarianism.org/publications/essays/passionate-oratory-biography-daniel-oconnell>
- and the video: David Boaz and Jim Powell, "The Triumph of Liberty: A 2,000-Year History, Told through the Lives of Freedom's Greatest Champions" (June 28, 2000) <http://www.libertarianism.org/media/around-web/triumph-liberty-2000-year-history-told-through-lives-freedoms-greatest-champions>

Jim Powell, *Greatest Emancipations: How the West Abolished Slavery* (Palgrave Macmillan, 2008).

- and the video: David Boaz and Jim Powell, "Greatest Emancipations: How the West Abolished Slavery" (Sept. 28, 2008) <http://www.libertarianism.org/media/around-web/greatest-emancipations-how-west-abolished-slavery>

[Richard Price] *Maroon Societies: Rebel Slave Communities in the Americas*, edited, with a new preface, by Richard Price (Baltimore, Maryland: Johns Hopkins University Press, 1996).

Ralph Raico, "Classical Liberal Exploitation Theory: A Comment on Professor Liggio's Paper." *Journal of Libertarian Studies*, vol. 1, no. 3 (1977): 179–83.

Ayn Rand, *Atlas Shrugged* (Random House, 1957).

Ayn Rand, "Don't Let It Go," in *Philosophy: Who Needs It*. New York: Penguin Group, 1982.

Mike Rapport, *1848: Year of Revolution* (New York: Basic Books, 2008).

Sheldon Richman, "Libertarian Class Analysis," *The Future of Freedom Foundation,* June 1, 2006 http://fff.org/explore-freedom/article/libertarian-class-analysis/.

J.M. Robertson, *A History of Freethought, Ancient and Modern, to the Period of the French Revolution* (London: Watts & co., 1936). 1st ed. 1906.

J.M. Robertson, *A History of Freethought in the Nineteenth Century* (London: Watts & Co., 1929). 1st ed. 1899.

J.M. Robertson, *A History of Freethought in the Nineteenth Century* (London: Watts and Co., 1929).

Murray N. Rothbard, *Toward a Strategy for Libertarian Social Change* (April, 1977). <davidmhart.com/liberty/OtherWorks/Rothbard/Rothbard_1977TowardStrategy.pdf> [PDF 6.9 MB]

Murray Rothbard, "Strategies for a Libertarian Victory," *Libertarian Review*, Special Issue on "Strategies for Achieving Liberty" Aug. 1978, vol. 7, no.7, pp. 18–24, 34. http://www.libertarianism.org/lr/LR788.pdf

- Murray N. Rothbard, "Strategies For A Libertarian Victory" (Libertarian Party. Rothbard Caucus) (February 2004) http://www.lprc.org/strategies.html. This is an online version of Rothbard's essay which first appeared in *Libertarian Review* (August, 1978). With an epilog dated July, 1982

Murray N. Rothbard, *The Ethics of Liberty* With a New Introduction by Hans-Hermann Hoppe (New York: New York University Press, 1998). 1st published (Atlantic Highlands, N.J.: Humanities Press, 1982).

- Part V: "Toward A Theory of Strategy for Liberty", pp. 257–273. <davidmhart.com/liberty/OtherWorks/Rothbard/Rothbard_1998TheoryStrategy.pdf> [PDF 438 KB]
- "14. Children and Rights," pp. 97-112.

Murray N. Rothbard, "Concepts of the Role of Intellectuals in Social Change Toward Laissez-Faire," *The Journal of libertarian Studies*, vol. IX, no. 2 (Fall 1990), pp. 43–67.

- My website facsimile PDF of JLS article: <davidmhart.com/liberty/OtherWorks/Rothbard/Rothbard_1990IntellectualsSocialChange.pdf> [PDF 1.3 MB]
- another version is online in at the Libertarian Alliance (London) website, with a comment by Steve Davies, under the slightly different title of "Four Strategies for Libertarian Change," *Tactical Notes No. 6*, (Libertarian Alliance, 1989). http://www.libertarian.co.uk/sites/default/lanotepdf/tactn006.pdf. See section on "Libertarian Strategy" http://www.libertarian.co.uk/?q=taxonomy/term/37.

[Rothbard] David Gordon, ed., *Strictly Confidential: The Private Volker Fund Memos of Murray N. Rothbard*, ed. David Gordon. Foreword by Brian Doherty (Auburn, Alabama: Ludwig von Mises Institute, 2010).

- Rothbard, "What Is To be Done?" (Memorandum of July 1961), pp. 7-23.

Murray N. Rothbard, *Man, Economy, and State: A Treatise on Economic Principles, with Power and Market: Government and the Economy. Scholar's Edition. Introduction by Joseph T. Salerno* (Auburn, Ala. : Ludwig von Mises Institute, 2004. Second edition 2009). Online version <http://mises.org/library/man-economy-and-state-power-and-market>.

Joseph Rothschild and Nancy M. Wingfield, *Return to Diversity: A Political History of East Central Europe since World War II* (Oxford: Oxford University Press, 2008).

Jean-Baptiste Say, *A Treatise on Political Economy; or the production, distribution, and consumption of wealth. Translated from the 4th ed. of the French by C.R. Prinsep. To which is added, a translation of the introduction and additional notes, by Clement C. Biddle* (Boston, Wells and Lilly, 1821).

Arthur Seldon, *The Collected Works of Arthur Seldon*, 7 vols., ed. and with Introductions by Colin Robinson (Indianapolis: Liberty Fund, 2004–5). Vol. 7. PDF only http://oll.libertyfund.org/titles/1456.

Gene Sharp, *The Politics of Nonviolent Action. Introduction by Thomas C. Schelling. Prepared under the auspices of Harvard University's Center for International Affairs*. (Boston: Porter Sargent, 1973).

- Vol. 1 *Power and Struggle*,
- vol. 2 *The Methods of Nonviolent Action*,
- vol. 3 *Dynamics of Nonviolent Action*,

Gene Sharp, *Gandhi as a Political Strategist, with Essays on Ethics and Politics*, Introduction by Coretta Scott King. (Boston: Porter Sargent, 1979).

Gene Sharp, *From Dictatorship to Democracy: A Conceptual Framework for Liberation* (East Boston, MA: The Albert Einstein Institution, 2002, 4th ed. 2010).

James Sharpe, *Remember, Remember the Fifth of November: Guy Fawkes and the Gunpowder Plot* (London: Profile Books, 2006).

George H. Smith, "The System of Liberty," *Liberty Matters*, (September 2013) <http://oll.libertyfund.org/pages/system-of-liberty>.

George H. Smith, *The System of Liberty: Themes in the History of Classical Liberalism* (Cambridge: Cambridge University Press, 2013).

George H. Smith, "Critics of State Education Part 2: The British Voluntaryists" libertarianism.org, March 13, 2012 <http://www.libertarianism.org/publications/essays/critics-state-education-part-2-british-voluntaryists>.

Herbert Spencer, *The Man versus the State, with Six Essays on Government, Society and Freedom*, ed. Eric Mack, introduction by Albert Jay Nock (Indianapolis: LibertyClassics, 1981). <http://oll.libertyfund.org/titles/330>.

Lysander Spooner, *A Defence for Fugitive Slaves, against the Acts of Congress of February 12, 1793, and September 18, 1850* (Boston: Bela Marsh, 1850). <http://oll.libertyfund.org/titles/2225>.

Lysander Spooner, *A Plan for the Abolition of Slavery, and To the Non-Slaveholders of the South* (place and publisher unknown, 1858). <http://oll.libertyfund.org/titles/2229>.

Dane Starbuck, *The Goodriches: An American Family* (Indianapolis: Liberty Fund, 2001). http://oll.libertyfund.org/titles/1065.

Sir Leslie Stephen, *History of English Thought in the Eighteenth Century* (G. P. Putnam's sons, 1876).

Sir Leslie Stephen, *History of English Thought in the Eighteenth Century* (New York: Harcourt, Brace, and World, 1962).

Walter Stephens, "The Sceptical Tradition," in Brian Levack, ed., *The Oxford Handbook of Witchcraft in Early Modern Europe and Colonial America* (New York: Oxford University Press, 2013), pp 101-21

[Storing], *The Complete Anti-Federalist*, edited, with commentary and notes, by Herbert J. Storing with the assistance of Murray Dry. (Chicago: University of Chicago Press, 1981). 7 vols.

[Storing], *What the Anti-Federalists Were For*, Herbert J. Storing with the editorial assistance of Murray Dry (Chicago: University of Chicago Press, 1981).

[Thomason], *Catalogue of the Pamphlets, Books, Newspapers, and Manuscripts relating to the Civil War, the Commonwealth, and Restoration, collected by George Thomason, 1640-1661*. 2 vols. (London: William Cowper and Sons, 1908).

Hugh Trevor-Roper, "The General Crisis of the Seventeenth Century," *Past and Present*, vol. 16 (1959). This has been republished by Liberty Fund in Hugh Trevor-Roper, *The Crisis of the Seventeenth Century: Religion, the Reformation and Social Change* (Indianapolis: Liberty Fund, 2001). <http://oll.libertyfund.org/titles/719>.

Hugh Trevor Roper, *The Crisis of the Seventeenth Century: Religion, the Reformation, and Social Change*. (Originally published : New York, Harper & Row, 1967. Reprinted: Indianapolis, Ind.: Liberty Fund, 2001). <http://oll.libertyfund.org/titles/719>.

Nassim Nicholas Taleb, *Antifragile: Things That Gain from Disorder* (New York: Random House,2014).

Carl Watner, "'Come What, Come Will!' Richard Overton, Libertarian Leveller," *The Journal of Libertarian Studies*, vol. IV, no. 4 (Fall 1980), pp. 405- 32.

Youtube videos:

- "Freedom" (from the musical Shenandoah (1975) <https://www.youtube.com/watch?v=BahoT7cKOys>. This was originally performed as a lively duet (see second Shenandoah clip <https://www.youtube.com/watch?v=G9cdEZDcTuM>
- "Taxman" by the Beatles <https://www.youtube.com/watch?v=HB6DssUMx-k>
- "We Shall Overcome" by Joan Baez <https://www.youtube.com/watch?v=RkNsEH1GD7Q>
- the "Marseillaise" scene from the film *Casablanca* <https://www.youtube.com/watch?v=HM-E2H1ChJM>
- *Independence Day* by Martina McBride (Farm Aid 2001: Concert for America in Noblesville, Indiana on September 29, 2001) <https://www.youtube.com/watch?v=5Q3LyECse3g>
- "America" by Neil Diamond <https://www.youtube.com/watch?v=wTSLRbm8L9E>
- "Let the River Run" by Carly Simon <https://www.youtube.com/watch?v=cv-0mmVnxPA>
- "Amazing Grace" (Judy Collins) <https://www.youtube.com/watch?v=p5NCyuRhoGY> (Judy Collins "Amazing Grace" with Boys' Choir Of Harlem 1993).
- "Let It Be" (Beatles) <https://www.youtube.com/watch?v=WcBnJw-H2wQ>s

Michael P. Zuckert, *Natural Rights and the New Republicanism* (Princeton, N.J.: Princeton University Press, 1994).

"LIBERTY MATTERS"

A FORUM FOR THE DISCUSSION OF MATTERS PERTAINING TO LIBERTY

"ASSESSING BOEHM-BAWERK'S CONTRIBUTION TO ECONOMICS AFTER A HUNDRED YEARS"
A DISCUSSION HELD IN APRIL, 2015.
Online: <http://oll.libertyfund.org/pages/lm-ideas>
Ebooks: <http://oll.libertyfund.org/titles/2705>.

Eugen von Böhm-Bawerk (1851-1914)

Böhm-Bawerk on the Austrian 100 Schilling note

Summary

2014 was the 100th anniversary of the death of the economist Eugen von Böhm-Bawerk (1851-1914). In this *Liberty Matters* discussion we want to evaluate his contributions as one of the founders of the Austrian school of economic theory with his theoretical work at the University of Vienna, a leading critic of Marxism, and a the Minister of Finance in the Austro-Hungarian Empire. It is unusual for a scholar who was at the forefront of the development of high theory to also have direct experience of the day-to-day problems of managing the tax policies of an important political and economic power such as Austria-Hungary. The Lead Essay is by Richard M. Ebeling who is the BB&T Distinguished Professor of Ethics and Free Enterprise Leadership at The Citadel in Charleston, South Carolina. He has written and lectured widely on the Austrian school and has edited a three volume collection of Ludwig von Mises's writings for Liberty Fund. Our other contributors include Roger Garrison who is a professor of economics at Auburn University and adjunct scholar of the Mises Institute; Joseph Salerno is academic vice president of the Mises Institute, professor of economics at Pace University, and editor of the *Quarterly Journal of Austrian Economics*; and Peter Lewin is Clinical Professor in the Jindal School of Management, University of Texas, Dallas.

See the Archive of "Liberty Matters".

About *Liberty Matters* and the Online Library of Liberty

“Liberty Matters” is a project of Liberty Fund, Inc. which is part of the Online Library of Liberty website. Every two months we ask a leading scholar to present an argument on a particular topic “pertaining to liberty” in a “Lead Essay” and to develop this argument at some length. The “Lead Essay” is posted in the first week of the month. Three or four other scholars will respond to this essay in slightly shorter “Response Essays” during the second week of the month.

Once all these ideas and arguments are on the table an open discussion between the various parties takes place over the course of the following weeks. At the end of the month the online discussion is closed.

We plan to have discussions about some of the most important online resources which can be found of the Online Library of Liberty website. We will link to these resources wherever possible from the essays and responses of our discussants so our reader can find out more about the topic under discussion.

The complete collection of Liberty Matters can be found here <http://oll.libertyfund.org/pages/liberty-matters>.

EBook versions of these discussions in PDF, ePub, and Kindle formats can be found at <http://oll.libertyfund.org/titles/2516>.

About the Online Library of Liberty and Liberty Fund

The Online Library of Liberty is a project of Liberty Fund, Inc., a private educational foundation established in 1960 to encourage the study of the ideal of a society of free and responsible individuals. The OLL website has a large collection of books and study guides about individual liberty, limited constitutional government, the free market, and peace.

- Liberty Fund: <www.libertyfund.org>.
- OLL: <oll.libertyfund.org>.

The Debate

Lead Essay: Richard M. Ebeling, "Eugen von Böhm-Bawerk: Leading Austrian Economist and Finance Minister of Fiscal Restraint" [Posted: April 1, 2015]

Responses and Critiques

1. Joseph T. Salerno, "Eugen von Böhm-Bawerk: Pioneer of Causal-Realist Price Theory" [Posted: April 3, 2015]
2. Roger W. Garrison, "Böhm-Bawerk as Macroeconomist" [Posted: April 6, 2015]
3. Peter Lewin, "Eugen von Böhm-Bawerk – A man for his time, and ours" [Posted: April 7, 2015]

The Conversation

1. Richard M. Ebeling, "Böhm-Bawerk's Enduring Legacy: The Pricing Process, the Savings-Investment Nexus, and the Capital Structure in the Context of Time" [Posted: April 9, 2015]
2. Peter Lewin, "Böhm-Bawerk on Price Formation and Action in Disequilibrium," [Posted: April 19, 2015]
3. Roger W. Garrison, "On Böhm-Bawerk's 'Unforced Error' in Defending his APP" [Posted: April 20, 2015]
4. Richard M. Ebeling, "Böhm-Bawerk and J. S. Mill's "Fourth Fundamental Proposition" on Capital" [Posted: April 27, 2015]
5. Peter Lewin, "Beer Barrels, Blast Furnaces, and Hotel-room Furniture" [Posted: April 29, 2015] [Posted: April 27, 2015]
6. Richard M. Ebeling, "Böhm-Bawerk and Micro-Foundations to Capital and the Market Process" [Posted: April 30, 2015]
7. Roger W. Garrison, "Capital's Radical Heterogeneity and the Widespread Aversion to a Capital-Based Macroeconomics" [Posted: April 30, 2015]
8. Joseph Salerno, "The Irrelevance of Equilibrium and Disequilibrium in Böhm-Bawerk's Price Theory" [Posted: May 1, 2015]

About the Authors

Richard M. Ebeling is the BB&T Distinguished Professor of Ethics and Free Enterprise Leadership at The Citadel in Charleston, South Carolina. His previous appointment was as professor of economics at Northwood University in Midland, Michigan (2009-2014). He also served as the president of the Foundation for Economic Education (2003-2008) and was the Ludwig von Mises Professor of Economics at Hillsdale College in Hillsdale, Michigan (1988-2003). His writings include, *Political Economy, Public Policy, and Monetary Economics: Ludwig von Mises and the Austrian Tradition* (Routledge, 2010) and *Austrian Economics and the Political Economy of Freedom* (Edward Elgar, 2003). He is also the editor of the three-volume *Selected Writings of Ludwig von Mises* (Liberty Fund), co-editor of the free-market anthology, *When We are Free* (Northwood University Press, 2014), and the co-author and co-editor of the five-volume, *In Defense of Capitalism* (Northwood University Press, 2010-2014). Richard Ebeling writes a weekly article that appears on the news and commentary website, *EpicTimes*: <http://www.epictimes.com/richardebeling/>.

Roger W. Garrison received his doctorate from the University of Virginia in 1981 and is now Emeritus Professor of Economics at Auburn University, Auburn, Alabama, where he taught macroeconomics from 1978 to 2012. He was a Post Doc Fellow at New York University in 1981. In 1997 he delivered the Ludwig M. Lachmann Memorial Lecture at the University of Witwatersrand in Johannesburg, South Africa. He was winner of the Smith Prize in Austrian Economics in 2001 for his book *Time and Money: The Macroeconomics of Capital Structure*. In 2003 he was named First Hayek Visiting Scholar at the London School of Economics, where he delivered LSE's First Memorial Hayek Lecture. He served as President of the Society for the Development of Austrian Economics in 2004. His Austrian-oriented writings appear in *Economic Inquiry, Journal of Macroeconomics, History of Political Economy*, and *Journal of Economic Education* and in a number of conference volumes and reference volumes. His chapter on "Friedman and the Austrians" will appear in the forthcoming *Milton Friedman' Contributions to Economics and Public Policy*, Robert Cord and Daniel Hammond, eds, Oxford University Press. Other articles and chapters can be found at <http://www.auburn.edu/~garriro/articles.htm>; book reviews at <http://www.auburn.edu/~garriro/reviews.htm>.

Peter Lewin is Clinical Professor in the Jindal School of Management, University of Texas, Dallas. He received a Ph.D. in economics at the University of Chicago, where he studied with Nobel prize winning economists Milton Friedman, George Stigler, James Heckman, T.W. Shultz and Gary Becker. His teaching and writing includes capital theory, monetary policy and business-cycles, regulation of business, and the historical development of economics. Though a graduate of Chicago, he has retained an interest in the Austrian school and its ability to understand the real world economy and economic policies that affect our lives. Dr. Lewin was born and raised in South Africa, where he studied with Ludwig Lachmann, and grew up under the Apartheid government of state-enforced racism - which became the subject of his Ph.D. dissertation under the guidance of Gary Becker. From 1986-1991 he worked in a Dallas startup as a senior executive, CompUSA, of which he was a founding shareholder. He is the author of *Capital in Disequilibrium* (Routledge: 1999, 2nd edition, Mises Institute, 2011), editor of *The Economics of QWERTY* (Palgrave, 2002) and author of numerous scholarly articles. He blogs at <http://plewin.blogspot.com/>.

Joseph T. Salerno received his Ph.D. in economics from Rutgers University. He is a professor of economics in the Finance and Graduate Economics Department in the Lubin School of Business of Pace University in New York. He is the editor of the *Quarterly Journal of Austrian Economics* and the Academic Vice President of the Ludwig von Mises Institute where he holds the Peterson-Luddy Chair in Austrian Economics. Salerno is a research associate of the Foundations of the Market Economy in the economics department at New York University and is on the Board of Editors of five academic journals. Salerno has published over 50 articles and essays in refereed journals and scholarly books. He recently published "Böhm-Bawerk's Approach to Entrepreneurship" *(Journal of the History of Economic Thought*, Vol. 36, No. 4, (2014)) with Matthew McCaffrey. His latest book is *The Fed at One Hundred: A Critical View on the Federal Reserve System*, co-edited with David Howden (Springer 2014). He is the author of *Money: Sound and Unsound* (Mises Institute 2010). He has testified before Congress several times and published numerous op eds online at mises.org, forbes.com, Christian Science Monitor.com, Wall Street Oasis.com, and Economic Policy Journal.com. Salerno lectures frequently throughout the U.S. and internationally, and more than fifty

of his lectures are available online. He has also been interviewed on broadcast and online radio and TV shows including Bloomberg radio, CSPAN, Fox News, Fox Business Network, New York Lawline, and RTtelevision. He blogs at http://mises.org/Blog.

Additional Reading

- Online Resources
- Works Mentioned in the Discussion

LEAD ESSAY: Richard M. Ebeling, "Eugen von Böhm-Bawerk: Leading Austrian Economist and Finance Minister of Fiscal Restraint"↩

We live at a time when politicians and bureaucrats only know one public policy: more and bigger government. Yet, there was a time when even those who served in government defended limited and smaller government. One of the greatest of these died a little over one hundred years ago on August 27, 1914, the Austrian economist Eugen von Böhm-Bawerk.[1]

Böhm-Bawerk is famous as one of the leading critics of Marxism and socialism in the years before the First World War. He is equally renowned as one of the developers of "marginal utility" theory as the basis of showing the logic and workings of the competitive market price system, and as the early formulator of the "Austrian" theory of capital and interest.[2]

But he also served three times as the finance minister of the old Austro-Hungarian Empire, during which he staunchly fought for lower government spending and taxes, balanced budgets, and a sound monetary system based on the gold standard.

Danger of Out-of-Control Government Spending

Even after Böhm-Bawerk had left public office he continued to warn of the dangers of uncontrolled government spending and borrowing as the road to ruin in his native Austria-Hungary, and in words that ring as true today as when he wrote them a century ago.

In January 1914, just a little more than a half a year before the start of the First World War, Böhm-Bawerk said in a series of articles in the *New Free Press*,[3] one of the most prominent Vienna newspapers of the time, that the Austrian government was following a policy of fiscal irresponsibility. During the preceding three years, government expenditures had increased by 60 percent, and for each of these years the government's deficit had equaled approximately 15 percent of total spending.

The reason, Böhm-Bawerk said, was that the Austrian parliament and government were enveloped in a spider's web of special-interest politics. Made up of a large number of different linguistic and national groups, the Austro-Hungarian Empire was being corrupted through abuse of the democratic process, with each interest group using the political system to gain privileges and favors at the expense of others.

Böhm-Bawerk explained:

> We have seen innumerable variations of the vexing game of trying to generate political contentment through material concessions. If formerly the Parliaments were the guardians of thrift, they are today far more like its sworn enemies.
>
> Nowadays the political and nationalist parties . . . are in the habit of cultivating a greed of all kinds of benefits for their co-nationals or constituencies that they regard as a veritable duty, and should the political situation be correspondingly favorable, that is to say correspondingly unfavorable for the Government, then political pressure will produce what is wanted. Often enough, though, because of the carefully calculated rivalry and jealousy between parties, what has been granted to one [group] has also to be conceded to others—from a single costly concession springs a whole bundle of costly concessions.[4]

He accused the Austrian government of having "squandered amidst our good fortune [of economic prosperity] everything, but everything, down to the last penny, that could be grabbed by tightening the tax-screw and anticipating future sources of income to the upper limit" by borrowing in the present at the expense of the future.

For some time, he said, "a very large number of our public authorities have been living beyond their means." Such a fiscal policy, Böhm-Bawerk feared, was threatening the long-run financial stability and soundness of the entire country.

Eight months later, in August 1914, Austria-Hungary and the rest of Europe stumbled into the cataclysm that became World War I. And far more than merely the finances of the Austro-Hungarian Empire were in ruins when that war ended four years later, since the Empire itself disappeared from the map of Europe.

A Man of Honesty and Integrity

Eugen von Böhm-Bawerk was born on February 12, 1851 in Brno, capital of the Austrian province of Moravia (now the eastern portion of the Czech Republic). He died on August 27, 1914, at the age of 63, just as the First World War was beginning.

In his obituary of Böhm-Bawerk that appeared in 1915, Carl Menger, the founder of the Austrian School, described him:

> Böhm-Bawerk was of pleasing appearance, with gracious manners and an always uniformly friendly demeanor. His face reflected benevolence, intelligence and an extraordinary degree of vigor, properties which, combined with his great practical wisdom, soon acquired him the affection and confidence of all those with whom he came into contact.
>
> He was one of those people who always have a good deal of enthusiasm, energy, and goodwill to willingly provide support for all those in need of it in the service of the public interest. Although he was a controversial figure constantly involved in polemics, Böhm-Bawerk may possibly have had many opponents [of his economic theories], but certainly not a single enemy.[5]

Ten years after Böhm-Bawerk's death, one of his students, the Austrian economist Ludwig von Mises, wrote a memorial essay about his teacher. Mises said:

> Eugen von Böhm-Bawerk will remain unforgettable to all who have known him. The students who were fortunate enough to be

> members of his seminar [at the University of Vienna] will never lose what they have gained from the contact with this great mind. To the politicians who have come into contact with the statesman, his extreme honesty, selflessness and dedication to duty will forever remain a shining example.
>
> And no citizen of this country [Austria] should ever forget the last Austrian minister of finance who, in spite of all obstacles, was seriously trying to maintain order of the public finances and to prevent the approaching financial catastrophe. Even when all those who have been personally close to Böhm-Bawerk will have left this life, his scientific work will continue to live and bear fruit.[6]

Another of Böhm-Bawerk's students, Joseph A. Schumpeter, spoke in the same glowing terms of his teacher, saying, "he was not only one of the most brilliant figures in the scientific life of his time, but also an example of that rarest of statesmen, a great minister of finance . . . As a public servant, he stood up to the most difficult and thankless task of politics, the task of defending sound financial principles."[7]

The scientific contributions to which both Mises and Schumpeter referred were Böhm-Bawerk's writings on what has become known as the Austrian theory of capital and interest, and his equally insightful formulation of the Austrian theory of value and price.

The Austrian Theory of Subjective Value

The Austrian School of Economics began 1871 with the publication of Carl Menger's *Principles of Economics*.[8] In this work, Menger challenged the fundamental premises of the classical economists, from Adam Smith through David Ricardo to John Stuart Mill. Menger argued that the labor theory of value was flawed in presuming that the value of goods was determined by the relative quantities of labor that had been expended in their manufacture.

Instead, Menger formulated a subjective theory of value, reasoning that value originates in the mind of an evaluator. The value of means reflects the value of the ends they might enable the evaluator to obtain. Labor, therefore, like raw materials and other resources, derives value from the value of the goods it can produce. From this starting point Menger outlined a theory of the value of goods and factors of production, and a theory of the limits of exchange and the formation of prices.

Böhm-Bawerk and his future brother-in-law and also later-to-be-famous contributor to the Austrian school, Friedrich von Wieser,[9] came across Menger's book shortly after its publication. Both immediately saw the significance of the new subjectivist approach for the development of economic theory.

In the mid-1870s, Böhm-Bawerk entered the Austrian civil service, soon rising in rank in the Ministry of Finance working on reforming the Austrian tax system. But in 1880, with Menger's assistance, Böhm-Bawerk was appointed a professor at the University of Innsbruck, a position he held until 1889.

Böhm-Bawerk's Writings on Value and Price

During this period he wrote the two books that were to establish his reputation as one of the leading economists of his time, *Capital and Interest*, Vol. I: *History and Critique of Interest Theories* (1884) and Vol. II: *Positive Theory of Capital* (1889). A third volume, *Further Essays on Capital and Interest*, appeared in 1914 shortly before his death.[10]

In the first volume of *Capital and Interest*, Böhm-Bawerk presented a wide and detailed critical study of theories of the origin of and basis for interest from the ancient world to his own time. But it was in the second work, in which he offered a *Positive Theory of Capital*, that Böhm-Bawerk's major contribution to the body of Austrian economics may be found. In the middle of the volume is a 135-page digression[11] in which he presents a refined statement of the Austrian subjective theory of value and price. He develops in meticulous detail the theory of marginal utility, showing the logic of how individuals come to evaluate and weigh alternatives among which they may choose and the process that leads to decisions to select certain preferred combinations guided by the marginal principle. In addition, he shows how the same concept of marginal utility explains the origin and significance of cost and the assigned valuations to the factors of production.

In the section on price formation,[12] Böhm-Bawerk develops a theory of how the subjective valuations of buyers and sellers create incentives for the parties on both sides of the market to initiate pricing bids and offers. He explains how the logic of price formation by the market participants also determines the range in which any market-clearing, or equilibrium, price must finally settle, given the maximum demand prices and the minimum supply prices, respectively, of the competing buyers and sellers.[13]

Capital and Time Investment as the Sources of Prosperity

It is impossible to do full justice to Böhm-Bawerk's theory of capital and interest in a few words. But in the barest of outlines, he argued that for man to attain his various desired ends he must discover the causal processes through which labor and resources at his disposal may be used for his purposes. Central to this discovery process is the insight that often the most effective path to a desired goal is through "roundabout" methods of production. A man will be able to catch more fish in a shorter amount of time if he first devotes the time to constructing a fishing net out of vines, hollowing out a tree trunk as a canoe, and carving a tree branch into a paddle.

Greater productivity will often be forthcoming in the future if the individual is willing to undertake, therefore, a certain "period of production," during which resources and labor are set to work to manufacture the capital—the fishing net, canoe, and paddle—that is then employed to paddle out into the lagoon where larger and more fish may be available.

But the time involved to undertake and implement these more roundabout methods of production involve a cost. The individual must be willing to forgo (often less productive) production activities in the more immediate future (wading into the lagoon using a tree branch as a spear) because that labor and those resources are tied up in a more time-consuming method of production, the more productive results from

which will only be forthcoming later.

Interest on a Loan Reflects the Value of Time

This led Böhm-Bawerk to his theory of interest.[14] Obviously, individuals evaluating the production possibilities just discussed must weigh ends available sooner versus other (perhaps more productive) ends that might be obtainable later. As a rule, Böhm-Bawerk argued, individuals prefer goods sooner rather than later.

Each individual places a premium on goods available in the present and discounts to some degree goods that can only be achieved further in the future. Since individuals have different premiums and discounts (time-preferences), there are potential mutual gains from trade. That is the source of the rate of interest: it is the price of trading consumption and production goods across time.

Böhm-Bawerk Refutes Marx's Critique of Capitalism

One of Böhm-Bawerk's most important applications of his theory was the refutation of the Marxian exploitation theory that employers make profits by depriving workers of the full value of what their labor produces.

He presented his critique of Marx's theory in the first volume of *Capital and Interest* and in a long essay originally published in 1896 on the "Unresolved Contradictions in the Marxian Economic System."[15] In essence, Böhm-Bawerk argued that Marx had confused interest with profit. In the long run no profits can continue to be earned in a competitive market because entrepreneurs will bid up the prices of factors of production and compete down the prices of consumer goods until all profits have been competed away.

But all production takes time. If that period is of any significant length, the workers must be able to sustain themselves until the product is ready for sale. If they are unwilling or unable to sustain themselves, someone else must advance the goods (in the form of money wages) that enable them to consume in the meantime.

This, Böhm-Bawerk explained, is what the capitalist provides. He saves, forgoing consumption or other uses of his wealth, and part of those savings are the source of the workers' wages during the production process. What Marx called the capitalists' "exploitative profits"[16] Böhm-Bawerk showed to be the implicit interest payment for advancing money incomes to workers during the time-consuming, roundabout processes of production; thus, what workers receive in time-consuming production processes is the discounted value of their marginal product.

He also defended his theory of capital, production, and interest against a variety of critics, the most important of the exchanges being with the American economist John Bates Clark, one of the early developers of the marginal productivity theory of the value of a factor of production.[17]

At the turn of the century, Böhm-Bawerk also defended his theory of the benefits of saving and roundabout investment, and the competitive market's coordination of consumption and production, against L. G. Bostedo, who presented a proto-Keynesian argument that saving was inimical to the necessary incentives to stimulate investment activity.[18]

And he also wrote an essay defending the Austrian emphasis on deductive theory as the foundation of economic analysis against the arguments of the German historical school, which believed that "theory" emerged through an examination of "the facts."[19]

Defending Fiscal Restraint in the Austrian Finance Ministry

In 1889, Böhm-Bawerk was called back from the academic world to the Austrian Ministry of Finance, where he worked on reforming the systems of direct and indirect taxation. He was promoted to head of the tax department in 1891. A year later in 1892 he was vice president of the national commission that proposed putting Austria-Hungary on a gold standard as a means of establishing a sound monetary system free from direct government manipulation of the monetary printing press.

Three times he served as minister of finance, briefly in 1895, again in 1896-1897, and then from 1900 to 1904. During the last four-year term Böhm-Bawerk demonstrated his commitment to fiscal conservatism, with government spending and taxing kept strictly under control.

However, Ernest von Koerber, the Austrian prime minister in whose government Böhm-Bawerk served, devised a grandiose and vastly expensive public works scheme in the name of economic development. An extensive network of railway lines and canals were to be constructed to connect various parts of the Austro-Hungarian Empire – subsidizing in the process a wide variety of special-interest groups in what today would be described as a "stimulus" program for supposed "jobs-creation."

Böhm-Bawerk tirelessly fought against what he considered fiscal extravagance that would require higher taxes and greater debt when there was no persuasive evidence that the industrial benefits would justify the expense. At Council of Ministers meetings Böhm-Bawerk even boldly argued against spending proposals presented by the Austrian Emperor, Franz Josef, who presided over the sessions.

When finally he resigned from the Ministry of Finance in October 1904, Böhm-Bawerk had succeeded in preventing most of Prime Minister Koerber's giant spending project.[20] But he chose to step down because of what he considered to be corrupt financial "irregularities" in the defense budget of the Austrian military.

However, Böhm-Bawerk's 1914 articles on government finance indicate that the wave of government spending he had battled so hard against broke through once he was no longer in the government to fight it.

Böhm-Bawerk's University Teaching

During the 1890s, while serving in various capacities in the Ministry of Finance, Böhm-Bawerk also ran a highly acclaimed seminar at the University of Vienna.[21] It was discontinued from 1900 to 1904, when he was minister of finance, but in 1905 he returned to a full-time professorship at the University of Vienna, teaching "Introduction to Economics" and "Investigations into Political Economy," as well as an advanced seminar titled "Topics on Themes in Economic Theory." This seminar soon attracted some of the keenest minds among the younger Austrian economists, including Mises and Schumpeter, in the years before Böhm-Bawerk's death in August 1914.[22]

Political Control or Economic Law

A few months after his passing, in December 1914, his last essay appeared in print, a lengthy piece on "Control or Economic Law?"[23] He explained that various interest groups in society, most especially trade unions, suffer from a false conception that through the threat or use of force, they are able to raise wages permanently above the market's estimate of the value of various types of labor.

Arbitrarily setting wages and prices higher than what employers and buyers think labor and goods are worth – such as with a government-mandated minimum wage law – merely prices some labor and goods out of the market.

Furthermore, when unions impose higher nonmarket wages on the employers in an industry, the unions succeed only in temporarily eating into the employers' profit margins and creating the incentive for those employers to leave that sector of the economy and take with them those workers' jobs.

What makes the real wages of workers rise in the long run, Böhm-Bawerk argued, was capital formation and investment in those more roundabout methods of production that increase the productivity of workers and therefore make their labor services more valuable in the long run, while also increasing the quantity of goods and services they can buy with their market wages.

To his last, Eugen von Böhm-Bawerk defended reason and the logic of the market against the emotional appeals and faulty reasoning of those who wished to use power and the government to acquire from others what they could not obtain through free competition.

His contributions to economic theory and economic policy show him as one of the great economists of the late 19th and early 20th centuries, as well as an example of a principled man of uncompromising integrity who in the political arena unswervingly fought for the free market and limited government.

End Notes

[1.] There are few book-length and detailed accounts of Böhm-Bawerk's life, contributions, and policy work. See, Klaus H. Hennings, *The Austrian Theory of Value and Capital: Studies in the Life and Work of Eugen von Böhm-Bawerk* (VT: Brookfield: Edward Elgar, 1997); Shigeki Tomo, *Eugen von Böhm-Bawerk: Ein grosser österreichischer Nationalökonom zwischen Theorie und Praxis* (Marburg: Metropolis-Verlag, 1994); there also the classic article by Joseph A. Schumpeter, "Eugen von Böhm-Bawerk (1851-1914)," in *Ten Great Economists: From Marx to Keynes* (New York: Oxford University Press, [1914] 1951), pp. 143-190.

[2.] The Austrian theory of capital as time-structured processes of production originated in Carl Menger's *Principles of Economics* (New York: New York University Press, [1871] 1981); it was then taken up by Böhm-Bawerk in the works cited below in endnote 10. It was adapted by the Swedish economist, Knut Wicksell, *Interest and Prices* (New York: Augustus M. Kelley, [1898] 1965) and *Lectures on Political Economy*, 2 Vols. (Fairfield, NJ: Augustus M. Kelley, [1911] 1971) In the twentieth century it was restated, refined and reformulated by a number of Austrian economists, often though not exclusively in the context of analyzing the causes and phases of the business cycle; see, Ludwig von Mises, *The Theory of Money and Credit* (Indianapolis, IN: Liberty Classics [1912, 3nd revised ed., 1953] 1980); and Mises, *Human Action: A Treatise on Economics* (Chicago, Ill: Henry Regnery, [1949] 3rd revised ed., 1966]) pp. 479-586; Friedrich A. Hayek, *Monetary Theory and the Trade Cycle* [1928] and *Prices and Production* [1931], both reprinted in, Hansjoerg Klausinger ed., *The Collected Works of F. A. Hayek*, vol. 7: *Business Cycles, Part I* (Chicago: University of Chicago Press, 2012); "The Mythology of Capital," *Quarterly Journal ofEconomics* (Feb. 1936) pp. 199-228; Hayek, *The Pure Theory of Capital* reprinted in Lawrence H. White, ed., *The Collected Works of F. A. Hayek*, vol. 12 (Chicago: University of Chicago Press [1941] 2007); Richard von Strigl, *Capital and Production* (Auburn, AL: Ludwig von Mises Institute, [1934] 2000); Fritz Machlup, "Professor Knight and the Period of Production," *Journal of Political Economy* (Oct., 1935), pp. 577-624; Ludwig M. Lachmann, *Capital and Its Structure* (Kansas City: Sheed Andrews & McMeel [1956] 1978); Murray N. Rothbard, *Man, Economy and State: A Treatise on Economic Principles*, Vol. 1 (Princeton, NJ: D. Van Nostrand 1962) pp.273-386; Israel M. Kirzner, *Essays on Capital and Interest* (Brookfield, VT: Edward Elgar, 1996); and Mark Skousen, *The Structure of Production* (New York: New York University Press, 1990); Peter Lewin, *Capital in Disequilibrium: The Role of Capital in a Changing World* (New York: Routledge, 1999); and Roger W. Garrison, *Time and Money: The Macroeconomics of Capital Structure* (New York: Routledge, 2001).

[3.] *Neue Freie Presse* [*New Free Press*] (January 6, 8, and 9, 1914).

[4.] Quoted in Eduard Marz, *Austrian Banking and Financial Policy: Creditanstalt at the Turning Point, 1913-1923* (New York: St. Martin's Press, 1984), pp. 26-27.

[5.] Carl Menger, "Eugen von Böhm-Bawerk" [1915] reprinted in, *Carl Menger Gesammelte Werke*, Vol. 3: *Kleinere Schriften Zur Methode und Geschichte der Volkswirtschaftslehre* (Tubingen: J. C. B. Mohr, 1970), pp. 293-307. My translation from pp. 294-295.

[6.] Ludwig von Mises, "Eugen von Böhm-Bawerk: In Memory of the Tenth Anniversary of His Death" [1924] reprinted in, Richard M. Ebeling, ed. *Selected Writings of Ludwig von Mises*, Vol. 2: *Between the Two World Wars: Monetary Disorder, Interventionism, Socialism, and the Great Depression* (Indianapolis: IN: Liberty Fund, 2002), p. 329.

[7.] Schumpeter, "Eugen von Böhm-Bawerk (1851-1914)," p. 145.

[8.] Carl Menger, *Principles of Economics* (New York: New York University Press, [1871] 1980). Carl Menger (1840-1921) was the founder of the Austrian School of Economics. After working as a journalist and civil servant in the Austrian Ministry of Prices, he was appointed a professor of political economy at the University of Vienna in 1871, two years after the publication of his Principles, a position he held until his retirement in 1903. In 1876 he was the tutor for Crown Prince Rudolph of Austria. He also served on the Imperial Commission on Currency Reform, which resulted in Austria-Hungary establishing a gold standard in 1892. His other major work was *Investigations into the Method of the Social Sciences, with Special Reference to Economics* (New York: New York University Press, [1883] 1985), a critique of the anti-theoretical arguments of the German Historical School and a defense of the logic and relevance of abstract economic theory.

[9.] Friedrich von Wieser (1851-1926) was one of the leading members of the Austrian School of Economics in the period before and immediately after the First World War. His major contributions were to the theory of marginal utility, the concept of opportunity cost, and the theory of the determination of the value of the factors of production (imputation). His major works are, *Natural Value* (New York: Augustus M. Kelley [1889] 1956), *Social Economics* (New York: Augustus M. Kelley, [1914] 1967); and *The Law of Power* (Lincoln, NB: Bureau of Business Research, [1926] 1983). After serving in the Austrian Civil Service from 1872 to 1883, he was appointed professor of political economy at the University of Prague in the Austrian province of Bohemia. He was appointed professor of political economy at the University of Vienna in 1903, following Carl Menger's retirement. He served as minister of commerce from 1917 to 1918 in the last government of the Austro-Hungarian Empire.

[10.] Eugen von Böhm-Bawerk, *Capital and Interest*, Vol. 1: *History and Critique of Interest Theories* [1884]; Vol. 2: *Positive Theory of Capital* [1889]; *Further Essays on Capital and Interest* [1914] (South Holland, Ill: Libertarian Press, 1959). There are also earlier English translations of these works, prepared by William Smart: *Capital and Interest: A Critical History of Economical Theory* (New York: Augustus M. Kelley, 1965 [1890]) and *The Positive Theory of Capital* (New York: Books for Libraries Press, 1971 [1891]). A translation of some of Böhm-Bawerk's essays on the same themes, translated by William Scott, was published under the title *Recent Literature on Interest* (1884-1899): A Supplement to "Capital and Interest" (London: Macmillan, 1900).

[11.] Böhm-Bawerk, *Positive Theory of Capital*, pp. 121-256, Book III On Value - online <http://oll.libertyfund.org/titles/bawerk-the-positive-theory-of-capital#lf0183_label_145>; This exposition of the theory of value and price was originally published in a slightly different form in *Jahrbücher für Nationalökonomie und Statistik*, Vol. 12 (1886); see the English translation, *Basic Principles of Economic Value* (Grove City, PA: Libertarian Press, 2005).

[12.] Böhm-Bawerk, *Positive Theory of Capital*, pp. 207-235, Book IV Price - online <http://oll.libertyfund.org/titles/bawerk-the-positive-theory-of-capital#lf0183_label_191>.

[13.] Böhm-Bawerk presented and defended the Austrian theory of value and price in several articles. Two of them, "The Austrian Economists" (1891) and "The Ultimate Standard of Value" (1894), are reprinted in *Shorter Classics of Böhm-Bawerk* (South Holland, Ill.: Libertarian Press, 1962), pp. 1-24, and 303-70; also see, Böhm-Bawerk, "Value, Cost, and Marginal Utility" [1892], *Quarterly Journal of Austrian Economics* (Fall, 2002) pp. 37-79.

[14.] Böhm-Bawerk, *Positive Theory of Capital*, pp. 259-382, Book VI The Source of Interest - online <http://oll.libertyfund.org/titles/bawerk-the-positive-theory-of-capital#lf0183_label_277>.

[15.] Eugen von Böhm-Bawerk, "Unresolved Contradiction in the Marxian Economic System" (1896), reprinted in *Shorter Classics* of, pp. 201-302; the same translation was published earlier under the title, *Karl Marx and the Close of His System* (New York: Macmillan, 1898).

[16.] Karl Marx and Frederick Engels, *The Manifesto of the Communist Party* [1848] (Moscow: Progress Publishers, 1969); Karl Marx, *Capital*, 3 Vols. (Moscow: Progress Publishers, 1956).

[17.] Eugen von Böhm-Bawerk, "The Positive Theory of Capital and Its Critics, I: Professor Clark's Views on the Genesis of Capital," *Quarterly Journal of Economics*, January 1895, pp. 113-31; "The Origin of Interest," *Quarterly Journal of Economics*, July 1895, pp. 380-87; "Capital and Interest Once More: I. Capital vs. Capital Goods," *Quarterly Journal of Economics*, November 1906, pp. 1-21; "Capital and Interest Once More: II. A Relapse to the Productivity Theory," *Quarterly Journal of Economics*, February 1907, pp. 247-82; and, "The Nature of Capital: A Rejoinder," *Quarterly Journal of Economics*, Nov. 1907, pp. 28-47; and by John Bates Clark, "The Genesis of Capital," *Yale Review*, November 1893, pp. 302-315; "The Origin of Interest," *Quarterly Journal of Economics*, April 1895, pp. 257-78; "Real Issues Concerning Interest," *Quarterly Journal of Economics*, October 1895, pp. 98-102; and "Concerning the Nature of Capital: A Reply," *Quarterly Journal of Economics*, May 1907, pp. 351-70.

[18.] L. G. Bostedo, "The Function of Savings," *Annals of the American Academy of Political and Social Science* (January, 1900), and Eugen von Böhm-Bawerk, "The Function of Savings," *Annals of the American Academy of Political and Social Sciences* (May, 1901), both reprinted in Richard M. Ebeling, ed., *Austrian Economics: A Reader* (Hillsdale, Mich.: Hillsdale College Press, 1991), pp. 393-413.

[19.] Eugen von Böhm-Bawerk, "The Historical vs. the Deductive Method in Political Economy," *Annals of the American Academy of Political and Social Science*, vol. I (1891), pp. 244-71.

[20.] This episode is discussed in great detail in Alexander Gerschenkron, *An Economic Spurt That Failed: Four Lectures in Austrian History* (Princeton, N.J.: Princeton University Press, 1977). The author's interpretation, however, is that Böhm-Bawerk was a disloyal cabinet member irresponsibly opposing Koerber's railway and canal projects. Böhm-Bawerk is called an "anti-hero," and the chapter devoted to detailing his role in fighting these public-works projects is titled "The Stumbling Block."

[21.] For a brief description of the seminar, see, Henry R. Seager, "Economics in Berlin and Vienna" (1893), reprinted in Bettina Bien Greaves, ed., *Austrian Economics: An Anthology* (Irvington-on-Hudson, N.Y.: Foundation for Economic Education, 1996), pp. 44-46.

[22.] See, Ludwig von Mises, *Memoirs* (Auburn, AL: Ludwig von Mises Institute [1940] 2009), pp. 31-32.

[23.] Böhm-Bawerk, "Control or Economic Law" [1914] reprinted in Shorter *Classics*, pp. 139-199.

RESPONSES AND CRITIQUES↩

1. Joseph T. Salerno, "Eugen von Böhm-Bawerk: Pioneer of Causal-Realist Price Theory" [Posted: April 3, 2015]↩

In his contribution, Richard Ebeling briefly notes that Böhm-Bawerk developed a theory of price formation that was based exclusively on the subjective valuations of buyers and sellers. In Böhm-Bawerk's theory, prices are determined within the limits set by the "the marginal pairs" of buyers and sellers. Unfortunately Böhm-Bawerk's pioneering work in price theory has been overshadowed by his brilliant contributions to capital and interest theory. I shall therefore focus my comment on delineating the key features of Böhm-Bawerk's price theory.[24]

The importance and originality of Böhm-Bawerk's work in this area were recognized by three eminent historians of thought intimately familiar with the Austrian tradition. Mises considered Böhm-Bawerk's three-volume *Capital and Interest* to be "no doubt … the most eminent contribution to modern economic theory." [25] "Especially important," according to Mises, is the third book of the second volume, which contains Böhm-Bawerk's exposition of value and price theory.[26] Schumpeter also very favorably appraised Böhm-Bawerk's contribution: "His theory of price is still the best we possess [as of 1914], the one that best answers all fundamental problems and all basic difficulties."[27] And Hayek maintained that the Austrian formulation of the subjective value doctrine "… including the theory of cost, was largely the result of Böhm-Bawerk's brilliant exposition," which went beyond Menger and Wieser "in matters relating to price."[28]

The foregoing are not just antiquarian tributes to Böhm-Bawerk's theoretical acumen, but a testimony to the influence of his price theory that continues to live on today. Indeed, in the chapter on "Prices" in *Human Action*, Mises treated the basic theory of price formation as a closed chapter in economic theory. He summed up in a single paragraph Böhm-Bawerk's analysis of the marginal pairs as the essence of the "pricing process" before moving on to a discussion of the complications introduced by entrepreneurship, factor pricing, monopoly, and other "microeconomic" topics.[29] Rothbard devoted three full chapters in *Man, Economy, and State* to a modern elaboration of Böhm-Bawerk's price theory, which undergirds the analysis in the rest of the treatise.[30]

Indeed, Böhm-Bawerk is the originator of the causal-realist price theory that has seen a renaissance in Austrian economics in the past fifteen years.[31] While Carl Menger must be credited with the original conception of the general causal-realist approach to economic phenomena, Menger never elaborated a complete theory of price.[32] For this achievement the palm goes to Böhm-Bawerk, who heeded Menger's dictum to devote "special attention to the investigation of *causal connections* between economic phenomena involving products and the corresponding agents of production . . . for the purpose of establishing a price theory *based upon reality* and placing all price phenomena . . . together under one unified point of view. . . ." (Emphases are mine.)[33]

In his analysis of price formation, Böhm-Bawerk developed four key features of modern causal-realist price theory. First, he sought to explain prices actually paid on markets, not hypothetical equilibrium prices. After elaborating the "basic law of the determination of price," he concluded that "price is completely and entirely the product of men's subjective valuations."[34]1 Böhm-Bawerk emphasized that this explains actual prices. He referred to "the pricing process as a resultant that is derived from all valuations that are present in society" and declared, "I do not advance this as a metaphorical analogy, but as living reality."[35]

This is not to deny that Böhm-Bawerk used notions of equilibrium and the state of rest in formulating his price theory. He did so, but he distinguished between those that actually described the market situation at any point in time and those that were purely fictional and served an instrumental function. Recognition of this distinction is the second key feature of causal-realist price theory.

In Böhm-Bawerk's view, actual prices are the consequence of "a momentary market situation" determined by "the magnitude of the valuations by 'the marginal pairs.'"[36] He used the term "momentary equilibrium" to denote this situation, which comes into being when all opportunities for mutually beneficial exchange in a market are completely exhausted.[37] When analyzing the pricing and allocation of productive factors, however, Böhm-Bawerk employed a very different, long-run concept of equilibrium in which future wants are known with certainty, factor supplies are constant and instantly mobile, and technological change is absent. This construct allowed him to deduce actual *tendencies* for product prices to equal costs of production, all laborers and capital goods to be allocated to their highest valued uses, and the wage rate of labor to equal the value of its marginal product. He recognized, however, that an economy operating under such conditions was a pure fiction: "It is inconceivable that in actual practice production should pursue an ideally perfect course, untrammeled by limitations of time or space, free of any friction, with perfect foreknowledge of future wants, without any disturbing dislocations in demand, supply and the technique of production."[38]

This brings us to the third essential feature of causal-realist price theory stressed by Böhm-Bawerk: the central role of the capitalist-entrepreneur in the economic process.[39] The insight that motivated all of Böhm-Bawerk's work was that "production takes time." But as time elapses, according to Böhm-Bawerk, things change unpredictably: "People and things can change. . . . Wants can alter, so can the relations between wants and coverage and . . . the insight into those relations can change."[40] Thus when the capitalist commits his property to production for an uncertain future, he at the same moment assumes the role of the entrepreneur. In planning production, the capitalist-entrepreneur therefore "anticipates" how much of his product he can profitably sell at the market price which he "estimates" will prevail in the future.[41]

The fourth crucial element of causal-realist price theory present in Böhm-Bawerk's work is the focus on explaining *money prices*, not merely the relative prices of a barter economy. In discussing the "individual determinants of price," Böhm-Bawerk included "the subjective value of the good of exchange [i.e., money]" to both buyers and the sellers. This analytical breakthrough permitted him to explain how money facilitates the transformation of individual subjective valuations into a socially meaningful, objective structure of prices used by capitalist-entrepreneurs for economic calculation. According to Böhm-Bawerk, if the law of marginal utility

> . . . is worked out within the broad framework of the market, then it is no longer a matter of direct relation to individual

> subjective wants, but of relation through them, by indirection, to money. Money furnishes, as it were, the neutral common denominator for the otherwise noncomparable needs and emotions of different individuals.[42] (250)

Anticipating Mises, Böhm-Bawerk went on to show how the subjective marginal valuations of consumers mediated by the monetary calculations of capitalist-entrepreneurs ultimately direct resources to their "best paid uses."[43]

Since price theory is the core of any system of theoretical economics, contemporary Austrian economists do well to heed Mises's counsel: "A man not perfectly familiar with all the ideas advanced in these three volumes [of *Capital and Interest*] has no claim whatever to the appellation of an economist."

Endnotes

[24.] For Böhm-Bawerk's value and price theory, see Bohm-Bawerk, *Capital and Interest*, vol. 2**,** *Positive Theory of Capital*, George D. Huncke, trans. (Spring Mills, PA: Libertarian Press, 1959), pp. 121-256; and idem*, Basic Principles of Economic Value*, trans. Hans F. Sennholz (Grove City, PA: Libertarian Press, 2005).

[25.] Ludwig von Mises, "Capital and Interest: Eugen von Böhm-Bawerk and the Discriminating Reader." In idem, *Economic Freedom and Interventionism: An Anthology of Articles and Essays*, Bettina Bien Greaves, ed. (Irvington-on-Hudson, N.Y.: Foundation for Economic Education, 1990), p. 134.

[26.] Ibid., p. 133.

[27.] Joseph A. Schumpeter, "Eugen von Böhm-Bawerk: 1851–1914." In idem, *Ten Great Economists:From Marx to Keynes,* H.K. Zassenhaus, trans., (New York: Oxford University Press, 1965), p. 159.

[28.] F.A. Hayek, "Hayek on Wieser," in *The Development of Economic Thought: Great Economists in Perspective*, ed. H.W. Spiegel (New York: John Wiley and Sons, 1952), p. 558.

[29.] Ludwig von Mises, *Human Action: A Treatise on Economics*. Scholar's Ed. (Auburn, AL: Mises Institute, 2008), p. 324. Mises on the "Pricing Process" in Ludwig von Mises, *Human Action: A Treatise on Economics, in 4 vols*., ed. Bettina Bien Greaves (Indianapolis: Liberty Fund, 2007). Vol. 2. Part 4, Chap. 16 "Prices" <http://oll.libertyfund.org/titles/1894#lf3843-02_label_357>. For a recent exposition of the theory of marginal pairs, see John B. Egger, Clarifying and Teaching Böhm-Bawerk's "Marginal Pairs," *The Journal of Economic Education*, 27:1 (1997): 32-40.

[30.] Murray N. Rothbard, *Man, Economy, and State: A Treatise on Economic Principles*, *with Power and Market: Government and the Economy*, Scholar's Edition, 2nd ed. (Auburn, AL.: Mises Institute, 2009), pp. 79-317.

[31.] See, for example: Joseph T. Salerno, "The Place of Mises's *Human Action* in the Development of Modern Economic Thought," *Quarterly Journal of Austrian Economics*, 2:1 (1999): 35–65; Salerno, "Menger's Causal-Realist Analysis in Modern Economics," *Review of Austrian Economics*, 23: 1 (2010): 1–16; Peter G. Klein, "The Mundane Economics of the Austrian School," *Quarterly Journal of Austrian Economics* 11 (2008): 165–87; Nicolai Foss and Peter G. Klein, *Organizing Entrepreneurial Judgment: A New Approach to the Firm* (New York: Cambridge University Press, 2012); Per Bylund, "Division of Labor and the Firm: An Austrian Attempt at Explaining the Firm in the Market," *Quarterly Journal of Austrian Economics*, 14:2 (2011): 188-215; G.P. Manish, "Error, Equilibrium, and Equilibration in Austrian Price Theory," *Quarterly Journal of Austrian Economics* 17:2 (2014), pp. 127-53; Matthew McCaffrey, "Economic Policy and Entrepreneurship: Alertness or Judgment?" in Per Bylund and David Howden, eds., *The Next Generation of Austrian Economics: Essays in Honor of Joseph T. Salerno* (Auburn, AL: Mises Institute, 2015), pp. 183-99.

[32.] Joseph T. Salerno, "Carl Menger: The Founding of the Austrian School," in Randall Holcombe, ed., *15 Great Austrian Economists* (Auburn, AL: Mises Institute, 1999), pp. 71-100.

[33.] Carl Menger, *Principles of Economics*, James Dingwall and Bert F. Hoselitz, trans., 2nd ed. (Grove City, PA: Libertarian Press, 1994), p. 49.

[34.] Bohm-Bawerk, *Positive Theory*, p. 234.

[35.] Ibid., p. 229.

[36.] Ibid., p. 249.

[37.] Ibid., p. 231.

[38.] Ibid., p. 255.

[39.] For an exposition of Böhm-Bawerk's neglected insights into entrepreneurship, see Matthew McCaffrey and Joseph T. Salerno, "Böhm-Bawerk's Approach to Entrepreneurship," *The Journal of the History of Economic Thought*, 36:4 (December 2014), pp. 435-54.

[40.] Ibid., p. 172.

[41.] Ibid., pp. 249-50.

[42.] Ibid., p. 250.

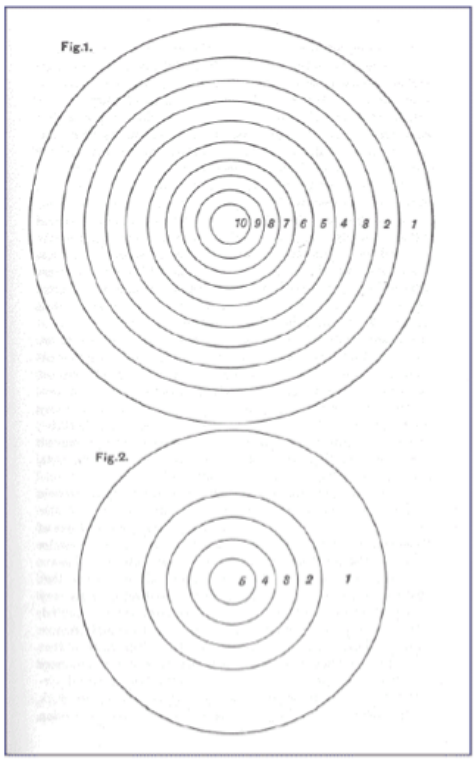
[43.] Ibid., pp. 251-56.

2. Roger W. Garrison, "Böhm-Bawerk as Macroeconomist"[44] [Posted: April 6, 2015]↩

Despite the fact that many Austrian-oriented economists have an aversion to the term "macroeconomics," I begin this essay with the claim that Eugen von Böhm−Bawerk was a macroeconomist – and a self−reflective one at that. Richard Ebeling's short sections on Böhm−Bawerk's theorizing about capital and interest give me a hook for making and justifying this claim. The classical economists, especially David Ricardo, could in retrospect be considered macroeconomists in an era that predates any specific attention to the micro/macro distinction. The word "macroeconomics," of course, is a relatively modern one. It was Paul Samuelson who almost singlehandedly reorganized the subject matter of economics on the basis of a first−order distinction between micro and macro, perversely putting macro ahead of micro in the pedagogical sequence. Samuelson traced the distinction itself to Ragnar Frisch and Jan Tinbergen and attributed the word's debut in print to Erik Lindahl in 1939.[45]

However, in an 1891 essay titled "The Austrian Economists," Böhm−Bawerk wrote that "[o]ne cannot eschew studying the microcosm if one wants to understand properly the macrocosm of a developed economy."[46] Packed into this understated methodological maxim are both his goal of understanding the macroeconomy and his judgment that microeconomic foundations are essential for – and prerequisite to – a viable macroeconomics. This is a view that, in mainstream economics, dates back only to the mid-1960s, a period during which the full-blown (mostly Keynesian) macro structure was in search of its own microfoundations.

Böhm-Bawerk's Bull's-Eye Figures



The critical aspect of the microcosm that Böhm-Bawerk had in mind was the micro-movements affecting the economy's production activities that were brought about by changes in people's saving behavior. Curiously, he represented those production activities as a sequence of concentric rings – the innermost rings marking the beginnings of the production processes and the outermost rings representing the eventual maturation of those processes. The rings, then, stood for "maturity classes" of capital goods with the final class maturing into consumable output. (The initiation of the production processes evidently sprang from entrepreneurial actions at the center of the figure.) Fig. 1 and Fig. 2, which actually appear on opposing pages in *Capital and Interest*, depict a well-developed economy with ten maturity classes and a less-well-developed economy with only five.[47]

These bull's-eye figures may have been just right for capturing the readers' gaze, but they function rather poorly as analytical devices. Nevertheless, Böhm-Bawerk made the most of them by posing a question about the nature of the market forces that govern the allocation of resources among the various rings. Let me paraphrase his key question here: "What changes in the microcosm would we expect to see on the occasion of a saving-induced increase in capital creation?" The answer to this key question, which distinguishes Austrian macroeconomics from what would later become mainstream macroeconomics, involves a change in the configuration of the concentric rings. Several sorts of changes are suggested, each entailing the idea that increased saving (which puts downward pressure on interest rates) spurs investment in the inner rings and reins in investment in the outer rings (which in turn tempers near-term consumption output and allows for increased future consumption output). Böhm−Bawerk also indicates that in a market economy it is the entrepreneurs who bring such structural changes about

and that their efforts are guided by movements in interest rates and changes in the relative prices of capital goods in the various maturity classes.[48]

Note that the mainstream's untimely search for the microeconomic foundations of macroeconomics did not focus at all on the market mechanisms that Böhm-Bawerk saw so clearly. And with other mainstream developments, such as theorizing in terms of a "representative agent" (instead of in terms of competing entrepreneurs), invoking the assumption of so-called "rational expectations" and, later, re-inventing macro as "stochastic dynamic general equilibrium modeling"), the search for meaningful foundations was effectively called off.

It is easy for modern Austrian economists to see that Böhm−Bawerk was just a step away from articulating the Austrian theory of the business cycle – a step that was taken by Ludwig von Mises ([1912] 1953) without the benefit of a graphical representation and by F. A. Hayek ([1935] 1967) with the benefit of his triangular figures. The critical step entails the comparison of changes in the configuration of the Böhm-Bawerkian rings (or of the Hayekian triangle) on the basis of whether those changes were saving−induced or policy−induced. A change in intertemporal preferences in the direction of increased saving reallocates capital among the maturity classes (or stages of production) such that the economy experiences capital accumulation and sustainable growth; a policy−induced change in credit conditions, that is, a lowering of the interest rate achieved by the central bank's lending of newly created money, misallocates capital among the rings (or stages) such that the economy experiences *un*sustainable growth and hence an eventual economic crisis.

Development of the theory in this direction was beyond Böhm−Bawerk for the simple reason that he never ventured into monetary theory. His attitude toward monetary theory is revealed in letters to Swedish economist, Knut Wicksell,[49] whose ideas about the divergence of the market rate of interest and the natural rate was to become an important part of the Austrian theory. In 1907, Böhm-Bawerk wrote: "I have not myself given thought to or worked on the problem of money as a scholar, and therefore I am insecure vis−à−vis this subject." And in 1913, a year before his death: "I have not yet included the theory of money in the subject−matter of my thinking, and I therefore hesitate to pass a judgment on the difficult questions it raises" – this hesitation despite the fact that Mises, Böhm-Bawerk's and Wieser's student, had published his *Theory of Money and Credit* the year before.

On Böhm−Bawerk's Contribution to Capital Theory and Capital-Based Macroeconomics

We might ask: Is Böhm-Bawerk's *Positive Theory* a precise and definitive statement of the economic relationships that constitute capital theory as it pertains to macroeconomics, or is it a crude, skeletal and nonsense-laden outline of these relationships? Assessments can be found to support either view:

> Böhm−Bawerk's scientific work forms a uniform whole. As in a good play each line furthers the plot, so with Böhm−Bawerk every sentence is a cell in a living organism, written with a clearly outlined goal in mind.... And this integrated plan was carried out in full. Complete and perfect his lifework lies before us. There cannot be any doubt about the nature of his message.

Alternatively:

> Böhm−Bawerk's work [was not] permitted to mature: it is essentially (not formally) a first draft whose growth into something much more perfect was arrested and never resumed. Moreover, it is doubtful whether Böhm−Bawerk's primitive technique and particularly his lack of mathematical training could have ever allowed him to attain perfection. Thus, the work, besides being very difficult to understand, bristles with inadequacies that invite criticism – for instance, as he puts it, the "production period" is next to being nonsense – and impedes the reader's progress to the core of his thought.

These two passages provide a remarkable contrast, all the more remarkable when it is realized that both were written by one and the same Joseph A. Schumpeter.[50]

For sure, Böhm-Bawerk's *Capital and Interest* served as an important stepping stone between Menger's *Principles* and the works of twentieth-century Austrian-oriented economists – this despite Menger's claim that "[T]he time will come when people will realize that Böhm−Bawerk's theory is one of the greatest errors ever committed"[51] But what, exactly, was the nature of that "greatest error"? And why have modern schools of thought (Keynesian, monetarist, new classicism, SDGE modeling) turned a blind eye to the Austrian notion of a multi-stage, time-consuming structure of production? These and related issues may be ripe for discussion on this online forum.

Endnotes

[44.] Parts of this essay consist of condensed or elaborated material from Garrison (1990) and Garrison (1999).

[45.] Samuelson, Paul A. "Credo of a Lucky Textbook Author," p. 157.

[46.] Hennings, *Austrian Theory of Value and Capital*, p. 74. The fact that Böhm-Bawerk issued so few methodological pronouncements makes this one all the more striking.

[47.] Böhm-Bawerk, *Capital and Interest*, vol. 2, pp. 106 and 107. Though rarely reproduced or discussed in modern assessments of Böhm-Bawerk, these figures, or rather the micro-level movements that they are supposed to illustrate, are central to his vision of a capital-using economy. Note that the numbering of the maturity classes (e.g., from 10 to 1 rather than from 1 to 10) conforms with Menger's ordering of goods: Böhm-Bawerk's *least* mature class is Menger's *highest*-order goods.

[48.] Böhm-Bawerk, *Capital and Interest*, vol. 2, p. 112.

[49.] Forty letters from Böhm-Bawerk to Wicksell (1893-1914) are included as an Appendix to Hennings, *The Austrian Theory of Value and Capital*.

[50.] The first−quoted passage was written on the occasion of Böhm−Bawerk's death: Schumpeter, 1951, p. 146; the second−quoted passage is from Schumpeter, 1954, p. 847.

[51.] Schumpeter, 1954, p. 847, n. 8.

3. Peter Lewin, "Eugen von Böhm-Bawerk – A man for his time, and ours" [Posted: April 7, 2015]↩

True to form Richard Ebeling has provided us with an engaging and informative introduction to the life and work of Eugen von Böhm-Bawerk. Richard's extensive knowledge of the period and the details of the lives of the prominent economists has equipped him well to tell the story of this remarkable economist, and remarkable man. Though well-known during his life and the half-century following, Böhm-Bawerk is not someone known to contemporary economists in general – which is a great pity because, as Richard as clearly shown, his pioneering contributions are as relevant today as they were in his own time – and in some cases their relevance and applicability has grown, as I argue below.

Unlike most economists, then and now, Böhm-Bawerk had actual real world experience in government – lots of it. His observations echo much of what was to follow concerning the process of policy formation and implementation. He clearly anticipated the idea of rent-seeking.

Yet he remained a consummate scholar, exploring and extending the fundamentals of economics inherited from Menger. We see this in his still very informative writings on subjective value and price formation. In fact his discussion of how price get formed through an iterative process in real time is still underappreciated in a profession tied to the use of equilibrium constructs. And his masterful analysis of Marxism is worth reexamining in detail in the age of Thomas Piketty.

He is most well known for his work on capital and interest. In part this is because he made real advances explaining the nature and use of capital in open economies – and produced a three volume work on this. In part it is because he became embroiled in lengthy, involved controversies over the nature of interest and of capital. It was even rumored that Menger did not approve of Böhm-Bawerk's particular formulation of time in production.

Böhm-Bawerk realized that time enters production in a crucial way. Since production takes time, the relationship between value and time must be considered. Time has to be "spent" in order to get results in the form of products that are useful to consumers, that are valued more highly than the combined value of what went into them over time. This suggests that if "more" time is to be taken to produce anything, there must be a reward. This comes in the form of a higher valued product. In Böhm-Bawerk's terms, wisely-chosen roundabout production processes are more productive.

But what does it mean to take "more" time? Consideration of this leads one very quickly into difficult territory. To attempt to "quantify" the "time-taken" raises a whole host of difficult questions. When does the "time-period" begin – or end? It is not time per se that is taken. Rather it is work-time – the application of effort over time by different kinds of resources. So it is input-time that is relevant and must be measured. In what units? And so on. In order to simplify the matter, and hopefully make it tractable, Böhm-Bawerk suggested the concept of the "average period of production" (APP) – a conceptual measure of the "average amount of time" taken in the production of any product. Several scholars picked up on this aspect of Böhm-Bawerk's work and made it the basis of criticism. But the APP has refused to die. Over the decades it is reappeared in various guises, explicitly or implicitly, in a series of "capital controversies".

While Böhm-Bawerk admittedly used a concept to capture the role of time in production that is very limited in it applicability to real world processes, the essential idea is incredibly important and is a precursor to much work on the nature of production in the modern world. In truth the APP was a very small part of his voluminous discussion of capital and time as we actually experience them. His message remains very valid. And, surprisingly, even the APP can be profitably seen as a simplified version of a construct in regular use today in the field of corporate finance. It is an idea that Nicolas Cachanosky and I are working on, trying to extend its range of application.[52] Of which more below.

Consider first the basic idea that roundabout production is more productive than simple production. As pointed out by Ludwig Lachmann[53] roundaboutness is perhaps better understood as "complexity". Roundabout production is complex production. It involves complicated, multi-level interactions over time, that cannot be easily captured, but are clearly understood to be present. As Ludwig von Mises explains,

An increase in the number of stages of production – that is, an increase in specialization – necessarily implies an increase in *complexity* in that those stages closer to the final product are more complex than those stages further from it. *Complexity* is related to specificity: the construction of artifacts for specialized purposes implies more internal structure, and more linkages between the stages. "Iron is less specific in character than iron tubes, and iron tubes less so than iron machine parts. The conversion of a process of production [to another purpose, in response to unexpected change] becomes as a rule more difficult, the farther it has been pursued and the nearer it has come to its termination, the turning out of consumers' goods."[54]

Complex production structures such as we find in the modern world are nothing short of miraculous. They clearly cannot be designed by any human mind or even a committee of human minds. They are spontaneous orders, more particularly, complex-adaptive spontaneous orders. The complexity of the capital structure is related to and is embedded in other complex-adaptive systems, like capital markets, money, language, common law and practice, etc. Böhm-Bawerk's insights paved the way for in-depth consideration of these related phenomena.

Of particular interest is the question of the role of money and monetary policy. Both Mises and Friedrich Hayek saw in Böhm-Bawerk's ideas on capital, implications for the effectiveness (or otherwise) of monetary policy. The manipulation of the aggregate of money and credit by central banks was likely to change the capital-structure – the structure of production and employment – in dysfunctional ways. Specifically, by reducing interest rates and the cost of borrowing money, such policies encourage the undertaking of production projects that are "too long" and cannot be sustained. The capital-structure, whose details cannot be understood or predicted, becomes in crucial respects unsustainable, and an economic cycle results. Thus, counter-cycle macroeconomic policy must, in taking account of this, face the possibility of that such policies may exacerbate rather than mitigate cycles. Adherents of this view – known as the Mises-Hayek – or Austrian – theory of the business cycle – point to the current crisis (and many other past crises) as an instance.

Significantly, Austrian Business Cycle Theory uses, in some form or other, the idea implied in the APP. In formulating this Böhm-Bawerk tried to capture in *quantitative* terms the average amount of time taken in any production project. As can be easily shown, except for the most simple of cases, this is impossible. As soon as one considers the relationship between capital and time, value enters the analysis and a purely physical (quantitative) measure is impossible. Astoundingly, Böhm-Bawerk's essential error lies not in his attempt to take account of time considerations in the mind of the investor/entrepreneur as expressed in some simple formulation, but, rather, in his attempt to do so by confining his attention to a strictly physical measure. As John Hicks[55] pointed out as early as 1939 a valid form of the APP does exist. It is exactly that same construct developed by Frederick Macaulay[56] in 1938 known as "duration". Duration (D) is most easily understood as "the average amount of time for which one has to wait for $1" in any investment. It is obviously a *value* construct, not a physical one. It is in a meaningful sense a measure of the "length" of the project – or, at least, some aspect of the length. It captures an important aspect of what is in the investor's mind as he contemplates his investment.

Significantly, D is also a measure of the elasticity of the (present) value of the project. It measure how any estimate of net present value changes with a change in the interest rate. Thus, one can reformulate the Austrian Business Cycle theory very revealingly in terms of D, using a concept that originates with Böhm-Bawerk's work.

Böhm-Bawerk also wrote definitively on the nature of interest. He explained, as Richard has shown, how interest accounts for the "surplus value" that results from (successful) production – the surplus left over after accounting for the cost of all the services of all the inputs. In equilibrium, where there is no profit left for the entrepreneur, this surplus is pure interest, the payment for borrowing resources over time – made possible by the increase in value from production over time. It is, as we say today, the time-value of money; and it exists before we humans have time preference. We prefer earlier satisfactions to later ones and have to be compensated for foregoing the former. Interest is *not* profit, and it is *not* the return to capital. In spite of Böhm-Bawerk's, and later others' (like the American economist Frank Fetter's) decisive demonstration of this, mistakes are still routinely made about this by trained economists and others.

It is a pleasure to be able to reconsider just some of the work of this remarkable economist.

Endnotes

[52.] Nicolas Cachanosky and Peter Lewin, "Roundaboutness is Not a Mysterious Concept: A Financial Application to Capital Theory," *Review of Political Economy*, 2014. http://dx.doi.org/10.1080/09538259.2014.957475

[53.] Ludwig M. Lachmann, *Capital and its Structure* (Kansas City: Sheed Andrews and McMeel, 1978). <http://oll.libertyfund.org/titles/96>. On "a higher degree of complexity" see <http://oll.libertyfund.org/titles/96#Lachmann_0720_301>.

[54.] L. Mises, *Human Action* Chicago, IL: Henry Regnery, 1949; 1998 edn, Auburn, AL: Ludwig von Mises Institute, p. 500. Online version: Ludwig von Mises, *Human Action: A Treatise on Economics, in 4 vols*., ed. Bettina Bien Greaves (Indianapolis: Liberty Fund, 2007). Vol. 2, Chap. 10. Action in the Passing of Time, 5: The Convertibility of Capital Goods <http://oll.libertyfund.org/titles/1894#Mises_3843-02_952>.

[55.] J.R. Hicks, *Value and Capital*. (Oxford: Oxford University Press, 1939), p. 186.

[56.] F. R Macaulay, *The Movements of Interest Rates. Bond Yields and Stock Prices in the United States since 1856*. (New York: National Bureau of Economic Research, 1938). See also P. Lewin and N. Cachanosky, "The Average Period of Production History Of An Idea," *SSRN* file:///C:/Users/plewin/Downloads/SSRN-id2479408%20(2).pdf

THE CONVERSATION↩

1. Richard M. Ebeling, "Böhm-Bawerk's Enduring Legacy: The Pricing Process, the Savings-Investment Nexus, and the Capital Structure in the Context of Time" [Posted: April 9, 2015]↩

I want to thank the three discussants for their insightful remarks, all of which filled in many aspects of an appreciation of Böhm-Bawerk that I could not attempt in my brief overview of his life and contributions.

I.

Dr. Joseph Salerno, in his response, "Eugen von Böhm-Bawerk: Pioneer of Causal-Realist Theory," highlights an essential element to Böhm-Bawerk's exposition of the theory of value and price.

In the standard, textbook explanations of the determination of market equilibrium price, it is assumed that individuals are offered a set of alternative prices, to which they respond by informing the "price-giver" how much they would be interested in either buying or selling at those alternative prices.

Having derived each individual's price schedule as buyer and seller, the price-giver adds up the respective supply and demand schedules for each good in each market, and then determines at what set of prices would each and every market be in market-clearing equilibrium.

The "Austrians" followed a different route for explaining the emergence of market prices and their tendency toward a market-clearing balance. Theirs has been what one leading Austrian economist of the interwar period referred to as the "causal-genetic" approach to price theory.[57]

That is, it is an attempt to explain the causal origin of price out of the individual subjective valuations of the market participants, and how out of these subjective valuations prices emerge and are formed on the market. [58]

In Böhm-Bawerk's world, individuals enter the market knowing the quantity of the goods they have for sale and what it is they may wish to buy. But each individual has only a clouded conception concerning the maximum price they might be willing to pay to buy or the minimum price they might accept in order to sell.

All the resulting market actions are, now, grounded in people's expectations – expectations about the degree to which the good they might purchase is important to their future well-being, and therefore the intensity of the marginal significance that the good has for them.

There would begin to take form in the individual's mind the maximum bid that he might be willing to make to acquire it; and as he starts to interact with others in the market, he will form an expectation of what minimum price he would have to bid to successfully beat out his closest rival in the contest of purchasing the good.

Similar expectations would be at work in the minds of those on the supply-side about the minimum price they would accept to part with the good, if necessary, and what maximum price they could ask, without running the risk of losing the sale to a more eager competitor also anxious to make a sale.[59]

It is only in the interactions of the market process that men discover actually how much they value what they could buy or how little they value what they could sell. In Böhm-Bawerk's world, the traders initiate the bids and offers. They decide whether they value a good more than they originally thought, so as not to lose out to the next most interested buyer who also wants to purchase that desired commodity.

Up goes the price, with each transactor deciding if the latest bid by one of his demand-side rivals has pushed the price up to the maximum threshold at which he chooses to bow out, due to the price now being greater than what he thinks that good to be worth at the margin.

The same process plays itself out on the supply-side, with suppliers eager to not miss out on a profitable sale by allowing one of their rivals to underbid him. Each weighs whether or not the price has reached a minimum below which it is not worth selling and becomes better to hold on to the good for some other use or purpose.

The two-sided competition continues until a price range has been reached within which all willing buyers on the demand-side are successfully matched with willing sellers on the supply-side.

Böhm-Bawerk's version of an auction was clearly only a first approximation of the actual complexity of price formation in the developed market process. But it is one in which the actors make the bids and offers; they initiate the actions that form the prices they finally bring markets into balance. They do not passively rely upon a "price-giver."

Böhm-Bawerk's actors have reflective minds, they evaluate what things might be worth to them, what they might have to bid or offer to get it, and how far it is worth going in the actual interchange and process of market competition before deciding to fall by the wayside under the pressure of some rival with a demand to buy or a willingness to sell more intense than their own.

Through this "causal-genetic" market process approach, Böhm-Bawerk attempted to demonstrate that "price is, from beginning to end the product of subjective valuation."[60] The evaluating logic of active individual human minds is the foundational starting-point from which insights into the workings of the complex market order arise.

Or as Carl Menger expressed it – and which Böhm-Bawerk adopted as his own method of analysis – the task is to "reduce the complex

phenomena of human economic activity to the simplest elements that can still be subjected to accurate observation [individual acting man], apply to these elements the measure corresponding to their nature, and constantly adhering to this measure, to investigate the manner in which the most complex economic phenomena evolve from their elements according to definite principles"[61]

Through this method the Austrians combined methodological individualism with a methodological subjectivism that analyzes social and market processes from the respective actors' points-of-view with all of their intended and unintended consequences.[62]

(It is in Philip Wicksteed's, *The Common Sense of Political Economy* (1910) that one finds the logical next step of the "Austrian" analysis of price formation, in which he explains how in the division of labor it is the retail entrepreneurs who set prices for the trading day based on their appraisement of consumers' demands when potential buyers only appear in the market in sequence over the trading period. And how discovery of errors in anticipating that consumers' demand at the end of the trading period brings about changes in prices in the next trading period, and influences the demand for goods at the wholesale level and then for the factors of production up through the stages of production.)[63]

II.

Roger Garrison's commentary focuses on "Böhm-Bawerk as Macroeconomist." As Dr. Garrison says, Austrian economists have tended to eschew the term "macroeconomics" due to its identification with Keynesian Economics. Yet, the link between the "micro" and the "macro" has been a central part of much of modern Austrian Economics.

This is most clearly seen in the writings of the Austrians on money and the business cycle over the last one hundred years. Their approach has been to ask what is the institutional connecting link between the interactions and outcomes in individual markets and the systemic periodic fluctuations in production, output and employment over the economy as a whole?

They have seen that linchpin in the monetary system, since money is the one commodity that is on one side of every exchange. Changes in the supply of and the demand for money, therefore, can send out disturbing repercussions throughout the entire market system.

The Austrian theory of monetary dynamics focuses on the fact that such changes, especially in the supply of money, do not simply work their effect on the economy through changes in the general purchasing power of the monetary unit (the "price level"). Their emphasis has been on the sequential-temporal process through which the structure of relative prices and wages are modified, starting from the specific "microeconomic" point in the market where the change in the quantity of money is injected (or withdrawn) from the economic system.

As Dr. Garrison points out, Böhm-Bawerk never extended his analysis to the area of money and the business cycle. But Böhm-Bawerk did see the relevance of such investigations. As he once said:

> A theory of crisis can never be an inquiry into just one single phase of economic phenomena. If it is to be more than an amateurish absurdity, such an inquiry must be the last, or the next to last, chapter of a written or unwritten economic system. In other words, it is the final fruit of knowledge of all economic events and their interconnected relationships.[64]

Perhaps it was his untimely death at the relatively young age of 63 that prevented Böhm-Bawerk adding such a final chapter to his own body of published works. As it was, this was a task taken up by later Austrians, especially first Ludwig von Mises and then Friedrich A. Hayek.[65]

Nonetheless, there was one aspect of the modern macroeconomic arena of theoretical controversy that Böhm-Bawerk did take up at the start of the 20th century: the role of savings in influencing economic activity and the relevancy of Say's Law of Markets.

In the 1920s and 1930s, there arose the notion of the "paradox of savings."[66] While it is rational and reasonable for any one individual to set aside apart of his income for future uses and planned expenditures, if a wide segment of the income-earning community were to do so, this very act of increased economy-wide savings would "paradoxically" diminish the demand for investment.

An economy-wide increase in savings by necessity implies an economy-wide decrease in consumption. But if the consumer demand for final output decreases, what then happens to the profit motive for undertaking greater investment projects that would lead to even greater over-capacity of production facilities?

An economist named L. G. Bostedo leveled this charge against Böhm-Bawerk in 1900. Bostedo argued that since market demand stimulates manufacturers to produce goods for the market, a decision by income-earners to save more and consume less destroys the very incentive for undertaking the new capital projects that greater savings are supposed to facilitate. He concluded that greater savings, rather than an engine for increased investment, served to retard investment and capital formation.[67]

The following year, 1901, in "The Function of Savings," Böhm-Bawerk replied to this criticism.[68] "There is lacking from one of his premises a single but very important word, " Böhm-Bawerk pointed out. "Mr. Bostedo assumes . . . that savings signifies necessarily a curtailment in the demand for consumption goods." But, Böhm-Bawerk continued:

> Here he has omitted the little word "present." The man who saves curtails his demand for present goods but by no means his desire for pleasure-affording goods generally . . .
>
> The person who saves is not willing to hand over his savings without return, but requires that they be given back at some future time, usually indeed with interest, either to himself or his heirs.
>
> Through savings not a single particle of the demand for goods is extinguished outright, but, as J. B. Say showed in a masterly

> way more than one hundred years ago in his famous theory of the 'vent or demand for products,' the demand for goods, the wish for means of enjoyment is, under whatever circumstances men are found, insatiable. A person may have enough or even too much of a particular kind of goods at a particular time, but not of goods in general nor for all time. The doctrine applies particularly to savings.
>
> For the principle motive of those who save is precisely to provide for their own futures or for the futures of their heirs. This means nothing else than that they wish to secure and make certain their command over the means to the satisfaction of their future needs, that is, over consumption goods in a future time. In other words, those who save curtail their demand for consumption goods in the present merely to increase proportionally their demand for consumption goods in the future.[69]
>
> But even if there is a potential future demand for consumer goods, how shall entrepreneurs know what type of capital investments to undertake and what types of greater quantities of goods to offer in preparation for that higher future demand?

Böhm-Bawerk 's reply was to point out that production is always forward-looking, a process of applying productive means today with a plan to have finished consumer goods for sale tomorrow. The very purpose of entrepreneurial competitiveness is to constantly test the market, so as to better anticipate and correct for existing and changing patterns of consumer demand. Competition is the market method through which supplies are brought into balance with consumer demands. And if errors are made, the resulting losses or less than the anticipated profits act as the stimuli for appropriate adjustments in production and reallocations of labor and resources among alternative lines of production.

When left to itself, Böhm-Bawerk argued, the market successfully assures that demands are tending to equal supply, and that the time horizons of investments match the available savings needed to maintain the society's existing and expanding structure of capital in the long run.[70]

III.

Dr. Peter Lewin brings out that Eugen von Böhm-Bawerk was "A Man for His Time, and Ours."

The significance of time and its meaning in the market process is emphasized by Dr. Lewin in his comments. And as he rightly points out, the "time element" was crucial to Böhm-Bawerk's theory of capital and interest.

The meaning of capital and its relationship to the passing of time was central, for example, to Böhm-Bawerk's debates with the American economist, John Bates Clark. In a nutshell, Clark suggested conceiving of capital as a perpetual "fund" that reproduces itself as concrete elements of this "fund" – specific capital goods – are used up.

In this conceptual setting, time and the notion of a period of production is irrelevant and meaningless, in Clark's view. There is no "waiting" for production to generate output because both are happening simultaneously. He visualized a forest in which there are rows of trees of varying maturity. As one row of trees are cut down and harvested another row of saplings are being planted. And as long as this "synchronization" of simultaneous investment and consumption continues the fund of trees remains constant and having trees to harvest next year requires no waiting today or tomorrow.

Böhm-Bawerk responded that there is no "fund" of capital independent of the individual capital goods organized in complementary relationships of productive use through a sequence of interconnected stages of production leading to a final finished consumption good.

The "synchronization" that creates the conceptual illusion of no waiting because consumption and production are occurring at the same time, is due to time-laden decisions to choose to replant a row of sapling trees as a mature row of trees is harvested, period after period of time.

The trees harvested and used "today" are not the ones planted simultaneously in the present. The trees cut down now are the trees planted ten or twenty or more years earlier. A time decision had to be made in the past that it would be worth foregoing the resources and actions that might have been used for other things at that earlier time, and planting those trees instead and "waiting" for the "reward" of what those trees would enable to be done in the future when they had reached a certain stage of maturity.

Any break or disruption in the repeated decision-making and actions that have been made in the past and that hid from clearer view the conscious time-related choices of resource use and intertemporal trade-offs would soon show the reality of stages and time-structures of production activity precisely because the presumed "equilibrium" relationships taken for granted by Clark would no longer hold.[71]

The meaning of time and its "periods" has required a particular conceptual turn when looked at through the Austrian subjectivist perspective. Dr. Lewin suggests some of the implications of this in his remarks.

Ludwig von Mises attempted to highlight the meaning and relevance of time periods within a methodological subjectivist approach. All action occurs in and is inseparable from time. All action implies a before and an after, a sooner and a later, a becoming and a became.

This means that it is impossible for man to be indifferent to the passing of time, Mises said. Indeed, it is in the contemplation of action that man becomes most conscious of time. And in Mises' view, it is the "potential for action" that delineates the past from the present and the present from the future. Mises argued:

> That which can no longer be done or consumed because the opportunity for it has passed away, contrasts the past with the present. That which cannot yet be done or consumed, because the conditions for undertaking it or the time for its ripening have not yet come, contrasts the future with the past.
>
> The present offers to acting opportunities and tasks for which it was hitherto too early and for which it will be hereafter too late.

> The present qua duration is the continuation of the conditions and opportunities given for acting. Every kind of action requires special conditions to which it must be adjusted with regard to the aims sought. The concept of the present is therefore different for various fields of action. It has no reference whatever to the various methods of measuring the passing of time by spatial movements. The present contrasts itself, according to the various actions one has in view, with the Middle Ages, with the nineteenth century, with the past year, month, or day, but no less with the hour, minute, or second just passed away.
>
> If a man says: Nowadays Zeus is no longer worshipped, he has a present in mind other than that of the motorcar driver who thinks: Now it is still too early to turn. And as the future is uncertain it is always undecided and vague how much of it we can consider as now and present. If a man had said in 1913: At present – now – in Europe freedom of thought is undisputed, he would have not foreseen that this present would very soon be a past. [72]

In this conception of time, individuals pursuing various goals invariably operate simultaneously in terms of "periods" of varying length. Each action has its own time horizon. For some plans, the actor is in the middle of the "present" period; for other plans, the "present" period is coming to a close; for yet other plans the "future" period is just becoming the "present." For still other plans, the potentials for action are still in a "future" period.

Nor are these periods of equal length. For some actions, the "present" period is an instant as measured by the movement of the clock, and then is gone; for other actions, the "present" extends far into the future as measured by the clock. Each planning period would have its sub-periods divided into "past," "present" and "future" (for instance, "Right now I'm working on my undergraduate degree" would have the sub-period, "Right now I'm in my first year," which would have the sub-period "Right now I'm having lunch in between my morning and afternoon classes").

In the market changes usually do not impact simultaneously on all transactors. Instead, a change in market conditions originates at some point in the economic system. From this "epicenter" the consequences of the change, in terms of changes in the actions and plans of those initially impacted, emanates out in a particular path-dependent sequential and temporal order. Some individuals in the social system of division of labor will be affected by this – to a greater or lesser extent – at a different time than others; some individuals may be impacted at the same time; some will be impacted sooner, others later. At each of those moments at which the change reaches each individual, each of them will have to weigh the meaning and significance of the change in terms of requiring a "change in plans," that is in terms of when, how and how much.

How one fully integrates such a subjectivist orientation and framework into the problems and analysis of the market process, into the capital structure and investment, and the dynamics of the business cycle and general economic development and change is the challenging legacy left to us by Böhm-Bawerk and those others who followed him in extending and refining the Austrian Economics tradition.

End Notes

[57.] Hans Mayer, "The Cognitive Value of Functional Theories of Price: Critical and Positive Investigations Concerning the Price Problem" [1932], translated in, Israel M. Kirzner, ed., *Classics in Austrian Economics: A Sampling in the History of a Tradition*, Vol. II: "The Interwar Period" (London: William Pickering, 1994) pp. 55-168, especially p. 57.

[58.] Eugen von Böhm-Bawerk, *Capital and Interest*, Vol. II: *The Positive Theory of Capital* (South Holland, Ill: Libertarian Press, 1959) pp. 203-222.

[59.] Ibid., pp. 240-243.

[60.] Ibid., p. 225.

[61.] Carl Menger, *Principles of Economics* (New York: New York University Press, [1871] 1981), p. 46.

[62.] On the development and ideas of the Austrian School from the 1870s to the First World War, and in comparison to the "Neoclassical" economics tradition of that time, see, Richard M. Ebeling, "An 'Austrian' Interpretation of the Meaning of Austrian Economics: History, Methodology, and Theory," *Advances in Austrian Eco*nomics, Vol. 14 (2010) pp. 43-68.

[63.] Philip Wicksteed, *The Common Sense of Political Economy* (New York: Augustus M. Kelley, [1910] 1969), pp. 218-236.

[64.] Quoted in Ludwig von Mises, "Monetary Stabilization and Cyclical Policy" [1928] in *On the Manipulation of Money and Credit* (Dobbs Ferry, NY: Free Market Books, 1978) pp. 61-62.

[65.] For an exposition of the Austrian theory of money, credit and the business cycle, with a comparison to the Keynesian approach in the context of explaining the causes and "cures" for the Great Depression, see, Richard M. Ebeling, *Political Economy, Public Policy, and Monetary Economics: Ludwig von Mises and the Austrian Tradition* (New York: Routledge, 2010), Chapter 7: "The Austrian Economists and the Keynesian Revolution: The Great Depression and the Economics of the Short-Run," pp. 203-272.

[66.] For an "Austrian" explanation and critique of the idea of the "paradox of thrift," see, F. A. Hayek, "The Paradox of Savings," in *Profits, Interest and Investment, and Other Essays on the Theory of Industrial Fluctuations* (New York: Augustus M. Kelley, [1939] 1969). Pp. 199-263.

[67.] L. G. Bostedo, "The Function of Savings," *Annals of the American Academy of Political and Social Sciences* (January, 1900), reprinted in Richard M. Ebeling, ed., *Austrian Economics: A Reader* (Hillsdale, MI: Hillsdale College Press, 1991) pp. 393-400.

[68.] Eugen von Böhm-Bawerk, "The Function of Savings" *Annals of the American Academy of Political and Social Sciences* (May, 1901), reprinted in Richard M. Ebeling, ed., *Austrian Economics: A Reader* (Hillsdale, MI: Hillsdale College Press, 1991), pp. 401-413.

[69.] Ibid., p. 407.

[70.] Ibid., pp. 408-412.

[71.] Eugen von Böhm-Bawerk, "The Positive Theory of Capital and Its Critics, I: Professor Clark's Views on the Genesis of Capital," *Quarterly Journal of Economics*, January 1895, pp. 113-31; "The Origin of Interest," *Quarterly Journal of Economics*, July 1895, pp. 380-87; "Capital and Interest Once More: I. Capital vs. Capital Goods," *Quarterly Journal of Economics*, November 1906, pp. 1-21; "Capital and Interest Once More: II. A Relapse to the Productivity Theory," *Quarterly Journal of Economics*, February 1907, pp. 247-82; and, "The Nature of Capital: A Rejoinder," *Quarterly Journal of Economics*, Nov. 1907, pp. 28-47; and by John Bates Clark, "The Genesis of Capital," *Yale Review*, November 1893, pp. 302-315; "The Origin of Interest," *Quarterly Journal of Economics*, April 1895, pp. 257-78; "Real Issues Concerning Interest," *Quarterly Journal of Economics*, October 1895, pp. 98-102; and "Concerning the Nature of Capital: A Reply," *Quarterly Journal of Economics*, May 1907, pp. 351-70.

[72.] Ludwig von Mises, *Human Action: A Treatise on Economics* (Chicago, Ill: Henry Regnary, 3rd revised ed., 1966) pp. 100-101.

2. Peter Lewin, "Böhm-Bawerk on Price Formation and Action in Disequilibrium," [Posted: April 19, 2015]↩

Richard Ebeling's further elaborations in response to our initial comments, enrich the picture of Böhm-Bawerk as an economist with a wide range of interests and abilities. He made important contributions in the areas of, what we would call today, microeconomics, macroeconomics as well as capital theory. This discussion should serve to establish that his expertise went far beyond the last mentioned for which he is justly famous.

In the area of microeconomics, or more accurately, price theory, and more specifically, the question of price formation, he offers a unique picture in which we see action in disequilibrium that plausibly leads to the formation of the price and the continuous clearing of the market. As Richard has pointed out, this account stays within the methodological agenda outlined by Menger, of providing an account of economic action that derives faithfully from the subjective valuations of economic actors. The subjective valuations are the cause of everything that follows from them – and it is a process in time not reducible to a set of simultaneous relations at a single point in time, as suggested by the Walrasian approach. This causal-genetic approach is a unifying fundamental in all of Böhm-Bawerk's contributions. (It seems to me the technicalities of the APP in which he became involved was something of an aberration.)

Action in disequilibrium is something that is mostly assiduously ignored in the corpus of economic analysis. There are very few attempts to treat it as all, and even fewer to provide a systematic account. There is no standard theory of how people act in disequilibrium, beyond the notion of purposeful action on the basis of perceived alternatives and subjective valuations. In this regard then, Böhm-Bawerk's contribution is notable. To be sure it is not meant to be an account of how price setters generally proceed in every situation. Rather it is a window into the *type* of process we might expect as people grapple with the unfolding, formative economic process in real time.

In the field of macroeconomics, Böhm-Bawerk effectively answers Keynes's paradox of thrift in his discussion of Savings – which contains a more accurate portrayal of the position of J. B. Say than the straw man attacked by Keynes. By the time Keynes wrote the *General Theory*, however, this contribution had been mostly forgotten and clearly was never read by Keynes, who proclaimed his ignorance of capital theory and the Austrians as a sort of badge of honor.

In his discussion of the role of time in production, Böhm-Bawerk implicitly points to the notion of individual planning. Subsequent scholars in the Austrian tradition have elaborated on this, most notably Friedrich Hayek. The notion of the "the plan" has turned out to be a pivotal one raising important issues about time-intervals, uncertainty and coordination, as indicated by Richard in his final paragraphs.

3. Roger W. Garrison, "On Böhm-Bawerk's 'Unforced Error' in Defending his APP" [Posted: April 20, 2015]↩

In his comment of April 19, Peter Lewin claims – correctly, in my view – that the "causal-genetic approach is a unifying fundamental in all of Böhm-Bawerk's contributions." And he added parenthetically that "[i]t seems to me the technicalities of the APP [Average Period of Production] in which he became involved was something of an aberration."

An aberration, yes – and worse, the APP, along with the associated "roundaboutness," became the target of many of Böhm-Bawerk's detractors. Putting the emphasis on physically defined inputs, Schumpeter reminded us[73] that iron mined in Roman times may be present in a modern-day pocket knife. True enough, but unless there is a *causal* link between the perceived demand for mid-twentieth-century pocket knives and the Roman mining operations, the intervening time span does not qualify as "production time" in any economically relevant sense. The *physical* continuum is a strict irrelevancy.

Earl Rolph, a longtime critic of Austrian capital theory, focused on redwood fences rather than pocket knives. He called the concept of roundaboutness into question on the grounds that "not infrequently, a squirrel must be given credit for planting the proverbial [redwood] acorn.[74] Well, the squirrel gives the argument a whole new dimension, but even if the acorn was planted by an eighteenth-century conservation agent, the agent's input would not be the starting point for measuring the Böhm-Bawarkian "roundaboutness" associated with the creation of today's redwood fences.

When Bohm-Bawerk responded[75] to contemporaneous critics of the APP, he committed what in baseball is called an "unforced error." He could've – should've – responded on the basis of the distinction between physical continua and causal links. But, instead, he argued that production activities of the remote past are so heavily discounted that they can be safely neglected. Higher powers of the discount rate are sufficiently close to zero that for practical purposes they are equal to zero. Böhm-Bawerk's lapsing from the causal-genetic approach here is likely what caused Menger to charge him with "one of the greatest errors ever committed." (For a fuller discussion of what I am now calling an unforced error.[76]

Still, Böhm-Bawerk's rough-and-ready treatment of production time reminded his readers of the facts that (1) production takes time and (2) some production processes take more time than others. Further, time preferences as reflected in interest rates help entrepreneurs to choose between (a) relatively short production processes that have only modest yields and (b) relatively long production processes that have substantially higher yields. These are the critical aspects of capital that were wholly eclipsed by Clark's and Knight's sterile stock-flow conception that simply neglects production time – a conception adopted wholesale by many modern macroeconomists.

Endnotes

[73.] Schumpeter, Joseph A. *History of Economic Analysis*. New York: Oxford University Press, 1954, p. 108).

[74.]Rolph, Earl R. "On Austrian Capital Theory," *Economic Inquiry*, vol. 18, no. 3 (July, 1980), pp. 501-3. Quote, p. 102.

[75.]Böhm-Bawerk, Eugen von. *Capital and Interest*, 3 vols. in one (1997). South Holland, IL: Libertarian Press. Trans. by George D. Huncke and Hans F. Sennholz, 1959. Quote, vol. 2, p. 86.

[76.]Garrison, Roger W. "Austrian Capital Theory: the Early Controversies," *History of Political Economy*, supplement to vol. 22, 1990, pp. 133−54. Published as Bruce J. Caldwell, ed., *Carl Menger and his Legacy in Economics*, Durham, NC: Duke University Press, 1990. Quote, pp. 135-39.

4. Richard M. Ebeling, "Böhm-Bawerk and J. S. Mill's "Fourth Fundamental Proposition" on Capital" [Posted: April 27, 2015]↩

In *The Pure Theory of Capital*, F. A. Hayek quoted from Leslie Stephen's 1876 book, *History of English Thought in the Eighteenth Century*, that John Stuart Mill's fourth fundamental proposition on capital is a "doctrine so rarely understood, that its complete apprehension is, perhaps, the best test of an economist."[77]

In his *Principles of Political Economy*, J. S. Mill presented four propositions concerning the nature and use of capital:

1. "While, on the one hand, industry is limited by capital, so on the other, every increase of capital gives, or is capable of giving, additional employment to industry; and this without assignable limit."[78]
2. "To consume less than is produced, is saving; and that is the process by which capital is increased."[79]
3. "Everything which is produced is consumed, both what is saved and what is said to be spent; and the former quite as rapidly as the latter . . . To the vulgar, it is not at all apparent that what is saved is consumed . . . If they [individuals] save any part [of their income], this also is not generally speaking, hoarding, but (through savings banks, benefit clubs, or some other channel) re-employed as capital and consumed " [Mill adds the caveat]: "If merely laid by for future use, this is said to be hoarded, and while hoarded, is not consumed at all. But if employed as capital, it is all consumed, though not by the capitalist."[80]
4. "What supports and employs productive labor, is the capital expended in setting it to work, and not the demand of purchasers for the produce of the labor when completed. Demand for commodities is not demand for labor . . . The employment afforded to labor does not depend on the purchasers, but on the capital . . . This theorem [states] that to purchase produce is not to employ labor; that the demand for labor is constituted by the wages which precede the production, and not by the demand which may exist for the commodities resulting from the production."[81]

The first two propositions need not be presumed to be excessively controversial. As long as there are unsatisfied wants, there are always potential employments if additional means to satisfy them, "capital," become available. And if there are to be additions to capital to facilitate the ability to expand future productive capabilities, the requisite resources must be "freed" (saved) from possible more immediate uses so they may be employed in time-consuming production processes.

But the third and fourth run counter to the entire direction of modern macroeconomics since the appearance of John Maynard Keynes' *The General Theory of Employment, Interest*, and Money in 1936. And there have been few thorough going defenders of Mill's four propositions in recent decades.[82]

As I attempted to explain in my earlier "response" to commentators' remarks, Böhm-Bawerk presented his own formulation of proposition 3 (Say's Law of Markets) in his article on "The Function of Savings."[83] An act of savings, Böhm-Bawerk argued, was not a decision to permanently forgo a portion of an individual's potential consumption, but rather to defer it to a future point in time. A willingness and decision to increase one's supply of savings "today" is a means through which one manifests an increased demand for consumer goods "tomorrow." And, thus, a decision to save opens up a profitable opportunity for entrepreneurial investment in an anticipated direction to fulfill that future greater demand.

Böhm-Bawerk's own formulation of a version of Mill's fourth proposition can be found in Chapter V of his *Positive Theory of Capital* devoted to "The Theory of the Formation of Capital."[84] [85]

If under primitive conditions of existence an individual is to do more than merely "survive" through the sheer use of his bare hands to pick berries and attempt to catch fish in a stream, he must invest in the manufacture of "capital," – tools – to assist in improving and increasing the productivity derivable from his human labor.

But to do so he must "save," that is, he must out of his daily efforts to have enough for survival set aside a sufficient amount as a "store" of goods to live off to free up his time and resources that would otherwise go into immediate production for present consumption.

He uses that freed up time and resources, as Böhm-Bawerk says, to make a bow and arrows, or a canoe and fishing net, so that after the requisite "period of production" during which he has lived off his "savings," he will have the capital goods – the intermediate tools of production – that will then assist him to increase the quantities, varieties, and qualities of the consumption goods that previously were beyond his bare labor's potential to obtain.

In this way, he "employs himself" in making capital goods with his store of saved consumption goods to live off and his own labor diverted from more immediate berry picking and fishing with his bare hands.

The manufacture of those capital goods and their use over a period of time once in existence must logically and temporally precede the greater availability of consumer goods that that capital's existence now makes possible.

Once produced, those consumer goods may provide previously unavailable satisfactions, but in their very consumption they are used up. And if the same consumer goods are to be available at the end of the next period, during that next period the individual must again employ himself in using the requisite resources, produced intermediate capital goods, and his own labor if the same consumer goods are to emerge at the next period's end.

At the same time, during the production processes the capital goods produced will themselves be used up to one degree or another, so he must divert a portion of labor, time, and resource use to the maintenance of his capital goods through repair and replacement.

If he is to increase his supply of consumer goods even further from their existing amounts he must again divert an increased amount of his labor time and resource use to "investing" in more and/or better capital goods above that required to maintain his existing capital.

In Böhm-Bawerk's framework this entails the undertaking of more time-consuming, 'roundabout methods of production. He portrayed this in the form of a series of concentric rings, conveniently reproduced by Dr. Garrison in his earlier "response," above, on "Böhm-Bawerk as Macroeconomist."

Each of the rings, from the inner most ring to the outer most ring, represents a "stage of production" through which the production process passes, starting from extraction of raw materials to their transformation into a final, finished consumer good, with value added at each stage as labor and resources are combined with the as yet incomplete consumer good as it is passed on from the preceding stages leading to its final form as a useable consumption good.[86]

Of course, in "modern society" the process is more complex than presented when using Robinson Crusoe as a starting first approximation of the logic of the theory. Böhm-Bawerk briefly suggests how such a multi-period production process would be undertaken by an socialist dictator on the assumption that he possessed all the needed knowledge and the unlimited power to direct by command both men and material.

He, then, turns to how the process more like reality works in a competitive market system of independent private entrepreneurs guiding and directing the men and material they have hired, rented, or bought in the nexus of exchange.

In this market setting, Böhm-Bawerk explains, entrepreneurial decision-makers are, themselves, guided by the system of market prices that reflect the types and amounts of goods that consumers desire, and on the basis of which entrepreneurs hope to make their profits. Changes in consumer demand patterns are expressed in changes in relative prices, which then direct entrepreneurs to shift the types and amounts of goods they decide to produce.

This also applies to changes in intertemporal choices by consumers concerning their demand for consumer goods in the present versus consumer goods in the future. A decision to consume less and save more decreases current demand for goods, bringing about declines in their prices. The greater savings shows itself in the financial markets through a fall in the rate of interest, which lowers the costs of borrowing and brings about a shift to longer-term, more 'roundabout investments that extend the time structure of production (adds to and extends the concentric rings of the stages of production).

In what way might we say that Böhm-Bawerk's analysis is consistent with or parallel to the reasoning in Mill's fourth fundamental proposition on capital that the, "Demand for commodities is not demand for labor"?

In my earlier response to the discussants, I highlighted Böhm-Bawerk's debate with John Bates Clark over the nature of the capital-using process. Böhm-Bawerk had insisted that the very nature of the time structure of production means that the goods available for consumption today are goods the production of which extends backwards in time over many production periods of the past, over months or years of many "yesterdays."

And the production processes being begun "today" and which will continue over the time periods of many "tomorrows" will only be completed and ready in the form of finished consumer goods at some point in the future.

The finished consumer goods – the "commodities" – bought today do not represent a "demand for labor" today. The entrepreneurs demanded that labor in the various stages of production at different times in the past while the consumer goods being purchased today were in the process of being produced.

And the labor being demanded "today" in the various stages of production, each stage of which represents a product at a different degree of completion and that will be, respectively, ready for sale as a consumer good at different time periods of the future, is a demand by entrepreneurs looking to future sales, not current period consumer demand for "commodities."

But this "demand for labor" by entrepreneurs through these future-oriented stages of production is entirely dependent upon the extent to which incomes and revenues earned in the present and future periods (and the resources they represent) are partly saved and not consumed.

It is this savings of resources not being utilized for more immediate consumption purposes, that "frees" part of the productive capacity of the society to be diverted to the making and maintaining of capital, and providing the means to "advance" wages to workers who will be hired and employed in the respective processes of production for long periods of time before those specific goods in the manufacture of which they are participating will be offered for sale, and generating a revenue in the future.

Thus, it is savings that represents the greater part of the "demand for labor" in the production processes of the market and not the current period's "demand for commodities."

Keynes, of course, missed all this in *The General Theory*, because all "capital" is reduced to a homogeneous aggregate subsumed under the "marginal efficiency of capital," and possessing no time dimension analogous to that in the "Austrian" analysis.[87]

In Keynes' not only simplified but simplistic "macro" world, various amounts of labor and capital are waiting around "idle," needing nothing more than "aggregate demand" spending to be increased to generate the profitability of employing more workers at institutionally "given" money wage rates, with greater aggregate output seemingly instantaneously forthcoming in the job creation's wake. The only "time element" in the world of *The General Theory* is the speed with which the income multiplier operates to bring more of the unemployed into the active workplace.[88]

We, therefore, see, that Böhm-Bawerk's conception of capital and capital using processes reinforces one of the important contributions of the "classical" economists: that it is savings that is the linchpin of production and employment, and the basis therefore of an ability to demand as a reflection of a capacity to supply.

Endnotes

[77.] F. A. Hayek, *The Pure Theory of Capital* reprinted in Lawrence H. White, ed., *The Collected Works of F. A. Hayek*, vol. 12 (Chicago: University of Chicago Press [1941] 2007), p. 388-394, especially, p. 389.

[78.] John Stuart Mill, *Principles of Political Economy, with Some of Their Applications to Social Philosophy* (Fairfield, NJ: Augustus M. Kelley, [1909] 1976), Book I, Chapter 5, Section 3, p. 66. Online version: *The Collected Works of John Stuart Mill, Volume II - The Principles of Political Economy with Some of Their Applications to Social Philosophy (Books I-II)*, ed. John M. Robson, introduction by V.W. Bladen (Toronto: University of Toronto Press, London: Routledge and Kegan Paul, 1965). <http://oll.libertyfund.org/titles/102>.

[79.] Ibid., Book I, Chapter 5, Section 4, p. 70.

[80.] Ibid., Book I, Chapter 5, Section 5, pp. 70-71.

[81.] Ibid., Book I, Chapter 5 Section 9, pp. 79-80.

[82.] The exception has been Steven Kates, *Say's Law and the Keynesian Revolution: How Macroeconomic Theory Lost Its Way* (Northampton, MA: Edward Elgar, 1998), pp. 68-73; Kates, *Free Market Economics: An Introduction for the General Reader* (Northampton, MA: Edward Elgar, 2011), pp. 74-80; Kates, "Mill's Fourth Fundamental Proposition on Capital: A Paradox Explained," *Selected Works of Steven Kates* (January 2012), <http://works.bepress.com/stevenkates/2>.

[83.] Eugen von Böhm-Bawerk, "The Function of Savings," *Annals of the American Academy of Political and Social Sciences* (May 1901), reprinted in Richard M. Ebeling, ed., *Austrian Economics: A Reader* (Hillsdale, MI: Hillsdale College Press, 1991) pp. 401-413.

[84.] Eugen von Böhm-Bawerk, *Capital and Interest*, Vol. 2: *Positive Theory of Capital* (South Holland, Ill: Libertarian Press, [1889] 1959), pp. 102-118; or the earlier William Smart translation, *The Positive Theory of Capital* (Freeport, NY: Books for Libraries Press, [1891] 1971), pp. 106-118. Smart translation is online: Eugen von Böhm-Bawerk, *The Positive Theory of Capital*, trans. William A. Smart (London: Macmillan and Co., 1891). Book II, Chapter V: Formation of Capital in a Community <http://oll.libertyfund.org/titles/283#Boehm-Bawerk_0183_236>.

[85.] This not to suggest that Böhm-Bawerk was consciously or intentionally attempting to formulate his own version of Mill's argument. But, rather, the reasoning in Böhm-Bawerk's own exposition is consistent with or parallel to the logic of Mill's statement. There are, in fact, few references to Mill throughout *The Positive Theory of Capital*, and none directly related to Mill's four fundamental propositions on capital.

[86.] Later, Hayek conveyed the same logic of a time-structure of production in his famous "triangles" in chapter II of *Prices and Production* [1931] reprinted in Hansjoerg Klausinger, ed., *The Collected Works of F. A. Hayek*, Vol. 7: *Business Cycles, Part I* (Chicago: University of Chicago Press, 2012), pp. 227-241.

[87.] John Maynard Keynes, *The General Theory of Employment, Interest, and Money*, reprinted in, *The Collected Writings of John Maynard Keynes*, Vol. VII (London: MacMillan [1936] 1973).

[88.] Hayek had, already, in his detailed and lengthy critique of Keynes' earlier, *A Treatise on Money*, 2 vols. (1930), pointed out the superficial and inadequate conceptions of capital that occupied Keynes' mind. See, F. A. Hayek, "Reflections on the Pure Theory of Money of Mr. J. M. Keynes," Pts. I and II, *Economica* (Nov. 1931 & February 1932), reprinted in, Bruce Caldwell, ed., *The Collected Works of F. A. Hayek*, Vol. IX: *Contra Keynes and Cambridge: Essays and Correspondence* (Chicago: University of Chicago Press, 1995) pp. 121-146 & 174-197.

5. Peter Lewin, "Beer Barrels, Blast Furnaces, and Hotel-room Furniture" [Posted: April 29, 2015]↩

Beer barrels, blast furnaces, hotel-room furniture and harbor installations; these things are capital by virtue of their functions, by virtue of what they do for us.[89] As Richard Ebeling explains in his last response, simple spending on "capital" does not, in itself, create jobs. The "capital" has to have the right form, the right *structure* to employ the workers to produce those goods and services that consumers will want.

This is a complex problem, one that is beyond the capability of any human to solve. The incredibly huge number of specific types of capital goods that fit together in any production facility, within the network of many different types of production facilities, arrayed at different points of a supply-chain with multiple links branching out backwards and forwards, facilitating the flow of services from productive resources to produce consumer goods and services in bewildering variety; cannot be designed or sensibly manipulated by human minds, though it is the result of purposeful individual human action. To the extent that it works, and, most of the time, it works miraculously well, it works because of the functioning of capital-markets, markets for investible funds. These markets transfer funds (generalized purchasing power) from those who have them (because some people have saved them) to those who believe they can use them. The capital-market provides a giant experimental arena for prospective production projects, many of which fail, some of which succeed, some of which succeed spectacularly and provide amazing benefits to consumers, and fabulous wealth for their creators. Without the capital market this could not happen and there would be no real economic growth.

We forget the lessons of Böhm-Bawerk at our peril. Saving is necessary for economic growth, but not sufficient. Capital markets to channel this saving to entrepreneurs who can function in open competition to try out their visions, are necessary as well. There is no simple link between the amount of capital spending and the level of employment. As the detailed structure of the productive resources forms and changes, the structure of employment will change as well. Capital accumulation changes the structure of production. And, as Böhm-Bawerk clearly understood, capital accumulation most often embodies technological change. The structure of employment will change. Some skills may be rendered obsolete, others will rise in value, and new opportunities will open up.

To focus simply on the level of capital investment is to see only the forest and not the trees, and, this can be downright misleading. When China reports a 7% GDP growth, part of which is the level of capital spending (directed by the government) it obscures the impending disaster of investments in ghost-cities of thousands of offices and apartments that sit empty because there is no consumer or producer demand for them. Malinvested capital *destroys* jobs because it takes resources away from truly productive ventures. It subtracts from sustainable growth. Governments cannot be entrepreneurs. And when they try to be and plan on a grand scale like this, the inevitable result is disaster. The Great Recession is another example of central planning gone awry – via the residential housing market.

We seem doomed to repeat the same mistakes over and over again because we cannot escape from the Keynesian blinders that obscure our vision. The role of those who appreciate the seminal work of Eugen von Böhm-Bawerk, and those who extended his work, is to persevere in battle for ideas. Austrian insights seem to be most relevant at times like this when the current wisdom has been shown to have failed.

Endnotes

[89.] Ludwig M. Lachmann, *Capital and Its Structure* (Kansas City: Sheed Andrews & McMeel [1956] 1978).

6. Richard M. Ebeling, "Böhm-Bawerk and Micro-Foundations to Capital and the Market Process" [Posted: April 30, 2015]↩

As Dr. Lewin points out in his remarks, above, on "Bear Barrels, Blast Furnaces, and Hotel-room Furniture," the advantage of an approach such as that of the "Austrians" is precisely that it focuses on the microeconomic relative price and wage, and capital structure relationships that are at work beneath the macroeconomic surface of Keynesian-type aggregates and averages.

Indeed, the Austrian economists, and most certainly including Eugen von Böhm-Bawerk, insisted from the beginning on what has become known as firm "micro-foundations" to macroeconomics. This is the basis of their long-standing insistence on methodological individualism and methodological subjectivism.

Intentionality and the Planning and Maintaining of the Capital Structure

It is the leading reason for the Austrian rejection of an economic analysis that's grounded on or operates primarily in terms of aggregates and averages. We saw it in Böhm-Bawerk's criticisms of John Bates Clark's notion of a perpetuated "fund" of capital. For Böhm-Bawerk, "capital" is comprised of specific intermediary products designed and invested in precisely to assist individual human actors for a more productive use of their own labor and complementary resources and raw materials in the manufacturing of desired consumer goods.

Individuals must intentionally devote time and effort to produce those capital goods, utilize them in time-consuming structures of

complementary and interdependent stages of production that lead to a final, finished products anticipated to serve the ends of specific individuals.

The decision to produce such capital goods must be followed with plans and actions to maintain them, and to increase and improve them looking to the future. There is nothing "automatic" in this process that is independent of individual human choices concerning valuations involving alternative wants that can be satisfied closer to the present or further away in the future.

The Austrian Critique of the Aggregate "Price Level"

This same methodological view was behind Austrian criticisms of the theoretical and policy attention that was given to the notion of the general "price level" in the 1920s and 1930s. For instance, Ludwig von Mises had emphasized that all attempts to measure changes in the purchasing power of the monetary unit through construction of index numbers invariably hid from view the fact that all monetary changes (either an increase or a decrease in the quantity of money in circulation) only influence "prices in general" as the cumulative effect brought about through money's impact on the structure of relative prices starting from the point from which the monetary change is introduced into the economic system.[90]

In other words, monetary changes are inescapably "non-neutral" in their affect on the "real" economy. Monetary influences on the price structure modify relative profit margins as long as the monetary change is working its way through the market, and this influences the allocation of resources, labor and capital among their alternative uses.[91]

"Injections" of money and credit into the banking system are one way that such monetary-induced changes being about a "misdirection" in relative prices and capital uses resulting in the phases of the business cycle.

All this is hidden from sight and insight when the analytical focus is on changes in the general price level and output "as a whole." As Gottfried Haberler emphasized almost 90 years ago, "The general price level is not a given, self-evident fact, but a theoretical abstraction . . . An economically relevant definition of the price level cannot be independent of the purpose in mind" for which it has been conceptually constructed. And when applied to explaining the sequences and phases of the business cycle, "Such a general [price] index rather cancels and submerges than reveals and explains those price movements which characterize and signify the movement of the cycle."[92]

Or as Friedrich A. Hayek generalized the argument in a famous passage in *Prices and Production*, in which he pointed out the futility of the attempt "to establish *direct* causal connection between the *total* quantity of money, the *general level* of all prices and, perhaps, also the *total* amount of production."

> For none of these magnitudes as *such* ever exerts an influence on the decisions of individuals; yet it is on the assumption of a knowledge of the decisions of individuals that the main propositions of non-monetary economic theory are based. It is to this "individualistic" method that we owe whatever understanding of economic phenomena we possess; that the modern "subjective" theory has advanced beyond the classical school in its consistent use is probably its main advantage over their teaching.
>
> If, therefore, monetary theory still attempts to establish causal relations between aggregates and general averages, this means that monetary theory lags behind the development of economics in general. In fact, neither aggregates nor averages do act upon one another, and it will never be possible to establish necessary connections of cause and effect between them as we can between individual phenomena, individual prices, etc. I would even go so far as to assert that, from its very nature of economic theory, averages can never form a link in its reasoning . . .[93]

The Austrian insistence on the importance of analysis in terms of the relative price and production structural relationships was also strongly emphasized by Arthur W. Marget (surely the most widely read and knowledgeable monetary theorist of the interwar period) in his critique of Keynesian macroeconomics:

> It is a fundamental methodological proposition of "modern" versions of the "*general*" *Theory of Value* that all categories with respect to "supply" and "demand" must be unequivocally related to categories which present themselves to the minds of those "economizing" *individuals* (or individual business *firms)* whose calculations make the "supplies" and "demands" realized in the market what they are . . . [T]he type of problem raised by the necessity for establishing a relation between these "microeconomic" decisions and these "macroeconomic" processes is not solved by the arbitrary introduction of an "aggregate supply function" and an "aggregate demand function" for industry *as a whole,* in defiance of the fact that neither of these "functions" deals with elements which enter directly into the calculations of the individual entrepreneurs whose "microeconomic" decisions and actions make "macroeconomic" processes what they are. On the contrary, it must be said, of such an attempt at "solution," that it misconceives entirely the true nature of the relation between microeconomic analysis and macroeconomic analysis.[94]

As both Dr. Lewin and Dr. Garrison highlighted in their earlier comments, Böhm-Bawerk erred in his construction of a notion of a backward-looking "Average Period of Production." And this concept, perhaps more than any other in his writings on capital and its time-structure, ended up causing the most confusion and controversy in terms of his legacy. It may be even argued that it was one of the central factors in the rejection of Austrian capital theory in the 1930s and 1940s.[95]

But what it also inspired was several restatements and reorientations of the Austrian theory of capital in the post-World War II period and especially in the years following the "Austrian" revival in the 1970s, while remaining true to the Böhm-Bawerkian emphasis on capital goods as intermediate goods within time-structures of production guided by individual plans focused on anticipated future consumer demands.

In this, the writings of Ludwig M. Lachmann must be given especial mention and attention. In the 1940s, Lachmann had challenged the Keynesian conception of capital as an aggregate of homogeneous and (implicitly) perfectly interchangeable goods. Particularly in two articles, "Complementarity and Substitution in the Theory of Capital" (1947)[96] and "Investment Repercussions" (1948),[97] he argued that capital needed to be looked at in terms of their construction and use in complementary structural relationships in and through time. Changes in plans caused by discovered changes in underlying supply and demand conditions held the potential of transforming those capital complementarities, with needed restructuring involving capital goods substituted into new complementary relationships in the face of those market changes.

Central to Lachmann's argument, and one that he expanded upon and refined in *Capital and Its Structure* (1956), was that the Keynesian macroeconomic approach was highly superficial and deceptive in that it submerged under the aggregate "marginal efficiency of capital" all of these microeconomic interrelationships in the uses of capital that helped understand the causes and consequences of economic imbalances and distortions during the business cycle.[98]

The restatement of Austrian capital theory (especially in its Böhm-Bawerkian and Hayekian forms) by Murray N. Rothbard in his monumental economics treatise on thoroughgoing "Austrian" lines, *Man, Economy, and State* (1962), resulted in a "rediscovery" of this tradition by a new generation of young Austrian economists.[99]

This was reinforced with Israel M. Kirzner's *An Essay on Capital* (1966) that focused attention on the conception of multi-period plans, and the use of capital through time in complementary relationships within the same plan and between plans.[100]

Out of this revival have come, most significantly, Peter Lewin's *Capital in Disequilibrium: The Role of Capital in a Changing World* (1999)[101] and Roger Garrison's *Time and Money: The Macroeconomics of Capital Structure* (2001).[102] In these works, Böhm-Bawerk's legacy as reflected in Lachmann's and Hayek's contributions to capital theory have been refined and applied to the capital controversies and macroeconomic debates of the last half-century.

And at a macroeconomic analysis and policy level, Mark Skousen's formulation of Böhm-Bawerk's and Hayek's structure of production conception is now the basis of a new quarterly measurement of "Gross Output" by the Bureau of Economic Analysis. Looking beyond the standard Gross Domestic Product approach of a measurement of the market value of final goods and services during a given period, it incorporates the sales and receipts through the stages of production for a better appreciation of on-going gross investment in the production structure.[103]

A century, now, after Böhm-Bawerk's death in August 1914, his ideas on capital, interest and investment continue to offer as a general framework and inspiration for the Austrian School of Economics in the 21st century.

Endnotes

[90.] Ludwig von Mises, *The Theory of Money and Credit* (Indianapolis, IN: Liberty Classics, [1934; new ed., 1953] 1980) pp. 215-223; Mises, *Monetary Stabilization and Cyclical Policy* [1928] in *On the Manipulation of Money and Credit* (Dobbs Ferry, NY: Free Market Books, 1978) pp. 83-89; Mises, "The Suitability of Methods of Ascertaining Changes in Purchasing Power for the Guidance of International Currency and Banking Policy," [League of Nations Official No. F/Gold/51 Oct. 10, 1930] in Richard M. Ebeling, ed., *Money, Method and the Market Process: Essays by Ludwig von Mises* (Norwell, MA: Klewer Academic Books, 1990), pp. 78-95; Mises, *Human Action: A Treatise on Economics* (Chicago: Contemporary Books, [1949] 3rd revised ed., 1966) pp.219-223.

[91.] Mises, "The Non-Neutrality of Money" [1938] in Ebeling, ed., *Money, Method, and the Market Process*, pp. 69-77; see, also, Oskar Morgenstern, "Thirteen Critical Points in Contemporary Economic Theory: An Interpretation," *Journal of Economic Literature*, Vol. 10, no. 4 (December 1972): 1184; reprinted in Andrew Schotter, ed., *Selected Economic Writings by Oskar Morgenstern*, (New York: New York University Press, 1976), p. 288:

> "[If] no account is given where this additional money originates from, *where* it is injected, with *what* different magnitudes and *how* it penetrates (through *which* paths and channels and with *what* speed), into the body economic, very little information is given. The same total addition will have different consequences if it is injected via consumer's loans, or producer's borrowings, via the Defense Department, or via unemployment subsidies, etc. Depending on the existing conditions of the economy, each point of injection will produce different consequences for the same aggregate amount of money, so that the monetary analysis will have to be combined with an equally detailed analysis of changing flows of commodities and services." [Emphasis in original.]

[92.] Gottfried Haberler, "A New Index Number and Its Meaning" *Quarterly Journal of Economics* (May, 1928), reprinted in, Anthony Y. C. Koo, ed., *The Liberal Economic Order: Essays by Gottfried Haberler*, Vol. II: *Money, Cycles and Related Themes* (Brookfield, VT: Edward Elgar, 1993) pp. 114-115; see, also, Haberler, *The Different Meanings Attached to the Term 'Fluctuations in the Purchasing Power of Gold' and the Best Instrument or Instruments for Measuring Such Fluctuations* (Geneva: League of Nations, Official No.: F/Gold/74, March 9, 1931).

[93.] F. A. Hayek, *Prices and Production* [1931; 2nd ed., 1935] reprinted in Hansjoerg Klausinger, ed., *The Collected Works of F. A. Hayek*, Vol. 7: *Business Cycles, Part I* (Chicago: University of Chicago Press, 2012) pp. 195-196.

[94.] Arthur W. Marget, *The Theory of Prices*, Vol. 2 (New York: Augustus M. Kelley, [1942] 1966), pp. 541 & 544; see, also, Raymond J. Saulier, *Contemporary Monetary Theory: Studies of Some Recent Theories of Money, Prices, and Production* (New York: Columbia University Press, 1938), pp. 379 & 358, where in a critique of Keynes' *General Theory*, the author says:

> "The effects of monetary factors on the various elements of the price system must be studied with reference to the supply conditions of particular goods . . . There is not such thing as demand for goods *in general*, a *general* price level, the output of goods *in general* (even when categorized into producers' and consumers' goods), except as aggregates and averages of particular phenomena. What we have in fact is a set a set of demand and supply conditions for all the various goods and services of the community. If money exerts any influence on the price of a good, or upon its rate of output, it does so because it affects its particular cost and revenue conditions. Therefore, if we are to study the *modus operandi* of this effect we must do it in terms of changes in the demand (revenue) and supply (cost) conditions of that particular good. Our whole problem would be infinitely simplified, and much of this analysis could be avoided, if any given change in the money stock would raise all demand curve immediately and proportionally, and would alter all cost curves in an equally harmonious manner, or, alternatively, if the monetary disturbance would cause different degrees of change in the prices of different goods which could be dealt with in terms of an average change, without this procedure causing any of the important relations within the price structure to be overlooked. I think no one would be likely to argue that either of these happy states of affairs is apt to obtain . . . It can be said quite definitely that a closer attention to the particular and special conditions of different elements of the economic system, will yield a better understanding of how money affects the economic system . . . There is some possibility that a statement of price theory which centers as much interest as does Keynes's theory on changes in prices [in general] may have the quite undesirable effect of diverting attention fro the relations between costs and prices – that is, from changes in the cost-price structure."

[95.] For a detailed summary of the controversies and debates surrounding Austrian capital theory in the first half of the 20th century, as well as a restatement of Austrian capital theory, see, Mark Skousen, *The Structure of Production* (New York: New York University Press, 1990), a work not always appreciated as much as it deserves to be.

[96.] Ludwig M. Lachmann, "Complementarity and Substitution in the Theory of Capital," *Economica* (May, 1947) reprinted in Walter E. Grinder, ed., *Capital, Expectations, and the Market Process: Essays on the Theory of the Market Economy by Ludwig M. Lachmann* (Kansas City: Sheed, Andrews, and McMeel, 1977) pp. 197-213.

[97.] Ludwig M. Lachmann, "Investment Repercussions," *Quarterly Journal of Economics* (Nov. 1948) reprinted in Don Lavoie, ed., *Expectations and the Meaning of Institutions: Essays in Economics by Ludwig M. Lachmann* (New York: Routledge, 1994) pp. 131-144.

[98.] Ludwig M. Lachmann, *Capital and Its Structure* (Kansas City: Sheed Andrews and McMeel [1956] 1978).

[99.] Murray N. Rothbard, *Man, Economy, and State: A Treatise on Economic Principles* (Princeton, NJ: D. Van Nostrand, 1962.)

[100.] Israel M. Kirzner, *An Essay on Capital* [1966] reprinted in *Essays on Capital and Interest: An Austrian Perspective* (Brookfield, VT: Edward Elgar, 1996 pp. 13-122.

[101.] Peter Lewin, *Capital in Disequilibrium: The Role of Capital in a Changing World* (New York: Routledge, 1999).

[102.] Roger W. Garrison, *Time and Money: The Macroeconomics of Capital Structure* (New York: Routledge, 2001).

[103.] Mark Skousen, *The Structure of Production*.

7. Roger W. Garrison, "Capital's Radical Heterogeneity and the Widespread Aversion to a Capital-Based Macroeconomics" [Posted: April 30, 2015]↩

Eugen von Bohm-Bawerk, following Menger's *Principles of Economics* (1871), dealt head-on with the issues of capital theory. Subsequent Austrian economists, particularly Mises, Hayek, Lachmann and Rothbard embraced, in large part, Bohm-Bawerk's theorizing and used it as the basis for their macroeconomics and, particularly, in their theorizing about business cycles. "Capital-based macroeconomics" has come to be virtually synonymous with "Austrian Macroeconomics."

By comparison, competing schools of thought (1) have allowed capital to have only a shadowy existence (Keynes), (2) have conceived capital strictly in terms of stocks of it and flows from it (John B. Clark and Frank Knight), or (3) have modeled capital as "dated labor," that is, labor expended, e.g., so many months before the emergence of the final product (Cambridge capital theorists). These and related modes of theorizing all seem to be awkward constructions designed to avoid the so-called "thorny issues of capital theory." I can remember Lachmann once remarking that Cambridge's dated-labor theorizing amounts to "capital theory without capital"! More significantly, Keynes, in his summing-up article of 1937[104] can readily be seen as congratulating himself for separating capital theory from macroeconomics – and thus setting the stage for pro-active, central-direction of the macroeconomy.

The aversion to dealing head-on with capital theory derives from capital's radical heterogeneity, which Peter Lewin highlighted in his most recent post. Of course, the other classically defined factors of production (land and labor) are also heterogeneous. I like to emphasize the *dimensional* heterogeneity of capital, which is the point in Lachmann's itemizing beer barrels and blast furnaces, etc. We can quantify labor in terms of "worker-hours of labor," recognizing that some worker-hours are more productive than others, and we can quantify land in terms of acres, recognizing that some acres are more fertile or more useful than others. But theorizing about _____ of capital poses a problem. How do we fill in the blank? Pounds or cubic feet won't do. "Dollars' worth" won't do either; that measure conflates the quantity of capital with its price. I became sensitized to this units problem while in graduate school. I listened to professors lecturing about "doses," "chunks," and/or "units" of capital. "Doses" and "chunks" are big red flags here, and, of course, "unit" is itself not a unit. The floundering for a credible unit and the ultimate failure to find one demonstrates capital's dimensional heterogeneity.

The Austrian approach doesn't entail quantifying the *amoun*t of capital but rather focuses on the internal integrity of capital's temporal

structure and on the structure's overall compatibility with the time preferences and saving behavior of market participants. The fundamental idea is that if interest rates, broadly conceived, are allowed to be determined by unhampered market mechanisms, the temporal structure of capital will tend to be consistent with consumers' (and savers') preferred temporal pattern of consumption. And conversely, if interest rates are manipulated by a central monetary authority, the temporal structure will develop internal inconsistencies, will be at odds with the preferred temporal pattern, and will give rise to booms and busts.

Endnotes

[104.] Keynes, John Maynard, "The General Theory of Unemployment," *Quarterly Journal of Economics*, vol. 51, pp. 209-23.

8. Joseph Salerno, "The Irrelevance of Equilibrium and Disequilibrium in Böhm-Bawerk's Price Theory" [Posted: May 1, 2015]↩

As I noted in my first response, Böhm-Bawerk's theory of price explains the determination of prices actually paid on every kind of market at every moment of what Arthur Marget called "clock time." The primary virtue of this approach is that it obviates the need to parse the vexed equilibrium/disequilibrium distinction. Equilibrium is a (useful) mental construct in which action is absent and time is meaningless; disequilibrium is the negation of equilibrium and, at best, depicts a state of affairs (e.g., reverse valuations of the same good on the part of at least two persons) existing immediately *before* the actions comprising the pricing process have been initiated. Action therefore does not take place either in equilibrium or in disequilibrium, but in historical, or better yet, "lived" time.

This is the reason that Böhm-Bawerk and other Austrian price theorists such as Menger, Mises, and Rothbard all begin their analyses at a specific moment in clock time and avoid reference to conditions of short-run or long-run equilibrium when explaining "realized" prices paid by living human actors.[105] At the moment when a Robertsonian "market day" begins, all sellers in the market have a fixed stock of goods determined by *past* production decisions. Any elasticity of their supply curves is due solely to their speculations about *future* prices of the good. Similarly all buyers arrive in the market with demand schedules conditioned by anticipated prices of the same good in future markets and by the expected array of prices of other goods they may desire. The realized price that emerges is one that exhausts all mutual gains from exchange in this market at this moment in time, given the existing disparate knowledge and expectations held by fallible market participants.

There are a number of important properties of this price. First it is necessarily a market-clearing price, for if it were not, then there would be additional gains from exchange to be exploited in which case the market would not have come to a close at this price but at another price. Second, it is for this reason that Böhm-Bawerk called the situation that exists when this price has been realized a "momentary equilibrium." (Mises called it a "plain state of rest."). Last, market-clearing prices that yield temporary exchange equilibria are the only kind of prices that come into being in the real world and as such are the only prices that entrepreneurs are concerned with in the economic calculations that guide their production plans. In this specific and narrow sense, the market is a process that moves through time from the state of "disequilibrium" to a state of "equilibrium." Action thus destroys the state of disequilibrium and comes to a close in equilibrium and, while absent from both states, constitutes the temporal link between them. But it is better to avoid these terms when analyzing the real-world pricing process.

It is noteworthy Carl Menger well understood these qualities of the market price. He found "in each instance and at any given point in time, a limit up to which two persons can exchange their goods to their mutual economic advantage."[106] Recognizing that stocks of goods, value scales, etc. change from one moment to the next, Menger argued further that market-clearing prices and momentary exchange equilibria could be observed to come into being again and again. Wrote Menger:

> [T]he foundations for economic exchanges are constantly changing, and we therefore observe the phenomenon of a perpetual succession of exchange transactions. But even in the exchange of transactions we can, by observing closely, find *points of rest* at particular times, for particular persons, and with particular kinds of goods. At these *points of rest*, no exchange of goods takes place, because an economic limit to exchange has already been reached. [Emphases are added.][107]

And one can easily observe Mengerian points of rest by standing outside of, for example, Walmart and observing customers pushing shopping carts to their vehicles. One shopper may emerge with a cart containing 4 DVDs, 2 gallons of milk, one dozen lemons, 5 pounds of flank steak and 6 lbs. of potatoes. She could have bought more or less. The fact that she did not indicates that, at least temporarily, she is in equilibrium, as is Walmart. The observation also indicates that the reservation prices temporarily posted by Walmart and paid by the shopper, which are based on Walmart's speculation on the prospective pattern of demand over the next few days or weeks, are indeed market-clearing, realized prices.

I close with Klaus Hennings perceptive summary of the difference between Böhm-Bawerkian and Marshallian price theory in terms of the marginal cost concept. Hennings pointed out:

In Böhm's model, producers are not able to adapt production except in the long run, so that . . . Böhm runs the Marshalllian long and short periods in to the momentary period. This means that in Böhm's model momentary supply is always relatively inelastic with respect to price changes.[108]

Of course, given the focus of Austrians on what Rothbard called the "immediate run" in price theory, Austrians have never had much use for the marginal cost curve. According to Hennings, Böhm-Bawerk knew of but was not "particularly keen on" the concept of increasing marginal costs. In contrast to Marshall, "he did not need it" to establish the stability of his momentary model.[109] In other words because Böhm-Bawerk focused on the momentary period with fixed stocks of goods and inevitably upward-sloping supply curves, the configuration

of the total cost schedule is relevant for market stability. Nor does the marginal cost concept play a role in discussions of price theory in the works of Fetter, Davenport, Wicksteed, Mises, or Rothbard. In fact as Hennings further explained, Böhm-Bawerk only deployed long-run analysis and costs of production to explain the production decisions made by capitalist-entrepreneurs that give rise to the momentarily fixed stocks of goods. The latter, in turn, interact with contemporaneous value scales to establish the observed moment-to-moment prices that are the ultimate determinants of the success or failure of all past entrepreneurial endeavors and the starting point for calculating future entrepreneurial projects.

Endnotes

[105.] As Marget argued, "[T]he prices we must ultimately explain are the prices 'realized' at specific moment in clock time [and] the only demand and supply schedules which are directly relevant to the determination of these 'realized prices' are market demand and supply schedules prevailing at the moment the prices are 'realized.'" Arthur W. Marget, *The Theory of Prices: A Re-Examination of the Central Problem of Monetary Theory*, 2 vols. (New York: Augustus M. Kelley), pp. 239-40.

[106.] Carl Menger, *Principles of Economics*, trans. James Dingwall and Bert F. Hoselitz (Auburn: Mises Institute, 2007), p. 187.

[107.] Ibid., p. 188.

[108.] Klaus H. Hennings, *The Austrian Theory of Value and Capital: Studies in the Life and Work of Eugen von Böhm-Bawerk* (Brookfield, VT: Edward Elgar, 1997), p. 94.

[109.] Ibid., p. 95.

ADDITIONAL READING

Online Resources

Subject Area: Economics <http://oll.libertyfund.org/groups/42>

School of Thought: The Austrian School of Economics <http://oll.libertyfund.org/groups/8>

Ludwig von Mises (1881-1973) <http://oll.libertyfund.org/people/ludwig-von-mises>

- Liberty Fund Collection: *Liberty Fund Library of the Works of Ludwig von Mises* <http://oll.libertyfund.org/groups/101>
- *Selected Writings of Ludwig von Mises, 3 vols. edited and with an Introduction by Richard M. Ebeling* (Indianapolis: Liberty Fund, 2000-2012). <http://oll.libertyfund.org/titles/2664>
    - vol. 1: *Monetary and Economic Problems Before, During, and After the Great War* (2012) <http://oll.libertyfund.org/titles/2442>
    - vol. 2: *Between the Two World Wars: Monetary Disorder, Interventionism, Socialism, and the Great Depression* (2002) <http://oll.libertyfund.org/titles/2665>
    - vol. 3: *The Political Economy of International Reform and Reconstruction* (2000) <http://oll.libertyfund.org/titles/2666>

Eugen von Böhm-Bawerk (1851-1914) <http://oll.libertyfund.org/people/eugen-von-bohm-bawerk>

- Eugen von Böhm-Bawerk, *Capital and Interest: A Critical History of Economic Theory*, trans. William A. Smart (London: Macmillan, 1890). <http://oll.libertyfund.org/titles/284>.
- Eugen von Böhm-Bawerk, *The Positive Theory of Capital*, trans. William A. Smart (London: Macmillan and Co., 1891). <http://oll.libertyfund.org/titles/283>.

Carl Menger (1840-1921) <http://oll.libertyfund.org/people/carl-menger>. The following works are in German only:

- *Grundsätze der Volkswirtschaftslehre* (Wien: Wilhelm Braumüller, 1871). <http://oll.libertyfund.org/titles/1279> (HTML and PDF)
- *Grundzüge einer Klassifikation der Wirtschaftwissenschaften. Separatdruck aus den Jahrbüchern für Nationalökonomie und Statistik* (Jena: Gustav Fischer, 1889). <http://oll.libertyfund.org/titles/1740> (PDF only)
- *Die Irrthümer des Historismus in der deutschen Nationalökonomie* (Wien: Alfred Hölder, 1884). <http://oll.libertyfund.org/titles/1792> (PDF only)
- *Zur Kritik der Politischen Oekonomie* (Wien: Alfred Hölder, 1887). <http://oll.libertyfund.org/titles/1801> (PDF only)
- *Zur Theorie des Kapitals. Separatdruck aus den Jahrbüchern für Nationalökonomie und Statistik* (Jena: Gustav Fischer, 1888). <http://oll.libertyfund.org/titles/1800> (PDF only)
- *Untersuchungen über die Methode der Sozialwissenschaften, und der politischen Oekonomie insbesondere* (Leipzig: Dunker und Humblot, 1883). <http://oll.libertyfund.org/titles/1739> (PDF only)

Friedrich von Wieser (1851-1926) <http://oll.libertyfund.org/people/friedrich-von-wieser>

- Friedrich von Wieser, *Natural Value*, edited with a Preface and Analysis by William Smart (London: Macmillan, 1893). <http://oll.libertyfund.org/titles/1685>

Works Mentioned in the Discussion

Eugen von Böhm-Bawerk, *Neue Freie Presse* [*New Free Press*] (January 6, 8, and 9, 1914).

Eugen von Böhm-Bawerk, *Further Essays on Capital and Interest* [1914] (South Holland, Ill: Libertarian Press, 1959).

Eugen von Böhm-Bawerk, *Capital and Interest: A Critical History of Economic Theory*, trans. William A. Smart (London: Macmillan, 1890). <http://oll.libertyfund.org/titles/284>.

Böhm-Bawerk, Eugen von. *Capital and Interest*, 3 vols. in one (1997). South Holland, IL: Libertarian Press. Trans. by George D. Huncke and Hans F. Sennholz, 1959.

Bohm-Bawerk, *Capital and Interest*, vol. 2, *Positive Theory of Capital*, George D. Huncke, trans. (Spring Mills, PA: Libertarian Press, 1959).

Böhm-Bawerk, Eugen von. *Capital and Interest*, 3 vols. in one (1997). South Holland, IL: Libertarian Press. Trans. by George D. Huncke and Hans F. Sennholz, 1959.

Eugen von Böhm-Bawerk, *The Positive Theory of Capital*, trans. William A. Smart (London: Macmillan and Co., 1891). <http://oll.libertyfund.org/titles/283>.

Eugen von Böhm-Bawerk, *Karl Marx and the Close of his System, and Rudolf Hilferding, Böhm-Bawerk's Criticism of Marx. Together with an Appendix consisting of an Article by Ladislaus von Bortkiewicz on the Transformation of Values into Prices of Production in the Marxian System. Edited with an introduction by Paul Sweezy* (New York; Augustus M. Kelley, 1949). Online at Mises Institute <http://mises.org

/library/karl-marx-and-close-his-system>.

Eugen von Böhm-Bawerk, *Recent Literature on Interest (1884-1899): A Supplement to "Capital and Interest"*, trans. William Scott (London: Macmillan, 1900).

Böhm-Bawerk, *Basic Principles of Economic Value* (Grove City, PA: Libertarian Press, 2005). Originally published in a slightly different form in *Jahrbücher für Nationalökonomie und Statistik*, Vol. 12 (1886).

Böhm-Bawerk, "The Austrian Economists" (1891) and "The Ultimate Standard of Value" (1894), are reprinted in *Shorter Classics of Böhm-Bawerk* (South Holland, Ill.: Libertarian Press, 1962), pp. 1-24, and 303-70.

Böhm-Bawerk, "Value, Cost, and Marginal Utility" [1892], *Quarterly Journal of Austrian Economics* (Fall, 2002) pp. 37-79.

Eugen von Böhm-Bawerk, "The Positive Theory of Capital and Its Critics, I: Professor Clark's Views on the Genesis of Capital," *Quarterly Journal of Economics*, January 1895, pp. 113-31.

Eugen von Böhm-Bawerk, "The Origin of Interest," *Quarterly Journal of Economics*, July 1895, pp. 380-87.

Eugen von Böhm-Bawerk, "Capital and Interest Once More: I. Capital vs. Capital Goods," *Quarterly Journal of Economics*, November 1906, pp. 1-21.

Eugen von Böhm-Bawerk, "Capital and Interest Once More: II. A Relapse to the Productivity Theory," *Quarterly Journal of Economics*, February 1907, pp. 247-82.

Eugen von Böhm-Bawerk, "The Nature of Capital: A Rejoinder," *Quarterly Journal of Economics*, Nov. 1907, pp. 28-47.

Eugen von Böhm-Bawerk, "Unresolved Contradiction in the Marxian Economic System" (1896), reprinted in *Shorter Classics* of, pp. 201-302; the same translation was published earlier under the title, *Karl Marx and the Close of His System* (New York: Macmillan, 1898).

Eugen von Böhm-Bawerk, "The Function of Savings," *Annals of the American Academy of Political and Social Sciences* (May, 1901). Reprinted in Richard M. Ebeling, ed., *Austrian Economics: A Reader* (Hillsdale, MI: Hillsdale College Press, 1991), pp. 401-413.

Eugen von Böhm-Bawerk, "The Historical vs. the Deductive Method in Political Economy," *Annals of the American Academy of Political and Social Science*, vol. I (1891), pp. 244-71.

Böhm-Bawerk, "Control or Economic Law" [1914] reprinted in Shorter *Classics*, pp. 139-199.

L. G. Bostedo, "The Function of Savings," *Annals of the American Academy of Political and Social Science* (January, 1900). Reprinted in Richard M. Ebeling, ed., *Austrian Economics: A Reader* (Hillsdale, MI: Hillsdale College Press, 1991) pp. 393-400.

Per Bylund, "Division of Labor and the Firm: An Austrian Attempt at Explaining the Firm in the Market," *Quarterly Journal of Austrian Economics*, 14:2 (2011): 188-215.

Nicolas Cachanosky and Peter Lewin, "Roundaboutness is Not a Mysterious Concept: A Financial Application to Capital Theory," *Review of Political Economy*, 2014. http://dx.doi.org/10.1080/09538259.2014.957475

John Bates Clark, "The Genesis of Capital," *Yale Review*, November 1893, pp. 302-315.

John Bates Clark, "The Origin of Interest," *Quarterly Journal of Economics*, April 1895, pp. 257-78.

John Bates Clark, "Real Issues Concerning Interest," *Quarterly Journal of Economics*, October 1895, pp. 98-102.

John Bates Clark, "Concerning the Nature of Capital: A Reply," *Quarterly Journal of Economics*, May 1907, pp. 351-70.

Richard M. Ebeling, ed., *Austrian Economics: A Reader* (Hillsdale, Mich.: Hillsdale College Press, 1991).

Richard Ebeling, "Introductions to the Selected Works of Ludwig von Mises (2000-12)" <http://oll.libertyfund.org/pages/ebeling-introductions>.

Richard Ebeling, *Political Economy, Public Policy, and Monetary Economics: Ludwig von Mises and the Austrian Tradition* (Routledge, 2010).

- Richard M. Ebeling, Chapter 7: "The Austrian Economists and the Keynesian Revolution: The Great Depression and the Economics of the Short-Run," pp. 203-272.

Richard Ebeling, *Austrian Economics and the Political Economy of Freedom* (Edward Elgar, 2003).

Richard Ebeling, *Selected Writings of Ludwig von Mises, 3 vols. edited and with an Introduction by Richard M. Ebeling* (Indianapolis: Liberty Fund, 2000-2012). <http://oll.libertyfund.org/titles/2664>.

Richard Ebeling, *When We are Free* (Northwood University Press, 2014).

Richard Ebeling, *In Defense of Capitalism*, 5 vols. (Northwood University Press, 2010-2014).

Richard M. Ebeling, "An 'Austrian' Interpretation of the Meaning of Austrian Economics: History, Methodology, and Theory," *Advances in Austrian Eco*nomics, Vol. 14 (2010) pp. 43-68.

John B. Egger, Clarifying and Teaching Böhm-Bawerk's "Marginal Pairs," *The Journal of Economic Education*, 27:1 (1997): 32-40.

Nicolai Foss and Peter G. Klein, *Organizing Entrepreneurial Judgment: A New Approach to the Firm* (New York: Cambridge University Press, 2012).

Roger W. Garrison, *Time and Money: The Macroeconomics of Capital Structure* (New York: Routledge, 2001).

Roger W. Garrison, "Friedman and the Austrians" in *Milton Friedman' Contributions to Economics and Public Policy*, Robert Cord and Daniel Hammond, eds, (Oxford University Press, forthcoming).

Garrison, Roger W. "Eugen von Böhm-Bawerk: Capital, Interest and Time," in Randall G. Holcombe, *15 Great Austrian Economists*, (1999) Auburn, AL, Ludwig von Mises Institute.

Garrison, Roger W. "Austrian Capital Theory: the Early Controversies," *History of Political Economy*, supplement to vol. 22, 1990, pp. 133–54. Published as Bruce J. Caldwell, ed., *Carl Menger and his Legacy in Economics*, Durham, NC: Duke University Press, 1990.

Alexander Gerschenkron, *An Economic Spurt That Failed: Four Lectures in Austrian History* (Princeton, N.J.: Princeton University Press, 1977).

Gottfried Haberler, "A New Index Number and Its Meaning" *Quarterly Journal of Economics* (May, 1928), reprinted in, Anthony Y. C. Koo, ed., *The Liberal Economic Order: Essays by Gottfried Haberler*, Vol. II: *Money, Cycles and Related Themes* (Brookfield, VT: Edward Elgar, 1993) pp. 114-115.

Gottfried Haberler, *The Different Meanings Attached to the Term 'Fluctuations in the Purchasing Power of Gold' and the Best Instrument or Instruments for Measuring Such Fluctuations* (Geneva: League of Nations, Official No.: F/Gold/74, March 9, 1931).

Friedrich A. Hayek, *Monetary Theory and the Trade Cycle* [1928] and *Prices and Production* [1931], both reprinted in, Hansjoerg Klausinger ed., *The Collected Works of F. A. Hayek*, vol. 7: *Business Cycles, Part I* (Chicago: University of Chicago Press, 2012).

Friedrich A. Hayek, "The Mythology of Capital," *Quarterly Journal ofEconomics* (Feb. 1936) pp. 199-228.

Hayek, *The Pure Theory of Capital* reprinted in Lawrence H. White, ed., *The Collected Works of F. A. Hayek*, vol. 12 (Chicago: University of Chicago Press [1941] 2007).

F.A. Hayek, "Hayek on Wieser," in *The Development of Economic Thought: Great Economists in Perspective*, ed. H.W. Spiegel (New York: John Wiley and Sons, 1952).

Hayek, Friedrich A. *Prices and Production*, ([1935] 1967), 2nd ed., New York, Augustus M. Kelley. Reprinted in Hansjoerg Klausinger, ed., *The Collected Works of F. A. Hayek*, Vol. 7: *Business Cycles, Part I* (Chicago: University of Chicago Press, 2012), pp. 227-241.

F. A. Hayek, "The Paradox of Savings," in *Profits, Interest and Investment, and Other Essays on the Theory of Industrial Fluctuations* (New York: Augustus M. Kelley, [1939] 1969), pp. 199-263.

F. A. Hayek, "Reflections on the Pure Theory of Money of Mr. J. M. Keynes," Pts. I and II, *Economica* (Nov. 1931 & February 1932), reprinted in, Bruce Caldwell, ed., *The Collected Works of F. A. Hayek*, Vol. IX: *Contra Keynes and Cambridge: Essays and Correspondence* (Chicago: University of Chicago Press, 1995) pp. 121-146 & 174-197.

Klaus H. Hennings, *The Austrian Theory of Value and Capital: Studies in the Life and Work of Eugen von Böhm-Bawerk* (VT: Brookfield: Edward Elgar, 1997).

J.R. Hicks, *Value and Capital*. (Oxford: Oxford University Press, 1939).

Steven Kates, *Say's Law and the Keynesian Revolution: How Macroeconomic Theory Lost Its Way* (Northampton, MA: Edward Elgar, 1998).

Steven Kates, *Free Market Economics: An Introduction for the General Reader* (Northampton, MA: Edward Elgar, 2011).

Steven Kates, "Mill's Fourth Fundamental Proposition on Capital: A Paradox Explained," *Selected Works of Steven Kates* (January 2012), <http://works.bepress.com/stevenkates/2>.

John Maynard Keynes, *The General Theory of Employment, Interest, and Money*, reprinted in, *The Collected Writings of John Maynard Keynes*, Vol. VII (London: MacMillan [1936] 1973).

John Maynard Keynes, *A Treatise on Money*, 2 vols. (1930).

Keynes, John Maynard, "The General Theory of Unemployment," *Quarterly Journal of Economics*, vol. 51, pp. 209-23.

Israel M. Kirzner, *Essays on Capital and Interest* (Brookfield, VT: Edward Elgar, 1996).

Israel M. Kirzner, *An Essay on Capital* [1966] reprinted in *Essays on Capital and Interest: An Austrian Perspective* (Brookfield, VT: Edward Elgar, 1996 pp. 13-122.

Peter G. Klein, "The Mundane Economics of the Austrian School," *Quarterly Journal of Austrian Economics* 11 (2008): 165–87.

Ludwig M. Lachmann, *Capital and Its Structure* (Kansas City: Sheed Andrews & McMeel [1956] 1978). Online <http://oll.libertyfund.org/titles/96>.

Ludwig M. Lachmann, "Complementarity and Substitution in the Theory of Capital," *Economica* (May, 1947) reprinted in Walter E. Grinder, ed., *Capital, Expectations, and the Market Process: Essays on the Theory of the Market Economy by Ludwig M. Lachmann* (Kansas City: Sheed, Andrews, and McMeel, 1977) pp. 197-213.

Ludwig M. Lachmann, "Investment Repercussions," *Quarterly Journal of Economics* (Nov. 1948) reprinted in Don Lavoie, ed., *Expectations and the Meaning of Institutions: Essays in Economics by Ludwig M. Lachmann* (New York: Routledge, 1994) pp. 131-144.

Peter Lewin, *Capital in Disequilibrium: The Role of Capital in a Changing World* (New York: Routledge: 1999, 2nd edition, Mises Institute, 2011).

Peter Lewin, ed., *The Economics of QWERTY* (Palgrave, 2002) .

P. Lewin and N. Cachanosky, "The Average Period of Production History Of An Idea," *SSRN* file:///C:/Users/plewin/Downloads/SSRN-id2479408%20(2).pdf

F. R Macaulay, *The Movements of Interest Rates. Bond Yields and Stock Prices in the United States since 1856*. (New York: National Bureau of Economic Research, 1938).

Fritz Machlup, "Professor Knight and the Period of Production," *Journal of Political Economy* (Oct., 1935), pp. 577-624.

G.P. Manish, "Error, Equilibrium, and Equilibration in Austrian Price Theory," *Quarterly Journal of Austrian Economics* 17:2 (2014), pp. 127-53.

Arthur W. Marget, *The Theory of Prices: A Re-Examination of the Central Problem of Monetary Theory*, 2 vols. (New York: Augustus M. Kelley, [1942] 1966).

Karl Marx and Frederick Engels, *The Manifesto of the Communist Party* [1848] (Moscow: Progress Publishers, 1969).

Karl Marx, *Capital*, 3 Vols. (Moscow: Progress Publishers, 1956). Online edition:

- *Volume I: The Process of Capitalist Production,* by Karl Marx. Trans. from the 3rd German edition, by Samuel Moore and Edward Aveling, ed. Federick Engels. Revised and amplified according to the 4th German ed. by Ernest Untermann (Chicago: Charles H. Kerr and Co., 1909). <http://oll.libertyfund.org/titles/965>.
- *Volume II: The Process of Circulation of Capital*, by Karl Marx. Ed. Federick Engels. Trans. from the 2nd German edition by Ernest Untermann (Chicago: Charles H. Kerr and Co., 1910). <http://oll.libertyfund.org/titles/966>.
- *Volume III: The Process of Capitalist Production as a Whole*, by Karl Marx. Ed. Federick Engels. Trans. from the 1st German edition by Ernest Untermann (Chicago: Charles H. Kerr and Co. Cooperative, 1909). <http://oll.libertyfund.org/titles/967>.

Eduard Marz, *Austrian Banking and Financial Policy: Creditanstalt at the Turning Point, 1913-1923* (New York: St. Martin's Press, 1984).

Hans Mayer, "The Cognitive Value of Functional Theories of Price: Critical and Positive Investigations Concerning the Price Problem" [1932], translated in, Israel M. Kirzner, ed., *Classics in Austrian Economics: A Sampling in the History of a Tradition*, Vol. II: "The Interwar Period" (London: William Pickering, 1994) pp. 55-168.

Matthew McCaffrey, "Economic Policy and Entrepreneurship: Alertness or Judgment?" in Per Bylund and David Howden, eds., *The Next Generation of Austrian Economics: Essays in Honor of Joseph T. Salerno* (Auburn, AL: Mises Institute, 2015).

Matthew McCaffrey and Joseph T. Salerno, "Böhm-Bawerk's Approach to Entrepreneurship," *The Journal of the History of Economic Thought*, 36:4 (December 2014), pp. 435-54.

Carl Menger, *Principles of Economics* (New York: New York University Press, [1871] 1981).

Carl Menger, *Principles of Economics*, James Dingwall and Bert F. Hoselitz, trans., 2nd ed. (Grove City, PA: Libertarian Press, 1994).

Carl Menger, *Investigations into the Method of the Social Sciences, with Special Reference to Economics* (New York: New York University Press, [1883] 1985).

Carl Menger, "Eugen von Böhm-Bawerk" [1915] reprinted in, *Carl Menger Gesammelte Werke*, Vol. 3: *Kleinere Schriften Zur Methode und Geschichte der Volkswirtschaftslehre* (Tubingen: J. C. B. Mohr, 1970), pp. 293-307.

John Stuart Mill, *Principles of Political Economy, with Some of Their Applications to Social Philosophy* (Fairfield, NJ: Augustus M. Kelley, [1909] 1976).

John Stuart Mill, *The Collected Works of John Stuart Mill, Volume II - The Principles of Political Economy with Some of Their Applications*

to Social Philosophy (Books I-II), ed. John M. Robson, introduction by V.W. Bladen (Toronto: University of Toronto Press, London: Routledge and Kegan Paul, 1965). <http://oll.libertyfund.org/titles/102>.

Mises, Ludwig von. *The Theory of Money and Credit* ([1912] 1953), New Haven, CT: Yale University Press.

Ludwig von Mises, *The Theory of Money and Credit* (Indianapolis, IN: Liberty Classics [1912, 3nd revised ed., 1953] 1980). Online <http://oll.libertyfund.org/titles/1061>.

Ludwig von Mises, *Human Action: A Treatise on Economics* (Chicago, Ill: Henry Regnery, [1949] 3rd revised ed., 1966]). Liberty Fund edition: Ludwig von Mises, *Human Action: A Treatise on Economics, in 4 vols*., ed. Bettina Bien Greaves (Indianapolis: Liberty Fund, 2007). <http://oll.libertyfund.org/titles/1892>.

Ludwig von Mises, *Human Action: A Treatise on Economics*. Scholar's Ed. (Auburn, AL: Mises Institute, 2008).

Ludwig von Mises, "Eugen von Böhm-Bawerk: In Memory of the Tenth Anniversary of His Death" [1924] reprinted in, Richard M. Ebeling, ed. *Selected Writings of Ludwig von Mises*, Vol. 2: *Between the Two World Wars: Monetary Disorder, Interventionism, Socialism, and the Great Depression* (Indianapolis: IN: Liberty Fund, 2002). Online PDF only: <http://oll.libertyfund.org/titles/2665>.

Ludwig von Mises, *Memoirs* (Auburn, AL: Ludwig von Mises Institute [1940] 2009).

Ludwig von Mises, "Capital and Interest: Eugen von Böhm-Bawerk and the Discriminating Reader" in *Economic Freedom and Interventionism: An Anthology of Articles and Essays*, Bettina Bien Greaves, ed. (Irvington-on-Hudson, N.Y.: Foundation for Economic Education, 1990).

Ludwig von Mises, "Monetary Stabilization and Cyclical Policy" [1928] in *On the Manipulation of Money and Credit* (Dobbs Ferry, NY: Free Market Books, 1978). Online version: Ludwig von Mises, *On the Manipulation of Money and Credit: Three Treatises on Trade-Cycle Theory. Translated and with a Foreword by Bettina Bien Greave*,. Edited by Percy L. Greaves, Jr. (Indianapolis: Liberty Fund, 2011). <http://oll.libertyfund.org/titles/2401>.

Ludwig von Mises, "The Suitability of Methods of Ascertaining Changes in Purchasing Power for the Guidance of International Currency and Banking Policy," [League of Nations Official No. F/Gold/51 Oct. 10, 1930] in Richard M. Ebeling, ed., *Money, Method and the Market Process: Essays by Ludwig von Mises* (Norwell, MA: Klewer Academic Books, 1990), pp. 78-95.

Ludwig von Mises, "The Non-Neutrality of Money" [1938] in Ebeling, ed., *Money, Method, and the Market Process*, pp. 69-77.

Oskar Morgenstern, "Thirteen Critical Points in Contemporary Economic Theory: An Interpretation," *Journal of Economic Literature*, Vol. 10, no. 4 (December 1972): 1184; reprinted in Andrew Schotter, ed., *Selected Economic Writings by Oskar Morgenstern*, (New York: New York University Press, 1976).

Rolph, Earl R. "On Austrian Capital Theory," *Economic Inquiry*, vol. 18, no. 3 (July, 1980), pp. 501-3.

Murray N. Rothbard, *Man, Economy and State: A Treatise on Economic Principles* (Princeton, NJ: D. Van Nostrand 1962).

Murray N. Rothbard, *Man, Economy, and State: A Treatise on Economic Principles*, *with Power and Market: Government and the Economy*, Scholar's Edition, 2nd ed. (Auburn, AL.: Mises Institute, 2009).

Joseph T. Salerno, "The Place of Mises's *Human Action* in the Development of Modern Economic Thought," *Quarterly Journal of Austrian Economics*, 2:1 (1999): 35–65.

Joseph T. Salerno, "Menger's Causal-Realist Analysis in Modern Economics," *Review of Austrian Economics*, 23: 1 (2010): 1–16.

Joseph T. Salerno, "Carl Menger: The Founding of the Austrian School," in Randall Holcombe, ed., *15 Great Austrian Economists* (Auburn, AL: Mises Institute, 1999), pp. 71-100.

Joseph T. Salerno and Matthew McCaffrey, "Böhm-Bawerk's Approach to Entrepreneurshi,p" *Journal of the History of Economic Thought*, Vol. 36, No. 4, (2014).

Joseph T. Salerno, *The Fed at One Hundred: A Critical View on the Federal Reserve System*, co-edited with David Howden (Springer 2014).

Joseph T. Salerno, *Money: Sound and Unsound* (Mises Institute 2010).

Samuelson, Paul A. "Credo of a Lucky Textbook Author," *Journal of Economic Perspectives*, vol. 11, no. 2 (Spring), 1997.

Raymond J. Saulier, *Contemporary Monetary Theory: Studies of Some Recent Theories of Money, Prices, and Production* (New York: Columbia University Press, 1938).

Jean Baptiste Say, *A Treatise on Political Economy; or the Production, Distribution, and Consumption of Wealth*, ed. Clement C. Biddle, trans. C. R. Prinsep from the 4th ed. of the French, (Philadelphia: Lippincott, Grambo & Co., 1855. 4th-5th ed.). <http://oll.libertyfund.org/titles/274>.

Joseph A. Schumpeter, "Eugen von Böhm-Bawerk (1851-1914)," in *Ten Great Economists: From Marx to Keynes* (New York: Oxford University Press, [1914] 1951), pp. 143-190.

Schumpeter, Joseph A. *History of Economic Analysis*. New York: Oxford University Press, 1954.

Henry R. Seager, “Economics in Berlin and Vienna” (1893), reprinted in Bettina Bien Greaves, ed., *Austrian Economics: An Anthology* (Irvington-on-Hudson, N.Y.: Foundation for Economic Education, 1996), pp. 44-46.

Mark Skousen, *The Structure of Production* (New York: New York University Press, 1990).

Richard von Strigl, *Capital and Production* (Auburn, AL: Ludwig von Mises Institute, [1934] 2000).

Shigeki Tomo, *Eugen von Böhm-Bawerk: Ein grosser österreichischer Nationalökonom zwischen Theorie und Praxis* (Marburg: Metropolis-Verlag, 1994).

Philip Wicksteed, *The Common Sense of Political Economy* (New York: Augustus M. Kelley, [1910] 1969). Online version: Philip H. Wicksteed, *The Commonsense of Political Economy, including a Study of the Human Basis of Economic Law* (London: Macmillan, 1910). <http://oll.libertyfund.org/titles/1415>

Knut Wicksell, *Interest and Prices* (New York: Augustus M. Kelley, [1898] 1965).

Knut Wicksell, *Lectures on Political Economy*, 2 Vols. (Fairfield, NJ: Augustus M. Kelley, [1911] 1971).

Friedrich von Wieser, *Natural Value* (New York: Augustus M. Kelley [1889] 1956.

Friedrich von Wieser, *Social Economics* (New York: Augustus M. Kelley, [1914] 1967).

Friedrich von Wieser, *The Law of Power* (Lincoln, NB: Bureau of Business Research, [1926] 1983).

Friedrich von Wieser, "Bohm-Bawerk, Eugen von (1851-1914)," *Palgraves Dictionary of Political Economy*, Vol. I (London: MacMillan, 2nd ed., 1925) pp. 825-826.

"LIBERTY MATTERS"

A FORUM FOR THE DISCUSSION OF MATTERS PERTAINING TO LIBERTY

"MAGNA CARTA AFTER 800 YEARS: FROM LIBER HOMO TO MODERN FREEDOM"
A DISCUSSION HELD IN MAY, 2015.

Online: <http://oll.libertyfund.org/pages/lm-ideas>
Ebooks: <http://oll.libertyfund.org/titles/2706>.

Magna Carta (1215)

Nullus liber homo capiatur vel imprisonetur, aut disseisiatur, aut utlagetur, aut exuletur, aut aliquo modo destruatur, nec super eum ibimus, nec super eum mittemus, nisi per legale judicium parium suorum vel per legem terrae.

(No freeman shall be taken or [and] imprisoned or disseised or exiled or in any way destroyed, nor will we go upon him nor send upon him, except by the lawful judgment of his peers or [and] by the law of the land.)

Clause 39

Summary

In June 2015 we celebrate the 800th anniversary of the signing of one of the key legal documents in English political history, the "Great Charter" (Magna Carta). When a group of disgruntled Barons forced King John to sign a document in June 1215 at Runnymede near Windsor, listing his political and legal powers (and thus explicitly limiting himself to those defined powers) little did they realise that they would begin a tradition of thinking about the "rights of Englishmen" which would echo down the centuries to our present day. In this Liberty Matters discussion we have invited four leading historians to explain what Magna Carta was, why it has appealed to so many people over the years, the impact it has had on the development of Anglo-American legal and political institutions, and its relevance for us today. The Lead Essay is by Justin Champion, Professor of the History of Early Modern Ideas at Royal Holloway, University of London; with comments by Richard Helmholz, the Ruth Wyatt Rosenson Distinguished Service Professor of Law at the University of Chicago; Nicholas Vincent, Professor of Medieval History at the University of East Anglia; and David Womersley, the Thomas Warton Professor of English Literature at the University of Oxford.

See the Archive of "Liberty Matters".

About *Liberty Matters* and the Online Library of Liberty

“Liberty Matters” is a project of Liberty Fund, Inc. which is part of the Online Library of Liberty website. Every two months we ask a leading scholar to present an argument on a particular topic “pertaining to liberty” in a “Lead Essay” and to develop this argument at some length. The “Lead Essay” is posted in the first week of the month. Three or four other scholars will respond to this essay in slightly shorter “Response Essays” during the second week of the month.

Once all these ideas and arguments are on the table an open discussion between the various parties takes place over the course of the following weeks. At the end of the month the online discussion is closed.

We plan to have discussions about some of the most important online resources which can be found of the Online Library of Liberty website. We will link to these resources wherever possible from the essays and responses of our discussants so our reader can find out more about the topic under discussion.

The complete collection of Liberty Matters can be found here <http://oll.libertyfund.org/pages/liberty-matters>.

EBook versions of these discussions in PDF, ePub, and Kindle formats can be found at <http://oll.libertyfund.org/titles/2516>.

About the Online Library of Liberty and Liberty Fund

The Online Library of Liberty is a project of Liberty Fund, Inc., a private educational foundation established in 1960 to encourage the study of the ideal of a society of free and responsible individuals. The OLL website has a large collection of books and study guides about individual liberty, limited constitutional government, the free market, and peace.

- Liberty Fund: <www.libertyfund.org>.
- OLL: <oll.libertyfund.org>.

The Debate

Lead Essay: Justin Champion, "Magna Carta after 800 Years: From *liber homo* to modern freedom" [Posted: May 1, 2015]

Responses and Critiques

1. R. H. Helmholz, "Magna Carta Is No Anachronism" [Posted: May 4, 2015]
2. Nicholas Vincent, "Comment on Justin Champion" [Posted: May 5, 2015]
3. David Womersley, "Magna Carta in 2015" [Posted: May 6, 2015]

The Conversation

1. Justin Champion, "A Comment on My Commentators" [Posted: May 8, 2015]
2. David Womersley, "Opinion and Truth" [Posted: May 15, 2015]
3. Justin Champion, "The Myths of Magna Carta and Freedom" [Posted: May 21, 2015]
4. Justin Champion, "How Can This Artifact Exercise Such Power?" [Posted: May 22, 2015]
5. Nicholas Vincent , "A Blend of Fact and Make-believe" [Posted: May 26 , 2015]
6. Richard Helmholz, "Magna Carta: An Additional Thought and a Further Example" [Posted: May 26, 2015]
7. Justin Champion, "Magna Carta's Resonance" [Posted: May 28, 2015]
8. Nicholas Vincent, "The Risks involved in Disseminating Magna Carta" [Posted: June 1, 2015]
9. David Womersely, "Magna Carta and the Tension between the Security and the Liberty of Subjects of the Realm" [Posted: June 1, 2015]

About the Authors

Justin Champion, is Professor of the History of Early Modern Ideas, at Royal Holloway, University of London where he has taught since 1990. He is President of the Historical Association (founded, 1906) and is an advisor to the 2015 British Library Magna Carta Exhibition, as well as contributing to the national commemorative activity. His research interests include the history of political liberty, the radical English Enlightenment, and the impact of epidemic disease in London.

R. H. Helmholz, born in 1940, is the Ruth Wyatt Rosenson Distinguished Service Professor of Law at the University of Chicago. He teaches the modern American law of real and personal property, but his research interests have been concentrated in the area of the history of the European ius commune, with particular attention to its place in the development of the English legal system. Working from their manuscript records, he has taken a hand in tracing the history of the jurisdiction of the ecclesiastical courts in England from their beginning in the 13th century to their temporary abolition in the 1640s.

Nicholas Vincent is Professor of Medieval History at the University of East Anglia, and a Fellow of the British Academy. He is the author of several books on Magna Carta and its context, most significantly *Magna Carta: A Very Short Introduction* (OUP 2012) and, most recently, *Magna Carta: Making and Legacy* (Bodlein Library/University of Chicago Press 2015).

David Womersley is the Thomas Warton Professor of English Literature at the University of Oxford and a Fellow of the British Academy. He has published widely on 18th-century historiography and has a particular interest in Whiggism. His most recent books are an edition of *Gulliver's Travels* (Cambridge University Press, 2012) and a short biography, *James II The Last Catholic King* (Penguin, 2015).

Additional Reading

- Online Resources
- Works Mentioned in the Discussion

LEAD ESSAY: Justin Champion, "Magna Carta after 800 Years: From *liber homo* to modern freedom"↩

> ‘Here are the title deeds of freedom which should lie in every cottage home ... we must never cease to proclaim in fearless tones the great principles of freedom and the rights of man which are the joint inheritance of the English-speaking world and which through Magna Carta, the Bill of Rights, the Habeas Corpus, trial by jury, and the English common law find their most famous expression in the American Declaration of Independence’.
>
> Winston Churchill, Fulton, Missouri. 5th March 1946.

I

The sealing of the Magna Carta, and the lesser known Charter of the Forests, in 1215 was both an historical event, but also produced a written text which has been subject to reissue, revision and re-purposing over the subsequent centuries. Magna Carta thus provides a foundational myth of political legitimacy, but also a powerful stream of different types of legacy. 1215 saw a moment where a ‘tradition’ was seeded, and a point of departure where both the event and the ideas became the substance of significant and powerful interpretation by and for later generations. In the Lincolnian sense of the word, Magna Carta, has become a powerful and purdurable ‘myth’. This is not to belittle or reduce Magna Carta to the fictional, literary or ‘invented’ categories, but to underline that invoking the episode, its values or its meaning, exercises a powerful authority in mobilising support both for the legitimacy of contemporary political actions and institutions, or in the name of legitimate resistance against tyranny or illegal agents. The history of the reception of the Magna Carta has been driven by a series of intimately connected ‘moments’, where drawing on pre-existing traditions, new voices and communities have deployed the exemplar in the name of justice, freedom, equality and the rule of law.

In the twenty-first century, alongside the commonplace use of 1215 in the defence of civil rights and against illegal detention, the tradition has been cited to support Magna Cartas for the poor in the Philippines, for global union rights at Davos, for new constitutions in Ecuador and underpins the Inter-American Democratic Charter. It has recently been translated into Mandarin.[1] That the Magna Carta has a powerful public identity can even be seen in its use by musician Jay-Z in his CD release ‘Magna carta- Holy Grail’, but also in the use of it in the defence of the rights of protest consequent upon the shooting of Michael Brown in Ferguson. All of these invocations of the ‘brand’ reinforce the persistent but protean qualities of the tradition. If one were to attempt to provide a narrative for the histories of these ‘moments’ perhaps the best would be to suggest that the most evident trajectory of change was driven by an increasingly capacious community being identified as demanding protection under the category of *liber homo*. From its narrowest category, in the initial feudal mode which extended only to free men, to successive applications that extended the label to adult men with appropriate property qualifications, and eventually to women. It is possible to see Magna Carta being adapted to reflect changes in broader society and encompassing a new range of humanity according to gender, class and, most recently, ethnicity under the category *liber homo*.

II

There is a commonplace assumption, certainly dominant in the hinterland of Anglo-American political and jurisprudential discourse, that contemporary principles underpinning democratic liberties can be traced back to, derived and sourced from the iconic Magna Carta moment of June 15th 1215. Both the act of agreement between monarch and baronial elite, and the textual outcomes, are regarded as a ‘real living document’. On 30 July 2007 UNESCO admitted the artefacts (there are four surviving copies) to the collection of items identified as important to the ‘Memory of the World’ in ‘recognition of their outstanding universal value’. The Magna Carta then was not simply a local, British, circumstantial, moment, but has been conceived (at least since the nineteenth century) as having a universal human purchase. As the UNESCO citation explains the percussive consequences of the act and the ideas are significant:

> ‘The inscription covers the four surviving copies of the version of Magna Carta forced on King John by the Barons of England at Runnymede in June 1215. Magna Carta is a charter which, for the first time, detailed written constraints on royal authority in the fields of church rights, taxation, feudal rights and justice. It has become an icon for freedom and democracy throughout the world’.

At the other extreme, popular tabloid newspapers have been producing material framing the meaning under the headline ‘Magna Carta the unstoppable: 15 facts about the deal that's reined in royalty for 800 years’. These facts include: ‘For the first time the monarch was subject to the rule of law instead of governing by whim’, ‘The accord with King John was to be overseen by a council of 25 barons, with no taxes imposed without approval. The King was to call meetings by letter and give 40 days’ notice’, this meant as Professor David Carpenter has argued that ‘The Charter played an important part in the development of Parliament, even though the word itself does not appear’. The two most significant clauses suggested legal constraints on regal sovereignty – ‘No free man was to be ‘seized, imprisoned, disseised [have their property confiscated] or outlawed or exiled or in any way destroyed” without a trial or breaking the law. And justice was not to be delayed, meaning barons couldn’t be locked up and forgotten’. Although this popular account recognises that the impact of the original charter was concerned with elite baronial privilege rather than the unfree peasant population, the later legacy (in a breath-taking piece of historical compression), ‘did become an inspiration to democrats. Parliament used it to argue against King Charles I, in the dispute that ended in the English Civil War and the King losing his head in 1649. And William of Orange cited the Charter to justify overthrowing James II in the Glorious Revolution of 1668-89. It also inspired the Founding Fathers of America when writing their constitution’. Again, in a frequently employed trope, there is a public assumption that ‘Magna Carta’s DNA’ underpins modern Human Rights legislation whether found in the European Convention of Human Rights or in British law. The complexity of making contemporary significance or political value out of a thirteenth century feudal document can be rehearsed in any number of ways: some political traditions argue that the legacy is manifest most effectively in the defence of the principle of the rule of law, by due public process, and the rights of individuals to have access to that process, and not be subjected to illegal imprisonment or detention. An alternative tradition, much evident in the early modern period, argued

(in the language of the tabloid newspaper), that the real heroes ‘were not barons looking out for themselves but Roundheads, Levellers, Tolpuddle Martyrs, Chartists, Suffragettes and all the other unknown radicals who fought for democracy’.[2] Both traditions are ‘invented’ and perform present-centred functions as much as they recover an authentic historical past.

The 1215 Charter of Runnymede (as it was more commonly known until the end of the thirteenth century) although shaped by commonplace ideas of 'lordship' rather than an recognisably modern democratic theory, contained in it (as a by-product of the fierce contests between monarchy (bad King John) and the barons), a potential language of ‘liberties’, which in the right circumstances offered protection to all free men before the law, the rights of trial by peers, and in turn laid the foundations for the modern understanding of *habeas corpus* which renders illegal, improper detention.[3]

In the UK from the seventeenth century, Magna Carta became a powerful and protean resource and constitutional icon, being invoked primarily as a foundation stone for the unwritten but an historically authentic ancient constitution which underpinned the rule of law. This 'official 'account was also profoundly contested by radical and minority groups, who employed Magna Carta as a means to justify acts of protest and resistance against political tyranny and injustice. Sir Edward Coke’s legal erudition saw a public platform in the *Petition of Right* (1628) and laid the foundations for many subsequent moments of ‘resistance’ (in the name of the law). In the so-called Exclusion Crisis (1678-1681), The Duke of Buckingham, deployed Magna Carta to demand the recall of Parliament. These principles of liberty were again folded in to the defence of the Glorious Revolution in 1688-89. Later, and most notably in the Wilkite protests of the 1760s, through to the agitation for the extension of the franchise in the nineteenth century, and the demands for Women’s rights in the early twentieth century, the authority of Magna Carta and its defence of freedom and ‘freeborn English liberties’ was a powerful public means of providing legitimacy of action.

These tensions between the usage of the tradition to defend and promote the status quo, the rule of law, and 'democratic' institutions, and the authority of text to legitimise resistance, protest and the rights of marginal and oppressed groups, also persists in the various commemorative activities under way to mark the 800th anniversary. Some traditional interests have put their weight behind promoting the legalistic interpretation under the banner of '800 hundred years of the democratic rule of law'. Others, for example the 'We the People' movement, have called for Magna Carta to be deployed to challenge the corruption of modern British government, and demand the overthrow of the Monarchy. In further developments, environmental groups have recognised that the wider purchase of the Magna Carta and its associated little Charter of the Forests provides a perspective on landownership and the care of the natural world pertinent for current times. More recently, with the NSA and Wikileaks revelations of Assange and Snowden, Tim Berners-Lee has called for a Magna Carta for the World Wide Web and the digital age, to protect the liberties and freedoms of individuals from predatory governments and commercial companies. In other parts of the world - China, Mexico, the Philippines and Burma for example - Magna Carta is being invoked as a means for legitimising resistance and protest, whether by peasant movements, public intellectuals, or political leaders.

III

John Gray has noted that, ‘The history of ideas obeys a law of irony. Ideas have consequences, but rarely those their authors expect or desire, and never only those. Quite often they are the opposite’.[4] These thoughts may help us make sense of the various political traditions which Magna Carta the event and the idea have spawned. Alan Ryan has also reflected recently on the relationship between the exploration of the history of political ideas and the influence such historical ideas wield over contemporary traditions of political thinking. As Ryan has wisely noted human beings are historical minded, and one pattern of thought and behaviour ascribes legitimacy to longevity. As he writes, ‘We have a strong sense of the pedigree of our institutions, and of the moral and intellectual commitments they embody. For every person who knows what the contents of Magna Carta actually were, there are hundreds who think that the civil liberties of today descend somehow from that document’. In a reflective review Jeremy Waldron identifies this process, ‘We construct and enact our politics—not just our political theory—in ways that are haunted by the past’. Magna Carta, even if we recognise its historically constructed ‘meaning’, offers an anchor, and a collective social memory upon which many groups can draw. The fact that the ‘significance’ of the tradition can also point to venerable and authentic artefactual resources that have survived centuries of change suggests that the pedigree of contemporary ideas has legitimacy.[5]

This essay, taking its starting points from these perspectives, aims to explore how Magna Carta has both been subjected to revision, and acted as a canvas for the production of new ideas and activities. These different aspects have often been pitched as drawing legitimacy from the early tradition, but in fact are evidence of the persisting and repeated reinvention of old institutions and practices. Importantly for the purposes of this essay, this historical process not only valorised the political legitimacy of institutions (representational bodies, or specific legal and judicial processes), but perhaps more importantly empowered specific moments of political and social action. It will be the overarching argument of the essay, that the future of the tradition of Magna Carta, indeed lies in the imaginative reinvention of these traditions, driven forward not simply by conceptual innovation, but by the changing circumstantial meaning of the core constituency encapsulated by the most protean, but significant vocabulary of *liber homo* (found in the famous clause 39, of the Charter).

Magna Carta is often claimed to be the source that underpinned the origins of the institutions of parliamentary democracy and the creation of an impartial judicial process. Even if, so the argument goes, the statutory elements of the Magna Carta have been gradually whittled down to a remaining four clauses from the original sixty-three, those that remain validate modern freedoms under the law (especially in the most significant clause 39 which preserves each, and everyone, of us from illegal and improper imprisonment). It is a moot point that the text has any serious legal purchase in the UK. The Government website which monitors and identifies the authority of current legal acts - Legislation.gov.uk – notes rather bleakly, ‘There are currently no known outstanding effects for the Magna Carta’.[6] So we may hold beliefs that the historical document defends our civil rights, but this is not the precise legal case: it is also a moot point whether the local authority of UK law still inspires global approval. It is not the case that, as the legislative instruments have declined in application, or have been superseded, that the legitimising capacity of the event and ideas have been diminished. That is, despite the confident claims of the lawyers, we do not have to depend simply on the rule of law to protect our freedoms, indeed as will be argued later in respect of the intervention of Dame Mary Arden, it may well be that the institutions and rule of law needs to be subjected to radical sociological reform in order that it

might serve the liberties of *liber homo*.

The history of the application of Magna Carta to the tasks and practices of political culture over the passage of the eight centuries from 1215 to 2015 has seen profound changes to the referent community described as *liber homo*: from an elite of free men within the context of thirteenth century feudalism, to the 'freeborn English man' of the Age of Coke and later John Wilkes which although it certainly excluded women and many of the poorer lower orders, extended the community to a body which might also be called 'the people'.

Here is not the place to denote the various changes with precision, but to outline some of the trajectories, all of which of course, provided further evidence of a Magna Carta 'pedigree of legitimacy'. Edward Coke can be regarded un-controversially as the starting point for the deliberate invocation and mobilisation of the language of the ancient constitution and liberty to reinforce the authority of the parliamentary Gentry and the institution of the House of Commons, alongside the courts of Common Law, both with his perdurable publications, but also the dramatic publicising of the significance of Magna Carta in the public sphere of Westminster and the proliferating print culture on the 1630, 1640s and 1650s.[7] The authority of the Cokean interpretation of, and application of, Magna Carta to the problem of political tyranny was reused, appropriated and woven into a dominant Whig political narrative throughout the seventeenth and eighteenth century on both sides of the Atlantic. John Wilkes invoked Magna Carta to protect the lives liberties and estates of freeborn men; by the end of the eighteenth century the polite, sensible liberties enshrined in Magna Carta (loyalty, morality, justice, industry, prosperity and happiness) was contrasted with anarchistic alternative embodied in the French Revolution (which encouraged misery, , cruelty, private ruin and atheism). Over the nineteenth century this tradition became projected as an informal unwritten constitution when combined with the Petition of Right (1628), The Bill of Rights (1688) and the Act of Settlement (1701). The extension of the principles of political liberty drawn from the Magna Carta into written constitutional form was also an imperial project with variable success.[8] Once again the tradition performed a dual function both in legitimising Imperial government, but also as a means of resistance for subject peoples against discrimination: Ghandi and Nelson Mandela invoked the tradition against racial inequality.[9] In the USA, the NAACP's then-president Roy Wilkins referred to Civil Rights Law (1964) as 'a Magna Carta for human rights'.[10]

The twentieth century did not then see a decline in the purchase of the Magna Carta project of freedom, either as a foundation for the rule of law, or as a means for the legitimation of rights of protest in defence of marginal or oppressed communities. As the British state became more diverse with the legacy of decolonisation the question of the rights of, especially black, minorities became more complex. Arguably the most significant inheritor of Coke's resistance to Stuart tyranny, was Darcus Howe, a British civil rights activist, arrested in 1969 in the so-called Mangrove Nine prosecution and brought to trial in 1971. The British state and Metropolitan Police force, glancing anxiously at the Black Panther movement in the US, claimed that Howe and his associates were involved in a potentially armed conspiracy, and were thus prosecuted for treason.

The trial was the outcome of persistent conflict between the police-force and the black community in Notting Hill that escalated towards the end of the 1960s. The mobilisation of public protests against police harassment of the successful Mangrove Restaurant in Ladbroke Grove resulted in arrests of nine people under charges such as possession of offensive weapons, incitement to riot, assaults on police officers, and affray. The trial at the Old Bailey concluded in December 1971 with all nine acquitted of the principle charge of incitement to riot, while five of the nine, were also acquitted of all other charges.[11] Essentially a political trial in which the police and the British state sought to discredit the developing British black power or civil rights movement: invoking Magna Carta was a successful strategy.[12] The defence developed by Darcus Howe, and radical barrister Ian McDonald included a direct appeal to the rights of Magna Carta: under that precedent since defendants should be tried by a jury of their peers, an all-black jury was appropriate.[13] Although the attempt failed, the defence was given leeway to exclude racist jurors. The case made legal history when it delivered the first judicial acknowledgement of 'evidence of racial hatred' in the Metropolitan police force.[14]

The demand for an all-black jury was authorised by the right to be tried by a jury of peers evident in the principles and ancient rights enshrined in Magna Carta. The application for an all-black jury was unsuccessful despite relevant legal precedent which drew from ancient practise of choosing jurors from the neighbourhood of the accused. After a long process of challenging a total of 63 candidates, eventually two black jurors were selected.[15] Deliberately echoing the times of Edward Coke, the barrister McDonald noted that 'this is not the court of Star-chamber'. His point was that Magna Carta was important to protect Darcus Howe and his co-defendants from 'naked judicial tyranny'. From the perspective of this essay it is possible to see here how the authority of Magna Carta was turned upon the process of law and the judiciary itself.

IV

This is perhaps the final stage of the eight centuries of protean legacy: rather than citing the power of Magna Carta to defend the rule of law, the process is now applied to the way the rule of law is conducted. A powerful echo of the Mangrove Nine's argument can be explored in Dame Lady Justice Arden's recent call for a radical reform of the social characteristics of the judicial system itself.[16]

> The view has been expressed over several decades that there ought to be a more diverse judiciary, that is, a judiciary which is more diverse in terms of gender, ethnicity and sexual orientation. No one suggests that the judiciary should be precisely representative of the population but people are bound to have more confidence that their concerns have been properly and fully considered if the judiciary includes people from their section of society among its own members and the judiciary's own composition reflects the fact that those groups too play an important role in society.[17]

Arden's argument is twofold, drawing from the idea that Magna Carta prescribed an account of the ideal characteristics of the judicial system and its personnel. Judges must have knowledge of the law combined with a loyalty to the rule of law. Importantly judges must compound this technical knowledge with a broad 'social awareness', and an understanding of other, European and International, conceptions of human rights. In essence, because the UK is no longer has the same sociological and ethnic contours of either the distant medieval past or the more recent pre-1945 world, then the process of the administration of justice needs to reflect these changes. Since judicial determination of the rule of law was primarily authorised in Magna Carta, the integrity of the judges ensured both the legitimacy of the process, but also the

defence of the individual from abuse. Judicial independence was the underpinning principle that justice was open, and outwith the prerogatives of sovereign. Given that much law today concerns the complexities of personal, private and family life, an awareness of diversity within these realms, argues Arden powerfully, ought to be a foundational characteristic of any judge. There is a need then for a 'Juridical craftsmanship' which embraces the complexity of the modern world, and is derived from an understanding of people 'in different walks of life and in different cultures'.

According to Arden, such insight cannot simply be learned, but is best developed from experience. A Judicial Appointments Commission which was informed by the tradition of Magna Carta would address the lack of representation along lines of gender and ethnicity in the current community of judges. So, argues Arden, sociological diversity amongst the judges would be best matched by a knowledge of the jurisprudence of the European supranational courts. Although in 1215 Magna Carta was insistent on the legitimacy of law of the 'realm', the changing circumstances of post-war Europe, and its place in the world, implies now the need for adjustment in order to preserve the principles of the liberty for the individual and the general defence of the due process of law.

If the legacy of Magna Carta is to have a future, those appealing to its tradition and legitimacy will need to be flexible in the face of the problems of freedom in the modern world, where the demands of security (both national and private) against liberty, may pose enormous challenges to the tradition. The authority of Magna Carta has been appropriated by many. In the 1940s it was used to mobilise British resistance to Hitler's tyranny. In 1957 it was a powerful shield against Godless Communism in the Cold War. By 2002 the Australian Premier Howard, speaking in Canberra and to the US Congress, drew on Magna Carta as a means to advance the war on Terror.[18] Ambitious semi-utopian projects evident in projects such as the Global Magna Carta, which claims to be 'a People's Manifesto to uphold a Democratic process that empowers and supports the rights and beliefs of the citizens of all Nations', premised upon the adoption of a set of ten core beliefs suggest that the brand still has potential purchase to shape new political manifestos and actions.[19] As a source of authoritative and almost universal historical prescription Magna Carta has offered, and will continue to, both opportunity and limitation. Men have made their own histories of liberty by reworking a prescriptive past, and a persisting text. By conjuring up the dead, and commending some, while rejecting others - bad King John, the Barons, Sir Edward Coke – we, collectively, have fashioned legitimacies and challenged authorities. Eight centuries later, working with circumstances and sources defined and transmitted from a long distant past, the opportunities for preserving and extending the rights of the *liber homo* seem manifold. Marx's complaint that 'the tradition of all dead generations weighs like a nightmare on the brains of the living' seems less than accurate in the case of the past and ongoing benefits of the legacy of the Magna Carta.[20]

Endnotes

[1.] http://congress.gov.ph/download/billtext_15/hbt4484.pdf 'AN ACT PROVIDING FOR A MAGNA CARTA OF THE POOR' enacted by the Senate and House of Representatives of the Philippines in Congress. August 2014. "This year at Davos we will celebrate the 800th anniversary of the Magna Carta, a cornerstone of modern democracy. We should not forget that democracy has been hard-won and we should not let it leak away by continuing down the path of inequality for the benefit of a handful of multibillionaires. We need a new 'Including You' Magna Carta to address the urgency of our times. A Magna Carta for equality, jobs and sustainable growth. 'We the People' have spoken and Davos must listen and act'. http://www.theguardian.com/business/2015/jan/21/davos-unions-businesses-growth-employees-magna-carta-rights-workers

[2.] http://www.mirror.co.uk/news/uk-news/magna-carta-unstoppable-15-facts-5114374

[3.] http://www.irr.org.uk/news/farewell-magna-carta-the-counter-terrorism-and-security-bill/ ; http://wemeantwell.com/blog/2013/02/06/destroying-rights-guaranteed-since-the-magna-carta/

[4.] J. Gray, 'The original modernizers', in *Gray's Anatomy* (2009), 263-274, at 263.

[5.] J. Waldron, 'How Politics Are Haunted by the Past' *NYRB* February 21, 2013, review of A. Ryan *On Politics: A History of Political Thought Book One: Herodotus to Machiavelli Book Two: Hobbes to the Present* Alan Ryan (2012) Vol 2, 'Preface', 811.

[6.] See http://www.legislation.gov.uk/aep/Edw1cc1929/25/9/section/XVXVI#Scenario1Help

[7.] See the essays by J. Champion in the useful collections of commemorative essays, N. Vincent, (ed) *The Magna Carta: The Foundation of Freedom 1215-2015* (2015) and C. Breay, J. Harrison (eds.) *Magna Carta: Law, Liberty, Legacy* (2015).

[8.] B. Bailyn, *The Ideological Origins of the American Revolution* (1967).

[9.] See the essay by Z. Laidlaw in Breay, Harrison (eds.) *Magna Carta: Law, Liberty, Legacy*.

[10.] http://www.huffingtonpost.com/charles-coleman/the-courage-of-sacrifice-_b_5529277.html

[11.] R. Bunce, P. Field. *Darcus Howe: A Political Biography* (2013). R. Bunce, P. Field, Paul, 'Mangrove Nine: the court challenge against police racism in Notting Hill', *The Guardian*, 29 November 2010. http://www.theguardian.com/law/2010/nov/29/mangrove-nine-40th-anniversary

[12.] https://magnacartaexhibition.wordpress.com/2015/01/03/mangrove-nine-trial-1971/

[13.] http://www.gardencourtchambers.co.uk/barrister/ian-macdonald-qc/

[14.] Bunce, and Field, *Darcus Howe* see pp. 38-9; 122-4. R. Bunce and Paul Field, 'Frank Critchlow: Community leader who made the Mangrove Restaurant the beating heart of Notting Hill', *The Independent*, 23 September 2010. See also http://www.newstatesman.com

/politics/2014/01/darcus-howe-and-extraordinary-campaign-expose-racism-police

[15.] Ian Macdonald QC, remains a leading UK authority on anti-racism and immigration law, commented on a case – that of Mr Abu-Jamal - in the US drew on the common legal heritage shared between the UK and the US which, 'since the time of Magna Carta in 1215, has given pride of place to common notions of due process and a fair trial'. Macdonald's letter outlined the more notorious breaches of Magna Carta including the systematic removal of Black jurors and the racist bias of trial Judge Albert F. Sabo. 'Leading UK Lawyers Petition US Appeal Court Re Racism in Case of Death Row Journalist, Press Conference, 19 July, 2006, 6.30pm Garden Court Chambers, 57-60 Lincoln's Inn Fields, London', http://www.iacenter.org/polprisoners/maj_london-petition0706.htm

[16.] M. Arden, 'Magna Carta and the Judges – Realising the Vision' (2011).

[17.] Arden, 'Magna Carta and the judges' 16-17.

[18.] J. Holland, *Selling the War on Terror: Foreign Policy Discourses After 9/11* (2012) 160-162.

[19.] http://www.globalmagnacarta.net/

[20.] K. Marx *The Eighteenth Brumaire of Louis Bonaparte* (1852).

RESPONSES AND CRITIQUES↩

1. R. H. Helmholz, "Magna Carta Is No Anachronism" [Posted: May 4, 2015]↩

Justin Champion's essay performs a valuable service for those of us who share an interest the history and present status of human liberty. It traces the role that a document eight centuries old has played in securing freedom from arbitrary and aggressive action by agents of the government. Magna Carta, in its origins a document produced by a baronial rebellion against an untrustworthy and predatory monarch, has come to be used in circumstances very far removed from its original context. Clauses in the Charter that dealt with what his essay calls "elite baronial privilege" have been invoked to advance the interests of very different groups – protectors of the environment, advocates of racial equality, and proponents of income redistribution. In modern struggles to achieve political ends, Magna Carta has served as what Professor Champion accurately calls "a powerful and protean resource and constitutional icon." He marshals abundant and convincing evidence to show how frequently the Charter has been invoked in support of causes the barons at Runnymede could scarcely have imagined. Of some of them, the barons surely would not have approved.

Who can argue with Professor Champion's account? Not I. He has faithfully traced the uses to which an ancient document has been put in circumstances far removed from those of its origin. Ideas matter. History matters too in the evolutions of ideas. Magna Carta's history and present role as the source of arguments to advance the cause of civil liberties demonstrate how an old precedent can be given new life.[21]

Admitting the accuracy of these conclusions, readers may nonetheless doubt the legitimacy of some of these modern uses. If, as Professor Champion's essay shows, advocates of new rights find something in Magna Carta that was not there, do arguments based upon its provisions nonetheless demand any respect? A fair question. If, for example, Magna Carta is wheeled out to support objections to harassment by the today's police, does it not weaken the argument to discover that there was no police force in 1215? And if no such thing as a jury trial in criminal prosecutions existed at the time the Charter was formulated, does citation of it not weaken the argument that the right to jury trial is a part of our legal heritage? For me at least, citation of Magna Carta works the other way in these cases. It actually diminishes the force of the arguments. Historians have busied themselves exposing "the myth of Magna Carta," and often they seem to have had much the better of the argument.[22]

I think there is a way out of this dilemma, a way that lends actual support to some (though not all) of the modern uses made of Magna Carta. It requires taking seriously the jurisprudential assumptions that prevailed during the years when the Charter was formulated. Professor Champion's essay does not attempt this. It is not his subject. However, I think his conclusions might be augmented if he did. According to legal thought current in 1215, all law could be divided into four categories: 1) the law of nature; 2) the *ius gentium*, or law of nations; 3) the ius *civile*, the municipal law, or positive law, of individual kingdoms or territories; and 4) the *ius divinum*, the law of God that had been given to Christians. This is what was taught in the Schools and accepted by lawyers throughout Europe. Subdivisions had to be hived off within each of these categories, but these were the basic divisions. The four were different, but they were not independent. The municipal law built upon the law of nature. That is the relevant point for understanding what Magna Carta was in its time. The law of nations and the municipal law were understood as putting into detailed form the general prescriptions found within the law of nature. The English Charter was itself part of the municipal law. Among other things, it was understood as providing detailed and coercive form to broad principles found both in the natural law and the law of nations.

Let me give a simple example of how this jurisprudential system worked, taking an unlikely (and seemingly strange) one: Clause 33. It reads: "Henceforth all fish-weirs shall be completely removed from the Thames and the Medway and throughout all England." Even apart from the question of why the barons would have cared about fishing on the Thames, this clause seems anomalous – quite out of place in a charter of English liberties. It looks a good deal more comprehensible, however, if we consider its relation to the law of nature. Under natural-law principles, the seas and other navigable waters were *res nullius*. No one owned them. In the absence of special circumstances, therefore, their use was open to all.[23] To erect a fish-weir, which is an obstruction placed in the river to direct the passage of fish, one designed to trap them as they swim upstream, was thus to interfere with a natural right held by all men: the right to free passage over navigable waters. It is worth noting that establishment of the freedom of the seas would become the great theme of the *Mare liberum* by Hugo Grotius (1583-1645), the marvel of Holland in the 17th century.[24] Here it is in the 13th in an only slightly different context. Placing an obstacle like a fish-weir in a navigable river abridged a natural right. It was a local grievance, but within it lay a large principle.

Is it conceivable that such grand principles were embedded in Magna Carta? Can the barons really have known or cared anything about these jurisprudential assumptions? Yes, of course. Many of the Charter's provisions extended to all free Englishmen, not just the nobility. The men who formulated the Charter were not ignorant and selfish ruffians. They were led by Stephen Langton, the archbishop of Canterbury and a product of the medieval schools if there ever was one.[25] The jurisprudential principles involved were also stated clearly in the two books on English law that were written on either side of the Charter: *Glanvill* (*ca*. 1187-89) and *Bracton* (*ca*. 1230).[26] They were also among widely accepted assumptions about law and justice that appeared in the many foundational documents of law that were compiled on the Continent at about the same time: Philippe de Beaumanoir's *Customs of the Beauvaisis* in France, the *Siete Partidas* in Castile, and the laws of King Magnus Ladulås in Sweden, for example.[27] Although quite different in many ways from Magna Carta, these documents shared with it an assumption of the truth of a basic core of ideas.

Taking this evidence seriously adds something to our assessment of the Charter, even to matters like the right to jury trial that was later found within it. It is true that Clause 39 could not have been meant to guarantee a right to jury trial in 1215. However, it did state that the King would not take punitive action against any free man unless he did so by lawful means. It turned out that English law adopted jury trial as the ordinary way for persons accused of a crime to be tried. That became the accepted way of determining guilt and innocence. Of course, this was a product of choice. The governments of most European lands chose a somewhat different path. However, the right to a fair trial was what mattered under the law of nature, and in England that right came to include the right to be tried by an impartial jury. Having chosen jury trial as the part of the municipal law, English jurists and even kings were then bound to respect it as part of a larger right anchored in the law of nature.

A nearly identical analysis can be applied to several of Magna Carta's provisions. Elsewhere, the king promised freedom from new taxation without agreement (12), proportionality in punishment (20), lawful weights and measures (35), and justice freely available for the vindication of legal rights (40). It is true that no real Parliament existed in 1215, but when it did come into existence, contemporaries would have regarded it as one instrument needed for the protection of guarantees such as these. From this perspective, invocation of Magna Carta in the preservation of many modern freedoms actually seems less of an anachronism than it appears to be at first sight.

Endnotes

[21.] Robin Griffith-Jones, *Magna Carta 1215-2015: London's Temple and the Road to the Rule of Law* (London: Pitkin Press, 2014), 37, asserting that Magna Carta is "now a document of all time and of all the world." See also Anthony Arlidge and Igor Judge, *Magna Carta Uncovered* (Oxford and Portland OR: Hart Publishing, 2014).

[22.] Many of these are detailed in the classic study William S. McKechnie, *Magna Carta: A Commentary on the Great Charter of King John*, 2nd ed. (Glasgow: James Maclehose, 1914). See also Ralph Turner, *Magna Carta through the Ages* (Edinburgh: Pearson Education, 2003), 145-82, bringing out the common "distortions of the English past" involved; a strident but still useful commentary of this sort is Bryce Lyon, "The Lawyer and Magna Carta," *Rocky Mountain L. Rev*. 23 (1950/51), 416-33.

[23.] *Digestum Justiniani* 1.8.2.1: "Et quidem naturali iure omnium communia sunt illa: aer, aqua profluens, et mare, et per hoc litora maris." See generally Pitman Potten, *The Freedom of the Seas in History, Law, and Politics* (New York: Longmans, 1924), 36-56.

[24.] *The Free Sea*, David Armitage, ed. (Indianapolis, IN: Liberty Fund, 2004), ch. v, Hugo Grotius, 20-37.

[25.] See Daniel Baumann, *Stephen Langton, Erzbischof von Canterbury in England der Magna Carta (1207-1228)* (Leiden and Boston: Brill, 2009), 149-89.

[26.] See Prologue, *Treatise on the Laws and Customs of the Realm of England Commonly Called Glanvill*, G. D. G. Hall ed. (Oxford: Clarendon Press, 1993), 1-3; Introduction, *Bracton on the Laws and Customs of England*, George Woodbine ed. and Samuel Thorne trans. (Cambridge, MA: Harvard University Press, 1968), 19-28.

[27.] Armin Wolf, *Gesetzgebung in Europa: zur Entstehung der Territorialstaaten 1100-1500* (Munich: Beck, 1996), 311.

2. Nicholas Vincent, "Comment on Justin Champion" [Posted: May 5, 2015]↩

Justin Champion advances a powerful case for treating Magna Carta as a liberty document, directed to all free men. In the thirteenth century, its beneficiaries comprised a limited elite of the lawfully 'free': perhaps as few as one in ten, or at most one in five, of the adult male population. By the sixteenth century, with the decline of serfdom, this had been extended to include all adult males, and arguably all adult women. Since then, and in the words of the UNESCO citation, Magna Carta 'has become an icon for freedom and democracy throughout the world'. Professor Champion notes that clause 14 of the 1215 Magna Carta, by demanding counsel before the grant of any new tax, in effect introduced the idea of a popular assembly, leading in due course to Parliament, and ultimately to that rallying cry of the free-born American colonists: 'No Taxation without Representation'. Certainly, there seems to be universal agreement that Magna Carta clauses 39 and 40 (clause 29 of the 1225 reissue, still current in English law today) establish the principle of 'due process'. Under this, the ruler or sovereign, and the administration conducted in the sovereign's name, are brought within the rule of law.

There is a natural tendency to assume here that the 'liberties' (plural) referred to in the text of Magna Carta can be equated with the 'liberty' to which traditions of natural law, the framers of the American Constitution, or modern human rights activists so confidently appeal. This would include the 'liberty' proclaimed amongst the 'unalienable Rights' defined by the 1776 American Declaration of Independence as the right to 'Life, Liberty and the pursuit of Happiness'. Certainly, Magna Carta has featured high amongst the totems of political rebels, from the 1260s or 1290s, all the way through to the new 'Barons' Wars' of the 1640s, the Chartist 'uprising' against Victorian oligarchy, or Mexico's Zapatista Army of Liberation in 1994.

As Professor Champion further points out, Magna Carta has tended to be read as all things to all men (and women). Here it commands allegiances across the political spectrum, from its use as a defense of tradition and an 800 year-old line of constitutional monarchy, through to its use by environmentalists, republicans, or cyber-anarchists, keen to break free from state or societal control. Legitimacy here comes from longevity. The laws of unintended consequence dictate that a document that has very little to do with modern ideas, either of democracy or freedom, has somehow been canonized as if it were the foundational creed of liberalism, socialism or green republicanism.

So far, I am in agreement with Professor Champion. Champion's instinct, however, pursued in the main body of his essay, is to demand a continuing 'imaginative reinvention' of Magna Carta. Only thus, he suggests, can the document and its legend be fitted to the needs of posterity. My own instinct, on the contrary, would be for less imagination and more solid fact.

Magna Carta has suffered 'imaginative reinvention' ever since it was first granted in June 1215. Within only a decade of its issue, the text of the Runnymede charter had been revised, reinvented and in many cases deliberately rewritten by contemporaries who had little interest in what had happened at Runnymede but a great deal in establishing that Magna Carta, in one way or another, chimed with their own particular needs or obsessions. It is the responsibility of the historian to establish the reality of events, and thence to measure the gulf between reality and perception. In the case of Magna Carta, this gulf emerged so early, and has grown so wide, that our duty is surely to expose the myths, not simply to peddle them.

As Champion points out, in 1971, Darcus Howe and his lawyers appealed to Magna Carta's insistence on trial by peers, to argue for trial by those of the same color. What he does not allow here is that this was a restrictive interpretation that had already been attempted in the 1230s. It was then that various of the greater barons in England sought to argue that 'peers' meant the great aristocracy, as in the modern House of Lords, and that therefore the rich and powerful should be tried only by those of similar wealth and power. If racial discrimination was at stake for the Mangrove Nine, then it has to be confessed that Magna Carta clauses 50 and 51 (calling for the explusion of all 'alien' knights and constables) appear to encourage prejudice rather than to prohibit it. Lady Justice Arden's call, meanwhile, for a judiciary no longer drawn from the 'establishment' but from the liberal majority, seems to me directly to echo demands in the seventeenth century, that judges all be good Protestants, or in the eighteenth, that judges not only hate the Pope but serve the King. In all such instances, what is being demanded, surreptitiously or openly, is discrimination by the executive intended to interfere with the independence of the judiciary. As for equality under the law, clause 20 of the 1215 Magna Carta, with its careful distinction between free men, merchants, and villeins, was used in the eighteenth century to argue that inequality was the natural state of man properly instituted, especially in those parts of the British Empire where the right to self-government and slave ownership went hand in hand.

Having established their own constitutional assembly, in an act of 1728 celebrated as Jamaica's 'Magna Carta', British Jamaicans obtained confirmation of the legality of all previous enactments by their assembly together with the right to be governed 'by all such laws and statutes of England as have been at any time esteemed, introduced, used, accepted, or received as laws of this island'. These most definitely did not include equality between slave and slave-owner. Inequality, between the propertied and the propertyless, as between the independent and dependent, remained hard-wired into the British constitutional and imperial systems, however nostalgically such systems looked back to Magna Carta as a foundational rallying point. Here liberty and inequality were paired in ways that made it very hard for free-born Englishmen to stomach the later American or French pairing of liberty and egality.

Parliament, in the Whig tradition, saw itself in the eighteenth century as embodying everything that Magna Carta had been intended to procure. Through Parliament the propertied and those 'of interest' dispensed justice to the unenfranchised majority. William Blackstone, the greatest modern authority on Magna Carta, was one of the MPs who called loudest for the expulsion from Parliament of John Wilkes, denounced as a demagogue and hero of the mob. The direct connection between Magna Carta, the Whig settlement of 1688, and Parliamentary sovereignty made Magna Carta itself a very difficult pill for the American revolutionaries to swallow. How could Magna Carta, itself conceived of as an act of ‘parliamentary’ resistance to a tyrant king, be used to contest other such acts - the Sugar Act (1764), the Stamp Act (1765), the Declaratory Act (1766), the Townshend Acts (1767), or the Coercive Acts (1774) - all of which seemed to emanate from Parliament rather than from monarchy? To most native-born Englishmen, indeed, the idea of defying Parliament in the name of Magna Carta appeared a logical absurdity.

Only later, when George III revealed himself just as intractable as the politicians, could Magna Carta be invoked in America as the birth-right of the free. Even then, following American independence, the tendency to deny the liberties of indigenous or slave populations was accentuated rather than resisted in those of the new United States that now not only deliberately expelled their native inhabitants but imported African slaves to work their land. These were often the States in which 'English' traditions, including Magna Carta, were most loudly proclaimed. Virginia, in 1606, was the first of the American colonies to receive Magna Carta as part of its royal charter of liberties. As the plaque at Jamestown still reads, 'Here the Common Law of England was established on this continent ... (with) Magna Carta, the cornerstone of individual liberties'. Virginia was also, in 1861, one of the first states to secede from the Union.

I am not for a moment here arguing that Magna Carta supplies a natural defense of slavery or secession. On the contrary, those who have argued in this way have distorted the meaning of the charter with just as much anachronism as the Levellers of the seventeenth century, the Chartists of the 1840s, or the Zapatistas of Mexico. What I am suggesting is that that historian's role is to tease out such anachronisms, not to perpetuate them.

For all that is said about Magna Carta, very often by people who have never read it, Magna Carta itself says nothing about democracy, about trial by jury, about the presumption of innocence, let alone about Habeas Corpus. Clause 14 of the 1215 charter, interpreted by some as an embryonic striving after what was later to become Parliament, survived as law in England for less than a dozen weeks. It was dropped after 1215 from all subsequent reissues. Certainly, the 'liberties' to which Magna Carta refers had very little in common with that which today's liberals would regard as freedom under the law. The liberties of 1215, like the 'liberty' of the archbishops of Canterbury, or the 'liberty' of the earls of Essex, were far more akin to today's great multinational franchises: rights and customs associated with property ownership, guarantied by possession and long use. In other words, they much more resemble the vested interests of those corporate Leviathans against which today's cyber warriors or environmentalists seek redress.

It is one of the wonderful things about Magna Carta that where one most expects it to be specific (trial by jury, Habeas Corpus) it is most vague, and where one would most appreciate vagueness (fish weirs, French constables, haberjets, and ells within the selvages) it is most specific. It is this, perhaps, that explains its Protean survival. If only, the liberals might argue, clause 39 had spelled out the precise meaning of 'judgment by peers and the law of the land', then there might not be such dispute as to the usefulness of this clause in defense of human rights. If the charter's framers had been more specific, a conservative might reply, then clause 39 would be as filled with feudal specifics as the rest of the document and the whole lot would by now have been consigned to the dustbin of redundant law.

In writing of Magna Carta we need to distinguish myth from reality, the Wizard of Oz from his box of tricks. To allow any particular political party to claim a monopoly of the charter would be to defeat its still valuable purposes. By enshrining the myth that 'liberty' and 'freedom' are fundamental birth-rights of the English-speaking world, Magna Carta has placed a powerful brake upon tyranny and supplied incentives to the spread of values that its original framers might have found not only alarming but positively repulsive. By promoting a royal act of grace, King John's 'Great Charter', as the point of genesis for all subsequent English law, Magna Carta has, ironically enough, helped confirm the sovereign authority of the very dynasty whose powers it was intended to restrict. The Queen, the Prince of Wales, and a whole menagerie of minor royals, can participate in the celebration of Magna Carta's 800th birthday, confident that the charter itself, as a royal act, even as the act of a 'bad' dead king, supports rather than undermines the institution of monarchy.

Meanwhile, radicals should no more be allowed to appropriate Magna Carta than those New Hampshire Republicans who, in 2012, sponsored a bill proposing that a clause of the 'original' Magna Carta of King John be cited in every constitutional resolution passed through the state legislature. In seeking such things, the reactionaries of New Hampshire no more cared to be reminded of clause 10 of the 1215 Magna Carta, than the Zapatistas were inclined to recall Magna Carta clauses 33 or 54. It is the role of the historian to deliver such reminders. Magna Carta is both the piece of tattered sheepskin issued by King John in 1215, and a beacon of freedom and liberty feted around the world. The document is not the myth , nor is the myth the document. Long may this distinction live. Or as King John might have put it, in his own native tongue: 'Vive la difference!'.

3. David Womersley, "Magna Carta in 2015" [Posted: May 6, 2015]↩

> *Does Magna Carta mean nothing to you? Did she die in vain? That brave Hungarian peasant girl who forced King John to sign the pledge at Runnymede and close the boozers at half past ten! Is all this to be forgotten?*
>
> --Tony Hancock

In 1694 James Tyrrell embarked on the composition of a *General History of England* intended to establish beyond question that England had possessed an ancient constitution embodying principles of liberty, no matter how much the disasters of the intervening centuries and the specious arguments of Royalist historians had obscured the fact. Tyrrell would drag into the daylight what other historians of England had shamefully neglected, namely "the Ancient *Saxon* Laws and *Original* Constitutions of this Kingdom."[28]

However, by the time Tyrrell had reached his third volume, the testimony of the past no longer seemed to be either so straightforward or so necessary. The ancient constitution itself now seemed "*dark and perplexed*." And did the political arrangements of the Saxons really have much relevance to the very different challenges that confronted Englishmen at the dawn of a new century? Perhaps, as Tyrrell conceded, the original constitution of the kingdom was more "*a Question relating to Antiquity, than to the present Constitution of the Government*."[29]

Tyrrell's soberness at the end of his historical labors is worth bearing in mind as we consider Magna Carta after eight centuries and so think about English historical-mindedness. Justin Champion quotes Alan Ryan's observation about the English tendency to confuse longevity and legitimacy. He might equally have invoked Burke, who in 1790 singled out this habit of mind as the palladium of English political life:

> We wished at the period of the Revolution, and do now wish, to derive all we possess as *an inheritance from our forefathers*. Upon that body and stock of inheritance we have taken care not to inoculate any cyon alien to the nature of the original plant.[30]

But what does this English preference for inheritance over invention mean in practice? Not, surely, that English political institutions are immobile, but rather that they must at least *seem* to be grounded in the past. This seeming could shade into sleight of hand. Certainly Burke sails close to the moral wind when he praises Lord Somers for his deceptive rhetoric in the Convention debates of 1689:

> In the very act, in which for a time, and in a single case, parliament departed from the strict order of inheritance, in favour of a prince, who, though not next, was however very near in the line of succession, it is curious to observe how Lord Somers, who drew the bill called the Declaration of Right, has comported himself on that delicate occasion. It is curious to observe with what address this temporary solution of continuity is kept from the eye; whilst all that could be found in this act of necessity to countenance the idea of an hereditary succession is brought forward, and fostered, and made the most of, by this great man, and by the legislature who followed him.[31]

Our desire for the past to corroborate the present is born outside the boundaries of historical study, and so historians are regularly outraged by the political purposes which the past is made to serve. This only goes to show that (in the words of Arnaldo Momigliano) "historians are a rather marginal by-product of history."[32]

When in 1237 Henry III confirmed in perpetuity the liberties enshrined in the Charter, what had begun as an interpretation of custom – as an attempt to reach back and restore the liberties enjoyed by Englishmen during the reigns of Edward the Confessor and Henry I – had been converted into something else. The Charter was now fundamental and inalienable law, limiting on and superior to the crown; and it came gradually to be revered as the source of a body of ancient rights and liberties that were the birthright of the English people.

Over the years the Great Charter came to assume a variety of guises and to play a number of roles in the struggle to preserve individual liberties against the incursions of overweening power, whether of a monarchical or a more anonymously statist complexion. The Charter began life in the 13th century as an instrument of baronial ascendancy over the Crown. But the articles which served that narrow purpose were gradually eclipsed in importance by those other articles of (in Hume's words) "a more extensive and more beneficent nature," the inclusion of which the barons had tolerated as the price of associating "the inferior ranks of men" to their essentially narrow and partisan cause.[33] It was these articles – articles promising freedom of movement, freedom from arbitrary and exorbitant punishments, prompt and due legal process, entitlement to judgement by one's peers – which gradually assumed greater prominence as the public importance of the Charter's mitigations and explanations of the feudal law waned.

Although the Charter declined in importance during the 14th and 15th centuries, it revived dramatically in the late 16th and early 17th centuries in the hands of Sir Edward Coke, who boldly claimed that the Charter was declaratory of the principal grounds of the fundamental laws of England, and who deployed it as a weapon against the principles and policies of Stuart government. But the great constitutional crisis of the mid-17th century exposed Coke's interpretation of the Charter to attacks from two different directions. On the one hand, thinkers such as Filmer and Hobbes undermined the notion of a "higher," or "fundamental," law binding on subsequent governments. On

the other, some of the more radical political thinkers thrown up by the Civil War found the protection offered by customary law less compelling than the claims to liberty which could be erected on the basis of abstract natural rights undergirded by reason and equity alone.

After 1660 the Charter was attacked on historical grounds by the defenders of the prerogative of the restored monarchy. In his *Complete History of England* (1685) Robert Brady deplored and despised the fact that "in *spight* of *Truth* and *Matter of Fact*, we find nothing in our Common *Histories* of these Times, but the *Brave Feats* performed by the *English* for their Fundamental Rights and Liberties."[34] Sir Henry Spelman and Brady himself re-described the Charter as essentially a feudal document, intended to serve the interests of the magnates and therefore intended to bring about an abatement of the rigors of feudal tenures.[35]

In the following century Cokean reverence for the Charter was to some extent revived, but sat uneasily alongside the insights produced by the superior historiographical techniques of Spelman and Brady. The result was a kind of historical "doublethink" which can be discerned in the work of Hume, Burke, Blackstone, and even Bentham. Over time, and notwithstanding the critiques to which it had been subjected, what the Charter had been originally intended to achieve by the turbulent barons who had stood up to their king at Runnymede became less significant than the uses to which it had been put by later generations. It came to symbolize the equation of law and liberty. It embodied the Englishman's belief that the law of the land protects, rather than restricts, his freedom. And it offered implicit criteria against which official action could be assessed and judged.

When he was puzzling over men's attachment to patriarchalism, Locke suggested that it was the inheritance of property which had disposed men's minds to the mistaken belief that political authority was transmitted in the same manner. This had created "an Opinion, that there was a Natural or Divine Right of Primogeniture, to both *Estate* and *Power*; and that the Inheritance of both *Rule* over Men and *Property* in things, sprang from the same Original, and were to descend by the same Rules."[36] The example of Magna Carta shows that this mental disposition towards conceptualizing politics under the rubric of inheritance might also work in the opposite direction. It might furnish men's minds with a set of ideas relating to liberty and justice which appear to have the ratification of time, even though the uses to which the original event is put by later generations can have no possible point of genuine contact with the intentions of the original actors.

In Miroslav Holub's poem "Brief Reflection on Maps," a group of soldiers who get lost in the Alps eventually find their way back to their companions. When they return to camp, however, it is noticed that the map they have been relying on is actually a map of the Pyrenees. It was the thought of having a map which emboldened the soldiers to keep going, even though the map in fact bore no relation to the terrain through which they were moving.[37]

Magna Carta is also in this sense a "wrong map." Academic historical understanding will always chip away at the inspirational power of certain episodes in the past. But such critiques expose only more clearly that inspirational power. As Justin Champion's article shows, even today people throughout the world are determined to prove that, in Tony Hancock's brilliant words, the brave Hungarian peasant girl Magna Carta did *not* die in vain — whatever academic historians may mutter to the contrary.

Endnotes

[28.] James Tyrrell, *A General History of England, as well Ecclesiastical as Civil*, vol. I (1696), vi.

[29.] James Tyrrell, *A General History of England, as well Ecclesiastical as Civil*, vol. III (1704), "Preface to the Appendix," iii and v.

[30.] Edmund Burke, *Reflections on the Revolution in France*, in *The Writings and Speeches of Edmund Burke*, vol. VIII, "The French Revolution 1790-1794," ed. L. G. Mitchell (Oxford: Clarendon Press, 1989), 81.

[31.] Ibid., 69.

[32.] Arnaldo Momigliano, "The Origins of Universal History," Creighton Lecture, University of London, 1980-81, published in *Annali della Scuola Normale Superiore di Pisa*, serie III, vol. XII, no. 2, 533-60, quotation on 534.

[33.] David Hume, *The History of England*, 6 vols. (Indianapolis, Ind.: Liberty Fund, 1983), vol. I, 444.

[34.] Robert Brady, *A Complete History of England* (1685), sig. B1r.

[35.] Sir Herbert Butterfield, "Magna Carta in the Historiography of the Sixteenth and Seventeenth Centuries," *The Stenton Lecture 1968* (Reading: The University of Reading, 1969), 22.

[36.] John Locke, *Two Treatises of Government*, ed. Peter Laslett (Cambridge: Cambridge University Press, 1990), 209; Book I, § 91.

[37.] I am grateful to my daughter Kate Womersley for drawing my attention to this poem.

THE CONVERSATION↩

1. Justin Champion, "A Comment on My Commentators" [Posted:May 8 , 2015]↩

My initial essay attempted to address two intimately connected issues. First, the purdurable legacy of the liberty charters as documentary artifacts, and second, the continuing authority of the tradition of political liberty regarded as being founded upon the events that produced those charters. Put very simply the intention was to explore how over the 800 years, those events and the textual products have created such a powerful tradition: why the Magna Carta rather than other moments or texts?

The very fine responses from my colleagues have teased out, in different ways, the difficulties of connecting these two primary themes. Over the eight centuries of refashioning and understanding the role and function of both the event and its textual legacy, the use of the past as a source of political legitimacy, and the enquiries and publications of historians detailing or confusing these claims, have been profound. A further question, which, if not explicit, was fundamental to the initial piece, was “Why Magna Carta?” Despite the claims of contemporary nationalists in Scotland, the 1320 Declaration of Arbroath,[38] perhaps a more radical defense of liberties, has not attracted such global attention, respect, or reuse. So why has the Magna Carta continued to generate such attention and been capable of acting as a source of international legitimacy? Here, the questions of historical prescription and myth are central.

One of the themes resisted by Professor Vincent, in a powerful argument for context and the duties of historians to remain vigilant in avoidance of anachronism, is that the way the meaning has spilled out of its own times is not a legitimate or authentic historical tradition. The evidence of the past eight centuries suggests that the authority of Magna Carta has not been confined to its own historical circumstances. Indeed subsequent historians, especially in the early modern period, keen to establish and describe the ancient constitution, as Professor Womersley explores in elegant detail, drew from Magna Carta (the historical moment and the text) to populate their understandings of a recoverable and present centered “ancient” constitution. The battles of historical erudition fought out between Whig and Tory scholars and political thinkers persisted into the 19th century and was conducted with a keen eye to historical incompetence, error, and deceit.

The recovery of an historical category identified as “feudalism” provided a powerful instrument for disputing, or neutering, overly ambitious interpretations of Magna Carta and its legacy. The Bradys, Tyrrells, and still later, Burkes, saw no danger of anachronism in the use of the past as long as the historical narratives were undertaken with erudition, integrity, and a commitment to the truth, subscribing as they did to humanist principles of the civic usefulness of the *ars historica*. Of course this meant often, and Valla's exposure of the falsity of the *Donation of Constantine* is the cynosure, that the tools of historical erudition were employed to destroy corrupted documents or illegitimate valorization of their purchase on the contemporary world. Providing an historical pedigree for the legitimacy (or not) of contemporary institutions, principles, or political agents was, and in many senses remains, one of the benefits of having an historically aware community. As Jill Lepore has explored,[39] the function of ongoing debates about rival interpretations of the founding document of the U.S. Constitution contributes in a powerful way to conceptions of liberty and freedom in modern politics, and political thinking. Anchoring philosophical political concepts to historical foundations provides a wide audience, indeed the public, with a resource to comprehend and legitimize their beliefs. Historians may claim to police the use of the past, but where political and public interests are dominant this claim is often challenged.

While historians may, correctly, be wise to be cautious about this public use of the past, and indeed be vigilant against distorted or incompetent exploitation of the past, they will frequently fail in insulating the past from having a pertinent use for contemporary debates. The unique aspect of Magna Carta is its portability across time and geography. Its legacy has meandered through the intellectual topographies of many different national contexts. In a similar way, 16th- and 17th-century French audiences became familiar with the reconstructions of an ancient constitution as described in Francois Hotman's *Francogallia* (1572),[40] but the French construction has not become a widespread model for other contexts and circumstances, although it did get reused in 18th-century commonwealth discourses.

Professor Helmholz’s argument that there are indeed significant and important jurisprudential concepts captured amongst the more minor local issues gathered in the charter is powerfully made. That the baronial and ecclesiastical designers of the prose, and the participants in the moment of sealing, were capable of this achievement is remarkable. The historical unfolding and establishment of these core jurisprudential principles as primary values are not, however, necessarily determined by their authority as originally articulated in the artifact or historical moment of 1215. Those initial authors were most definitely not designing a conceptual framework for modern liberties.

Dame Mary Arden’s proposals for addressing the social composition of the judicial system, seems to me, do precisely what Professor Helmholz has enjoined. Her arguments recover a core jurisprudential principle and extend its application to the contemporary world. Her case is not that the proposals advanced in Magna Carta can be adjusted to the needs of contemporary social diversity, but that the original jurisprudential claim had embedded in its structure and conceptual intention precisely that capacity to be adaptable to changing circumstances. The extension of the freedoms of the *liber homo* to ever broader social, political, and ethnic communities, and a judicial system which reflected that diversity and enabled their freedoms, is an historical unfolding of principle, rather than an act of wilful anachronism.

Questions which still require historical thought are why the “originality” of the Magna Carta established authority and how that authority was distilled into later historical contexts. Here perhaps more reflection on the nature of mythopoetic functions and processes is necessary. Bruce Lincoln has given us a very powerful set of distinctions between fable, legend, and myth with which to explore the political uses of the past.[41] Fable and legend are inevitably literary constructions produced by societies to make sense and meaning of their values. Myth, according to Lincoln, is a more powerful combination of historically verifiable values and shared authorities: a common historical resource which many perspectives can draw upon and indeed make bespoke to their own ambitions. Importantly such myths are very capable of mobilizing individuals and communities to act in defence of values, institutions, and freedoms. An excellent example of this can be seen in the attempt by Winston Churchill to draw the United States into a defensive alliance against Hitler in 1941 by offering the Lincoln Magna Carta as an incentive and marker of a common purpose in defending liberty.[42]

An alternative but contemporary use for a British audience can be seen in the early 1940s film *Magna Carta, The Story of Man's fight for Liberty*, which narrated, in animated form, the role the "People" had contributed to the development and achievement of civil liberties and freedom.[43] The Whig historian George Trevelyan may have had a hand in transforming the *liber homo* of 1215, through Wat Tyler's rebellion ("once again the people had to fight to regain their rights"), the rise of Parliament, and the execution of Charles I into the "people" resisting the tyranny of German fascism. This film rather portentously concluded that "The struggle for the rights of man is not ended, the story of the future is yet to be written": the twenty first century has already established that working with the legacy of Magna Carta offers plenty of opportunity for preserving and expanding freedoms. The British Council film may have been very bad history, but it clearly provoked and mobilized popular support for a vision of English liberties that sustained and nourished a communal sense of freedom in difficult times. At later moments in the 1957 opening of the Commemorative Temple funded by the American Bar Association on Runnymede Meadows, Magna Carta was invoked as a powerful Cold War instrument against the threat of "Godless Communism." In 2002 the Australian Prime Minister, opening the exhibition displaying a 1297 Magna Carta, proclaimed that it was a significant resource to deploy in the war against terror. It is, despite the many pages of historical enquiry, still an imponderable issue of how this ancient manuscript wields a persisting power: the recent Chinese edition may open up yet another reception and legacy.

In conclusion, the legacy of the Magna Carta may tell us something about how we collectively do something called the history of (political) ideas and use that historical dialogue to provide matter for more conceptual thinking. Professor Quentin Skinner, although powerfully enjoining us to contextualize political thinking in order to understand the intentions and political ambitions of the authors, has also underscored that this is a platform for allowing modern communities to think with the past.[44] Here perhaps the role of historians not just to produce learned and scholarly accounts, but to communicate with the public is important. Good public history will expose deceit and inaccuracy, and scrutinize scholarship, but it also it has a brief to explore historical complexity and communicate that reception and reworking of intellectual traditions to a non-expert audience. Hopefully it is the achievement of the British Library Exhibition[45] to have achieved exactly the right blend of historical erudition and clarity of understanding which will encourage another generation of minds to explore the meaning of *liber homo*.

Endnotes

[38.] "The Declaration of Arbroath" (6 April, 1320). *The National Archives of Scotland* <http://www.nas.gov.uk/about/090401.asp>. Translation <http://www.nas.gov.uk/downloads/declarationArbroath.pdf>.

[39.] Jill Lepore, 'The Commandments' in the *New Yorker*, at <http://www.newyorker.com/magazine/2011/01/17/the-commandments>.

[40.] Translation of Hotman's *Francogallia* by Molesworth in Robert Molesworth, *An Account of Denmark, With Francogallia and Some Considerations for the Promoting of Agriculture and Employing the Poor,* Edited and with an Introduction by Justin Champion (Indianapolis: Liberty Fund, 2011). <http://oll.libertyfund.org/titles/2422#lf1577_head_046>.

[41.] Bruce Linoln, *Discourse and the Construction of Society: Comparative Studies of Myth, Ritual, and Classification* (Oxford UP, 2nd Edition, 2014).

[42.] "Churchill plan to give Magna Carta copy to US revealed", BBC News, 11 March, 2015. < http://www.bbc.com/news/entertainment-arts-31822545>.

[43.] "Magna Carta: The Story of Man's Fight for Liberty" (Gaumont, 1946). *The British Film Council* <http://film.britishcouncil.org/magna-carta>.

[44.] Quentin Skinner, "On encountering the past" <http://www.concepta-net.org/files/Image/Skinner_Interview.pdf>.

[45.] "Magna Carta: Law, Liberty, Legacy" *British Library Exhibition* <http://www.bl.uk/events/magna-carta--law-liberty-legacy>.

2. David Womersley, "Opinion and Truth" [Posted: May 15, 2015]↩

One issue raised by our various essays is the question of how the academic investigation of the past stands in relation to the political and popular use of the past. Whereas one would like the latter to be informed by the former, it does seem to me that these are distinct activities and that historians must not expect to adjudicate in the public realm with the same absolute authority they have in the schools. As Hume understood, politics is a question more of opinion than of truth. It is of course a matter of interest when opinion and what currently seems to be truth are sharply at variance. Nevertheless, opinion is not a dog to be brought to heel by a sharp tug on its historical lead.

These questions of theory are of absorbing interest to us academics (and perhaps to us alone). I want therefore to float a more substantive suggestion about the legacy of Magna Carta. Last Thursday I went to Hereford for the post-election party of the local MP, who is a friend of mine. Polling day happened to coincide with the traditional Hereford Mayfair, and as I walked round the city it seemed to me that different kinds of good-humored festivity – the political and the recreational - had been brought together. The following morning I went into the cathedral and saw its engrossment of the 1217 issue of Magna Carta (provocatively enough, displayed alongside the glorious and outlandish medieval Mappa Mundi – a vivid reminder, if one were needed, that the world of the authors of the Magna Carta was not our world).[46] As I left, I wondered to what extent that unassuming-looking document, rather smaller than a sheet of A3 paper and now shorn of its seal, had contributed to the civilized and orderly political culture I had witnessed the previous day. As Magna Carta was interpreted over the centuries to offer reassurances to the English concerning the possibility of redress against official action, did it eventually help to shape the *largely* tolerant politics of 19th- and 20th-century England?

[A photograph of the Mappa Mundi (Map of the World) held by Hereford Cathedral.]

[A detail showing the british Iseles from of the Mappa Mundi (Map of the World) held by Hereford Cathedral.]

Endnotes

[46.] Hereford Cathedral. Mappa mundi <http://www.herefordcathedral.org/visit-us/mappa-mundi-1> and Magna Carta <http://www.herefordcathedral.org/visit-us/mappa-mundi-1/special-exhibitions>.

3. Justin Champion, "The Myths of Magna Carta and Freedom" [Posted: May 21, 2015]↩

[A French Revolutionary era Liberty Cap or Pileus.]

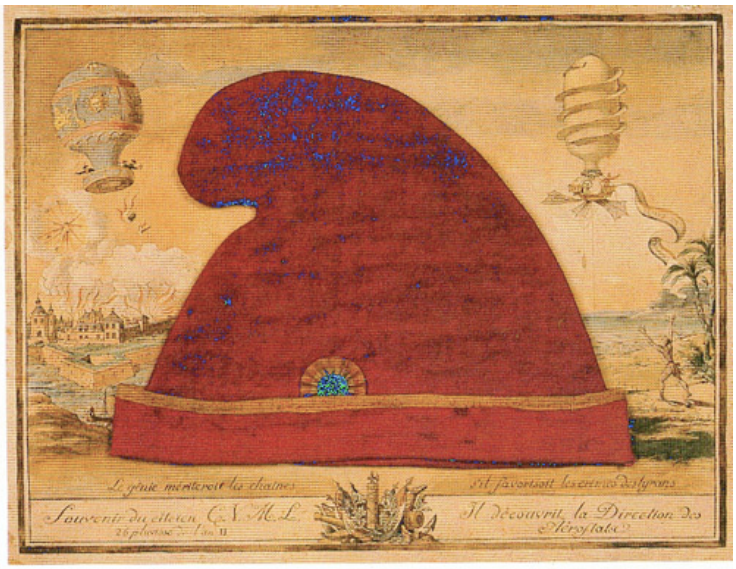
One of the dominant modes, since at least the 1600s, has been to interpret the meaning and significance of the Magna Carta as underpinning an idea of the ancient constitution. Often this political invention of tradition has acted as a device for legitimizing an authoritative but ultimately limited form of monarchy. Most monarchies, and sovereigns, have assumed that the moment of the Magna Carta was a powerful symbol of their consensual ambitions, rather than a source of their legitimacy. The history established not the origins of regal power, but its willingness to adapt to a good office.

At about the same time in the early 1600s, figures like Coke, then Lilburne and the new voices of the English Revolution,[47] saw opportunity to use the ideas and moment of the Magna Carta to underpin radical protest against the illegitimate exercise of contemporary political power. This version of historical understanding was rather more interested in the moment of resistance embodied in 1215 – the legacy of especially clause 61[48] and the "enforcement" process captured the challenge of the barons to the king and was capable of being represented as an act that defended the community, the people, and the nation. All of this vocabulary was of course a later development designed to defend the resisting of oppressive political institutions in the name of freedom.

In terms of the different and competing claimants to the legacies of Magna Carta (moment and ideas), it is plausible to argue that monarchists have had the least effective claim, since even in the moderate constitutional form, Magna Carta is usually deployed against the divinity of regal authority, rather than by them against popular dissent or disorder.

As a symbol of resistance, in the name of individual or collective freedoms, the myth of Magna Carta has had a more perdurable and universal appeal. The monarchical use defines the Magna Carta as a very local circumstantial historical tradition; a Magna Carta moment which legitimizes protest and resistance draws from a much more universal application. This aspect of the iconic power of the Magna Carta is seen most visibly in the late 18th-century proposal for a commemorative medal organized by the Royal Society of Arts (see figure 1 below). As is evident, one side of the medal represents the historical moment of the sealing on the meadows with baronial tents, churchmen, and seated monarch. On the reverse the universal meaning of the event is reinforced by a representation of liberty as a woman – Libertas. In her right hand Libertas holds a rod of manumission and a pileus (liberty cap). [49] The stave of manumission was a symbol of being made free, the liberty cap was worn by the freed slave. These iconological elements -- Libertas, liberty cap, stave of manumission -- became a commonly used visual vocabulary identifying public and national commitment to freedom. The U.S. Statue of Liberty and the French Marianne are the most powerful examples.[50] Anchoring the contingent moment of the sealing at Runnymede with these universal traditions of freedom is of course not simply a visual sleight of hand but foundational to the conceptual reinvention of the meaning of Magna Carta for new contexts in the last eight centuries, and indeed into the future.

[Figure 1: The Royal Society of Arts commemorative medal.]



[Another Phrygian Cap with hot air balloons in the background.]

Endnotes

[47.] Editor: In our seven volume collection of Leveller Tracts there are literally hundreds of references to Magna Carta (or Charta). See for example:

- 8.16. Anon., *Briefe Collections OUT OF Magna Charta: OR, The Knowne good old LAWES OF ENGLAND* (19 May, 1643) (not yet online);
- 3.21. John Lilburne, *Vox Plebis, or The Peoples Out-cry Against Oppression, Injustice, and Tyranny. Wherein the Liberty of the Subjects is asserted, Magna Charta briefly but pithily expounded* (19 November, 1646) <http://oll.libertyfund.org/titles/2596#lf1542-03_head_053>;
- 3.22. John Lilburne, *The Charters of London: or, The second Part of Londons Liberty in Chaines discovered* (18 December 1646) <http://oll.libertyfund.org/titles/2596#lf1542-03_head_062>
- 5.1. William Prynne, *A New Magna Charta* (1 January, 1648) <http://oll.libertyfund.org/pages/leveller-tracts-5#5.1>;
- 5.2. William Prynne, *The Petition of Right of the Free-holders and Free-men* (8 January, 1648) <http://oll.libertyfund.org/pages/leveller-tracts-5#5.2>.
- 5.8. John Lilburne, *The Peoples Prerogative and Priviledges, asserted and vindicated, (against all Tyranny whatsoever.) By Law and Reason. Being A Collection of the Marrow and Soule of Magna Charta* (17 February, 1648) <http://oll.libertyfund.org/pages/leveller-tracts-5#5.8>

[48.] See the full Clause 61 in the Bibliography below.

[49.] Editor: We have discussed the significance of the "pileus" (the liberty or "Phrygian" cap) in several "illustrated essays" in the section *Images of Liberty and Power* <http://oll.libertyfund.org/images> , especially "Thomas Hollis and John Locke" <http://oll.libertyfund.org

/pages/thomas-hollis-and-john-locke>, "The Earl of Shaftesbury on Liberty and Harmony" <http://oll.libertyfund.org/pages/the-earl-of-shaftesbury-on-liberty-and-harmony>, and "New Playing Cards for the French Republic (1793-94)" <http://oll.libertyfund.org/pages/new-playing-cards-for-the-french-republic-1793-94>. There is also an interesting entry in *Wikipedia* on "Pileus" <http://en.wikipedia.org/wiki/Pileus_%28hat%29>.

[50.] The classic work on the imagery of Marianne is Maurice Agulhon, *Marianne into Battle: Republican Imagery and Symbolism in France, 1789-1880*, translated by Janet Lloyd (Cambridge: Cambridge University Press, 1981.

4. Justin Champion, "How Can This Artifact Exercise Such Power?" [Posted: May 22, 2015]↩

David raises a fundamental question about the enduring power of what he elegantly calls “that unassuming-looking document, rather smaller than a sheet of A3 paper and now shorn of its seal.” It has been a constant historical concern, niggling in my encounter with the Magna Carta and its reception, to pose almost the same point. How can an artifact so old and circumstantial exercise such power over subsequent historical communities? In one sense the medieval historians have in one respect established that the powerful constitutional meaning of the charter was in abeyance between the 13th and 16th centuries although it may have been embedded in the routines of provincial justice, especially in concerns related to property. The transformation of significance does seem to be closely associated with the opportunities for dissemination through print culture in the legal handbooks, but then more dramatically in the form of facsimiles in the 18th and 19th centuries. What did it mean to the construction of political identities to be able to review a facsimile of the charter in the privacy of one’s home or club? Without doubt, and this can be seen in contemporary graphic satire too, representations of Magna Carta supporting particular individuals, institutions, or policies became in the 18th century a powerful and very effective means by which popular support for activities might be mobilized. Magna Carta became then a key element of an iconographic vocabulary of constitutional liberties, alongside the liberty cap, the stave of manumission, and the various temples of liberty which provided a public opportunity to defend or attack threats to freedom. How public discourse connected the ancient artifact of 1215 with the emotive authority invoked by contemporary representation is a tough historical question to pose, but nevertheless demands further thought. For the 800th anniversary there will no doubt be much merchandise for sale – reinforcing the”‘brand,” but there has also been a return to usage of images of Magna Carta in political commentary and protest – how this process connects to and draws from its origins is complex, and for the moment underexplored.

[An amusing anti-MP and party-politics illustration with a reference to Clause 61 of Magna Carta.]

[Magna Carta is on Obama's "Kill List" according to this drone protester.]

5. Nicholas Vincent , "A Blend of Fact and Make-believe" [Posted: May 26 , 2015]↩

As David Womersley so forcefully reminds us (6 May), even a “Wrong Map” can supply comfort to its users. In the particular case of Magna Carta, there is no doubt that a great deal of what is popularly accepted about English liberties and the Anglophone love of freedom derives from just such a “Wrong Map,” from the fictions of the Ancient Constitution concocted by Edward Coke and his successors, from the 16th century onwards. The consequences of thus blending fact and fiction are with us still. As illustration, I would draw attention to two of the more delicious ironies of Magna Carta’s 800th anniversary celebrations. Magna Carta is in many ways a deeply anti-monarchical document, and yet throughout 2015, those organizing its birthday celebrations have been at pains to involve members of the British royal family. Exhibitions in Washington and London have been ceremonially opened by the children of the Queen (Prince Charles and Princess Anne), and the Queen herself serves as honorary president of the Magna Carta anniversary committee. In February 2015, she hosted a reception for lawyers and others interested in Magna Carta at Buckingham Palace.[51] The local council authorities at Runnymede have chosen to mark this anniversary year by erecting a large bronze statue of Her Majesty, in questionable taste, but nonetheless a powerful indication of the ways in which Magna Carta can both be presented as a radical riposte to monarchy and as a royal charter, itself granted by a King of England, confirming the king as ultimate source of law.[52] Who else but the King was there in 1215 to establish, according to the terms of Magna Carta c.39, whether any particular judgment was or was not “lawful”? Who more appropriate today than the Queen of England to act as figurehead for an 800 year-old constitutional settlement?

[Image of the plaster version of the 60th Anniversary bronze statue designed by James Butler. QE2 is wearing "full Garter robes".]

These ironies extend today across the Atlantic to the land of the free. The rejection of monarchy in the American colonies of the 1770s was accompanied by a violent revolution fought against the government of King George III at least in part in the name of Magna Carta and liberty. In North America today, organizations still exist whose purpose is not only to celebrate the English monarchy but to trace and (for a price) authenticate the family trees of those claiming descent from one or other of the 25 barons of Magna Carta.[53] Since these barons were themselves of aristocratic and in many cases ultimately of royal descent, a great deal of the thrill of becoming a modern “Dame” or “Baron” of Magna Carta is to know that, ultimately, one is descended from Charlemagne or another great king of the medieval past. Quite how this sits with the American celebration of freedom from royal tyranny remains hard to determine. Magna Carta thus serves both reactionary and radical agendas. As any student of American politics can affirm, these two impulses are notoriously hard to tell apart. Meanwhile, the distant past still exercises an attraction for those in the present looking for the roots and justifications of liberty and freedom.

As Justin Champion and David Womersley also remind us, this was an imperative felt very strongly in the 16th and 17th centuries. It was felt no less strongly, particularly at times of perceived social or political disruption, in more distant antiquity. Englishmen in the aftermath of the Norman Conquest of 1066 did their best to seek for precedents and safeguards against Norman tyranny in the freedoms of the prelapsarian Anglo-Saxon past. To support their case here, they resorted to forgery on a heroic scale, inventing laws and law codes which were then foisted upon Anglo-Saxon kings (Cnut, Edward the Confessor) as a guarantee of their authentic antiquity[54] It was precisely this desire to locate freedoms and privileges in the distant past that persuaded the barons of King John’s reign to demand that John renew the “Laws of Edward the Confessor,” even though such laws were in reality a product not of the Confessor but of the 1120s and 1130s. Nor does the story end there. The Anglo-Saxons themselves, long before 1066, had developed an idea of liberty that itself derived in part from an anachronistic reading of the Christian Bible, in part from charters granted by the earliest Anglo-Saxon kings, in many cases subsequently rewritten or improved by their beneficiaries. The insertion into such charters, either by their original royal grantors or in the course of post-Conquest forgery, of claims to “liberties” or “immunities” rendered them potentially hostile to the king’s claims to sovereignty. “Libertas” in this reading became the negation not only of slavery, in its Roman or post-Roman sense, but of whatever term, up to and including “lordship” (“dominium”) might be adopted by kings to designate their own particular brand of lordship.[55]

Such efforts were founded upon a shadowy collaboration between fact and fiction. Yet there can be little doubt that as early as the 13th century they contributed to a sense that England was a nation with a particular concern for “liberties” in the institutional and plural sense, if not as yet in the private and singular. Here indeed the defense of aristocratic or ecclesiastical “privilege” produced, almost as an unintended consequence, a consensus that property-holding served as a necessary prerequisite for personal liberty. Back in the 1970s, Alan Macfarlane incurred the wrath of academe for arguing that, as early as the 13th century, the English were fundamentally different from other European peoples, as their family structures, their legal tradition and their property-holding peasant class increasingly ensured them freedom from the burdens of servitude.[56] Macfarlane drew here on a tradition of legal anthropology pursued since at least the time of Sir Henry Maine.[57] The debate on serfdom has moved on a long way since then.[58] Nonetheless, and here returning to the world of Magna Carta, there seems little doubt that the assizes of the 12th-century extended a degree of security of tenure in real property transactions, both for land and for merchandise, far beyond the barons and knights for whom these assizes were chiefly intended.[59]

Were we looking for explanations here, a great deal might be blamed on the laws of unintended consequences. Another explanation can be traced via the 12th-century reverence for the Anglo-Saxon past, back through the forged or improved law codes of the 12th century such as the *Leges Edwardi Confessoris* or the *Instituta Cnuti*, reinventing pre-Conquest "liberties" and "laws" with no real risk that the new Norman conquerors would be in a position to challenge what were claimed as privileges from the far-distant past. Another explanation, more traditional and yet still persuasive, would be to trace genuine evidence of the equation between law and liberty back before the Conquest of 1066, to the traditions of the Anglo-Saxons themselves, to the free peasantry of East Anglia and the Danelaw (an area of England from which came so many of the barons of 1215), to the legal tradition of Ine, Alfred, and their successors, and ultimately to the Germanic tribes of Tacitus, even perhaps to the prehistoric past.[60]

In other words, for all that the lawyers and constitutionalists might pretend otherwise, our ideas of "Liberty," from Tacitus onwards, have been compounded from a rich and still volatile blend of fact and make-believe. It is this rich tradition, not merely an 800-year-old piece of parchment, that deserves celebration in Magna Carta's anniversary year.

Endnotes

[51.] See here <https://www.law.umich.edu/newsandinfo/features/Pages/magnacartaqueen022715.aspx>

[52.] For a positive assessment of the Runnymede statue, see <http://www.queenjubileestatue.co.uk/>, noting that a similar statue may be commissioned for the Channel Islands. The reaction by the people of Runnymede has been less positive

[53.] See here The National Society Magna Charta Dames and Barons <http://www.magnacharta.org/>

[54.] Bruce O'Brien, *God's Peace and King's Peace: The Laws of Edward the Confessor* (Philadelphia 1999); idem, "Pre-Conquest Laws and Legislators in the Twelfth Century," *The Long Twelfth-Century View of the Anglo-Saxon Past*, ed. Martin Brett and David A. Woodman (Farnham 2015).

[55.] The fundamental study here remains that by Julia Crick, "'Pristina Libertas': Liberty and the Anglo-Saxons Revisited," *Transactions of the Royal Historical Society*, 6th ser. 14 (2004).

[56.] Alan Macfarlane, *The Origins of English Individualism: The Family , Property and Social Transition* (Oxford 1978).

[57.] In particular, Maine, *Ancient Law: Its Connection with the Early History of Society, and its Relation to Modern Ideas* (London 1861). Online version: *Ancient Law, its connection with the early history of society and its relation to modern ideas, with an introduction and notes by Sir Frederick Pollock*. 4th American from the 10th London edition (New York: Henry Holt and Co., 1906). <http://oll.libertyfund.org/titles/2001>. For a modern study of Maine (1822-1888), see Karuna Mantena, *Henry Maine and the Ends of Liberal Imperialism* (Princeton 2010).

[58.] See here in particular, and in many ways from opposite perspectives, Paul Hyams, *Kings, Lords and Peasants in Medieval England: The Common Law of Villeinage in the Twelfth and Thirteenth Centuries* (Oxford 1980), and Mark Bailey, *The Decline of Serfdom in Late Medieval England* (Woodbridge 2014).

[59.] For highlights from a vast literature here, see John Hudson, *The Oxford History of the Laws of England. Volume II: 871–1216* (Oxford 2012).

[60.] This was the tradition inherited by Sir Frank Stenton (1880-1967), in part from the "tribal" enquiries of Frederic Seebohm (1833-1912). See in particular Seebohm, *The English Village Examined in its Relations to the Manorial and Tribal Systems* (London 1983). In turn, it remains a tradition fundamental to the writing both of the Rosamond Faith, *The English Peasantry and the Growth of Lordship* (London 1997), and, massively influential, Patrick Wormald, *The Making of English Law: King Alfred to the Twelfth Century*, left uncompleted at the author's death, with only volume 1 published as *Legislation and its Limit* (Oxford 1999). For influences over Wormald, see in particular the collected essays of James Campbell, *Essays in Anglo-Saxon History* (London 1986), still the most cogent defense of English legal and social particularism.

6. Richard Helmholz, "Magna Carta: An Additional Thought and a Further Example" [Posted: May 26, 2015]↩

Reading the discussion of Magna Carta's continuing importance has been useful for me. It shows the continuing interest in the subject of course. But it has done more. At least as I evaluate the evidence of Magna Carta's current reputation, it is hard to think of an historical event in which the divide is any greater between the general treatment and scholarly treatment of the same document. The latter is what has been held about it among professional historians, not all of them perhaps, but a very large majority. The former consists of the shared views of most modern lawyers who invoke Magna Carta as a means of establishing the legitimacy of social reforms or of celebrating the rule of law. One of the merits of the book of essays on Magna Carta edited with an introduction by Ellis Sandoz is that he confronted this question head on.[61] Reading the comments on the subject in this Liberty Fund dialogue about the subject and seeing Professor Sandoz's earlier work mentioned motivated me to look back at his treatment of the Charter. Most of what he then said was occasioned by J.G.A. Pocock's book on the "common law mentality" of Sir Edward Coke,[62] but his discussion remains as pertinent to the larger problem as it was then.

The problem has persisted. There is a continuing divide. The "popular view" holds that contemporary principles underpinning democratic liberties can be traced back to Magna Carta. Both the act of agreement between monarch and baronial elite and the textual outcomes are regarded as a "real living document." For example, on 30 July 2007 UNESCO admitted it to the collection of items identified as important to

the “Memory of the World” in “recognition of their outstanding universal value.” The Magna Carta, then, was not simply a local, British, circumstantial moment. It had a universal human purchase.

The “scholarly view” takes pretty much the opposite position. Magna Carta was a baronial document, occasioned by a conflict with King John and aimed at entrenching baronial privileges. The later use made of Magna Carta (by Coke and others) was mostly invention. For example, Coke used the Charter to establish the principle that the monarch could not tax his subjects without Parliamentary consent. However, say critics like Professor Pocock, the connection between the Charter and that principle was tenuous at best. Parliament did not exist in 1215. The later use of the Charter was either the product of an invented myth or the consequence of willful blindness on the part of lawyers like Coke.

What Professor Sandoz added to this debate was a more measured discussion of the concept of liberty as it was understood in the 16th century, and I tried also to add something to what he said in my first intervention in this discussion. I now think it would be useful to add one other example of the common use of legal texts in medieval times. It does not concern Magna Carta directly, but it is relevant to the ways in which texts like Magna Carta were then commonly understood before the age when legal positivism came to dominate jurisprudence.

My example comes from the use commonly made of the maxim *Quod omnes tangit ab omnibus approbari debet*. It means simply that what touches all should be approved by all, and it comes from a law of the Emperor Justinian (Codex 5.59.5.2). It was used in the Middle Ages to justify the power of representatives of the people in early parliaments to bind the people they represented and to advance the growth of parliaments. As found in the Codex, however, it said nothing of the sort. It simply stated that when several persons had been appointed as *tutores* (guardians) for a minor or person under a disability, all of them had to be summoned before a court before action to terminate the joint grant of *tutela* could occur. Were any fair-minded person to take a cynical look at the subject, the extension of this text to justify the growth and power of parliaments would be an artificial stretch – too far-fetched to attract the attention of a serious student of the subject. However, it happened, and it happened because medieval lawyers saw in this text an underlying principle that was connected with due process of law. If it was applied in the case of guardianship, its rationale might legitimately be extended to cover a situation that had not occurred in ancient Rome. Its principle might legitimately apply more widely.

What this means for the history of medieval due process of law is that the medieval jurists found a general concept stated and applied at several places in the Roman and canon law texts.[63] They used those texts; they expanded them; and they struggled with determining what they should mean in practice. Some of their answers fit modern ideas about the subject. Some of them did not. Some we still disagree about.

It was the merit of Professor Sandoz’s discussion of 1993 that he saw and discussed this way of understanding the use later made of Magna Carta. Its texts, even some of those that seemed to relate solely to baronial privilege, were capable of treatment similar to that given *Quod omnes tangit*. Sir Edward Coke did so treat them, and he was not thereby doing something underhanded or wholly anachronistic. What I wanted to add to the discussion of Magna Carta was simply another example – one shared by English lawyers and Continental jurists -- of how jurists of his age regarded the texts at their disposal. Coke was doing something with the clauses of Magna Carta that did not differ greatly from what other jurists did with the maxim *Quod omnes tangit*. Professor Sandoz did not discuss this example, but he understood it.

Endnotes

[61.] *The Roots of Liberty: Magna Carta, Ancient Constitution and the Anglo-American Tradition of Rule of Law*, Ellis Sandoz ed. (Columbia, MO, 1993), reprinted by Liberty Fund in 2008. Online: <http://oll.libertyfund.org/titles/2180>.

[62.] J.G.A. Pocock, *The Ancient Constitution and the Feudal Law,* 2d ed. (Cambridge 1987).

[63.] For fuller treatment see Gaines Post, “A Romano-canonical Maxim, *Quod omnes tangit*, in Bracton and in Early Parliaments,” *Viator* 4 (1946), 197-251, revised and reprinted in idem, *Studies in Medieval Legal Thought: Public Law and the State, 1100-1322* (Princeton NJ 1964), 163-238; Yves Congar, “Quod omnes tangit ab omnibus tractari et approbari debet, *Revue historique de droit français et étranger*,” 4th ser. 36 (1958), 210-59; Bruce Brasington, “‘A Divine Precept of Fraternal Unions’: The Maxim *Quod omnes tangit* in Anglo-American Thought to the Ratification of the Constitution,” in *Bridging the Medieval-Modern Divide: Medieval Themes in the World of the Reformation*, James Muldoon ed. (Farnham 2013), 205-23.

7. Justin Champion, "Magna Carta’s Resonance" [Posted: May 28, 2015]↩

The conversation with my colleagues about the meaning and legacies of Magna Carta has consistently returned my thoughts to the question of reception. The Magna Carta is possibly a unique example of a continuous but profoundly contested commemorative tradition: arguably the British monarchy may be another example, but it has neither the global appeal nor the constitutional significance. I was reminded reading and thinking about Richard’s last reflection of Plato’s Euthyphro dilemma: are the principles we can draw from Magna Carta good because they are philosophically correct or because they were uttered and confirmed in the Magna Carta and therefore wield a sort of historical prescription? A tricky question: indeed if the principles are independently “good” what does the Magna Carta moment bring to them other than the excuse to return to them on significant historical anniversaries?

One of our collective themes has discussed the imaginative ways in which later minds, groups in specific moments for deliberate purposes, have been able to find something valuable – especially in the legal principles and language, which repay unfolding in powerful ways. I’ve touched on some of the ways in which visual culture and graphic satire used and reused images of liberty and Magna Carta to stigmatize or valorize contemporary figures or policies.

There have been powerful literary responses too – stirring verse from Kipling, Tennyson, and before them Mark Akenside 1720-1770, who

according to Samuel Johnson had an “outrageous zeal for liberty.” Akenside prepared a short verse for a “Column at Runnymede”:

> Thou, who the verdant plain dost traverse here
> While Thames among his willows from thy view
> Retires; O stranger, stay thee, and the scene
> Around contemplate well. This is the place
> Where England's ancient barons, clad in arms
> And stern with conquest, from their tyrant king
> (Then rendered tame) did challenge and secure
> The charter of thy freedom. Pass not on
> Till thou hast blest their memory, and paid
> Those thanks which God appointed the reward
> Of public virtue. And if chance thy home
> Salute thee with a father's honour'd name,
> Go, call thy sons: instruct them what a debt
> They owe their ancestors; and make them swear
> To pay it, by transmitting down entire
> Those sacred rights to which themselves were born.

Again here, the themes of memory, place, and the process of historical transmission are powerfully captured in the short verse.

A bolder reimagining was undertaken in 1965 by the playwright John Arden, who was commissioned by the City of London to commemorate the 750th anniversary, producing “a play of discussion” – *Left-handed Liberty*, performed before the Queen at the Mermaid Theatre.[64] As a Brechtian, Arden ensured that the drama made explicit the act of memory and the political resonances to be drawn between past and present. In Act 3, scene 7 King John, stepping out of character casting aside his armor and sword, addresses the audience with a question, brandishing the great historical study by McKechnie: what did his “frantic history mean, what use was it?” As he continued, “What use am I myself, a bogey man or ghost seven hundred and fifty years old and still mouldering – set down to prance before you in someone else’s body. What in fact have you seen tonight?” (84). As John answers his own question, “A document signed and nobody knew what for, or at least, nobody knew or could possibly know the ultimate consequences thereof.” Arden’s point was to reinforce that the relevance of the moment was remade for each generation – his achievement was to write in the voice of women (pushy princesses keep demanding to being removed from the periphery and refuse to go to their rooms, citing the *liber homo* clause, which John insists does not apply to them!). Arden’s play is worth revisiting because it imaginatively engages with the process of making meaning out of the past. The story of the Magna Carta was not a fairy tale; it became a cornerstone of ideas of English liberties. As Arden powerfully notes in his introduction,

> An agreement on paper is worth nothing to anybody unless it has taken place in their minds as well: and that if we want liberty we have to make sure that (a) we know what sort of liberty we are fighting for, (b) our methods of fighting are not such as to render that liberty invalid before we even retain it, (c) we understand that we are in more danger of losing it once we have attained it than if we had never had it (xi-xii).

These are powerful warnings, and indeed have greater purchase 50 years later, when the battle between civil liberties and the demand of national security seem ever more brutal.

Endnotes

[64.] John Arden, *Left-Handed Liberty: A Play about Magna Carta* (London: Methuen, 1965), “Author’s notes.”

8. Nicholas Vincent, "The Risks involved in Disseminating Magna Carta" [Posted: June 1, 2015]↩

Various of the more recent posts make me ponder the lessons taught by the board game "Risk". In the English and American versions of this game, players are instructed to "annex" or "conquer" a certain number of countries. Rebranded in Germany as "Risiko", the instructions turn matters on their head by insisting that players must "liberate" the requisite number of states. What to the victorious can seem "liberation", to the defeated often appears brute conquest. One person's defense of national security is another person's infringement of civil liberties. With specific reference to Magna Carta, the matter was put rather well, back in 1947, by K.W. Blaxter, a senior civil servant in the Colonial Office. In a departmental memorandum never intended for publication, Blaxter rejected recent proposals that 15 June be set aside each year as Magna Carta Day. There were grave risks, he suggested, in disseminating Magna Carta:

> In some colonies where ill-disposed politicians are ever on the lookout for opportunities to misinterpret our good intentions, its celebration might well cause embarrassment, and in general there is a danger that the Colonial peoples might be led into an uncritical enthusiasm for a document which they had not read but which they presumed to contain guarantees of every so-called “right” they might be interested at the moment in claiming.[65]

This is an argument of stunning candour, reminiscent in many ways of the refusal of the worst of the sixteenth-century popes to sanction vernacular translations of the Christian Bible. Magna Carta, so it suggests, is too precious to those who enjoy its privileges to be made more widely available to those less fortunate. One person's good intentions are all too often another person's display of condescension or self-congratulation. In this eight-hundredth anniversary year, amidst the celebrations we must beware of hubris. In so far as the events at Runnymede gave rise to "liberty" they did so as idea rather than as historical reality. In the wrong hands, "liberty" can all too easily become

a weapon in the arsenal of tyranny. Rousseau and Popper both knew this. It is one of the duties of historians, both of events and ideas, not only to commemorate but to police such distinctions.

Endnotes

[65.] K.W. Blaxter, Memorandum of 21 January 1947, *The National Archives* FO 371/61073, (London).

9. David Womersely, "Magna Carta and the Tension between the Security and the Liberty of Subjects of the Realm" [Posted: June 1, 2015]↩

As our conversation has developed, we have been fascinated by the ironies, discontinuities, and even at moments the absurdities, of the reception and re-application of Magna Carta. To put it aphoristically: we academics live in a world shaped by Coke, but our minds are in thrall to Brady. All the participants in this online conversation are agreed on the deep, and deceptively narrow, gulf separating 2015 from 1215. I want in this post to change slightly the angle of vision, and (picking up Justin's sharp formulation of our current discontents as involving a conflict between civil liberties and national security) to reflect on the *prospects* for Magna Carta. Will it continue to be invoked as a talisman of freedom? Or are the current threats to liberty such that the applicability of Magna Carta will be reduced?

A bet against Magna Carta would of course be wildly against the form-book, since it has shown such an extraordinary potency for re-deployment against targets utterly foreign to its moment of composition. Strict applicability, at least as understood by the academic mind, has in the past proved no obstacle to repeated invocation.

And yet: is it not true that Magna Carta envisages the threat to liberty arising from the excesses of an exorbitant autocracy - in other words, arising out of government which has become autotelic and oblivious of the genuinely public ends (provision of justice, security of property, security of the realm) which alone supply its *raison d'être*?

However, today in western democracies the threat to individual liberty does not arise from this direction. Today our liberties are threatened most grievously by the demands of security. Our current dilemma is that one legitimate end of government (the security of the realm and of its subjects) is steadily being elevated over another (the liberty of the subject).

In *The State*[66] Tony de Jasay set out an independent-minded argument contending that the state's avowals of pursuing ends beyond or outside its own self-aggrandisement are illusions (in which the state's own functionaries may of course themselves be trapped - his argument does not depend on proving bad faith on their part). The state has always been, and will always be, autotelic.

If de Jasay is right, then the prospects for Magna Carta look bright: the modern, Lockean state is really just the old state in a posture of (deceptive) concern, and the provisions of the charter can, with no unprecedented degree of stretching, be applied in the future with the same degree of pertinence which obtained in the past.

The problem is that de Jasay's argument is not so much evidence-based as temperamental. If you tend to see things his way, you'll be convinced by what he says; but if not, then not. It also looks rather like an a-historical shortcut: though our problems may feel new, in fact they are just the perennial problems of exorbitant autocracy in new clothes. It would, in a sense, be too conveniently easy (though also very depressing) were de Jasay right.

But if he is wrong, then Magna Carta will become a map so very wildly removed from our current political terrain that the wishes of academic historians may soon come true. Magna Carta will dwindle into the late feudal document they have always insisted it really was - and they alone will read it.

Endnotes

[66.] Anthony de Jasay, *The State* (Indianapolis: Liberty Fund, 1998). <http://oll.libertyfund.org/titles/319>.

ADDITIONAL READING

Online Resources↩

Magna Carta (the document)

Magna Carta: A Commentary on the Great Charter of King John, with an Historical Introduction, by William Sharp McKechnie (Glasgow: Maclehose, 1914). <http://oll.libertyfund.org/titles/338>

- See especially William McKechnie's "Historical Introduction" <http://oll.libertyfund.org/titles/338#lf0032_head_003>

In celebration of the 800th anniversary of the signing of the Great Charter (Magna Carta) on 15 June 1215 we have new epub versions of the text (in both Latin and English):

The Concise Magna Carta: The 63 Clauses in Latin, English, and with Commentary (1215, 1914, 2015) (Indianapolis: Liberty Fund, 2015). <http://oll.libertyfund.org/titles/2672>.

Clauses referred to in the Discussion (McKechnie edition):

Clause 10: "If one who has borrowed from the Jews any sum, great or small, die before that loan be repaid, the debt shall not bear interest while the heir is under age, of whomsoever he may hold;1 and if the debt fall into our hands, we will not take anything except the principal sum2 contained in the bond." <http://oll.libertyfund.org/titles/338#lf0032_head_241>

Clause 12: "No scutage nor aid shall be imposed on our kingdom, unless by common counsel of our kingdom, except for ransoming our person, for making our eldest son a knight, and for once marrying our eldest daughter; and for these there shall not be levied more than a reasonable aid. In like manner it shall be done concerning aids from the city of London." <http://oll.libertyfund.org/titles/338#McKechnie_0032_577>

Clause 14: "And for obtaining the common counsel of the kingdom anent the assessing of an aid (except in the three cases aforesaid) or of a scutage, we will cause to be summoned the archbishops, bishops, abbots, earls, and greater barons, severally by our letters; and we will moreover cause to be summoned generally, through our sheriffs and bailiffs, all others who hold of us in chief, for a fixed date, namely, after the expiry of at least forty days, and at a fixed place; and in all letters of such summons we will specify the reason of the summons. And when the summons has thus been made, the business shall proceed on the day appointed, according to the counsel of such as are present, although not all who were summoned have come." <http://oll.libertyfund.org/titles/338#lf0032_head_245>

Clause 20: "A freeman shall not be amerced for a slight offence, except in accordance with the degree of the offence; and for a grave offence he shall be amerced in accordance with the gravity of the offence, yet saving always his “contenement”; and a merchant in the same way, saving his “merchandise”; and a villein shall be amerced in the same way, saving his “wainage”—if they have fallen into our mercy: and none of the aforesaid amercements shall be imposed except by the oath of honest men of the neighbourhood." <http://oll.libertyfund.org/titles/338#lf0032_head_251>

Clause 33: "All kydells for the future shall be removed altogether from Thames and Medway, and throughout all England, except upon the sea shore." <http://oll.libertyfund.org/titles/338#lf0032_head_264>

Clause 35: "Let there be one measure of wine throughout our whole realm; and one measure of ale; and one measure of corn, to wit, “the London quarter”; and one width of cloth (whether dyed, or russet, or “halberget”),1 to wit, two ells within the selvedges; of weights also let it be as of measures." <http://oll.libertyfund.org/titles/338#lf0032_head_266>

Clause 39: "No freeman shall be taken or [and] imprisoned or disseised or exiled or in any way destroyed, nor will we go upon him nor send upon him, except by the lawful judgment of his peers or [and] by the law of the land." <http://oll.libertyfund.org/titles/338#lf0032_head_270>

Clause 40: "To no one will we sell, to no one will we refuse or delay, right or justice." <http://oll.libertyfund.org/titles/338#lf0032_head_271>

Clause 50: "We will entirely remove from their bailiwicks, the relations of Gerard of Athée (so that in future they shall have no bailiwick in England); namely, Engelard of Cigogné, Peter, Guy, and Andrew of Chanceaux, Guy of Cigogné, Geoffrey of Martigny with his brothers, Philip Mark with his brothers and his nephew Geoffrey, and the whole brood of the same." <http://oll.libertyfund.org/titles/338#lf0032_head_281>

Clause 51: "As soon as peace is restored, we will banish from the kingdom all foreign–born knights, cross–bowmen, serjeants, and mercenary soldiers, who have come with horses and arms to the kingdom’s hurt." <http://oll.libertyfund.org/titles/338#lf0032_head_282>

Clause 54: "No one shall be arrested or imprisoned upon the appeal of a woman, for the death of any other than her husband." <http://oll.libertyfund.org/titles/338#lf0032_head_285>

Clause 61: "Since, moreover, for God and the amendment of our kingdom and for the better allaying of the quarrel that has arisen between us and our barons, we have granted all these concessions, desirous that they should enjoy them in complete and firm endurance for ever, we give and grant to them the under–written security, namely, that the barons choose five–and–twenty barons of the kingdom, whomsoever they

will, who shall be bound with all their might, to observe and hold, and cause to be observed, the peace and liberties we have granted and confirmed to them by this ou present Charter, so that if we, or our justiciar, or our bailiffs or any one of our officers, shall in anything be at fault toward anyone, or shall have broken any one of the articles of the peace or of this security, and the offence be notified to four barons of the foresaid five–and–twenty, the said four barons shall repair to us (or our justiciar, if we are out of the realm) and, laying the transgression before us, petition to have that transgression redressed without delay. And if we shall not have corrected the transgression (or, in the event of our being out of the realm, if our justiciar shall not have corrected it) within forty days, reckoning from the time it has been intimated to us (or to our justiciar, if we should be out of the realm), the four barons aforesaid shall refer that matter to the rest of the five–and–twenty barons, and those five–and–twenty barons shall, together with the community of the whole land, distrain and distress us in all possible ways, namely, by seizing our castles, lands, possessions, and in any other way they can, until redress has been obtained as they deem fit, saving harmless our own person, and the persons of our queen and children; and when redress has been obtained, they shall resume their old relations towards us. And let whoever in the country desires it, swear to obey the orders of the said five–and–twenty barons for the execution of all the aforesaid matters, and along with them, to molest us to the utmost of his power; and we publicly and freely grant leave to every one who wishes to swear, and we shall never forbid anyone to swear. All those, moreover, in the land who of themselves and of their own accord are unwilling to swear to the twenty–five to help them in constraining and molesting us, we shall by our command compel the same to swear to the effect foresaid. And if any one of the five–and–twenty barons shall have died or departed from the land, or be incapacitated in any other manner which would prevent the foresaid provisions being carried out, those of the said twenty–five barons who are left shall choose another in his place according to their own judgment, and he shall be sworn in the same way as the others. Further, in all matters, the execution of which is intrusted to these twenty–five barons, if perchance these twenty–five are present and disagree about anything, or if some of them, after being summoned, are unwilling or unable to be present, that which the majority of those present ordain or command shall be held as fixed and established, exactly as if the whole twenty–five had concurred in this; and the said twenty–five shall swear that they will faithfully observe all that is aforesaid, and cause it to be observed with all their might. And we shall procure nothing from anyone, directly or indirectly, whereby any part of these concessions and liberties might be revoked or diminished; and if any such thing has been procured, let it be void and null, and we shall never use it personally or by another." <http://oll.libertyfund.org/titles/338#McKechnie_0032_1160>

About Magna Carta

A collection of essays published for the 700th anniversary celebrations: *Magna Carta Commemoration Essays*, edited by Henry Elliot Malden, M.A. with a Preface by the Rt. Hon. Viscount Bryce, O.M., Etc. For the Royal Historical Society, 1917. <http://oll.libertyfund.org/titles/339>

A collection of modern assessments: Ellis Sandoz, *The Roots of Liberty: Magna Carta, Ancient Constitution, and the Anglo-American Tradition of Rule of Law*, edited and with an Introduction by Ellis Sandoz (Indianapolis: Liberty Fund, 2008). <http://oll.libertyfund.org/titles/2180>

For additional material on Magna Carta in the Online Library of liberty, see:

- Subject Area: Law <http://oll.libertyfund.org/groups/50>
- Collection: Laws, Charters, Constitutions, Bills of Right <http://oll.libertyfund.org/groups/103>
- Topic: Magna Carta <http://oll.libertyfund.org/groups/132>

Other Online Resources

Sir Edward Coke (1552-1634) <http://oll.libertyfund.org/people/sir-edward-coke>

Sir Edward Coke, *The Selected Writings and Speeches of Sir Edward Coke*, ed. Steve Sheppard (Indianapolis: Liberty Fund, 2003). 3 vols. <http://oll.libertyfund.org/titles/1884>.

Works by John Lilburne (1615-1657) <http://oll.libertyfund.org/people/john-lilburne>

School of Thought: The Levellers <http://oll.libertyfund.org/groups/139>

Topic: The English Revolution <http://oll.libertyfund.org/pages/english-revolution>

Collection: Key Documents of Liberty <http://oll.libertyfund.org/pages/key-documents>

- The Petition of Right (1628) <http://oll.libertyfund.org/pages/1628-petition-of-right>
- The Bill of Rights (1688) <http://oll.libertyfund.org/pages/1689-english-bill-of-rights>

Tracts on Liberty by the Levellers and their Critics (1638-1660), 7 vols. Edited by David M. Hart and Ross Kenyon (Indianapolis: Liberty Fund, 2014-15). <http://oll.libertyfund.org/titles/2595>.

- 8.16. Anon., *Briefe Collections OUT OF Magna Charta: OR, The Knowne good old LAWES OF ENGLAND* (19 May, 1643) (not yet online);
- 3.21. John Lilburne, *Vox Plebis, or The Peoples Out-cry Against Oppression, Injustice, and Tyranny. Wherein the Liberty of the Subjects is asserted, Magna Charta briefly but pithily expounded* (19 November, 1646) <http://oll.libertyfund.org/titles/2596#lf1542-03_head_053>;

- 3.22. John Lilburne, *The Charters of London: or, The second Part of Londons Liberty in Chaines discovered* (18 December 1646) <http://oll.libertyfund.org/titles/2596#lf1542-03_head_062>
- 5.1. William Prynne, *A New Magna Charta* (1 January, 1648) <http://oll.libertyfund.org/pages/leveller-tracts-5#5.1>;
- 5.2. William Prynne, *The Petition of Right of the Free-holders and Free-men* (8 January, 1648) <http://oll.libertyfund.org/pages/leveller-tracts-5#5.2>.
- 5.8. John Lilburne, *The Peoples Prerogative and Priviledges, asserted and vindicated, (against all Tyranny whatsoever.) By Law and Reason. Being A Collection of the Marrow and Soule of Magna Charta* (17 February, 1648) <http://oll.libertyfund.org/pages/leveller-tracts-5#5.8>

On the significance of the "pileus" (the liberty or "Phrygian" cap) the "illustrated essays" in the section *Images of Liberty and Power* <http://oll.libertyfund.org/images> , especially

- "Thomas Hollis and John Locke" <http://oll.libertyfund.org/pages/thomas-hollis-and-john-locke>,
- "The Earl of Shaftesbury on Liberty and Harmony" <http://oll.libertyfund.org/pages/the-earl-of-shaftesbury-on-liberty-and-harmony>, and
- "New Playing Cards for the French Republic (1793-94)" <http://oll.libertyfund.org/pages/new-playing-cards-for-the-french-republic-1793-94>.

Works Mentioned in the Discussion↩

Maurice Agulhon, *Marianne into Battle: Republican Imagery and Symbolism in France, 1789-1880*, translated by Janet Lloyd (Cambridge: Cambridge University Press, 1981.

'AN ACT PROVIDING FOR A MAGNA CARTA OF THE POOR' enacted by the Senate and House of Representatives of the Philippines in Congress. August 2014 - http://congress.gov.ph/download/billtext_15/hbt4484.pdf

John Arden, *Left-Handed Liberty: A Play about Magna Carta* (London: Methuen, 1965).

M. Arden, 'Magna Carta and the Judges – Realising the Vision' (2011).

Anthony Arlidge and Igor Judge, *Magna Carta Uncovered* (Oxford and Portland OR: Hart Publishing, 2014).

Mark Bailey, *The Decline of Serfdom in Late Medieval England* (Woodbridge 2014).

B. Bailyn, *The Ideological Origins of the American Revolution* (1967).

Daniel Baumann, *Stephen Langton, Erzbischof von Canterbury in England der Magna Carta (1207-1228)* (Leiden and Boston: Brill, 2009).

K.W. Blaxter, Memorandum of 21 January 1947, *The National Archives* FO 371/61073, (London).

Bracton on the Laws and Customs of England, George Woodbine ed. and Samuel Thorne trans. (Cambridge, MA: Harvard University Press, 1968).

Robert Brady, *A Complete History of England: From the First Entrance of the Romans Under the Conduct of Julius Cæsar, Unto the End of the Reign of King Henry III*. (In the Savoy, Printed by T. Newcomb for S. Lowndes, 1685).

Bruce Brasington, "'A Divine Precept of Fraternal Unions': The Maxim *Quod omnes tangit* in Anglo-American Thought to the Ratification of the Constitution," in *Bridging the Medieval-Modern Divide: Medieval Themes in the World of the Reformation*, James Muldoon ed. (Farnham 2013), 205-23.

C. Breay, J. Harrison (eds.) *Magna Carta: Law, Liberty, Legacy* (2015).

R. Bunce, P. Field. *Darcus Howe: A Political Biography* (2013).

Edmund Burke, *Reflections on the Revolution in France*, in *The Writings and Speeches of Edmund Burke*, vol. VIII, "The French Revolution 1790-1794," ed. L. G. Mitchell (Oxford: Clarendon Press, 1989).

- Online edition: Edmund Burke, *Select Works of Edmund Burke. A New Imprint of the Payne Edition. Foreword and Biographical Note by Francis Canavan* (Indianapolis: Liberty Fund, 1999). Vol. 2. *Reflections on the Revolution in France*. <http://oll.libertyfund.org/titles/656>.

Sir Herbert Butterfield, "Magna Carta in the Historiography of the Sixteenth and Seventeenth Centuries," *The Stenton Lecture 1968* (Reading: The University of Reading, 1969).

James Campbell, *Essays in Anglo-Saxon History* (London 1986).

J. Champion in N. Vincent, (ed) *The Magna Carta: The Foundation of Freedom 1215-2015* (2015).

J. Champion in C. Breay, J. Harrison (eds.) *Magna Carta: Law, Liberty, Legacy* (2015).

Yves Congar, “Quod omnes tangit ab omnibus tractari et approbari debet, *Revue historique de droit français et étranger*,” 4th ser. 36 (1958), 210-59.

Julia Crick, “‘Pristina Libertas’: Liberty and the Anglo-Saxons Revisited,” *Transactions of the Royal Historical Society*, 6th ser. 14 (2004).

"The Declaration of Arbroath" (6 April, 1320). *The National Archives of Scotland* <http://www.nas.gov.uk/about/090401.asp>. Translation <http://www.nas.gov.uk/downloads/declarationArbroath.pdf>.

Rosamond Faith, *The English Peasantry and the Growth of Lordship* (London 1997).

J. Gray, ‘The original modernizers’, in *Gray’s Anatomy* (2009), 263-274.

Robin Griffith-Jones, *Magna Carta 1215-2015: London’s Temple and the Road to the Rule of Law* (London: Pitkin Press, 2014).

Hugo Grotius, *The Free Sea,* trans. Richard Hakluyt, with William Welwod’s Critiuqe and Grotius’s Reply, ed. David Armitage (Indianapolis: Liberty Fund, 2004). <http://oll.libertyfund.org/titles/859>.

J. Holland, *Selling the War on Terror: Foreign Policy Discourses After 9/11* (2012).

Francois Hotman, *Francogallia* (1572). Translation of Hotman's *Francogallia* by Molesworth in Robert Molesworth, *An Account of Denmark, With Francogallia and Some Considerations for the Promoting of Agriculture and Employing the Poor,* Edited and with an Introduction by Justin Champion (Indianapolis: Liberty Fund, 2011). <http://oll.libertyfund.org/titles/2422#lf1577_head_046>.

John Hudson, *The Oxford History of the Laws of England. Volume II: 871–1216* (Oxford 2012).

David Hume, *The History of England*, 6 vols. (Indianapolis, Ind.: Liberty Fund, 1983). Online <http://oll.libertyfund.org/titles/695>.

Paul Hyams, *Kings, Lords and Peasants in Medieval England: The Common Law of Villeinage in the Twelfth and Thirteenth Centuries* (Oxford 1980).

Anthony de Jasay, *The State* (Indianapolis: Liberty Fund, 1998). <http://oll.libertyfund.org/titles/319>.

Z. Laidlaw in Breay, Harrison (eds.) *Magna Carta: Law, Liberty, Legacy*.

John Locke, *Two Treatises of Government*, ed. Peter Laslett (Cambridge: Cambridge University Press, 1990).

- Online edition: John Locke, *Two Treatises of Government*, ed. Thomas Hollis (London: A. Millar et al., 1764). <http://oll.libertyfund.org/titles/222>.

"Magna Carta: The Story of Man's Fight for Liberty" (Gaumont, 1946). *The British Film Council* <http://film.britishcouncil.org/magna-carta>.

"Magna Carta: Law, Liberty, Legacy" *British Library Exhibition* <http://www.bl.uk/events/magna-carta--law-liberty-legacy>.

Mappa Mundi at Hereford Cathedral: <http://www.herefordcathedral.org/visit-us/mappa-mundi-1> and Magna Carta <http://www.herefordcathedral.org/visit-us/mappa-mundi-1/special-exhibitions>.

K. Marx *The Eighteenth Brumaire of Louis Bonaparte* (1852).

Alan Macfarlane, *The Origins of English Individualism: The Family , Property and Social Transition* (Oxford 1978).

Henry Maine, *Ancient Law: Its Connection with the Early History of Society, and its Relation to Modern Ideas* (London 1861). Online version: *Ancient Law, its connection with the early history of society and its relation to modern ideas, with an introduction and notes by Sir Frederick Pollock*. 4th American from the 10th London edition (New York: Henry Holt and Co., 1906). <http://oll.libertyfund.org/titles/2001>.

Karuna Mantena, *Henry Maine and the Ends of Liberal Imperialism* (Princeton 2010).

Arnaldo Momigliano, “The Origins of Universal History,” Creighton Lecture, University of London, 1980-81, published in *Annali della Scuola Normale Superiore di Pisa*, serie III, vol. XII, no. 2, 533-60.

The National Society Magna Charta Dames and Barons <http://www.magnacharta.org/>.

Newspaper stories:

- http://www.theguardian.com/business/2015/jan/21/davos-unions-businesses-growth-employees-magna-carta-rights-workers
- http://www.mirror.co.uk/news/uk-news/magna-carta-unstoppable-15-facts-5114374
- http://www.irr.org.uk/news/farewell-magna-carta-the-counter-terrorism-and-security-bill/ ;
- http://wemeantwell.com/blog/2013/02/06/destroying-rights-guaranteed-since-the-magna-carta
- http://www.huffingtonpost.com/charles-coleman/the-courage-of-sacrifice-_b_5529277.html
- R. Bunce, P. Field, Paul, ‘Mangrove Nine: the court challenge against police racism in Notting Hill’, *The Guardian*, 29 November 2010. http://www.theguardian.com/law/2010/nov/29/mangrove-nine-40th-anniversary

- https://magnacartaexhibition.wordpress.com/2015/01/03/mangrove-nine-trial-1971/
- http://www.gardencourtchambers.co.uk/barrister/ian-macdonald-qc/
- R. Bunce and Paul Field, 'Frank Critchlow: Community leader who made the Mangrove Restaurant the beating heart of Notting Hill', *The Independent*, 23 September 2010.
- http://www.newstatesman.com/politics/2014/01/darcus-howe-and-extraordinary-campaign-expose-racism-police
- 'Leading UK Lawyers Petition US Appeal Court Re Racism in Case of Death Row Journalist, Press Conference, 19 July, 2006, 6.30pm Garden Court Chambers, 57-60 Lincoln's Inn Fields, London', http://www.iacenter.org/polprisoners/maj_london-petition0706.htm
- http://www.globalmagnacarta.net/
- "Churchill plan to give Magna Carta copy to US revealed", BBC News, 11 March, 2015. < http://www.bbc.com/news/entertainment-arts-31822545>.
- QE2's reception for lawyers and others interested in Magna Carta at Buckingham Palace, February 2015 <https://www.law.umich.edu/newsandinfo/features/Pages/magnacartaqueen022715.aspx>.

Bruce O'Brien, *God's Peace and King's Peace: The Laws of Edward the Confessor* (Philadelphia 1999).

Bruce O'Brien, Pre-Conquest Laws and Legislators in the Twelfth Century," *The Long Twelfth-Century View of the Anglo-Saxon Past*, ed. Martin Brett and David A. Woodman (Farnham 2015).

"Pileus"in *Wikipedia* <http://en.wikipedia.org/wiki/Pileus_%28hat%29>.

J.G.A. Pocock, *The Ancient Constitution and the Feudal Law,* 2d ed. (Cambridge 1987).

Gaines Post, "A Romano-canonical Maxim, *Quod omnes tangit*, in Bracton and in Early Parliaments," *Viator* 4 (1946), 197-251. Revised and reprinted in idem, *Studies in Medieval Legal Thought: Public Law and the State, 1100-1322* (Princeton NJ 1964), 163-238.

Pitman Potten, *The Freedom of the Seas in History, Law, and Politics* (New York: Longmans, 1924).

QE2's Jubilee statue <http://www.queenjubileestatue.co.uk/>.

[Ellis Sandoz], *The Roots of Liberty: Magna Carta, Ancient Constitution, and the Anglo-American Tradition of Rule of Law,* edited and with an Introduction by Ellis Sandoz (Indianapolis: Liberty Fund, 2008). <http://oll.libertyfund.org/titles/2180>.

Frederic Seebohm, *The English Village Examined in its Relations to the Manorial and Tribal Systems* (London 1983).

Treatise on the Laws and Customs of the Realm of England Commonly Called Glanvill, G. D. G. Hall ed. (Oxford: Clarendon Press, 1993).

Ralph Turner, *Magna Carta through the Ages* (Edinburgh: Pearson Education, 2003).

James Tyrrell, *The General History of England, both Ecclesiastical and Civil; From the Earliest Accounts of Time, to the Reign of His Present Majesty King William III. Taken from the most antient records, manuscripts, and historians. With memorials of the most eminent persons in church and state. As also the foundations of the noted monasteries, and both universities*. Vol. 1. (London: Printed, and are to be sold by by W. Rogers, in Fleetstreet, 1700).

U.K. Government legal website: http://www.legislation.gov.uk/aep/Edw1cc1929/25/9/section/XVXVI#Scenario1Help

N. Vincent, (ed) *The Magna Carta: The Foundation of Freedom 1215-2015* (2015).

J. Waldron, 'How Politics Are Haunted by the Past' *NYRB* February 21, 2013, review of A. Ryan *On Politics: A History of Political Thought Book One: Herodotus to Machiavelli Book Two: Hobbes to the Present* Alan Ryan (2012) Vol 2, 'Preface'.

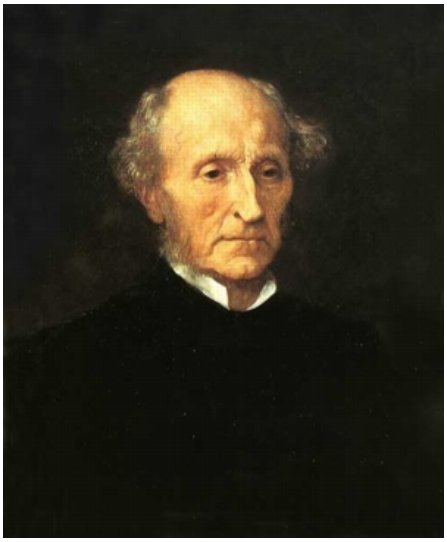
Patrick Wormald, *The Making of English Law: King Alfred to the Twelfth Century*, left uncompleted at the author's death, with only volume 1 published as *Legislation and its Limit* (Oxford 1999).

Armin Wolf, *Gesetzgebung in Europa: zur Entstehung der Territorialstaaten 1100-1500* (Munich: Beck, 1996).

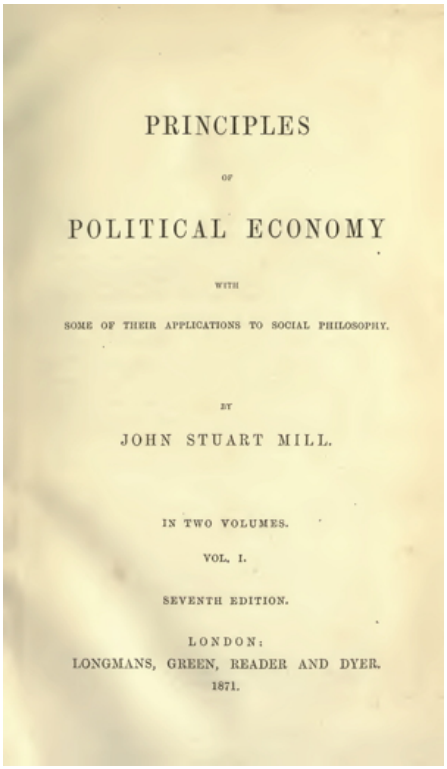
"LIBERTY MATTERS"

A FORUM FOR THE DISCUSSION OF MATTERS PERTAINING TO LIBERTY

"REASSESSING THE POLITICAL ECONOMY OF JOHN STUART MILL"
A DISCUSSION HELD IN JULY, 2015.
Online: <http://oll.libertyfund.org/pages/lm-ideas>
Ebooks: <http://oll.libertyfund.org/titles/2707>.



John Stuart Mill (1806-73)


PRINCIPLES

OF

POLITICAL ECONOMY

WITH

SOME OF THEIR APPLICATIONS TO SOCIAL PHILOSOPHY.

BY

JOHN STUART MILL.

IN TWO VOLUMES.

VOL. I.

SEVENTH EDITION.

LONDON:
LONGMANS, GREEN, READER AND DYER.
1871.

TP of *Principles of Political Economy* (1871, 7th ed.)

Summary

In this month's *Liberty Matters* online discussion we reassess the economic ideas of John Stuart Mill as found in his classic work *Principles of Political Economy* (1st ed. 1848, 7th ed. 1871) and other writings. In the Lead Essay by Steven Kates of the Royal Melbourne Institute of Technology it is argued that in the light of the evident failures of Keynesian economics to solve the problems of the boom and bust cycle, and that of ongoing high unemployment and economic stagnation, that we should go back to Mill's "Four Propositions on Capital" for enlightenment. In Kates's view there is "more insight into the operation of an economy than any of the Samuelson clones that have been published to explain what Keynes meant in trying to raise aggregate demand." The commentators are Nick Capaldi, the Legendre-Soulé Distinguished Chair in Business Ethics at Loyola University New Orleans; Richard M. Ebeling, the BB&T Distinguished Professor of Ethics and Free Enterprise Leadership at The Citadel in Charleston, South Carolina; and Sandra J. Peart, who is dean of the Jepson School of Leadership Studies at the University of Richmond.

See the Archive of "Liberty Matters".

About *Liberty Matters* and the Online Library of Liberty

“Liberty Matters” is a project of Liberty Fund, Inc. which is part of the Online Library of Liberty website. Every two months we ask a leading scholar to present an argument on a particular topic “pertaining to liberty” in a “Lead Essay” and to develop this argument at some length. The “Lead Essay” is posted in the first week of the month. Three or four other scholars will respond to this essay in slightly shorter “Response Essays” during the second week of the month.

Once all these ideas and arguments are on the table an open discussion between the various parties takes place over the course of the following weeks. At the end of the month the online discussion is closed.

We plan to have discussions about some of the most important online resources which can be found of the Online Library of Liberty website. We will link to these resources wherever possible from the essays and responses of our discussants so our reader can find out more about the topic under discussion.

The complete collection of Liberty Matters can be found here <http://oll.libertyfund.org/pages/liberty-matters>.

EBook versions of these discussions in PDF, ePub, and Kindle formats can be found at <http://oll.libertyfund.org/titles/2516>.

About the Online Library of Liberty and Liberty Fund

The Online Library of Liberty is a project of Liberty Fund, Inc., a private educational foundation established in 1960 to encourage the study of the ideal of a society of free and responsible individuals. The OLL website has a large collection of books and study guides about individual liberty, limited constitutional government, the free market, and peace.

- Liberty Fund: <www.libertyfund.org>.
- OLL: <oll.libertyfund.org>.

The Debate

Lead Essay: Steven Kates, "The Best Test of a Sound Economist" [Posted: July 1, 2015]

Responses and Critiques

1. Nicholas Capaldi, "Mill, Macro, Political Economy, and Keynes" [Posted: July 3, 2015]
2. Richard M. Ebeling, "John Stuart Mill and Say's "Law of Markets"" [Posted: July 5, 2015]
3. Sandra J. Peart, "J. S. Mill and the Transition to Modern Economics" [Posted: July 7, 2015]

The Conversation

1. Steven Kates, "First Response to Comments" [Posted: July 9, 2015]
2. Richard M. Ebeling, "John Stuart Mill and the Dangers from Unrestrained Government. Part I" [Posted: July 12, 2015]
3. Sandra Peart, "Ricardo, Malthus, and Mill" [Posted: July 12, 2015]
4. Richard M. Ebeling, "John Stuart Mill and the Dangers from Unrestrained Government. Part II" [Posted: July 13, 2015]
5. Nicholas Capaldi, "What Did Mill Understand as "Socialism"?" [Posted: July 13, 2015]
6. Richard M. Ebeling, "John Stuart Mill on Human Nature, Self-interest, and Institutional Incentives" [Posted: July 16, 2015]
7. Sandra J. Peart, "Lumps of Soft Clay?" [Posted: July 16, 2015]
8. Steven Kates, "About Mill's "Socialism"" [Posted: July 16, 2015]
9. Sandra J. Peart, "Mill and Experimentation" [Posted: July 16, 2015]
10. Nicholas Capaldi, "Utilitarianism" [Posted: July 20, 2015]
11. Sandra J. Peart, "The Jevons Turn" [Posted: July 20, 2015]
12. Nicholas Capaldi, "Regarding Keynes" [Posted: July 20, 2015]
13. Richard M. Ebeling, "John Stuart Mill on Slavery, Humanity, and the War Between the States" [Posted: July 24, 2015]
14. Steven Kates, "Without Value Adding at its Core Economic Theory is Lost" [Posted: July 24, 2015
15. Steven Kates, "Seeing the Economy as Seen by Mill" [Posted: July 24, 2015]
16. Steven Kates, "Mill's Defence of Say's Law and Refutation of Keynes" [Posted: July 27, 2015]
17. Richard M. Ebeling, "Private Property: the Missing Link in John Stuart Mill's Defense of Liberty" [Posted: July 27, 2015]
18. Nicholas Capaldi, "A Response to Ebeling on Harm" [Posted: July 28, 2015]
19. Richard Ebeling, "Individual Rights vs. Social Utility: A Reply to Capaldi on "Harm"" [Posted: July 29, 2015]
20. Steven Kates, "Mill and the Marginal Revolution" [Posted: July 29, 2015]
21. Nicholas Capaldi, "On Natural Rights and Harm" [Posted: July 31, 2015]
22. Steven Kates, "Mill vs. Keynes on Aggregate Demand" [Posted: July 31, 2015]
23. Steven Kates, "Summing Up on the Economics of John Stuart Mill" [Posted: August 1, 2015]
24. Sandra J. Peart, "Mill on Reform and Compensation" [Posted: August 1, 2015]
25. Sandra J. Peart, "The Jevonian Revolution in Economics" [Posted: August 1, 2015]
26. Sandra J. Peart, "The Relevance of J. S. Mill" [Posted: August 1, 2015]
27. Richard M. Ebeling, "J. S. Mill, John E. Cairnes, and the Meaning of Aggregate Demand and Supply" [Posted: August 2, 2015]

About the Authors

Steven Kates is an associate professor of economics at RMIT University in Melbourne. He is an economist who, from the perspective of others, seems to specialize in the history of economic thought. From his own perspective, however, he has merely been doing the work of an economist by trying to explain to others the operation of a market economy based on the logic found within John Stuart Mill's 1848 *Principles of Political Economy*, suitably modified with a handful of discoveries made since that time, none of which were made by Keynes. He has written his own textbook based on these principles, which is now in its second edition, *Free Market Economics: An Introduction for the General Reader* (Elgar 2014). And oddly, although he worked for 24 years as the chief economist for the Australian Chamber of Commerce and Industry, because classical economic theory is so entirely sound and sensible, it never occurred to anyone, in spite of his many submissions and public presentations, where his theoretical position originated. It would never have crossed his mind, for example, that government stimulus spending would lead to recovery but, based on his classical understanding of the structure of our economies, was certain such increases in public spending would only make things worse.

Nick Capaldi is Legendre-Soulé Distinguished Chair in Business Ethics at Loyola University New Orleans, where he also serves as director of the Center for Spiritual Capital. He is the founder and president of the Global Corporate Governance Institute. He received his B.A. from the University of Pennsylvania and his Ph.D. from Columbia University. His principal research and teaching interest is in public policy and its intersection with political science, philosophy, law, religion, and economics. He is the author of eight books and over 100 articles, and the editor of six anthologies. He is a member of the editorial board of six journals and has served as editor of *Public Affairs Quarterly*. He is associate editor of the *Encyclopedia of Corporate Social Responsibility* (Springer). His most recent book is *America's Spiritual Capital*, coauthored with Ted Malloch.

Richard M. Ebeling is the BB&T Distinguished Professor of Ethics and Free Enterprise Leadership at The Citadel in Charleston, South Carolina. His previous appointment was as professor of economics at Northwood University in Midland, Michigan (2009-2014). He also served as the president of the Foundation for Economic Education (2003-2008) and was the Ludwig von Mises Professor of Economics at Hillsdale College in Hillsdale, Michigan (1988-2003). His writings include, *Political Economy, Public Policy, and Monetary Economics: Ludwig von Mises and the Austrian Tradition* (Routledge, 2010) and *Austrian Economics and the Political Economy of Freedom* (Edward Elgar, 2003). He is also the editor of the three-volume *Selected Writings of Ludwig von Mises* (Liberty Fund), co-editor of the free-market anthology, *When We are Free* (Northwood University Press, 2014), and the co-author and co-editor of the five-volume, *In Defense of*

Capitalism (Northwood University Press, 2010-2014). Richard Ebeling writes a weekly article that appears on the news and commentary website, *EpicTimes*: <http://www.epictimes.com/richardebeling/>.

Sandra J. Peart is dean of the Jepson School of Leadership Studies at the University of Richmond. She obtained her doctorate in economics from the University of Toronto in 1989 and began her career as an assistant professor of economics at the College of William and Mary. She is president of the International Adam Smith Society and a past president of the History of Economics Society. She is the author or editor of eight books, including most recently *Hayek on Mill: The Mill-Taylor Friendship and Related Writings* (University of Chicago Press).

Additional Reading

LEAD ESSAY: Steven Kates, "The Best Test of a Sound Economist" [Posted: July 1, 2015]↩

This is how the major "macroeconomic" questions were understood in the time of John Stuart Mill:

- Given the productiveness of the economy, the higher the real wage, the lower the number of persons employed.
- The higher the underlying productiveness of the economy, the higher will be the level of employment for any given real wage (which is saying the same thing in a different way).
- Recessions are caused by maladjustments in the structure of supply relative to the structure of demand.
- To end recessions, it is necessary to allow such maladjustments to work themselves through.
- Trying to engineer recovery by public spending would only make matters worse.

With the publication of John Maynard Keynes's *General Theory* in 1936, all of these basic notions of economic management disappeared. Today if you pick up an introductory text, or even higher level texts in macro, this is what you are almost certain to find:

- Economies are driven by aggregate demand, the total level of spending across an economy.
- The higher the level of aggregate demand, the higher the level of employment.
- Neither the real wage nor relative costs have any significant bearing on the unemployment rate.
- Recessions are caused by a fall in aggregate demand.
- To end recessions it is necessary to increase aggregate demand.

There are clearly a number of profound changes that have affected economic theory since the publication of *The General Theory*. Here we will dwell on only a fraction of these, but these are the most significant:

- Today we focus on short-run employment creation rather than long-run wealth creation as the central aim of economic policy. The causes of economic growth are at best an afterthought.
- We focus on the flow of *newly produced* goods and services through the market (GDP) because that is how jobs are supposedly created. We seldom look at the economy as a whole or its underlying structure.
- We use money amounts to express economic relationships rather than conceive the real economy as an inventory of productive inputs, where some of those inputs are directed towards current consumption while others are directed towards raising the level of production at some stage in the future.
- We seldom if ever think of both consumer demand and investment as a drawing down on the productiveness of the economy.
- Consumption, investment, and government spending are thought of as equally positive influences since all three refer to the level of demand. What the actual spending is on seems to make no difference.
- Saving and investment are almost invariably thought of in money terms, whereas in previous times savings were thought of as actual items of capital, labor time, or anything used to produce and earn income.

Only an increase in aggregate demand can raise the equilibrium level of GDP to its full employment level. Allowing the economy to languish without government action to raise demand would lead to large numbers of individuals remaining unemployed for a much longer period of time than need otherwise be the case. Most importantly, adjustments to the real wage, or relative prices generally, cannot be expected to permit more employees to be hired, since it is the level of demand in aggregate that determines the number of persons employed across the economy.

John Stuart Mill on Employment

The Keynesian position, and therefore the position found across the whole of macroeconomics today, was seen by pre-Keynesian economists as a fallacy of the highest order. This is John Stuart Mill's Fourth Proposition on Capital as set forth in 1848:

> What supports and employs productive labour, is the capital expended in setting it to work, and not the demand of purchasers for the produce of the labour when completed. **Demand for commodities is not demand for labour.** (emphasis added) [1]

If he were writing today, his point would be that a demand-side stimulus could not possibly add to the number of jobs. One might take this as just another piece of ancient advice from some bygone economist. On the other hand, it has now been six years since the fiscal stimulus was applied and no economy which had been subjected to a genuine Keynesian stimulus has had a recovery worthy of the name, with employment growth generally dismal. If one were to decide whether Mill or Keynes were right based on the evidence, there ought to be no doubt by now that Mill was almost certainly right and Keynes was almost certainly wrong.

Mill's Fourth Proposition was also described in 1876 as "the best test of a sound economist" (by Leslie Stephen in *History of English Thought in the Eighteenth Century*).[2] You could tell the true economists from the ones who knew little of value about how an economy worked by whether they understood and accepted that demand for commodities is not demand for labor. In classical times, just about every macroeconomist today would have been described as a fraud.

I have just published this year an article on Mill's Fourth Proposition, which is the first time since 1876 that it has been explained in a natural and straightforward way. [3] Richard Ebeling cited Mill's Fourth Proposition and my work in his Liberty Fund discussion on Böhm-Bawerk in April.[4] Other than that, you would have to go back to 1876 to find anyone else citing Mill's Fourth Proposition as part of a straightforward explanation of how an economy works. Those who have tried to make sense of Mill's Fourth Proposition have included Alfred Marshall, F.M. Taussig, A.C. Pigou, Allyn Young, F.A. Hayek, J.M. Keynes, Harry Johnson and Sam Hollander.[5]

A Personal Explanation

I will here insert a personal note since I think it helps explain why I find myself in such a unique position, while also helping to see the point that Mill was getting at himself. Economics today has prefabricated answers to every question, whereas in Mill's time, each of these issues was being brought up for discussion almost for the first time. It was in just this situation I found myself at the start of the 1980s.

In 1980 I was appointed as the economist in the industrial relations division of the Confederation of Australian Industry, which was the national organization representing employers in Australia.[6] Part of my job was to write submissions to our National Wage Case, an annual review of wage rates, which is a much more comprehensive issue than just the minimum wage. The Wage Case begins with a claim by the union movement for an increase in wages of some amount, which is debated before a tribunal made up of half a dozen industrial judges.

My CEO, who had been dealing with these issues for many years, gave me a copy of W.E.G Salter's *Productivity and Technical Change* (1960) as the basis for our economic submission.[7] Salter argued that in looking at a national economy, as a very good first approximation, the level of employment is dependent on national productivity in relation to the real wage. To maintain low unemployment, it was necessary to contain the growth in the real wage to the real growth in labor productivity. I spent 24 years in a wage-case environment and over the years found that relationship confirmed in every imaginable circumstance, from double-digit inflation to periods of virtually no price movements at all, in bad times and in good.

And as part of those same wage cases, the unions would argue that it was necessary to raise wages in order to stimulate demand. I have seldom come across a more obviously threadbare argument. But it also turned out that the argument I developed to refute this union claim was the same argument Mill had developed to deny that spending would promote employment. It is this argument that is today referred to as Say's Law.

It was only then, towards the end of 1982, that I came across Mill's *Principles of Political Economy*, and in particular Mill's Four Propositions on Capital. There I discovered the Fourth Proposition, which was what I had been arguing in the wage case. Although it may not be clear as one might like, here is Mill saying what I had been saying. "The more or less of the labour itself" is Mill's term for "unemployment," a term which in 1848 had not yet been invented:

> The demand for commodities determines in what particular branch of production the labour and capital shall be employed; it determines the *direction* of the labour; but not **the more or less of the labour itself**, or of the maintenance or payment of the labour. These depend on the amount of the capital, or other funds directly devoted to the sustenance and remuneration of labour.[8]

This is such a different way of looking at things from how we look at such issues today that for someone whose first approach to economic theory is via modern macroeconomics, the ability to see the point becomes almost impossible. "The more or less of labour" is, however, according to Mill, determined by the amount of capital available for productive activities (i.e. national productivity), as well as the share of the economy that can be used to maintain labor at its accustomed standard of life (the average real wage).

Making Sense of Mill

A classical economist thought of the entire economy as one vast store of wealth which could be used to produce for present enjoyment, while the remainder of that store of wealth was used to generate further wealth. A classical economist was continuously aware of this legacy. Nothing bought in the present was the instantaneous result of some immediate decision to buy, but was, instead, the final result of some massive process that went back in time, encompassing the entire array of labor and inputs that had been essential so that the good or service could become available to purchase.

A freshly baked loaf of bread may have come into existence on some particular day. But its coming into existence at that particular moment was the result of a combination of the work of the baker that morning; the milling, possibly months before, that has produced the flour; the farmers who had grown and harvested the grain possibly a year earlier; the various transport networks that had brought the inputs together to a particular place where they could be combined; the electricity-generating capacity of long standing that had been needed to mix the ingredients; and on and on. This vast capital structure, as well as the skilled labor that had first built the capital and was then capable of using it productively, was essential so that those final touches could be added at the bakery that morning.

Since the publication of *The General Theory*, almost none of this is brought into consideration in examining the way an economy works. Since job numbers are, according to Keynesian theory, related to the level of demand at the present moment, the interest is in the latest set of activities and not the density of the infrastructure that lies behind. The nature of the economy taken as a whole is virtually ignored. An economy with 10 percent growth is seen as in some sense "doing better" than an economy with 2 percent growth, since the larger the growth rate, the faster the growth in employment.

To help explain the classical position, examine the most primitive of all diagrams, the production possibility curve. A production possibility curve is usually presented at an early stage of an economics course. Typically, it picks two products and shows some kind of tradeoff between them, such as the guns and butter example used by Samuelson in his first edition .[9] The diagram is, however, more profound than it is usually taken to be since, if drawn appropriately and conceptualized properly, it allows one to understand more completely the point that classical economists tried to make.

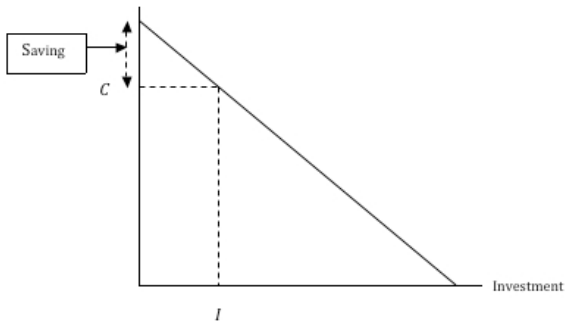
The diagram, having become a staple in modern theory (cf. the first edition of Mankiw, who uses cars and computers),[10] has a presence that is unassailable for most attempts to reconstruct such an important element of classical theory, which was always by its very nature somewhat imprecise. Importantly, what has to be appreciated is that the two axes of a properly designed diagram must represent two forms of output whose production between them must exhaust the economy's entire ability to produce. Examples might include goods and services,

or privately produced versus government-produced products.

It is also important to understand the conceptual difficulties in using this diagram, which is astonishingly abstract. The units on each axis are denominated in individual goods and services, which are the billions of items every modern economy is able to produce. Further, the diagrams cannot be drawn to scale given the relative magnitudes. The axes are denominated in the various forms of output that can be produced, while the interior of the curve is the entire economy from the smallest paper clip to the largest oil tanker. Absolutely nothing is denominated in money.

In the diagram below, the vertical axis shows forms of output whose production draws down on the resource base with no attempt made to replace what has been drawn down. These are described as forms of "consumption." Their production uses up resources, but what is produced is not intended to contribute to production at some future date. Resources are drawn down, products either consumed or services rendered, but the economy is now even less capable of producing for the future since resources have been used up while nothing has been created to replace what has been used up.

Production Possibility Curve – Consumption and Investment



The horizontal axis represents all forms of drawing down on the economy's resource base which are directed towards producing forms of output that will add onto the economy's productive base. These are referred to as "investment." These are forms of production intended to improve the economy's capital base or raise the skill levels of employees.

In the PPC shown, the concept is as it ought to be. Consumption and investment spending together totally exhaust the economy's potential. Either because of institutional limitations or because the economy cannot produce more than its potential, it is not possible to produce more than some combination on the curve itself.

To a classical economist, the issue was how to increase "the wealth of nations," that is, how to increase living standards. The answer would be that it was necessary to increase the area under the PPC by moving it up and to the right. The more capital there was, the more it might move, but even under the best of circumstances, it would move outward only very slowly. In bad times, there was nothing to stop it from moving inwards towards the origin.

The diagram also shows the conception related to saving and investment. Inside the PPC is everything within an economy that can be used to satisfy a human need, either directly, as with consumption goods such as a loaf of bread, or indirectly, such as with a ton of iron ore or a factory filled with tools and machines.

Some of what is found within an economy is used to produce consumer goods (such as bakers, flour and ovens) or already are consumer goods (the actual loaves of bread). And some of those resources are being used to produce capital goods that will eventually be used in the production process either to produce more capital or consumer goods.

The PPC diagram captures the meaning of saving and investment in classical times. An economy's infrastructure, which is an inheritance from the past, can either be used for immediate consumption or as inputs into future productive activities.

Saving, when understood as a proportion of the productive apparatus of the economy, is then exactly equal to the level of investment. That part of the entire productive apparatus of the economy that is not aimed toward improving the future productivity of the economy is used to provide consumer products in the present. Both, however, draw down on the productivity of the economy.

Understanding the Damage Keynesian Theory Has Caused

The damage that Keynesian theory has brought to economics has been overwhelmingly conceptual, but that is not in any way letting it off easy. The damage has occurred throughout the entire structure of how we think about the ways economies work and has therefore affected the policies we apply. The comparison with a Keynesian model can be shown by the different questions it asks and the way these questions are answered.

The original Adam Smith question focused on how to raise our standard of living. We have now switched the focus from "the wealth of nations" to the "general theory of employment." It is jobs that are at the center of macroeconomics, using an association between production and employment that Mill and his contemporaries recognized as false.

Keynesian policies have been used on many occasions in many sets of circumstances in every part of the world, with the specific aim the

reduction of unemployment and the restoration of growth. Such policies have always, and with no exception, failed.[11] We therefore have a division between the mainstream theories of two different eras: the economics of the middle part of the 19th century versus the economics that has predominated since 1936.

What cannot be argued is that Keynesian economics actually works in practice, since it never has. It is still possible to argue that Mill is also wrong, but at least with Mill, it is his economics that will tell you straight out that a Keynesian policy will fail. It is Mill who wrote that "demand for commodities is not demand for labour." It is Keynes who said that it is.

The following passage is taken directly from Keynes in the *The General Theory* and there has been no repudiation of this statement from his day to ours. It is, in fact, metaphorically speaking, the driving force behind every Keynesian stimulus that has ever been put in place.

> "To dig holes in the ground," paid for out of savings, will increase, not only employment, but the real national dividend of useful goods and services.[12]

This is Mill summing up his discussion on the possibility of demand deficiency as a cause of recession and unemployment.

> A theory so essentially self-contradictory cannot intrude itself without carrying confusion into the very heart of the subject, and making it impossible even to conceive with any distinctness many of the more complicated economical workings of society.[13]

We seem to have a completely false notion that economic theory moves only forward, that the latest is the best, and that past has been transcended. The reality is that the economics of Mill, even his 1848 first edition, will provide more insight into the operation of an economy than any of the Samuelson clones that have been published to explain what Keynes meant in trying to raise aggregate demand.

Endnotes

[1.] J.S. Mill, *Principles of Political Economy*. 7th ed. Edited by Ashley (1921), p. 79. The full passage reads: § 9. [Demand for commodities is not demand for labour] We now pass to a fourth fundamental theorem respecting Capital, which is, perhaps, oftener overlooked or misconceived than even any of the foregoing. What supports and employs productive labour, is the capital expended in setting it to work, and not the demand of purchasers for the produce of the labour when completed. Demand for commodities is not demand for labour. The demand for commodities determines in what particular branch (of production the) labour and capital shall be employed; it determines the direction of the labour; but not the more or less of the labour itself, or of the maintenance or payment of the labour. (These depend) on the amount of the capital, or other funds directly devoted to the sustenance and remuneration of labour. </titles/102#Mill_0223-02_310>.

[2.] Sir Leslie Stephen, *History of English Thought in the Eighteenth Century*, Volume 2 (London: Smith, Elder, & Co., 1876), p. 297.

[3.] Kates, "Mill's Fourth Fundamental Proposition on Capital: A Paradox Explained." *Journal of the History of Economic Thought*, vol 37, 2015, 39-56.

[4.] Ebeling, Richard. 2015. "Assessing Böhm-Bawerk's Contribution to Economics after a Hundred Years" Liberty Fund, Liberty Matters online discussion (April 2015) </pages/lm-bawerk>.

[5.] As Richard Ebeling noted in his symposium on Böhm-Bawerk, while "there have been few thorough going defenders of Mill's four propositions in recent decades" (from the text), "the exception has been Steven Kates" (footnote 82).

[6.] The organization is now known as the Australian Chamber of Commerce and Industry, where I was the economist for 24 years, just as Ludwig von Mises was the economist for the Austrian Chamber of Commerce also for 24 years.

[7.] Salter, W.E.G. 1960. *Productivity and Technical Change*. University of Cambridge, Department of Applied Economics Monograph 6. Cambridge: Cambridge University Press.

[8.] J.S. Mill, *Principles of Political Economy*. 7th ed. Edited by Ashley (1921), p. 79.

[9.] Paul Samuelson in his first edition of *Economics: an Introductory Analysis* (1948), pp. 17-21.

[10.] Mankiw, *Principles of Economics* (2007), pp. 24-27.

[11.] Recovery does eventually happen, but the cycle has always been cyclical. No recovery has, however, been attributable to the Keynesian policies which had preceded the upturn, and indeed, most recoveries have been preceded by policies in which governments have attempted to bring their outlays into balance with their revenues.

[12.] Keynes, *The General Theory of Employment, Interest and Money* (1936, 1973, p. 220.

[13.] Mill, *Principles of Political Economy* (1871, 1921), p. 562. Online: </titles/243#Mill_0223-03_242>.

RESPONSES AND CRITIQUES↩

1. Nicholas Capaldi, "Mill, Macro, Political Economy, and Keynes" [Posted: July 3, 2015]↩

We are indebted to Kates's essay for a number of reasons: first, for calling attention to a long-neglected part of Mill's economics; second, for relating Mill to issues in contemporary macroeconomics; and third for reminding us how debate on those issues ultimately reflects fundamental philosophical disagreements in political economy.

Mill on Capital

In Book I, Chapter V, of the *Principles of Political Economy* Mill advances Four *Fundamental Propositions respecting Capital*.[14] The first proposition is that "industry is limited by capital" and therefore it is a *mistake* to believe "that laws and governments, without creating capital, could create industry." As an aside, this proposition alone should dispel the continuing misrepresentation of Mill as a socialist. Moreover,

> [t]here is not an opinion more general among mankind than this, that the unproductive expenditure of the rich is necessary to the employment of the poor. Before Adam Smith, the doctrine had hardly been questioned ... [namely, that] there would be no market for the commodities which the capital so created would produce. I conceive this to be one of the many errors arising in political economy…. [On the contrary] the limit of wealth is never deficiency of consumers, but of producers and productive power. Every addition to capital gives to labour either additional employment, or additional remuneration; enriches either the country, or the labouring class….
>
> A second fundamental theorem respecting Capital relates to the source from which it is derived. It is the result of saving [and hence] to increase capital there is another way besides consuming less, namely, to produce more.
>
> A third fundamental theorem respecting Capital … is, that although saved … it is nevertheless consumed…. To the vulgar, it is not at all apparent that what is saved is consumed. To them, everyone who saves, appears in the light of a person who hoards…. The person who expends his fortune in unproductive consumption, is looked upon as diffusing benefits all around; and is an object of so much favour, that some portion of the same popularity attaches even to him who spends what does not belong to him; who not only destroys his own capital, if he ever had any, but under pretence of borrowing, and on promise of repayment, possesses himself of capital belonging to others, and destroys that likewise.

This is a remarkably prescient condemnation of Keynesianism and sovereign debt.

> This popular error comes from attending to a small portion only of the consequences that flow from the saving or the spending; all the effects of either which are out of sight, being out of mind. The eye follows what is saved, into an imaginary strong-box, and there loses sight of it…. It is the invention of money which obscures, to an unpractised apprehension, the true character of these phenomena. Almost all expenditure being carried on by means of money, the money comes to be looked upon as the main feature in the transaction; and since that does not perish, but only changes hands, people overlook the destruction which takes place in the case of unproductive expenditure.… All the ordinary forms of language tend to disguise this…. Capital is kept in existence from age to age not by preservation, but by perpetual reproduction.

The fourth proposition, with due attribution to Say and Ricardo, is the one to which Kates refers. What "supports and employs productive labour, is the capital expended in setting it to work, and not the demand of purchasers for the produce of the labour when completed. Demand for commodities is not demand for labour. Demand for labor [job creation] depends upon "the amount of the capital, or other funds directly devoted to the sustenance of labour." We cannot increase demand – all we can do is shift resources from a to b. Mill observes as well that the same bad argument is used to justify welfare systems and graduated tax structures. More importantly, by ignoring the importance of wealth creation we injure the long-term well-being of everyone but most especially the poor.

Kates and Macroeconomics

As Kates observes, the transition from neoclassical economics as represented by such writers as Mill to contemporary Keynesian and neo-Keynesian macroeconomics is fundamentally a shift in focus from long-run wealth creation as the central aim of economic policy to short-run employment creation. The causes of economic growth are at best an afterthought. The shift in focus leads one to believe that recessions are caused by a fall in aggregate demand, and to end recessions it is necessary to increase aggregate demand.

Not only is Kates correct about this, but his way of putting it transcends the analogous contemporary debate between supply-side economics and demand-side economics, where the latter is technically speaking a form of Keynesianism. Classical economists opposed taxation as a form of theft (redistribution) but primarily because it undermined production. Contemporary demand-side economists agree with this but also make the claim that lower taxes (or manipulating the tax rate) will both help laborers and increase government revenue. In short, supply-siders, as I understand them, are also advocating government manipulation of the market.

Production (supply) is the key to economic prosperity. Consumption (demand) is a consequence. This is what Say's Law, as Mill pointed out, tells us: "A product is no sooner created, than it, from that instant, affords a market for other products to the full extent of its own value." In short, supply creates its own demand.[15]

However, what has happened, I suggest, is that democracy (politics) has so intruded upon economics, something that both Tocqueville and Mill warned about, that all political parties now feel called upon to advocate different but varying governmental programs to enhance a universal growth in prosperity. It no longer matters whether these programs succeed or fail. (There is endless debate on this that provides

perpetual employment for many economists engaged in fantasy counterfactual history.) What seems to matter is the marketing of these proposals within the election cycle.

I am persuaded by Hayek that there is no such thing as market equilibrium if by that is meant a teleological endpoint or direction of economic activity. The market is neither a mechanism nor an organic entity (although it does bite back in the form of unintended consequences) but an unpredictable historically evolving entity. All attempts at manipulation reflect intellectual arrogance.

Mill and Political Economy

In general, Mill agrees with this. Even when Mill turns his attention to the distribution issue (social question) he never loses sight of the fact that changes in distribution affect productivity. Distribution, in his time, as Mill noted, was a product of historical accident not just market forces. It seems clear that distribution is always going to be to some extent a result of historical accident. Inequality never disappears, but the real issue is not equality but the potential for growth.

Curiously, Mill saw two social obstacles to growth: an "undeserving" rich and an "undeserving" poor. In Mill's time, and it has been argued by no less a person than Keith Joseph even down to Thatcher, Great Britain seemed to be ruled by a primarily landed gentry rather than an entrepreneurial class. Although Mill was sympathetic to the laboring class, he had no illusions about their dysfunction – there was no romanticization of the laborers. Mill attacked the presumption that anyone should "rivet firmly in the minds of the labouring people the persuasion that it is the business of others to take care of their condition, without any self-control on their own part; [and] that whatever is possessed by other people, more than they possess, is a wrong to them, or at least a kind of stewardship, of which an account is to be rendered to them."[16] Mill opposed the elimination of private property, the elimination of competition, central planning, and even a worker's party. He most especially opposed a ruling class of technocrats as had been suggested by Saint-Simon and by arch-enemy Comte. Mill could imagine a world in which the dreaded classical economic stationary state would be palatable, but he never advocated a limit to further economic growth**.** "We cannot … foresee to what extent the modes of production may be altered, or the productiveness of labour increased, by future extensions of our knowledge of the laws of nature, suggesting new processes of industry of which we have at present no conception."[17]

When Mill addressed the problem of distribution, he (a) advocated market solutions for the laborers in the form of competing worker cooperatives; (b) with regard to the taxation of wealth, Mill opposed a graduated income tax and advocated a flat tax -- otherwise we penalize thrift. He advocated a tax on inheritance, and although one could argue this was misguided, he did so in order to undermine large feudal estates but not large productive private industrial enterprises, primarily to encourage autonomy not equality; not to penalize the creation of wealth but to encourage a creative culture as opposed to a "rentier" culture. Even with the inheritance tax, a wealthy estate could avoid death duties by distributing the inheritance widely – thereby thwarting state confiscation of wealth.

Endnotes

[14.] Mill lays out his "Four Fundamental Propositions" at the beginning of Book I. Chap. V. "Fundamental Propositions Respecting Capital" in *The Collected Works of John Stuart Mill, Volume II - The Principles of Political Economy with Some of Their Applications to Social Philosophy (Books I-II)*, ed. John M. Robson, introduction by V.W. Bladen (Toronto: University of Toronto Press, London: Routledge and Kegan Paul, 1965). <http://oll.libertyfund.org/titles/102#lf0223-02_label_787>.

[15.] See the Wikipedia articles:

- Production <https://en.wikipedia.org/wiki/Economic_production>;
- Supply <https://en.wikipedia.org/wiki/Supply_(economics)> ;
- Consumption <https://en.wikipedia.org/wiki/Consumption_(economics)>;
- Demand <https://en.wikipedia.org/wiki/Demand>;
- Say's Law <https://en.wikipedia.org/wiki/Say%27s_Law>.

[16.] From Letter 443. TO MACVEY NAPIER, 9th November 1844, in John Stuart Mill, *The Collected Works of John Stuart Mill, Volume XIII - The Earlier Letters of John Stuart Mill 1812-1848 Part II*, ed. Francis E. Mineka, Introduction by F.A. Hayek (Toronto: University of Toronto Press, London: Routledge and Kegan Paul, 1963). <http://oll.libertyfund.org/titles/250#lf0223-13_head_223>.

[17.] From BOOK II: DISTRIBUTION. CHAPTER I: Of Property, in John Stuart Mill, *The Collected Works of John Stuart Mill, Volume II - The Principles of Political Economy with Some of Their Applications to Social Philosophy (Books I-II)*, ed. John M. Robson, introduction by V.W. Bladen (Toronto: University of Toronto Press, London: Routledge and Kegan Paul, 1965). <http://oll.libertyfund.org/titles/102#lf0223-02_label_1328>.

2. Richard M. Ebeling, "John Stuart Mill and Say's "Law of Markets"" [Posted: July 5, 2015]↩

Steven Kates has been one of the leading and clearest expositors and defenders of the "classical economists" on the nature and interrelationships among savings, investment, employment, and growth.

And his most recent contributions on John Stuart Mill's "fourth fundamental proposition" on capital is no exception,[18] as so neatly shown in his opening essay to this "Liberty Matters" discussion focusing on "The Best Test of an Economist" being the understanding that a "demand for commodities is not a demand for labor."

Mill's contribution is no less important in relation to a proper understanding of Jean-Baptiste Say's "Law of Markets," especially as found in his restatement of Say's proposition, in his essay, "Of the Influence of Consumption on Production."[19]

The essence of Say's Law is that if we do not first produce we cannot consume; unless we first supply we cannot demand. In a system of division of labor in which we do not self-sufficiently produce all that we want through our own labor, we must successfully devote our energies to producing what others will take in trade from us in exchange for what we desire to acquire from them.[20]

Price Changes and Market Adjustment

But how much others are willing to take of our supply is dependent on the price at which we offer it to them. The higher we price our commodity, other things held equal, the less of it others will be willing to buy. The less we sell, the smaller the money income we earn; and the smaller the money income we earn, the smaller our financial means to demand and purchase what others offer for sale. Thus, if we want to sell all that we choose to produce we must price it correctly, that is, at a price sufficiently low that all we offer is cleared off the market by demanders. Pricing our goods or labor services too high, given other people's demands for them, will leave part of the supply of the good unsold and part of the labor services offered unemployed.

On the other hand, lowering the price at which we are willing to sell our commodity or services will, other things held equal, create a greater willingness on the part of others to buy more of our commodity or hire more of our labor services. By selling more, our money income can increase; and by increasing our money income, through correctly pricing our commodity or labor services, we increase our ability to demand what others have for sale.

Sometimes, admittedly, even lowering our price may not generate a large enough increase in the quantity demanded by others for our income to go up. Lowering the price may, in fact, result in our revenue or income going down. But this, too, is a law of the market: what we chose to supply is worth no more than what consumers are willing to pay for it.

This is the market's way of telling us that the commodity or particular labor skills we are offering are not in very great demand. It is the market's way of telling us that consumers value others things more highly. It is the market's way of telling us that the particular niche we have chosen in the division of labor is one in which our productive abilities or labor services are not worth as much as we had hoped. It is the market's way of telling us that we need to move our productive activities into other directions, where consumer demand is greater and our productive abilities may be valued more highly.

Can it happen that consumers may not spend all they have earned? Can it be the case that some of the money earned will be "hoarded," so there will be no greater demand for other goods, and hence no alternative line of production in which we might find remunerative employment? Would this be a case in which "aggregate demand" for goods in general would not be sufficient to buy all of the "aggregate supply" of goods and labor services offered?

The Demand for Money and the Fallacy of General Gluts

John Stuart Mill had already suggested the answers in his restatement and refinement of Say's Law of Markets. In his essay, "Of the Influence of Consumption on Production," Mill argued that as long as there are ends or wants that have not yet been satisfied, there is more work to be done. As long as producers adjust their supplies to reflect the actual demand for the particular goods that consumers wish to purchase, and as long as they price their supplies at prices consumers are willing to pay, there need be no unemployment of resources or labor. Thus, there can never be an excess supply of all things relative to the total demand for all things.

Mill emphasized that the introduction of money into the exchange process broke part of the immediate link between a decision to sell and a willingness to buy.

> Interchange by means of money is therefore, as has been observed, ultimately nothing but barter. But there is this difference – that in the case of barter, the selling and the buying are simultaneously confounded in one operation; you sell what you have, and buy what you want, by one indivisible act, and you cannot do one without doing the other.
>
> Now the effect of the employment of money, and even the utility of it, is that it enables this one act of interchange to be divided into two separate acts or operations; one of which may be performed now, and the other a year hence, or whenever it shall be most convenient. Although he who sells, really sells only to buy, he needs not buy at the same moment when he sells; and he does not therefore necessarily add to the immediate demand for one commodity when he adds to the supply of another."[21]

But Mill admits that there may be times when individuals, for various reasons, may choose to "hoard," or leave unspent in their cash holding, a greater proportion of their money income than is their usual practice. In this case, Mill argued, what is "called a general superabundance" of all goods is in reality "a superabundance of all commodities relative to money." In other words, if we accept that money, too, is a commodity like all other goods on the market for which there is a supply and demand, then there can appear a situation in which the demand to hold money increases relative to the demand for all the other things that money could buy. This means that all other goods are now in relative oversupply in comparison to that greater demand to hold money.[22]

To bring those other goods offered on the market into balance with the lower demands for them (i.e., given that increased demand to hold money and the decreased demand for other things), the prices of many of those other goods may have to decrease. Prices in general, in other words, must go down, until that point at which all the supplies of goods and labor services people wish to sell find buyers willing to purchase them. Sufficient flexibility and adjustability in prices to the actual demands for things on the market always assure that all those willing to sell and desiring to be employed can find work. This, also, is a law of the market.

When were these episodes of abnormal demands to hold larger than usual money balances likely to occur? Mill saw them in unsustainable

periods "caused by speculation or by the currency,"[23] that is, following a time of inflationary monetary mismanagement. The task of sound economic policy, therefore, was to maintain a stable currency and a secure system of property rights.

Left to itself, the market process and necessary entrepreneurial adjustments in the face of uncertain change assured what today is called "full employment" and sustainable growth.

Endnotes

[18.] Steven Kates, "Mill's Fourth Fundamental Proposition on Capital: A Paradox Explained," *Journal of the History of Economic Thought*, Vol. 37, (2015), pp. 39-56.

[19.] John Stuart Mill, "Of the Influence of Consumption on Production," in *Essays on Some Unsettled Questions in Political Economy* (Clifton, NJ: Augustus M. Kelley [1844] 1974), pp. 47-74; Mill's discussion of Say's Law in his *Principles of Political Economy, with Some of Their Applications to Social Philosophy* (Fairfield, NJ: Augustus M. Kelley, [1871] 1976), pp. 556-63, while complementary to his earlier essay of 1844 is less clear on the nature and dynamics of money demand relative to the demand for other nonmonetary commodities as whole. Online version: <http://oll.libertyfund.org/titles/244#lf0223-04_head_059>.

[20.] The most thorough explanation of the meaning and logic of Say's Law of Markets, as well as a critique of Keynes' misunderstanding and misinterpretation, is to be found in Steven Kates, *Say's Law and the Keynesian Revolution: How Macroeconomic Theory Lost Its Way* (Northampton, MA: Edward Elgar, 1998).

[21.] Mill, "On the Influence of Consumption on Production," p. 70.

[22.] Ibid., pp. 71-72.

[23.] Ibid., p. 67.

3. Sandra J. Peart, "J. S. Mill and the Transition to Modern Economics" [Posted: July 7, 2015]↩

Steve Kates's provocative essay asks us to think about what we have lost in the transition to 20th century – or more specifically, Keynesian-style – economic analysis. His reference point, and mine, is the economics of John Stuart Mill. Accordingly, in what follows I shall describe a number of instances in which economists have moved from nuanced to overly simplified analyses, with less than stellar results. While Kates focuses on the macroeconomy, my essay will draw heavily on Mill's notion of individual behavior. The two are not entirely independent. Once we appreciate the institutional framing that is so important to Mill's work, we can better appreciate the cyclical adjustment mechanisms Kates discusses in his essay.

Let us first consider what sort of individual populates Mill's analysis. The policy implications of this will become immediately apparent: if the individual or groups of individuals are incapable, then policy at the macro level needs to account for this, to prod or stir people to the proper sort of economic activity. Quite the opposite, in Mill's view. His *Principles of Political Economy* made clear in every edition beginning with his first in 1848 that subject to rich education and information contexts, all people are capable of making economic and political choices. In his time a key question was whether Ireland was doomed to economic stagnation because the people there would never work hard or become productive; Mill rejected inherent racial, national, or ethnic "explanations" of outcomes specifically with reference to the Irish. He attacked statements that relied on "natural differences" in the course of discussing the impact of property rights on incentives in Ireland:

> Is it not, then, a bitter satire on the mode in which opinions are formed … to find public instructors of the greatest pretensions, imputing the backwardness of Irish industry, and the want of energy of the Irish people in improving their condition, to a peculiar indolence and insouciance in the Celtic race? Of all vulgar modes of escaping from the consideration of the effect of social and moral influences on the human mind, the most vulgar is that of attributing the diversities of conduct and character to inherent natural differences. [1848, p. 319].[24]

Later, W. R. Greg criticized Mill's position in the *Quarterly Review*; in Greg's view, the problem was an inherent inferiority that newly established property rights would fail to correct:

> "Make them peasant-proprietors," says Mr. Mill. But Mr. Mill forgets that, till you change the character of the Irish cottier, peasant-proprietorship would work no miracles.... Mr. Mill never deigns to consider that an Irishman is an Irishman, and not an average human being — an idiomatic and idiosyncratic, not an abstract, man. [Greg 1869, p. 78].[25]

Additional evidence of Mill's position as it relates to the rights of all people consists in his response to the controversy sparked by an administrative massacre in Jamaica. Shortly after, Mill was chosen to head the investigation into the violence, and his views on natural differences came to the attention of the founders of the new discipline of anthropology. The controversy then moved from the Irish to Africans.[26]

There is, in addition, Mill's position as it relates to women. Here again we find Mill articulating a clear position that institutional arrangements, rather than natural inferiority, had destined women to inferior outcomes, poverty, and dependence. Change institutions, he wrote, and women would advance to much different and superior outcomes. This position is sometimes attributed to the influence of his longtime friend and coauthor, Harriet Taylor, whom Mill married in 1851. There is, however, textual evidence that Mill came to this view

before he and Taylor began their collaboration. Mill's early manuscript on the subject -- reprinted in full as chapter three of *Hayek on Mill: The Mill-Taylor Friendship and Related Writings*[27] -- confirms what Mill claimed in his *Autobiography*, that it was "so far from being the fact" that his views on the equality of the sexes were in any way influenced by Harriet Taylor.[28] On the contrary, Mill believed that his views on the subject attracted Harriet to him: "those convictions were among the earliest results of the application of my mind to political subjects, and the strength with which I held them was, I believe, more than anything else, the originating cause of the interest she felt for me."[29] Decades before Mill and Taylor worked on *The Subjection of Women*, Mill maintained that education was the means by which women would achieve independence:

> It is not law, but education and custom which make the difference [between men and women]. Women are so brought up, as not to be able to subsist in the mere physical sense, without a man to keep them: they are so brought up as not to be able to protect themselves against injury or insult, without some man on whom they have a special claim, to protect them: they are so brought up, as to have no vocation or useful office to fulfil in the world, remaining single; for all women who are educated [for anything except to *get* married, are educated] to *be* married, and what little they are taught deserving the name useful, is chiefly what in the ordinary course of things will not come into actual use, unless nor until they are married.[30]

The question of "what woman ought to be"[31] would be greatly altered by institutional change, including access to education and property. Mill's radical egalitarianism prevailed: "If nature has not made men and women unequal, still less ought the law to make them so."[32]

The foregoing suggests that amongst the "what was lost" category Kates's has so aptly put together for readers of these essays, one must also include something akin to institutions, the rules by which we govern ourselves and which constrain and influence our economic and other choices. Indeed, Kates's focus on the Production Possibility Curve drives home this point. As he writes, the PPC is "astonishingly abstract" and "profound." Absolutely. As economists in the 20th century collapsed the economic possibilities confronting a collectivity into a two-dimensional diagram, they removed from consideration much of the institutional structure that so preoccupied Mill and his fellow travelers, Adam Smith, James Mill, and T. R. Malthus. In so doing they allowed themselves to neglect the principle that rules governing economic and social activity also affect well-being and economic growth. They abstracted from the overarching institutional questions that preoccupied Mill and began instead to pursue only efficiency. To a large degree they neglected the idea that institutional arrangements affect where an economy locates relative to the abstraction of the production possibilities frontier. As they followed the logic of choice, they confidently predicted year after year and in spite of countervailing evidence that, because it was investing more and consuming less, the Soviet economy must be growing faster than and would soon overtake that of the United States.[33]

Adding institutions into the mix, one is led to the key set of debates in the 19th century concerning population growth and well-being. Not surprisingly, Mill was much preoccupied with population growth, first as it was greatly affected, in his view, by marriage arrangements and the ability of women to leave an ill-conceived marriage with property intact. In addition to his position on this question, for which Mill was sometimes harshly criticized (see the image below), the key question was what sorts of institutional arrangements – private versus communal property – would induce and enable the laboring classes to restrict their family size and thereby reduce human misery and want.

"Miss Mill joins the ladies"
Judy, 25 November, 1868, pp. 46-7

Mill closely examined the different distributional systems proposed by the Saint-Simonians and Charles Fourier. In his view, the current state of human nature and the consequent improbability of limiting population growth presented a key stumbling block to socialist schemes. In a market economy, where the cost of children was borne by parents, the material inducements to limiting numbers were strong. Under communism and the social arrangements advocated by Fourier and the Saint-Simonians, Mill believed these inducements would be much weakened. He concluded in favor of small-scale and voluntary experimentation – experiments, he wrote, that were "capable of being tried on a moderate scale":

> It is for experience to determine how far or how soon any one or more of the possible systems of community of property will be fitted to substitute itself for the "organization of industry" based on private ownership of land and capital. In the meantime we may, without attempting to limit the ultimate capabilities of human nature, affirm, that the political economist, for a considerable time to come, will be chiefly concerned with the conditions of existence and progress belonging to a society founded on private property and individual competition.[34]

In the event that private property persisted, Mill called for institutional changes, some rather vast (property rights extending to women) and some less so but nonetheless significant (restrictions on the amount one might inherit), alongside education to afford to all the means by which one might successfully exercise individual agency.

How do these remarks on Mill's economics relate to the statement about the demand for labour on which Steve Kates has focused? For Mill, any analysis of economic growth must be situated in the context of the institutional setting: the rate of growth of the demand for labor is determined in part by the rules and institutions that influence expected rates of return on any investment. For Mill, too, any attempt to solve a problem, such as the impoverishment of women or the Irish that fails to change the institutional setting, will be doomed to fail.

Endnotes

[24.] John Stuart Mill, *The Collected Works of John Stuart Mill,* Volume II - *The Principles of Political Economy with Some of Their Applications to Social Philosophy* (Books I-II), ed. John M. Robson, introduction by V.W. Bladen (Toronto: University of Toronto Press; London: Routledge and Kegan Paul, 1965).

[25.] Readers of the Econlib columns that David Levy and I have written will recall that Mill collided with the historian Thomas Carlyle over the issue of race; see Levy and Peart 2001, for a full account: http://www.econlib.org/library/Columns/LevyPeartdismal.html. On the administrative massacre in Jamaica see, <http://www.econlib.org/library/Columns/LevyPeartdismal3.html>.

[26.] For more detail, see Levy and Peart 2005, pp. 174-79.

[27.]*Hayek on Mill: The Mill-Taylor Friendship and Related Writings*, edited by Sandra J. Peart. Volume 16 of *The Collected Works of F. A. Hayek*, Bruce J. Caldwell, General Editor (Chicago: University of Chicago Press, 2015).

[28.] John Stuart Mill, *The Collected Works of John Stuart Mill,* Volume I – *Autobiography and Literary Essays [1824]*, ed. John M. Robson and Jack Stillinger, introduction by Lord Robbins (Toronto: University of Toronto Press, London: Routledge and Kegan Paul, 1981), p. 253. The correspondence between Harriet Taylor and Mill demonstrates that they agreed on these issues; in 1848 Taylor wrote to their friend and colleague, the editor of the *Monthly Repository,* W. J. Fox, that the "women question" was more significant than the "labour question" as it "goes deeper into the mental and moral characteristics of the race than the other & it is *the race* for which I am interested" (to W. J. Fox, 12 May 1848, *Hayek on Mill*, p.120).

[29.] Mill, *Autobiography*, p. 253.

[30.]*Hayek on Mill*, p. 62; on Harriet's influence on J. S. Mill, see the discussion in my editor's introduction to the volume, pp. xxxv-vi.

[31.] Ibid., p. 62.

[32.] [9] Ibid.

[33.] For a full account, see David M. Levy and Sandra J. Peart, "Soviet Growth and American Textbooks: An Endogenous Past." http://www.sciencedirect.com/science/article/pii/S0167268111000114

[34.] Mill, *Political* Economy, pp. 213-14.

THE CONVERSATION↩

1. Steven Kates, "First Response to Comments" [Posted: July 9, 2015]↩

I am genuinely grateful for the kind and generous comments that I have received from three of the most eminent scholars in the world on John Stuart Mill. We obviously cannot agree on everything, but we are certainly seeing the world in a very similar way. I would therefore like to extend their thoughts in a number of directions, recognizing that not everyone will agree with me here. But agree with me or not, these are what I think are the main issues.

The first for me is to note that Say's Law is the central economic issue of our time. Prior to the publication of *The General Theory*, every economist agreed with Mill that demand deficiency was never the cause of recession. They also all perfectly well understood that recessions were all too frequent and led to high rates of involuntary unemployment. What Say's Law said to them was never to think that the cause of recession could be found in too little spending or in oversaving. Such beliefs were the province of cranks. No one who had understood the nature of economies or how they worked would ever have believed such a thing. Modern macroeconomics is a classical economic fallacy.

This issue cannot be emphasized enough. There will, no doubt, be many who read these words and either disagree because they follow Keynes in believing an economy can enter recession because there is too little demand. Or there will be those who, even if they do agree that demand deficiency does not cause recessions, fail to see the significance for policy in the denial of variations in demand as the cause of variations in the level of activity. There are even those who, incredibly, cannot even understand that there are other reasons that an economy might go into recession that have absolutely nothing to do with variations in the level of aggregate demand.

The global financial crisis was not caused by a fall-off in demand, nor for that matter has any other recession at any time in history been caused that way. It was indeed a global crisis, but only in the United States was the cause domestic. It was only in the United States that the distortions that had been fed into the housing market by a series of government decisions overflowed into massive mortgage failures and a seizing up of credit. This was clearly unrelated to a Keynesian version of events where individuals chose not to spend but to save instead, so that the economy slowed with consequent multiplier effects.

But even more so than in the United States is it impossible to blame the downturn on higher saving and a fall in demand. There could have been no domestic policy anywhere so perfect that their economy would not have been disrupted by the sudden freezing of credit on a global scale. If you lived in Asia or Europe, it is impossible to think of the cause of the recession and the rise in unemployment in any Keynesian way. Yes, certainly, one can say that once the problems had occurred, there was falling demand, but that is what all recessions look like. But to mistake the symptoms for the cause, and then treat the symptoms and not the cause, is a massive failure in policy.

The world's economies are not suffering from the effects of a fall in demand. They are suffering from the effects of the spending policies Keynesian theory tells governments to pursue if economies enter recession. It is debt and deficits that are the problem, not a financial system that is refusing to provide business credit. In fact, it is more than just the debt and deficits, but the entire structure of production of our economies, which have been badly distorted by government spending. Our entire supply chain - something never examined in a Keynesian model - is badly out of alignment with the demand for not just final goods and services, but throughout the entire economy, as one supplier after another, whose businesses had been "stimulated" by public spending, finds its sales are insufficient to maintain their current level of production.

This is what every economist before Keynes understood. Since demand deficiency is not the cause of recession, but only its symptom, then an economy cannot be resurrected from the demand side. They would all have understood that the stimulus could not possibly have worked to bring recovery and a return to full employment. Certainly there has been no recovery in any but a perfunctory sense, and there has not been a return to full employment anywhere. What is still hard for many to appreciate is that the nonrecovery was fully foreseeable using classical theory.

The second thing I wish to emphasize is that Mill's best and most complete discussion of Say's Law is found in his *Principles*. Mill's essay "Of the Influence of Production on Consumption" is only a partial statement. The full statement of his views are scattered over many parts of his *Principles,* found in specific chapters in Book I, Book II, and Book IV.[35] In particular, I am grateful to Professors Ebeling and Capaldi for drawing attention to Mill's Four Propositions on Capital, and in particular, the fourth, which is the categorical denial of all modern macro. Mill wrote: "demand for commodities is not demand for labour." What Mill and virtually all economists prior to Keynes understood, because of the way they approached the operation of an economy, was this: an increase in aggregate demand will not lead to an increase in total employment.

Nicholas Capaldi has provided Mill's four propositions from Book I, Chapter 5. The last proposition, at the time Mill wrote, needed virtually no emphasis to an economically literate audience of his time. Writing in 1848, Mill and his countrymen had just been through the first attempt to institute a Keynesian solution based on a prototype Keynesian theory that had been devised by Robert Malthus. Malthus had argued, publishing his own *Principles* in 1820,[36] in exactly the same way that Keynes would do, that recessions are caused by demand deficiency. This set off what is known as "the general glut debate," a glut being the term they would use for what we call excess supply. Everyone agreed you could have a particular glut, excess supply of some particular good or service. But they also agreed that there could not be a *general* glut, an excess supply of everything. It was not until the publication of *The General Theory* that this settled conclusion would be overturned. When Mill writes that demand for commodities is not demand for labour, he is stating what everyone by then had concluded to be absolutely valid.

But let me take you to the second of Mill's propositions, which is now almost never mentioned within macroeconomics. It is that saving is what drives investment and growth. The more savings an economy generates, the faster it will grow. Modern macro has concluded that the largest problem during recessions is that we are saving too much. No economist is taught that the problem might be that our savings are

being directed into non-value-adding areas of production. They are taught that there is too much saving going on and the imperative is for governments to blow away those excess savings on anything at all. It doesn't matter what, really. Productive is better, they say. But the need is to burn off those savings, which is why we end up with government-driven waste as the answer to a downturn.

No pre-Keynesian economist would have been so ignorant of the way in which an economy worked to have believed any such thing. It ought to be obvious nonsense that such an approach can lead only to the very kinds of problems we have today: slow growth, stagnant real incomes, and high unemployment. What a classical economist would have understood more than anything else was that burning away our saving in the way we have will leave us much less well off than we might otherwise have been.

These are technical issues that are no longer addressed by economists. Instead, those who think Say's Law is valid and crucial are treated as if they do not care about the unemployed or the poverty that recessions and slow growth cause. In actual fact, it is the Keynesians who are blind to the realities of the market and the way in which economies work. It is they whose policies are now a blight in every economy in the world. It is our mainstream Keynesian macro, which tells governments that more of this G spending will hasten recovery and lower unemployment, that is ruining lives.

Mill is almost impossible to read today because his economic presuppositions are so different from our own. But his economics is the economics that may still be found in the classical theory of the cycle, which disappeared in 1936. But it is to this economics that we must return - summarized conveniently in Haberler's *Prosperity and Depression*,[37] published the year after *The General Theory*. We can go on as we are, ruining our economies with Keynesian fallacies, or we can return to the classical theory of the cycle. You cannot prevent recessions from happening from time to time, but at least in this way we will know what to do whenever they arrive.

[35.] [The specific chapters in Book I, Book II, and Book IV will be cited later.]

[36.] See, Thomas Robert Malthus, *An Essay on the Principle of Population, or a View of its Past and Present Effects on Human Happiness; with an Inquiry into our Prospects respecting the Future Removal or Mitigation of the Evils which it Occasions* (London: John Murray 1826). 6th ed. 2 vols. <http://oll.libertyfund.org/titles/1944>.

[37.] Gottfried Haberler, *Prosperity and Depression: A Theoretical Analysis of Cyclical Movements. Third Edition enlarged by Part II*I (Lake Success, New York: United Nations, 1946). 1st ed. 1937. reprint of 1943 ed. Available online at the Mises Institute <https://mises.org/system/tdf/Prosperity%20and%20Depression_5.pdf?file=1&type=document>.

2. Richard M. Ebeling, "John Stuart Mill and the Dangers from Unrestrained Government. Part I" [Posted: July 12, 2015]↩

John Stuart Mill is notorious among classical liberals for his insistence in his *Principles of Political Economy* that while,

> "The laws and conditions of the Production of wealth partake of the character of physical truths" with "nothing optional or arbitrary in them . . . It is not so with the Distribution of wealth. That is a matter of human institution solely. The things once there, mankind, individually or collectively, can do with them as they like. They can place them at the disposal of whomsoever they please, and on whatever terms . . . The rules by which it is determined are what the opinions and feelings of the ruling portion of the community make them, and are very different in different ages and countries; and might be still more different if mankind so chose."[38]

Due to Mill's reasoning in support of this dichotomy between the laws of production and distribution, and his attempts to suggest that human nature toward work and collective effort might change in the future, Austrian economist, F. A. Hayek argued that Mill's "advocacy of distributive justice and a general sympathetic attitude towards socialist aspirations in some of his other writings, prepared the gradual transition of a large part of the liberal intellectuals to a moderate socialism."[39]

And it is certainly the case that from the modern classical liberal/libertarian perspective, Mill's assertions and claims seem both conceptually unconvincing and experientially unfounded.[40]

In his *Principles*, Mill argued the case for numerous exceptions to the laissez-faire principle of governments being limited to the protection of life, liberty and peacefully acquired property. Most current-day classical liberals would no doubt find many or even most of these exceptions unpersuasive in the light of more than a century with government intervention in education, business regulation, the labor market, and welfare state "social safety nets."

Self-Interest and the Consequences of Government Intervention
But it would be unfair to Mill to assert that he had lapsed into a fully utopian la-la-land of malleable human nature in which social reality could be whatever the dreamer of a "better world" might desire.

He may have been open and even sympathetic to the idea that maybe someday human nature in the normal societal work environment might become more like a monastic brotherhood of collective sharing and selflessness. But in the world in which Mill lived he had no illusions about any such transformation in a reasonable horizon of time. He worked under the clear and evident assumption that individuals are guided by self-interest, that they attempt to improve their own circumstances as they define betterment, and they respond to the incentive structures within the institutional settings in which they find themselves.

Given the reality of human nature in the social world, Mill was insistent that, "though governments or nations have the power of deciding what institutions shall exist, they cannot arbitrarily determine how those institutions shall work."[41] The effects from changing how wealth

was distributed in society were not under man's unlimited control through government edict, legislation or command. Or as he put it,

> "We have here to consider, not the causes, but the consequences, of the rules according to which wealth may be distributed . . . Human beings can control their own acts, but not the consequences of their acts either to themselves or to others. Society can subject the distribution of wealth to whatever rules it thinks best; but what practical results will flow from the operation of those rules must be discovered, like any other physical or mental truths, by observation and reasoning."[42]

He understood that the link between work and reward was strongest when the gains from effort were the property of the producer of wealth, and the resulting output might be negatively affected under prevailing human circumstances with a break in this linkage.

Individuals Know Their Own Interests Better Than Government

He also believed that individuals have a far greater understanding of their own surroundings in terms of enterprise decisions than any government agents and bureaucrats could ever possess. Even if one were to imagine that they possessed the same knowledge as the actors in the different corners of the division of labor, those representatives of the government would never have the same incentive to use that knowledge as productively and profitably as the separate individuals in the market arena.[43]

However, in fact, there is more knowledge in the minds of all the members of a society combined than any one or group of government officials could ever know or master, Mill pointed out. Thus, it was better to leave the use of such dispersed and personal knowledge to those who possessed it, rather than the government taking on commercial and enterprising tasks for which it was not competent.[44]

In addition, given the reality of self-interest on the part of all members of society, whether in the market or in government, Mill warned the presumption needed to be the constant danger of misuse and abuse of political power and governmental position.

Government the Greatest Threat to Person and Property

Essential for individual and social prosperity was security of person and property, Mill insisted. But there is always the eternal problem of who guards the people from the guardians meant to protect people's lives and possessions? Or as Mill expressed it:

> "By security I mean the completeness of the protection which society affords to its members. This consists of protection *by* the government and protection *against* the government. The latter is the most important.
>
> "Where a person known to possess anything worth taking away, can expect nothing but to have it torn from him, by every circumstance of tyrannical violence, by the agents of a rapacious government, it is not likely that many will exert themselves to produce much more than necessaries . . . The only insecurity which is altogether paralyzing to the entire energies of producers, is that arising from the government, or from persons invested with its authority . . .
>
> "It is sufficient to remark, that the efficiency of industry may be expected to be great, in proportion as the fruits of industry are insured to the person exerting it; and that all social arrangements are conducive to useful exertion, according as they provide that the reward of every one for his labor shall be proportioned as much as possible to the benefit which it produces.
>
> "All laws and usages which . . . chain up the efforts of any part of the community in pursuit of their own good, or stand between efforts and their natural fruits . . . [tend] to make the aggregate productive powers of the community productive in a less degree than they would otherwise be."[45]

In the next installment of this post I will discuss two more important points raised by Mill, namely that even disirable government services should not be monopolized and the dangers which come from democracy and the need to limit the franchise.

End Notes

[38.] John Stuart Mill, *Principles of Political Economy, with Some of Their Applications to Social Philosophy* (Fairfield, NJ: Augustus M. Kelley, [1909] 1976) pp. 199-200.

[39.] F. A. Hayek, "Liberalism" [1973] in *New Studies in Philosophy, Politics, Economics and the History of Ideas* (Chicago: University of Chicago Press, 1978), pp. 129-130; on Hayek's various and changing views of Mill's liberalism and shift toward socialism, see, Bruce Caldwell, "Hayek on Mill," *History of Political Economy* (Dec. 2008) pp. 689-704.

[40.] For a critique of Mill's argument concerning work under markets versus under collectivism, see, Ludwig von Mises, *Socialism: An Economic and Sociological Analysis* (Indianapolis: Liberal Classics, [1936] 1981), pp.154-159. Online: <http://oll.libertyfund.org/titles/1060>; see, also, Ludwig von Mises, *Liberalism: The Classical Tradition* (Indianapolis: Liberty Fund [1927] 2005) pp. 153-154: "John Stuart Mill is an epigone of classical liberalism and, especially in his later years, under the influence of his wife, full of feeble compromises. He slips slowly into socialism and is the originator of the thoughtless confounding of liberal and socialist ideas that led to the decline of English liberalism . . . Without a thorough study of Mill it is impossible to understand the events of the last two generations, for Mill is the great advocate of socialism. All the arguments that could be advanced in favor of socialism are elaborated by him with loving care."

[41.] Mill, *Principles*, p. 21.

[42.] Ibid., p. 201.

[43.] Ibid., p. 957: "The ground of the practical principle of non-interference must here be, that most persons take a juster and more intelligent view of their own interest, and of the means of promoting it, than can either be prescribed to them by a general enactment of the legislature, or pointed out in the particular case by a public functionary."

[44.] Ibid., p. 947: "It must be remembered, besides, that even if a government were superior in intelligence and knowledge to any single individual in the nation, it must be inferior to all the individuals of the nation taken together. It can neither possess in itself, nor enlist in its service, more than a portion of the acquirements and capacities which the country contains, applicable to any given purpose." Thus, "the great majority of things are worse done by the intervention of the government, than the individuals most interested in the matter would do them, or cause them to be done, if left to themselves."

[45.] Ibid., p. 115.

3. Sandra Peart, "Ricardo, Malthus, and Mill" [Posted: July 12, 2015]

Steve Kates's response to the discussion raises several new threads. I briefly take up the 19th-century discussion on general gluts.

Gluts

Mill's famous proposition about the demand for labor came as settled doctrine after a long discussion between David Ricardo and T. Robert Malthus. Perhaps the best secondary source on the discussion is the one I poured over as an undergraduate at the University of Toronto, *The Economics of David Ricardo* by Samuel Hollander (Toronto: University of Toronto Press, 1979). Full disclosure: Hollander later became my dissertation advisor.

Since Kates has an interest in linking this policy discussion to today's policy discussions – and I agree there are reasons to do so – I think it pertinent to add to our discussion some context for the Malthus-Ricardo conversation.

On Machinery

The question that bedeviled Ricardo and others early in the 19th century was whether a significant, prolonged decrease in the need for laborers as a result of widespread, even general, mechanization, such as was apparently occurring during the Industrial Revolution, warranted a pessimistic outlook for the future. As handloom weavers and others were displaced by mechanized means of production, political economists attempted to work through the analytics of whether growth would still mean that employment opportunities would abound. As Hollander puts it, "For the reabsorption of labour displaced by machinery, Ricardo relied in part upon increased demand for service labour out of net revenue and in part upon net accumulation. In this Ricardo in effect followed [Adam] Smith." (p. 373) Mill followed Ricardo's line of thought in this regard.

More than this, however, it is striking how in the context of the contemporary situation, the notion of general displacement still resonates with the public and with some intellectuals trained in economics. With each significant technological change—the assembly line, computers, robotics--that disrupts our society, worries emerge about whether we will generally need less labor going forward. And then the discussion begins as to what to do about it. I leave this latter for a future comment!

4. Richard M. Ebeling, "John Stuart Mill and the Dangers from Unrestrained Government. Part II" [Posted: July 13, 2015]

Continuing my previous post I would also like to point out the following concerns Mill had regarding unrestrained governent.

Even Desirable Government Serves Should Not be Monopolized
Though Mill may have concluded that government in a liberal society should extend its responsibilities beyond the narrower confines of a more strict laissez-faire policy, he nonetheless remained suspicious and indeed critical of any monopolization of such tasks.

For instance, he believed that state involvement in education was essential to assure the development of a generally literate, intelligent, and informed citizenry. But while he argued government funding and supplying of schools were desirable for a functioning and free society of reasoning and reasonable individuals, he was forcefully against the exclusion of educational competition.

Nothing was more to be feared that total government control over any facet of life that would threaten to stifle the creative, innovative and uniquely original ideas that only emerge from diverse and free minds able to think and experiment:

> "One thing must be strenuously insisted on: that the government must claim no monopoly for its education, either in the lower or in the higher branches . . . It is not endurable that a government should either *de jure* or *de facto*, have a complete control over the education of the people. To possess such a control, and to actually exert it, is to be despotic. A government that can mold the opinions and sentiments of the people from their youth onwards can do with them whatever it pleases.
>
> "Though a government, therefore, may, and in many cases ought to, establish schools and colleges, it must neither compel nor bribe any person to come to them; nor ought the power of individuals to set up rival establishments depend in any degree upon its authorization."[46]

Dangers from Democracy and the Need to Limit the Franchise
In his famous essay "On Liberty," Mill had warned about both the political tyranny of the minority and, now, in his "democratic" age the growing danger of a tyranny of the majority.[47] In the *Principles*, he emphasized the same point, arguing that, "Experience, however, proves that the depositories of power who are mere delegates of the people, that is of a majority, are quite as ready (when they think they can

count on popular support) as any organs of oligarchy to assume arbitrary power, and encroach unduly on the liberty of private life."

Indeed, Mill suggested that a tyranny of the majority was potentially more dangerous than the monarchies or oligarchies of the past, since when "the people" assert their sovereignty there remain few if any of the intermediary institutions of society to protect and support the threatened individual from the abuse of the "masses."[48]

This danger of an unbridled voting majority taking advantage of their numbers to plunder others in society was an especial problem in democratic society, Mill warned. Therefore, in his 1859 book, *Reflections on Representative Government*, Mill argued that those who received "public assistance" (government welfare) should be denied the voting franchise for as long as they receive such tax-based financial support and livelihood.

Simply put, Mill reasoned that this creates an inescapable conflict of interest, in the ability of some to vote for the very government funds that are taxed away from others for their own benefit. Or as Mill expressed it:

> "It is important, that the assembly which votes the taxes, either general or local, should be elected exclusively by those who pay something towards the taxes imposed. Those who pay no taxes, disposing by their votes of other people's money, have every motive to be lavish and none to economize.
>
> "As far as money matters are concerned, any power of voting possessed by them is a violation of the fundamental principle of free government . . . It amounts to allowing them to put their hands into other people's pockets for any purpose which they think fit to call a public one."[49]

Mill went on to explain why he considered this to be especially true for those relying upon tax-based, redistributed welfare dependency, which in nineteenth century Great Britain was dispersed by the local parishes of the Church of England. Said Mill:

> "I regard it as required by first principles, that the receipt of parish relief should be a peremptory disqualification for the [voting] franchise. He who cannot by his labor suffice for his own support has no claim to the privilege of helping himself to the money of others . . .
>
> "Those to whom he is indebted for the continuance of his very existence may justly claim the exclusive management of those common concerns, to which he now brings nothing, or less than he takes away.
>
> "As a condition of the franchise, a term should be fixed, say five years previous to the registry, during which the applicant's name has not been on the parish books as a recipient of relief."[50]

I would suggest that the same argument could be extended, today, to all those who work for the government, for as long as they are employed by the government they are directly living off the taxed income and wealth of others.

If it is said that government employees pay taxes, too, the reply should be that if you receive a $100 salary from the government and pay in taxes, say, $30, you remain the net recipient of $70 of other people's money and are not a contributor to the costs of government.

Extending Mill's logic a little further, I think that the same case could be made that all those who live off government expenditures in the form of government contracts or subsidies, should likewise be excluded from voting for the same conflict of interest reasons.

Such individuals and their private enterprises may not be totally dependent upon government expenditures for their livelihood. A rule might be implemented that to be eligible for the right to vote: no individual or the private enterprise from which he draws an income should receive (just for purpose of example), say, more than 10 percent of his or her gross income from government spending of any sort.

If a form of Mill's voting restriction rule had been in affect 100 year ago, it is difficult to see how the government could ever have grown to the size and cost that it now has in society.

In turn, if there were any way to implement such a vote-restricting rule, it is equally hard to see how the current, gigantic interventionist-welfare state could long remain in existence. Government, no doubt, would soon be cut down to a far more limited and less intrusive size.

End Notes

[46.] Mill, *Principles*, p. 956.

[47.] John Stuart Mill, "On Liberty" [1859] in *Collected Works of John Stuart Mill*, Vol. XVIII (Toronto: University of Toronto Press, 1977), pp. 213-310.

[48.] Mill, *Principles*, p. 945.

[49.] John Stuart Mill, *Consideradtions on Representative Government* [1861] in *Collected Works of John Stuart Mill*, Vol. XIX (Toronto: University of Toronto Press, 1977), p. 471.

[50.] Ibid., p. 472.

5. Nicholas Capaldi, "What Did Mill Understand as "Socialism"?" [Posted: July 13, 2015]↩

The question of Mill's relation to socialism continues to puzzle scholars. There are good reasons for this. Mill described himself in the *Principles of Political Economy* as an "Ideal Socialist," but later wrote in the *Chapters on Socialism* (1879) a scathing critique of socialism.[51]

The term "socialism" came into use around 1830 and was applied to three movements deriving respectively from Saint-Simon (1760-1825), Fourier (1772-1837), and Robert Owen (1771-1858) in England. These writers, referred to as "Utopian" Socialists, are the ones that Mill discussed most thoroughly and always had in mind. Saint-Simon himself (and later Auguste Comte) proposed having the entire social world organized and run by a technical elite. The society would be a thoroughgoing meritocracy. Fourier was a proponent of a workers cooperative consistent with private ownership of property and prices set by a market. Other French figures who influenced Mill's thinking on socialism were Pierre-Joseph Proudhon (1809-1865), advocate of producer's cooperatives without centralized control and Louis Blanc (1811-1882), another advocate of worker cooperatives, initially funded by the government, but thereafter independent of government control.

Utopian Socialism is the kind of socialism Marx and Engels rejected. In explaining why their manifesto was "Communist" and not "socialist," Engels said:

> By socialists, in 1847, were understood, on the one hand, the adherents of the various utopian systems: Owenites in England, Fourierists in France, both of them already reduced to the position of mere sects, and gradually dying out; on the other hand, the most multifarious social quacks, who, by all manners of tinkering, professed to redress, without any danger to capital and profit, all sorts of social grievances, in both cases men outside the working-class movement and looking rather to the 'educated' classes for support…. Thus socialism was, in 1847, a middle-class movement, communism a working class movement.[52]

Utopian socialists were critical of what capitalism meant in the 19th century: (1) the assumption that human beings were primarily motivated by self-interest narrowly understood; (2) a permanent (and adversarial) division in society between two classes: owners and workers; and (3) the assumption that class membership was determined exclusively by birth. Capitalism in the 20th and 21st centuries has come to mean something very different. In the contemporary context utopian socialists would not be considered socialists but capitalists. Marx and Engels would have understood this.

Mill identified with the utopian socialists. What this meant, first, is that he rejected psychological hedonism and egoism. Fourier was the great exponent of the idea that the natural passions properly directed (self-interest properly understood -- Tocqueville) resulted in social harmony. Second, Mill advocated cooperatives. Mill's "socialism" is the doctrine that workers should pool their savings and borrow on the open market in order to set up cooperatives, and everyone in a cooperative should be shareholders (Silicon Valley startup?) Associations of individuals who own property, e.g., modern corporations, would be "socialistic" in Mill's sense, but not in the contemporary context. The world in which Mill lived was one in which property was largely owned by a few individuals but primarily by families. Until 1855, Parliament had proscribed all but a few limited liability joint-stock companies. I note as well that Mill anticipated Hayek in maintaining that no one could foresee the future permutations of a market economy.

Endnotes

[51.] *The Collected Works of John Stuart Mill, Volume V - Essays on Economics and Society Part II,* ed. John M. Robson, introduction by Lord Robbins (Toronto: University of Toronto Press, London: Routledge and Kegan Paul, 1967). <http://oll.libertyfund.org/titles/232#lf0223-05_head_048>.

[52.] Friedrich Engels, "Preface to the 1888 English Edition", *Manifesto of the Communist Party* (1848). Online at <https://www.marxists.org/archive/marx/works/1848/communist-manifesto/preface.htm>.

6. Richard M. Ebeling, "John Stuart Mill on Human Nature, Self-interest, and Institutional Incentives" [Posted: July 16, 2015]↩

John Stuart Mill is notorious among classical liberals for his famous distinction between the "laws" of production and the choices a society can make about the distribution of what has been produced. Production is determined by and limited to what physical laws will permit. But it is in the hands of the community, Mill argued, to determine how what has been produced is ladled out among the members of society.

This lead prominent free market-liberals, like Ludwig von Mises and F. A. Hayek, to point out that due to Mill's formulation of this distinction, as well as his numerous rationales and defenses of various interventionist welfare state-type policies in his *Principles of Political Economy* and other writings, it is justifiable to assert that Mill was one of the leading thinkers who influenced the trend away from the older "laissez-faire" liberalism to the more "social" liberalism of the modern Progressive and Social Democratic movements in America and Europe.

In a reconsideration of Mill's wider contribution to political economy, however, it is important to point out that while he may have been sympathetic to the socialist hope and ideal that human nature may be transformable into a monastic brotherhood of collective sharing and selflessness, in the context of the world in which he lived and expected for the foreseeable future, this was not the case.

He took it for granted that individuals are guided by self-interest, that they act to improve their circumstances given how they define betterment, and that people respond in predictable ways to the incentive structures of the society in which they live.

Given the reality of human nature in the social world, Mill was insistent that, "though governments or nations have the power of deciding what institutions shall exist, they cannot arbitrarily determine how those institutions shall work."[53] The effects from changing how wealth

was distributed in society were not under man's unlimited control through government edict, legislation or command. Or as he put it,

> We have here to consider, not the causes, but the consequences, of the rules according to which wealth may be distributed. . . . Human beings can control their own acts, but not the consequences of their acts either to themselves or to others. Society can subject the distribution of wealth to whatever rules it thinks best; but what practical results will flow from the operation of those rules must be discovered, like any other physical or mental truths, by observation and reasoning." [54]

He understood that the link between work and reward was strongest when the gains from effort were the property of the producer of wealth, and the resulting output might be negatively affected under prevailing human circumstances with a break in this linkage. Or has Mill expressed it, any policies or institutional changes that stood between an individual reaping the rewards of his own productive efforts tend "to make the aggregate productive powers of the community productive in a less degree than they would otherwise be." [55]

Thus, in the reality of the world in which Mill lived and evaluated the economic policies around him, he was very far from being a mindless utopian in la-la-land who believed in an infinitely malleable human nature in which social reality could be whatever the dreamer of a "better world" might desire.

Endnotes

[53.] *Principles*, p. 21. Preliminary Remarks <http://oll.libertyfund.org/titles/102#Mill_0223-02_223> .

[54.] *Principles*, p. 201. Book II: Distribution, Chap. I Property <http://oll.libertyfund.org/titles/102#Mill_0223-02_500> .

[55.] *Principles*, p. 115. Book I: Production, Chap. VII On What Depends the Degree of Productiveness of Productive Agents <http://oll.libertyfund.org/titles/102#Mill_0223-02_359>.

7. Sandra J. Peart, "Lumps of Soft Clay?" [Posted: July 16, 2015]↩

There is much to agree with in the conversation so far. I would add three nuances for us to consider. First, on the purported separation of production and distribution in Mill, I have argued elsewhere and would here maintain that Hayek and many historians of economics were rather too quick to indict Mill.[56] Nowhere in the *Principles of Political Economy* does Mill suggest that changes in distributional arrangements will have no impact on production; much of his enterprise in the *Chapters on Socialism* is in fact designed to show precisely the opposite: that while distributional rules may be changed by people in ways that production is not malleable, there will be consequences when institutions are changed.

Second, as the contributors have noted Mill was much concerned with whether human nature might change and how. We are in agreement that incentives matter. What I should like to add to the mix here is that incentives, in Mill's view, can be either monetary or accrue in another, incommensurate dimension, approbation. For Mill – and he is the last major economist who works in this tradition until the rise of experimental economics brings it back to our attention – people care about the approval of those like them (and, to a lesser degree, those far from them in social and economic space). Indeed, human nature may respond more readily and more deeply to approval than to pecuniary rewards.

Later in the century an economist whose career partially overlapped that of Mill, William Stanley Jevons, closed off any possibility of people changing. Humans, he wrote in opposition to Mill, were more like "granite rocks" than the "lumps of soft clay" Mill had proposed:

> Human nature is one of the last things which can be called "pliable." Granite rocks can be more easily moulded than the poor savages that hide among them. We are all of us full of deep springs of unconquerable character, which education may in some degree soften or develop, but can neither create nor destroy. The mind can be shaped about as much as the body; it may be starved into feebleness, or fed and exercised into vigour and fullness; but we start always with inherent hereditary powers of growth.[57]

Endnotes

[56.] See my introduction to *Hayek on Mill: The Mill-Taylor Friendship and Related Writings* [Chicago: University of Chicago Press, 2015], p. xli.

[57.] William Stanley Jevons, "John Stuart Mill's Philosophy Tested. IV. Utilitarianism," *Contemporary Review*, vol. 36 (November), pp. 521-38.

8. Steven Kates, "About Mill's 'Socialism'" [Posted: July 16, 2015]↩

First, Mill did not let the cat out of the bag that there were iron laws of production but no similar laws of distribution. Making such a common-sense distinction explicit did not invite others to nationalize industries or introduce central planning. Mill is not the father of socialism. He is amongst socialism's greatest enemies, in spite of what he might have said himself.

By insisting that there were laws of economics, Mill was explaining that there were limits to what could be done by political decree.

Economic laws are no different from the law of gravity. They provide a theoretical structure of forged steel that determine what cannot be done and guidance towards an understanding of how economic policies must be designed if they are to create wealth and prosperity.

Mill's four propositions on capital provide some of these laws. Economic growth requires increased investment. Increased investment requires increased saving. Employment cannot be increased by increasing aggregate demand. These were constraints against which policy has to be framed.

Mill was writing in the middle of the 19th century. He had never actually seen a socialist economy in existence. What is therefore remarkable is that he was as explicit as Ludwig von Mises, who had seen such things, would one day be about the impossibility of running a successful economy from the center.[58] Instead, Mill wrote, "laissez-faire, in short, should be the general practice: every departure from it, unless required by some great good, is a certain evil."

Both Richard Ebeling and Nicholas Capaldi have noted Mill's emphatic opposition to individuals voting for a living. I see Mill's "socialism" as an early advocacy of the welfare state, in which the rules of the game were designed so that individuals could become productive and to that end might be assisted by actions taken by government. He left the question of the practicalities of socialism open as a matter of trial and error but cannot, in my view, be implicated as a defender of socialism in any of the forms ever experienced since his time.

This is the crucial point: there are some actions that cannot succeed because they are contradicted by economic laws. Therefore, if they are tried, they will not achieve their aims but will, instead, cause economic conditions to become worse.

Mill is very specific about a number of such economic laws that rule out many of the policies advocated by modern Keynesian macro models. Mill gets these things right, while Keynes, along with much of modern macroeconomic theory, gets them wrong. Indeed, I go further. I argue that not only are Mill's conclusions right, so too is his reasoning. In my view, you will learn more about how to manage an economy successfully by studying Mill than from any modern-day Paul Samuelson clone.

Endnotes

[58.] See, Ludwig von Mises, *Socialism: An Economic and Sociological Analysis*, trans. J. Kahane, Foreword by F.A. Hayek (Indianapolis: Liberty Fund, 1981). <http://oll.libertyfund.org/titles/1060>.

9. Sandra J. Peart, "Mill and Experimentation" [Posted: July 16, 2015]↩

In his famous chapter on the Stationary State in his *Principles of Political Economy*,[59] Mill remarked that while present social and economic arrangements had much to recommend them in terms of generating economic growth, they still left much to be desired:

> I confess I am not charmed with the ideal of life held out by those who think that the normal state of human beings is that of struggling to get on; that the trampling, crushing, elbowing, and treading on each other's heels, which form the existing type of social life, are the most desirable lot of human kind, or anything but the disagreeable symptoms of one of the phases of industrial progress.[60]

Hence his willingness to examine additional forms of social arrangements.

In my last posting I remarked on one affinity between Mill and experimental economics: like experimental economists who have noted empirical regularities that emerge in language and other nonmonetary interactions, Mill worked in a tradition that allowed for nonmonetary incentives to influence human actions.

Here, I point to an additional affinity. Mill's economics was capacious enough to allow for actual experimentation in advance of hard and fast conclusions about the efficacy of one social arrangement over another. While, as I remarked in my last posting, Mill recognized that distributional changes would be associated with consequences for output and economic growth, the size of these consequences was as yet an empirical matter. In his *Principles of Political Economy* he concluded that while there was on balance much to recommend the system of private property that yielded so much economic growth in
19th-century England, experiments might be conducted in order to see whether other arrangements might also work. He laid out at least three conditions for these experiments. They must be adopted voluntarily by individuals who without coercion opted to try them out. They must be tried on a "moderate scale."[61] And, if they worked, they were to spread voluntarily, by example.

Endnotes

[59.] *Principles*, Book IV: Influence of the progress of Society on Production and Distribution, Chap. VI: "Of the Stationary State" <http://oll.libertyfund.org/titles/243#lf0223-03_label_893>

[60.] *Principles*, Book IV: Influence of the progress of Society on Production and Distribution, Chap. VI: "Of the Stationary State" <http://oll.libertyfund.org/titles/243#lf0223-03_label_896>

[61.] *Principles*, Book II: Distribution, Chap. I: Of Property <http://oll.libertyfund.org/titles/102#Mill_0223-02_522>. The full quote is:

> With regard to this, as to all other varieties of Socialism, the thing to be desired, and to which they have a just claim, is opportunity of trial. They are all capable of being tried on a moderate scale, and at no risk, either [214] personal or pecuniary, to

any except those who try them.

10. Nicholas Capaldi, "Utilitarianism" [Posted: July 20, 2015]↩

Broadly speaking, utilitarianism is the view that social policy can be reduced to a kind of calculation of the consequences of alternative courses of action. Just exactly what is being calculated and how one measures those anticipated consequences are themselves matters of dispute among holders of utilitarianism. The well-documented problems with utility can be summarized as follows: we cannot appeal to consequences without knowing how to rank the impact of different approaches with regard to different moral interests (liberty, equality, prosperity, security, etc.); we cannot appeal to preference satisfaction unless one already grants how one will correct preferences and compare rational versus impassioned preferences, as well as calculate the discount rate for preferences over time; appeals to disinterested observers, hypothetical choosers, or hypothetical contractors will not avail because if such decisionmakers are truly disinterested, they will choose nothing; if we choose in a particular way, we must already be fitted out with a particular moral sense or a thin theory of the good; any intuition can be met with contrary intuitions; any particular balancing of claims can be countered with a different approach to achieving a balance; in order to appeal for guidance to any account of moral rationality on must already have secured content for that moral rationality. In short, it begs every question.

Jeremy Bentham was among the first to proclaim utilitarianism, and he influenced the development of economics in the latter half of the 19th century and the 20th century. Specifically, he influenced the development of economics as an allegedly pure science. A turn to economic science seems to presume that the case for economic liberty, and its relationship to political and social liberty, no longer has to be made. And it also does two other things: it suggests that the issue of liberty can be reduced to an efficiency issue, and it hides the problem that individual liberty needs to be reconciled with community good. It suggests that equality can be reduced to a collectivist issue, and it hides the problem that community good needs to be reconciled with individual liberty. We shall not discuss Bentham, but we do want to note that Bentham was in some ways the "grandfather" of macroeconomics. A.V. Dicey was the first to point out that Bentham's system evolved into a form of collectivism, thereby crossing the boundary between libertarian and democratic socialist versions of positivism. Bentham's principle of utility could give justification to collectivism: the majority was the poor, and the society should be organized for their benefit. In his book, *Lectures on the Relation Between Law and Public Opinion in England during the Nineteenth Century* (1885), in Lecture IX, "The Debt of Collectivism to Benthamism," Dicey spells out how "the socialists of today have inherited a legislative dogma, a legislative instrument, and a legislative tendency from Benthamism."[62]

William Stanley Jevons (1835 –1882) was a Christian utilitarian who rightly observed that J.S. Mill was not a utilitarian and, worse yet, had abandoned Bentham's utilitarianism. Jevons, a mathematician and economist, devoted a large part of his carrier to arguing against Mill. He aimed to replace the influence of Mill's *Principles of Political Economy* with his own book, *A General Mathematical Theory of Political Economy* (1862).[63] It was this book that marked the advent of a purely mathematical economics.

Henry Sidgwick (1838-1900), economist and philosopher of ethics, wrote on political economy from a utilitarian perspective. Alfred Marshall, founder of the Cambridge School of economics, would describe Sidgwick as his "spiritual mother and father." It was Sidgwick who reluctantly admitted that there was no rational foundation to basic moral beliefs.

Alfred Marshall (1842-1924) did succeed in replacing Mill with his own book, *Principles of Economics* (1890) .[64] Under the influence of Jevons and Sidgwick, he too was concerned with improving the condition of the working class. The Revolutions of 1848 had focused the attention of Mill and all subsequent British economists on the plight of the working class. Just as Smith had been forced to come to terms with Rousseau, so Marshall as well as his pupil and successor Keynes would be forced to do likewise.

Following Say, J.S. Mill had assumed along with all classical economists that the great issue in economics was how to increase "the wealth of nations," that is, how to increase living standards. The answer was to increase capital. Value depended upon capital. The higher the underlying productiveness of the economy, the higher will be the level of employment for any given real wage. In short, supply creates demand. As a consequence, "What supports and employs productive labor, is the capital expended in setting it to work, and not the demand of purchasers for the produce of the labor when completed. Demand for commodities is not demand for labor." (Fourth Proposition on Capital). Jevons challenged Mill and argued that value depended upon demand. Marshall combined these two positions and concluded that in the short run, supply cannot be changed and market value depends mainly on demand. This, as we shall see, leads directly to Keynes.

Endnotes

[62.] Albert Venn Dicey, *Lectures on the Relation between Law and Public Opinion in England during the Nineteenth Century, edited and with an Introduction by Richard VandeWetering* (Indianapolis: Liberty Fund, 2008). <http://oll.libertyfund.org/titles/2119>.

[63.] William Stanley Jevons, "Notice of a General Mathematical Theory of Political Economy." *Report of the 32d meeting of the British Association for the Advancement of Science, held at Cambridge in October, 1862*. Reports of Sections, p. 158. London, 1863; and William Stanley Jevons, "Brief Account of a General Mathematical Theory of Political Economy," *Journal of the Statistical Society of London*, June 1866. Vol. xxix, pp. 282-287. London. Online at McMaster University, Archive for the History of Economic Thought <http://socserv2.socsci.mcmaster.ca/~econ/ugcm/3ll3/jevons/mathem.txt>.

[64.] On Marshall see <https://en.wikipedia.org/wiki/Alfred_Marshall> and <https://en.wikipedia.org/wiki/Principles_of_Economics_(Marshall)>. Alfred Marshall, *Principles of Economics* (London: Macmillan and Co. 8th ed. 1920). <http://oll.libertyfund.org/titles/1676>.

11. Sandra J. Peart, "The Jevons Turn" [Posted: July 20, 2015]↩

Steve Kates makes a strong case that we can learn more about sound economic policy from J. S. Mill than from J. M. Keynes. In one of my previous posts I mentioned a key intermediary figure, W. S. Jevons, and here I wish to return to him. This is because I think there is some important "filling in" to do in the narrative that traces economic views of policy from the mid-19th century through the mid-20th. I point here to two key intermediate steps: the late 19th-century turn away from laissez faire and the rise of new welfare economics in the early half of the 20th century.

Jevons as Intermediary

While William Stanley Jevons is often regarded as one of the three key pioneers of the marginal utility revolution, he was also heavily involved in policy analysis. His *The State in Relation to Labour* (1882) and the posthumously published *Methods of Social Reform* (New York: Kelley Reprint, 1965 [1883]) are replete with calls for government intervention to help the laboring poor and to "fix" their ongoing mistakes.[65] Jevons, like other early neoclassical economists, believed that the laboring poor were hopelessly myopic.[66] In his *Theory of Political Economy* (1871) he wrote about a "being of perfect good sense and foresight" whose consumption decisions and only whose consumption decisions followed his utility maximizing prescriptions; all others, without intervention to induce increased saving, violated his equilibrium prescriptions.[67] Thus, Jevons and his contemporaries paved the way for economists to depart from Mill's presumption that people were the best judges of their own interests and instead to propose ways to make people adhere to economic rationality.

The Rise of New Welfare Economics

A second development that also intersects with Keynesian-style policy analysis is the rise of new welfare economics. Here, in a nutshell economists gained warrant to sketch out apparent welfare-enhancing policies that depended on the possible compensation of losers by winners. Such an exercise represented a significant departure from the style of economic analysis that flourished up until the mid-19th century in which actual compensation was presumed. Classical economists thought about policy reform in the context of actual exchange among equals.

All of this is to suggest that economists in the mid-20th century assumed a more capacious role for direction, for specifying how people ought to behave, and for making suggestions as to how to achieve overall goals of economic growth and well-being. Perhaps one beneficial result of the financial crisis of 2008 and its aftermath is that at least some economists and the public at large have begun to reevaluate the basis on which claims to authoritative knowledge about how to direct the economy were based.

Endnotes

[65.] William Stanley Jevons, *The State in Relation to Labour* (London: Macmillan, 1882); and *Methods of Social Reform* (New York: Kelley Reprint, 1965 [1883]) online <http://oll.libertyfund.org/titles/316>.

[66.] See Sandra J. Peart, "Irrationality and Intertemporal Choice in Early Neoclassical Economics," *Canadian Journal of Economics* 33 (1), 2003, 175-89.

[67.] William Stanley Jevons, *The Theory of Political Economy*, [London: Macmillan, 1871; fourth edition 1911], p. 72. Online 1888 3rd ed. <http://oll.libertyfund.org/titles/625>.

12. Nicholas Capaldi, "Regarding Keynes" [Posted: July 20, 2015]↩

In the lecture *The End of Laissez Faire* (1926),[68] Keynes acknowledged not only the major philosophical shortcoming of utilitarianism but also that there could never be a satisfactory utilitarian response to the Rousseauian critique: "private and social interest do not coincide".[69] Even more important, in *The General Theory of Employment, Interest and Money* (1936), Keynes changed the focus of economics largely because of an "arbitrary and inequitable distribution of wealth and income." The focus is now on short-run employment creation rather than long-run wealth creation as the central aim of economic policy. The causes of economic growth are at best an afterthought,

Keynes argued that it was aggregate demand which determined economic activity. Inadequate aggregate demand leads to high unemployment. In order to moderate the "boom and bust" cycles of economic activity, and to achieve full employment, government regulation of the demand side of the economy was needed. For the market to reach its full potential (telos equilibrium), we need full employment. Because of price stickiness (workers often refuse to lower their wage demands), government needed to adjust aggregate demand and aggregate supply. One way in which government could stimulate demand in times of high unemployment was by spending on public works. Public works were not a form of redistribution; they were intrinsically valuable, indirect means to the creation of wealth, and a temporary measure for exceptional circumstances like the Great Depression. He did not advocate government spending financed by borrowing but insisted upon balanced budgets.

Keynes also had his version of "perpetual peace." If market economies can be managed successfully on the domestic level, then the same could be true internationally (e.g, a coordinated international monetary system). He advocated and worked tirelessly in the postwar period for a global market economy rather than the prevailing mercantilism. As Galbraith was later to comment (2002): "During the decades that happen to coincide with the rise of neoliberal ideology, with the breakdown of national sovereignties, and with the end of Keynesian policies in the global debt crisis of the early 1980s, inequality rose worldwide."[70]

Was Keynes a supporter of Lockean liberty or a Rousseauian egalitarian? In his own mind he was undoubtedly a Lockean. He was firmly committed to the Technological Project; he thought he was repairing the market economy based on his understanding of the relationship between demand and supply; he believed in limited government (opposing social democracy in favor of management by an intellectually and morally qualified elite); and he advocated world peace. The role of the state is not ownership of the means of production but management of investment (not production but distribution with the expectation that this would lead to full production); he supported the rule of law; and he most certainly presumed the sanctity of individual autonomy. To the extent that he acknowledged the social problem, his response was no different in kind from that of Smith or perhaps Mill – amelioration and evolution not revolution.

The success of the Technological Project had also encouraged the Enlightenment Project view that there could be a social technology. The latter was premised on the view that every effect had a cause, and therefore all human action is caused, including what we "mistakenly" think are free choices of the will. This was a problem with which Mill wrestled throughout his lifetime, but he came down on the side of believing in free will. Individuals were ultimately responsible for the choices they made.

Nevertheless, there was a gradual transition from the early 19th-century view that poverty was a moral problem involving individual responsibility (Mill and Charles Booth) to the 20th-century view, via the Fabians, that the poverty problem is really a social problem about the equality of the working class. Whereas early 19th-century Protestants had emphasized the difference between the "deserving" poor and the "undeserving" poor, in a post-Fabian world of neoclassical economics the poor were victims requiring social policies of reform. When one adds to this the traditional Christian commitment to solicitude for the poor, one can see the irresistible attraction to Christian utilitarianism. This greatly weakens faith in and commitment to individual freedom in the social, political, and economic realms.

Keynes and his immediate predecessors (as well as his successors) were unwilling to give full allegiance to individual autonomy. And in a world in which professionals prided themselves on being "scientific" and wanted economics to be a science, it was easier to acquiesce in a covert acceptance of determinism and not worry about the philosophical conundrums. Hayek, on the other hand, did not shy away from the equally difficult task of defending the freedom of the will in his philosophical works. Nevertheless, in his economic works, Hayek was content to focus on the incoherence and danger of social planning. Of course, Hayek will demolish Keynes. But it is important to identify the origins of the problem, and those origins do not include Mill.

Endnotes

[68.] John Maynard Keynes, *The end of laissez-faire* (Hogarth Press, 1926). This essay was based on the Sidney Ball Lecture given by Keynes at Oxford in November 1924 and on a lecture given by him at the University of Berlin in June, 1926. Online <http://www.panarchy.org/keynes/laissezfaire.1926.html>. Also see, *The Collected Writings of John Maynard Keynes. Volume 9, Essays in Persuasion* (Royal Economic Society, 1978), pp. 272-294.

[69.] See also, John Maynard Keynes, "Am I a Liberal?" (1925) in *The Collected Writings of John Maynard Keynes. Volume 9, Essays in Persuasion*, pp. 295-306.

[70.] James K. Galbraith, "A perfect crime: Inequality in the age of globalization," *Daedalus*, 131 (1) (Winter 2002).

13. Richard M. Ebeling, "John Stuart Mill on Slavery, Humanity, and the War Between the States" [Posted: July 24, 2015]↩

It should, perhaps, not be too surprising that as an advocate of equal rights for women[71] and a defender of individual liberty against the tyrannies of either minorities or majorities, John Stuart Mill was, equally, a demander for the end to human slavery and its accompanying attitudes concerning associative relationships.

Demanding Justice Against Unjust Government Acts

Even more so, he insisted on justice and humane treatment for all, regardless of whether they were black or white.[72] Thus, he participated in the famous "Jamaica Committee" of 1866, which demanded that those British political authorities responsible in 1865 for violently suppressing and killing black Jamaicans (including unarmed men, women and children) who were accused of participation in or sympathy for rebellion against the British crown, be placed on trial for murder. (Such well-known classical liberals of the day as John Bright, Herbert Spencer, and A. V. Dicey, and such other notables as Charles Darwin and Thomas Huxley joined him in this demand.)[73]

Mill praised "the great national revolt of the conscience of this country against slavery and the slave-trade," and those who participated in the antislavery movement in Great Britain, "who determined not to rest until the iniquity was extirpated: who made the destruction of it as much the business and the end of their lives." In Mill's opinion, "the persons who formed and executed it deserved to be numbered among those, not numerous in any age, who have led noble lives according to their lights, and laid on mankind a debt of permanent gratitude."[74]

At the same time, he heaped ridicule and contempt on those who presumed that Africans were inherently inferior to whites in terms of work habits and responsiveness to incentives, thus requiring a special white master and black servant relationship (in the face of the end to formal slavery) to assure that blacks in the British West Indies would be appropriately laboring and "productive."[75]

Southern Secession and Anti-Slavery Morality

When Mill turned his gaze to the conflict in America between the northern and southern states in two essays in 1862, he showed the same

sympathies.[76] The first of the two essays is an appeal to the highest values of a belief in freedom and human dignity among the British people to not allow resentments, angers, and disapproval of various aspects in the American character, plus recent political disputes between the British and Union governments, to result in formal recognition or international support to the southern Confederate government.

At least strict neutrality should be the hallmark of British political policy so as to not tilt the balance in favor of a southern victory. But Mill was strident that morally the attitude should be to wish to see the defeat of the southern rebellion, for that was the only position "which becomes a people who are as sincere enemies of slavery as the English really are, and [who] have made as great sacrifices to put an end to it where they could."[77]

In Mill's eyes, the southern secession had little or nothing to do with free trade versus protectionism or the use of tariff revenues collected from southern states for "internal improvements" advancing the development of the northern or western states.[78]

It was pure and simply the preservation of a slave culture and slave society in the South from the loss of access in the "territories" not yet organized as states within the union to slave expansion, and a fear that if new states were admitted to the union over time as "free" states, it would mean the death knoll to slave-state influence and "balance" in the two Houses of Congress over time.

Secession Unjustified When Meant to Enslave Some

"Secession," Mill said, "may be laudable, and so may any other kind of insurrection, but it may also be an enormous crime" when its purpose is the preservation of holding a portion of their population in perpetual bondage. If secession was meant to be an expression of the will of the people, "Have the slaves been consulted? Has *their* will been counted as any part in the estimate of collective volition? They are are a part of the population. . . . Remember, *we* consider them to be human beings, entitled to human rights."[79] And he was greatly pleased when at last "at the expense of the best blood of the Free States, but to their immeasurable elevation in mental and moral worth, the curse of slavery has been cast out from the great American republic. . . ."[80]

For Mill, eliminating the scourge of slavery as a moral blight on humanity, far more than its economic disadvantages in that in general slave labor is less productive than free labor, is what justified his ethical support for the northern cause even when it involved abuses and overreaches beyond the actual powers assigned the Union government under the U.S. Constitution.

Whether such unconstitutional precedents in the name of Union victory might involve longer term consequences in terms of centralization of power at the expense of other liberties and restraints on political power were issues not included in the horizon of Mill's discussion.[81]

Endnotes

[71.] Editor: I have listed all of Mill's and Taylor's writings on women from the *Collected Works* at this page <http://oll.libertyfund.org/pages/mill-and-taylor-on-women>.

[72.] John Stuart Mill, "Jamaica Committee: Public Documents (1866, 1868)" in in *The Collected Works of John Stuart Mill*, Vol. XXI (Toronto: Toronto University Press, 1984), p. 423: The Committee's "aim, besides upholding the obligation of justice and humanity towards all races beneath the Queen's sway, is to vindicate, by an appeal to judicial authority, the great legal and constitutional principles which have been violated in the late proceedings, and deserted by the Government."

[73.] See the excellent account of this episode by Bernard Semmel, *Democracy vs. Empire* (New York: Anchor Doubleday, 1962).

[74.] John Stuart Mill, "The Negro Questions" [1850] in *The Collected Works of John Stuart Mill*, Vol. XXI, p. 88.

[75.] Ibid., pp. 89-93; there was no "doctrine more damnable than one" that asserted that "one kind of human beings are born servants to another kind." A doctrine that tells the Negro: "You will have to be servants . . . to those who are born wiser than you, that are born lords of you – servants to the whites. . . ." If blacks seemed to lack certain social and economic qualities and characteristics observable in British whites, Mill suggested that the reasons are far more due to slavery, denial of education and development of those qualities and characteristics most likely to be developed when men are allowed to be free and responsible individuals, than anything inherent and different in the makeup of the blacks compared to whites.

[76.] John Stuart Mill, "The Contest in America" [February 1862] and "The Slave Power" [October 1862] in *The Collected Works of John Stuart Mill*, Vol. XXI, pp. 127-42 & 145-64. The latter essay was a detailed and highly complimentary review of John E. Cairnes, *The Slave Power: Its Character, Career and Probable Designs* (New York: Augustus M. Kelley [1862; 2d revised ed., 1863] 1968); Cairnes dedicated the book to John Stuart Mill. See also the concise summary of his own argument in John E. Cairnes, "The Revolution in America" [1862] in *Political Essays* (New York: Augustus M. Kelley [1873] 1867) pp. 59-108.

[77.] Mill, "The Contest in America," pp. 128-29.

[78.] Mill, "The Slave Power, " p. 146.

[79.] Mill, "The Contest in America," pp. 137-138.

[80.] John Stuart Mill, *Principles of Political Economy, with Some of Their Applications to Social Philosophy* (Fairfield, NJ: Augustus M. Kelley, [1909] 1976). Pp. 254-55. Book II: Distribution, Chap. V: Of Slavery <http://oll.libertyfund.org/titles/102#lf0223-02_footnote_nt_1020_ref>

[81.] See Jeffrey Rogers Hummel, *Emancipating Slaves, Enslaving Free Men: A History of the American Civil War* (New York: Open Court,

1996).

14. Steven Kates, "Without Value Adding at its Core Economic Theory is Lost" [Posted: July 24, 2015]↩

My frustration has continually been that I cannot seem to convey Mill's vision in a way that others can understand.

He and the classics did not look at some part of the economy, they looked at all of it all the time all at once. Classical economics is almost all macro with only a touch of micro thrown in where needed. And they looked at the economy in real terms and brought the monetary side into the discussion only at the end.

An economy in the classical literature is the entire national workshop, all of it, all conceived at one and the same moment. Saving was that part of the whole that was devoted to producing capital goods for future productive use. Saving was investment. It could never be anything else.

No one in the interior could know which they were working on themselves. If someone was in the oil industry, they could not know whether what was being produced would end up in the hands of a consumer out for a Sunday drive, or in the hands of a manufacturer producing inputs into some other industry. But they could tell that they were trying to build up the economy's capital stock, which was what mattered most of all.

Moreover, the way it was looked at was as an economy in motion. There was no equilibrium moment where everything comes to a conceptual halt in some static framework. The economy as conceived was continuously changing and shifting, but also, if things were left to the market, advancing, creating a greater capacity to produce more output. If you read the classics, they are describing the economy we are all familiar with even to this day. Their writings are about economic growth and how to achieve it. They are about raising living standards and creating jobs. It is about actual people doing actual things. It is what you wish modern economics would teach but doesn't.

A distinction we no longer make is between productive and unproductive labor. This is a notion we economists now deride since we seem to confuse value adding with utility, something no classical economist did. But productive labor – that is productive effort – in comparison with unproductive labor is the distinction between value-adding and nonvalue-adding activity. It is the distinction that is essential in Mill and the classics generally, perfectly explained in Adam Smith. Let me take you to the opening of Book II, Chapter III of *The Wealth of Nations*, which should be read in full. There may be more good sense in this chapter than in all the Keynesian-clone textbooks put together. This is from 1776. Where will you find its equal today?

> There is one sort of labour which adds to the value of the subject upon which it is bestowed: there is another which has no such effect. The former, as it produces a value, may be called productive; the latter, unproductive labour. Thus the labour of a manufacturer adds, generally, to the value of the materials which he works upon, that of his own maintenance, and of his master's profit. The labour of a menial servant, on the contrary, adds to the value of nothing.[82]

Modern economics thinks of the menial servant in the identical fashion as someone who is working on building an oil rig in the middle of the ocean. Each is just one more employed person earning an income that they can then spend. When we look at Y=C+I+G, we are looking only at final production and completely ignore the hinterland. We never ask, as Smith or Mill did, what the labor was actually producing, nor do we look at an economy's stock of existing capital assets or whether they are being increased.

I have tried to show my own division in the production possibility diagram in my first post. All economic activities draw down on our existing productivity. Some, however, more than replace what has been taken away, and it is these that allow an economy to move forward.

Productive and unproductive labor, as antique as it might sound, brought the imperative that economic activity in total had to be value-adding to the center of economic theory if it was to create growth and employment. It is the existence of the stock of capital and its increase that allows labor to be employed and real incomes to rise, not the increase in aggregate demand that comes only at the end.

Endnotes

[82.] Adam Smith, *The Wealth of Nations*, Book II, Chapter III: "Of the Accumulation of Capital, or of Productive and Unproductive Labour" in *An Inquiry into the Nature and Causes of the Wealth of Nations by Adam Smith, edited with an Introduction, Notes, Marginal Summary and an Enlarged Index by Edwin Cannan* (London: Methuen, 1904). Vol. 1.

15. Steven Kates, "Seeing the Economy as Seen by Mill" [Posted: July 24, 2015]↩

A question I ask in class is whether a country with 10 percent growth last year has a higher standard of living than a country with 2 percent growth last year. They are all perfectly aware that the growth rate tells them nothing about living standards but cannot explain why. They cannot even tell you what was 10 percent higher.

This is the vision that has been lost: the ability to see the whole economy at once, not just what has been newly produced. What is missing most of all is an explicit discussion of entrepreneurs guided by the price system producing for the market, with the profit motive ensuring value-adding activity is as high as it can possibly be.

The core aim of economic activity, so far as classical economists were concerned, was to add to the stock of productive assets and in this way to allow the economy to expand. Mistakes could be made. But the importance of profitable activity, if an enterprise was to continue absorbing the economy's stock of capital assets and labour, was that the enterprise was continuously doing its best to use the resources at its command to produce higher levels of output that could be sold for prices higher than it had paid for its inputs.

After this, but only after this, one could look at the effect of money, which can, and often does, distort the entire process, providing false clues about where profitable activities might lie. The financial system is far from infallible, but provides an essential service in getting productive resources from those who do not wish to purchase to the full extent what their incomes will allow, and putting those resources into the hands of those who wish to purchase more than their incomes will allow.

Government spending in this vision is one more impediment to economic growth. Government for the most part is unproductive in the classical sense. Government spending almost invariably draws down on community productivity and seldom adds to it. The Keynesian belief that spending of itself drives the economy is an idea so fantastic to a classical economist that it would have been beyond belief that any such notion had ever entered into the collective heads of the profession.

The marginal revolution, with Jevons leading the way as others have noted, shifted the focus from the supply side to the demand side. There was still an appreciation of the structure of production, but it was overlaid with marginal utility as the guiding force in an economy. Jevons and many of his successors were so keen to improve the lives of the poor that they pushed redistribution to the front of the queue in thinking about the nature of economies and pushed the supply side into the background. Keynes would complete the process.

There may have been no economist, before or since, who wanted to do more for the poor and lowly paid than John Stuart Mill. But he wished to do it in the only way it has ever been possible, by deepening and broadening the capital structure of an economy. Anyone who believes that our living standards have been raised because of demand-side pressures has no idea how an economy works. It is the supply side that is all that matters, and it is only there that both wealth and jobs can and will be created.

Demand for commodities is not demand for labor. Entrepreneurial activity, driven by the search for profitable activities, is how both wealth and jobs are created. You will not find this stated in virtually any modern mainstream economics text. You can still find it elsewhere, but the best place to see it explained in full, even now, is in Mill's *Principles of Political Economy*, first published though it was in the revolutionary year of 1848.

16. Steven Kates, "Mill's Defence of Say's Law and Refutation of Keynes" [Posted: July 27, 2015]↩

It has frequently been stated that Mill provided his best defense of Say's Law in his 1844 essay, "Of the Influence of Production on Consumption,"[83] when the reality is that it is much more powerfully and comprehensively stated in his *Principles*. The arguments are, however, spread over a number of sections of the book, but Mill's train of thought can be traced easily enough. His main discussion is found in Book III Chapter XIV, "Of Excess of Supply." He begins his explanation on the impossibility of demand deficiency across an economy – that is, the impossibility of a general glut – by noting it is a conception so absurd that he feels almost inadequate to state it in a way that those who support it will accept. And please recall that he is discussing what amounts to the whole of Keynesian macro:

> The doctrine appears to me to involve so much inconsistency in its very conception, that I feel considerable difficulty in giving any statement of it which shall be at once clear, and satisfactory to its supporters.[84]

Nevertheless, he develops the two possible arguments to show why demand deficiency is an absurdity. He looks first at whether demand deficiency might occur because incomes are not passed onto those who have helped produce so that there is not enough purchasing power to maintain demand. Then secondly – the Keynesian case – he looks at the argument that purchasing power is passed on as part of the production process, but where those who receive these incomes choose to save rather than spend. I commend the entire chapter to you as a fully satisfying and self-contained argument in and of itself. But in this note, I wish to widen the scope of where to look in the rest of the book to complete what Mill was trying to explain. And the best way I can think to do this is to follow the two footnotes in this chapter, which direct the reader to other parts of the book where the ideas expressed in this chapter are further developed.

In the first of the passages with a footnote reference, Mill points out that he had broached the subject earlier but could not fully explain everything that needed to be said until more had been discussed:

> Because this phenomenon of over-supply, and consequent inconvenience or loss to the producer or dealer, may exist in the case of any one commodity whatever, many persons, including some distinguished political economists, have thought that it may exist with regard to all commodities; that there may be a general over-production of wealth; a supply of commodities in the aggregate, surpassing the demand; and a consequent depressed condition of all classes of producers. Against this doctrine, of which Mr. Malthus and Dr. Chalmers in this country, and M. de Sismondi on the Continent, were the chief apostles, I have already contended in the First Book;**[FN1*]** but it was not possible, in that stage of our inquiry, to enter into a complete examination of an error (as I conceive) essentially grounded on a misunderstanding of the phenomena of Value and Price.[85]

The footnote [FN1*] reads, "Supra, pp. 66-8" (in the online Liberty Fund edition) which brings you to the discussion on the first of his Four Fundamental Propositions on Capital.[86] Indeed, all four propositions are relevant and round out the argument, culminating in the fourth, which reads, "demand for commodities is not demand for labour." The chapter on "Of Excess of Supply" argues that demand deficiency does not cause recession, while the referenced chapter on capital explicitly states that you cannot increase employee numbers by increasing aggregate demand.

There is then a second passage in the chapter "Of Excess of Supply," which also contains a footnote reference:

> This important feature in the economical progress of nations will receive full consideration and discussion in the succeeding Book.**[FN2*] . . . .** The true interpretation of the modern or present state of industrial economy is that there is hardly any amount of business which may not be done, if people will be content to do it on small profits. . . . Low profits, however, are a different thing from **deficiency of demand**." [87] [My bolding.]

The footnote [FN2] forwards the reader to Book IV, Chapter IV that deals with the question of low profitability. And there we find a passage that ought to have blown up right from the start Keynes's contention that an acceptance of Say's Law means one denies the possibility of involuntary unemployment. This is Mill describing, as accurately as anyone ever has, the devastation in the labor market caused by recession:

> Establishments are shut up, or kept working without any profit, **hands are discharged**, and numbers of persons in all ranks, **being deprived of their income**, and thrown for support on their savings, **find themselves**, after the crisis has passed away, **in a condition of more or less impoverishment**.[88] [My bolding.]

Bear in mind that not only does this passage exist, but the reader had been directed to it from a passage in which Mill had been explaining Say's Law! Say's Law was, of course, according to Keynes, the reason classical economists denied the very possibility of involuntary unemployment.

Reading the three sections of the *Principles* together we find Mill arguing:

1. recessions do occur and when they do the effect on the labor market is prolonged and devastating;
2. recessions are not caused by oversaving and demand deficiency;
3. recessions cannot be brought to an end by trying to increase aggregate demand.

That is as complete a rejection of Keynesian economics as one is likely to find, and it was stated in 1848. These propositions and their supporting arguments were with near unanimity accepted by the entire mainstream of the economics profession through until the publication of *The General Theory* in 1936. Since then they have almost entirely disappeared resulting in a loss in our ability to understand the nature of recessions or what needs to be done to bring recessions to a timely end.

Endnotes

[83.] "Of the Influence of Consumption on Production," *Essays on Some Unsettled Questions of Political Economy* (1844) in *The Collected Works of John Stuart Mill, Volume IV - Essays on Economics and Society Part I, ed. John M. Robson, Introduction by Lord Robbins* (Toronto: University of Toronto Press, London: Routledge and Kegan Paul, 1967). <http://oll.libertyfund.org/titles/244#lf0223-04_head_059>.

[84.] *The Collected Works of John Stuart Mill*, Vol. III, *Principles of Political Economy*, Part II, Book III: Exchange, Chap. XIV. Of Excess of Supply <http://oll.libertyfund.org/titles/243#lf0223-03_label_379>.

[85.] ibid.

[86.] Specifically, *Principles of Political Economy*, Book I: Production, Chap. V: Fundamental Propositions Respecting Capital, § 2. Industry is limited by Capital, but does not always come up to that limit <http://oll.libertyfund.org/titles/102#lf0223-02_label_793>

[87.] *Principles of Political Economy*, Book IV: Influence of the Progress of Society on Production and Distribution, Chap. IV: Of the Tendency of Profits to a Minimum <http://oll.libertyfund.org/titles/243#lf0223-03_label_820>.

[88.] *Principles of Political Economy,* Book IV: Influence of the Progress of Society on Production and Distribution, Chap. IV: Of the Tendency of Profits to a Minimum, § 5. Profits are prevented from reaching the minimum by commercial revulsions <http://oll.libertyfund.org/titles/243#Mill_0223-03_580>.

17. Richard M. Ebeling, "Private Property: the Missing Link in John Stuart Mill's Defense of Liberty" [Posted: July 27, 2015]↩

John Stuart Mill's 1859 essay "On Liberty" is one of the most enduring and powerful defenses of individual freedom ever penned.[89] In the broadest sense, Mill defines the range of a person's right to unrestrained liberty over his own choices as extending to that point at which his actions would infringe upon and violate the equal rights of other people to their freedom.

But one of the weakest point in Mill's defense of individual liberty is his failure to clearly align his case for human freedom with the right to private property and its use in all ways that do not violate the comparable individual rights of others.

Mill's Three Forms of Tyranny

Mill argued that there were, historically, three forms of tyranny that have endangered liberty through the ages. The oldest was the tyranny of the one or the few over the many. The one or the few determined how others might live and what they might say and do and, therefore, in

what forms their human potential would be allowed to develop.

The newer form of tyranny, Mill said, was the rule of the many over the one. The revolt against the tyranny of the one or the few resulted in the growing idea that the people should rule themselves. Since the people, surely, could not tyrannize themselves, the unrestrained will of the people became the ideal of those who advocated unlimited democracy.

Mill also said that there was a third source of tyranny over the individual in society, and this was the tyranny of custom and tradition. Mill argued with great passion that societal customs and traditions could, indeed, very often be the worst tyranny of all. They were binding rules on conduct and belief that owed their force not to coercion but to their being the shared ideas of the right and proper held by the vast majority in the society.

Private property and the Free Market

What Mill does not give emphasis to or fully appreciate in his essay "On Liberty" is that what enables an individual to follow his own path even in the face of strong customs and traditions is the institution of private property and the free and voluntary relationships of the market economy.

Private property gives an individual ownership and control of a portion of the means of production through which he may then choose how and for what purposes he will live his life. In his home and on his property, in the free society, he can design his life to fit his values, ideals, and desires. What the customs of others consider eccentric can be lived as the norm and the normal on his own private property.

The advantage of the market economy is that an individual can choose how and in what form he will find his niche in the division of labor and the system of voluntary exchange to acquire those things that will enable him to fulfill his own vision of the good life and its purposes.

This will not come without a cost. To earn the income that permits him, as a consumer, to buy the things that will enable him to live, perhaps, an unconventional life may require him to work as a producer at tasks he finds irksome or unattractive.

On the other hand, he can choose to earn a living doing something he enjoys more, but then he may have to forgo the higher income that he could have earned if he had produced and supplied something that potential customers might have valued more highly.

Market Anonymity and Individual Liberty

The market economy also offers the individual a degree of anonymity that helps shield and guard him from prying eyes and the imposed values of others.

Rarely do the consumers of multitudes of market-supplied goods and services know or care about the values, beliefs, or lifestyles of those in the production processes who participate in bringing demanded commodities to the buying public.

A person can earn a living making a product to finance his personal vision of the good life, even when many of the buyers of his product would, perhaps, radically disapprove of the way he leads his life with the income he has earned serving their wants.

It is precisely this type of freedom that private property in the market economy makes possible to all its participants that arouses the disapproval and anger of those who resent the ability of some to flout the customs and traditions believed in and practiced by many if not most of the other members of society.

The danger to liberty arises when those who resent breaches of tradition cry for the use of government power to be used to impose obedience to custom. Only then does the tyranny of custom, as understood by Mill, become the coercion of the many over the few. Only then is freedom denied, indeed suffocated, by politically enforced conformity.

Endnotes

[89.] John Stuart Mill, "On Liberty" [1859] in *The Collected Works of John Stuart Mill, Volume XVIII - Essays on Politics and Society Part I*, ed. John M. Robson, Introduction by Alexander Brady (Toronto: University of Toronto Press, London: Routledge and Kegan Paul, 1977), pp. 213-310. Online: <http://oll.libertyfund.org/titles/233#lf0223-18_head_051>.

18. Nicholas Capaldi, "A Response to Ebeling on Harm" [Posted: July 28, 2015]↩

Mill concedes in *On Liberty* that the defense of private property (and the market economy in general) rests on somewhat different grounds.

Why?

Liberty in one's personal life (as opposed to the market) is sacrosanct as long as it does not harm others. Mill thinks there are cases where no one is harmed. If it harms others, then the proponents of interference must show (the onus is on them) that the interference itself does less harm. We are innocent until proven guilty.

Competition in the market economy inevitably creates short-term losers. The interests of other people are always involved. There is always harm in some sense. Here we must always show that the good consequences of a free market usually (90% of the time) outweigh the bad

consequences. The onus is on the defenders of private property.

19. Richard Ebeling, "Individual Rights vs. Social Utility: A Reply to Capaldi on "Harm"" [Posted: July 29, 2015]↩

John Stuart Mill's essay "On Liberty," like his other writings on social philosophy and economic policy, is grounded in his own modified version of utilitarianism.

He made very clear that he would "forego any advantage which could be derived to my argument from the idea of abstract right, as a thing independent of utility. I regard utility as the ultimate appeal on all ethical questions."[90] (Mill makes clear in the next sentence that he means what today is often called "rule" and not "act" utilitarianism.)

It is the same premise from which he reasons in his *Principles of Political Economy*, and leads him to insist that it is "society" that decides how what has been produced shall be distributed among the members.[91]

"Social Utility" Makes the Individual a Slave to the Collective

The individual shall be allowed to keep and/or have apportioned to him what the social collective decides to considered his. The individual is a material slave to the community of which he is a member.

In, "On Liberty," Mill truly expresses a deep and sincere belief that the individual should be absolutely free in thought, speech, and action as he chooses without molestation, as long as it does not involve harm to another.

And he reasons that individuals should be respected in this autonomy because of its social benefits to the society as a whole from free, open, and even highly unconventional thinking, living and acting.

The Ambiguities in the Notion of "Harm" to Society

But what is "harm" to another or to "society" as a whole, such that it would represent or reflect the limits to any individual's unmolested freedom of action?

Dr. Capaldi says,

> Competition in the market economy inevitably creates short-term losers. The interests of other people are always involved. There is always harm in some sense. Here we must always show that the good consequences of a free market usually (90% of the time) outweigh the bad consequences.

If I have been a meat eater and now discover the supposed ethical as well as the presumed nutritional benefit from becoming a vegetarian, my change in consumer demands brings "harm" to the butcher and the beef suppliers who, now, lose my business and see their profits diminish.

Suppose I live in a small community and my decreased demand for meat results in a one-third loss in the butcher's business and is sufficient to drive the butcher, given his costs of doing business, into bankruptcy.

On the other hand, since many consumers buy vegetables, the net gain in the grocer's business due to my new vegetarian diet is a mere 1 percent increase in his business and revenues.

On what basis can we calculate and say that the "harm" to the butcher and the beef ranchers is more or less than the "gain" to the green grocer and the fruit and vegetable farmers? And if the "harm" to the butcher and the cattle ranchers is found to be greater than the benefit to the grocer and the farmers, what is to be done?

Am I to be forced to continue paying for meat that I no longer want to eat so the butcher's and the ranchers' relative income positions are not negatively affected? Or are the grocer and the farmers to be taxed and have part of their additional revenues redistributed to the butcher and cattlemen to cushion the impact of my change in relative demand preferences?

The fact is that as long as people live in social interactions rather than in self-sufficient isolation there is little that any one of us may do that might not have, or cannot be interpreted as having, a "negative" or "positive" effect on one or more others.

Herbert Spencer pointed out the insolubility of this train of reasoning when he said that if we argue "a man is not at liberty . . . to do what may give unhappiness [negative social utility] to his neighbors, we find ourselves involved in complicated estimates of pleasures and pains, to the obvious peril of our conclusions."[92]

It is why, I would suggest, that several more modern proponents of classical liberalism have returned to some new variation of the "natural rights" tradition: precisely because it grounds its reasoning in the idea that rights (personal or property) are not gifts, choices, or permissions from the societal collective, but belong to the individual by nature, reason, or a higher source.

"Harm" to others through our individual actions is, often, in this alternative tradition, more clearly delineated as uses of force and fraud. This gives far less "space" for the wriggling room that permits expansions of government intrusions into the personal, social, and economic

affairs of the members of any society by speaking of noncoercive "harms" that have far fewer objectively definable meanings.

One final observation, if I may. Grounding our idea of individual liberty on the basis of either "natural rights" or "social utility" can greatly affect how men view their place in society. As the great French liberal Benjamin Constant expressed it:

> Say to a man: you have a right not to be put to death or arbitrarily plundered. You will give him quite another feeling of security and protection than you will by telling him: It is not useful for you to be put to death or arbitrarily plundered. . . . In speaking of right, you present an idea independent of any calculation. In speaking of utility, you seem to invite that the whole question be put in doubt, by subjecting it to a new verification."[93]

Endnotes

[90.] John Stuart Mill, "On Liberty" [1859] in *Collected Writings of John Stuart Mill*, Vol. VIII (Toronto: University of Toronto Press, 1977), p. 224. Online <http://oll.libertyfund.org/titles/233>.

[91.] John Stuart Mill, *Principles of Political Economy, with Some of Their Applications to Social Philosophy* (Fairfield, NJ: Augustus M. Kelley [1909] 1976), pp. 200-01.

[92.] Herbert Spencer, *Social Statics: The Conditions Essential to Human Happiness Specified, and the First of Them Developed* (New York: Robert Schalkenbach Foundation [1851] 1970), p. 73. Online edition: Herbert Spencer, *Social Statics: or, The Conditions essential to Happiness specified, and the First of them Developed*, (London: John Chapman, 1851). <http://oll.libertyfund.org/titles/273>.

[93.] Benjamin Constant, *Principles of Politics Applicable to a all Governments*, trans. Dennis O'Keeffe, ed. Etienne Hofmann, Introduction by Nicholas Capaldi (Indianapolis: Liberty Fund, 2003), p. 41. <http://oll.libertyfund.org/titles/861>.

20. Steven Kates, "Mill and the Marginal Revolution" [Posted: July 29, 2015]↩

This is the question posed:

> There seems to be an elephant in the room that no one has talked about, namely the marginal revolution of the 1870s. I would like to know to what extent does this revolution in understanding make some of JSM's economic views old fashioned, out of date, and beside the point?

The marginal revolution vastly changed the nature of economic theory, but not necessarily for the better. Most importantly, perhaps, it turned economics from a study of the national economy into a study of individual decisionmaking. It thus took economics from its original macro orientation – the wealth of nations – and turned it into a study of incremental changes at the micro level. The macro aspects of economic theory didn't disappear, but were relegated to the then-less-important and mainly secondary study of the theory of the cycle. Static equilibrium became the standard approach rather than the dynamic disequilibrium that was embedded within classical theory.

Second, the marginal revolution took economics from a study of the supply side and shaped it into a study that began, and for the most part remained, on the demand side. Marginal utility became the core which sought to explain how an individual's demands were prioritized. The supply side of the economy was then seen to conform to the structure of demand in an almost passive way. The Keynesian Revolution would complete the process by taking even the theory of the cycle from the supply side to the demand side. The marginal propensity to consume sounded much like the economics that was already common currency, even though an individualistic concept was being applied to the entire body of consumers.

Third, classical economics was conducted in words and concepts. The marginal revolution introduced not only elements which could never be observed (marginal utility), but was readymade for the mathematization of economic discourse. As Blaug pointed out, "the dominant role of the concept of substitution at the margin in the new economics accounts for the sudden appearance of explicitly mathematical reasoning."[94] It was all very well for Marshall to have left the math to the appendix. But no one familiar with modern theory would be unaware the extent to which mathematics (and the use of diagrams) now dominate. A modern economist could only with difficulty read Blaug, never mind Mill.

Lastly, let me touch on Mill's theory of value. I can see how Mill's discussion will seem hopeless to anyone brought up on modern economics. But the question he asked was different from the one we typically try to answer today, which is how do goods and services end up with a particular price. He asked what caused the prices of two goods to be different from each other. Why do you have to pay more for a Ferrari than a Ford? More than that, while we analyze supply and demand in terms of price, Mill used "value" on what we would now think of as the vertical axis. By thinking in terms of value rather than price, he was emphasizing that production in a market economy involved the determination of relative prices and was focused on exchange. By using the more anodyne "money price" on the vertical axis instead of value, we push to the background that something must be given up to get something else.

Mill is unquestionably "old fashioned," but his understanding is far from "out of date and beside the point." What he is, however, is unreadable. I, on the other hand, take enormous pleasure in reading Mill (in the same way and for the same reason that I enjoy Mises and Hayek) because he discusses an economy that is visible everywhere I go. I can hardly imagine a day when what he wrote will have been transcended and have become genuinely out of date. Much of what he writes is no longer of concern. His examples are so long-winded that it can drive you crazy unravelling what he has in mind. But we are also talking here about the man with the 19th century's highest IQ[95] who also suffered under the most extraordinarily rigorous education regime ever imposed on anyone.

I am an imperfect vehicle to explain what Mill meant, but then again so was he. His ideas were profound but also humane. In the political realm, his *On Liberty* and *On Utilitarianism* remain at the heart of our civilization. It is regrettable in my view that the same cannot be said about his economics as well.

Endnotes

[94.] Mark Blaug, *Economic Theory in Retrospect*. 2nd ed. (Homewood, Ill.: R. D. Irwin, 1968), p. 300.

[95.]"Estimated IQs of the Greatest Geniuses of the 15th-19th Centuries,"
From Catharine Morris Cox, *The Early Mental Traits of Three Hundred Geniuses* (Stanford University Press, 1926). At Assessment Psychology Online <http://www.assessmentpsychology.com/genius.htm>.

21. Nicholas Capaldi, "On Natural Rights and Harm" [Posted: July 31, 2015]↩

Ebeling is correct that there is no utilitarian calculation that can provide us with definitive answers. Mill would agree and was not a utilitarian. That is why it is always necessary to restate the case for liberty.

Ebeling's appeal to "natural" rights is useless (nobody can agree on this metaphysics) and dangerous (it turns into unlimited "human" rights).

Mill is not ambiguous on the meaning of "harm." The "harm" that trumps all others is denying individuals the opportunity to decide for themselves.

Freedom trumps efficiency (philosophical point), and, as a matter of fact, enhances efficiency (inductive-historical argument that keeps us in business).

22. Steven Kates, "Mill vs. Keynes on Aggregate Demand" [Posted: July 31, 2015]↩

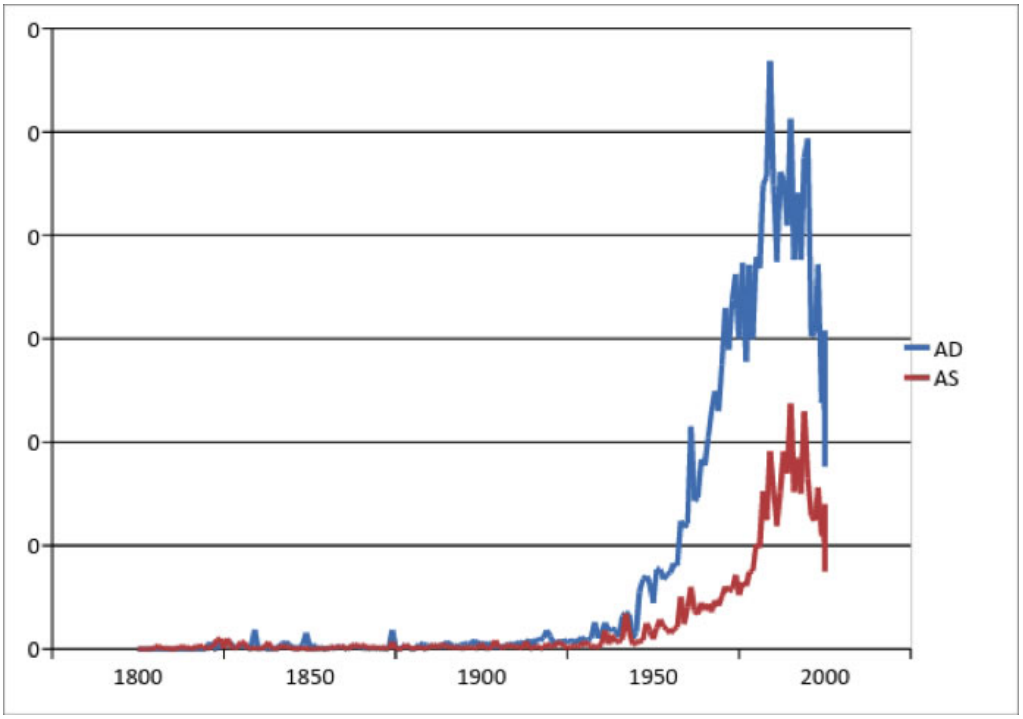
I came across Mill by accident in 1982 and was immediately convinced. I read his four fundamental propositions on capital and from that moment was no longer a Keynesian. There may be other paths to seeing the deadly flaws in modern macro, but that was mine. It is from Mill that I have derived these three conclusions:

1. Recessions do occur and when they do, the effect on the labor market is prolonged and devastating.
2. Recessions are not caused by oversaving and demand deficiency.
3. Recessions cannot be brought to an end by trying to increase aggregate demand.

It is also a much debated question just what was revolutionary about the Keynesian Revolution. Laughably, it is now frequently said that Keynes introduced the notion of sticky wages. Apparently, Keynes's contribution has been reduced to an argument that the adjustment process out of recession might be hampered by the failure of wages to adjust quickly enough.

It is the diagram below on the frequency of use of the terms "aggregate demand" and "aggregate supply" that shows exactly the way in which *The General Theory* changed the study of economics and the business cycle.

The Frequency of Use of the Terms Aggregate Demand and Aggregate Supply
From 1800 to 2007



Before 1936, neither the terms, nor the underlying concepts, “aggregate demand” and “aggregate supply” had any presence within mainstream economic theory. An economist was seen as a crank even to mention any such thing – see the fate of J.A. Hobson for an instructive example.[96]

Now, at the first sign of recession, the immediate place anyone looks to for a solution is the level of aggregate demand, with policies designed to raise aggregate demand to restore full employment.

If you think variations in aggregate demand are the cause recessions, or that increases in public spending will hasten recovery, you are a Keynesian. And the sad fact is that Keynesian theory remains the near-universal belief within the mainstream of the profession, even though on every occasion Keynesian policies have been applied, including the stimulus post-Global Financial Crisis, they have miserably failed.

It is Keynesian economics that is out of date. Even though you can find aggregate demand in almost every introductory textbook in the world, as well as in virtually every macro course you might care to name, it really is time we put Keynesian theory into that famous dustbin of history. Keynesian economics has created damage everywhere it has been applied, and it is time we rid ourselves of its presence.

Endnotes

[96.] See for example, John Atkinson Hobson, *The Evolution of Modern Capitalism: A Study of Machine Production. New and revised edition*. (London: Walter Scott Publishing Co., 1906):

> "On the contrary, if we apply a similarly graduated fall of prices to two different classes of goods, we shall observe a widely different effect in the stimulation of consumption. A reduction of fifty per cent. in the price of one class of manufactured goods may treble or quadruple the consumption, while the same reduction in another class may increase the consumption by only twenty per cent. In the former case it is probable that the ultimate effect of the machinery which has produced the fall in expenses of production and in prices will be a considerable increase in the aggregate demand for labour, while in the latter case there will be a net displacement. It is therefore impossible to argue à priori that the ultimate effect of a particular introduction of machinery must be an increased demand for labour, and that the labour displaced by the machinery will be directly or indirectly absorbed in forwarding the increased production caused by machinery." p. 320.

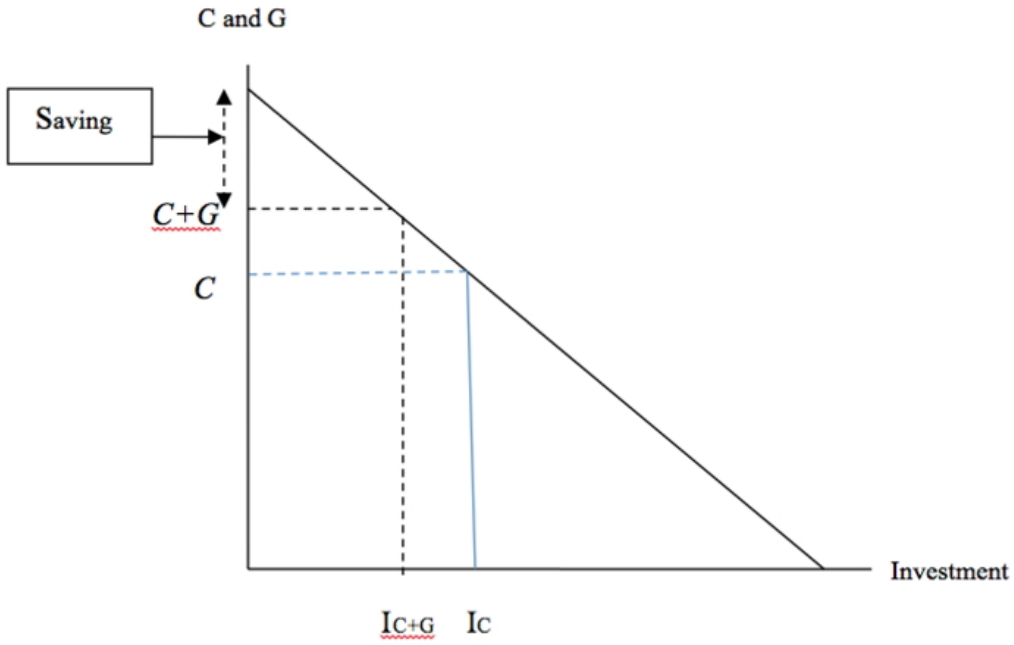
23. Steven Kates, "Summing Up on the Economics of John Stuart Mill" [Posted: August 1, 2015]↩

This will be my last attempt to explain my understanding of the economics of John Stuart Mill as part of this symposium. In doing so, let me say how grateful I am to the three other participants in this forum who have brought their own understanding of Mill to the table in a way that others will hopefully see how much there is to learn, not only from Mill but from pre-Keynesian economics in general. I would also wish to thank John Barkley Rosser, who from an opposite perspective took on the issues raised, which allowed us to have the most intense but for me enlightening discussion on the Coordination Problem website.[97] But mostly, I owe endless gratitude to Liberty Fund – David Hart and Sheldon Richman in particular – for allowing me this opportunity.

Let me summarize what I have been trying to explain.

And let me again put to use a production possibility curve, whose construction and conception I explained in the first of these articles. In the diagram, the interior of the production possibility curve represents the entire economy. The vertical axis shows forms of output whose production draws down on the resource base with no attempt made to replace what has been drawn down. These are described as "C and G," which consist of forms of consumer demand and most forms of government spending. Their production uses up resources, but what is produced is not intended to contribute to production at some future date. Resources are drawn down, products are consumed or services rendered. But when all of the production is completed, the economy is less capable of producing for the future since resources have been used up during the production process, while nothing has been created to replace what has been used up.

Production Possibility Curve – Consumption, Government Spending and Investment



The horizontal axis represents all forms of drawing down on the economy's resource base directed towards producing forms of output intended to add to the economy's productive base. There is **IC**, which is the level of investment that would take place if there were only consumer demand. **IC+G** is an even lower level of investment spending, because here both consumers and governments deplete the economy's resource base to satisfy their demands.

The level of saving is the proportion of the total economy that is available for maintaining the capital base as well as for new capital investment. The difference between total potential output, where the production possibility curve touches the vertical axis, and the total of consumption and government spending (C+G), is made up of the consumer goods and government services that could have been produced but were not. Saving is the productive potential left over after the economy's resources have been used to produce goods and services bought by consumers and governments.

In a classical model, saving can occur only because of the consumer and government goods and services that could have been produced but were not. The goods and services that were not produced and purchased for current usage permitted a proportion of the economy's existing resources to be used to maintain and extend the capital base. That saving consists of the massive proportion of the economy's resource base that is used to build capital, roughly represented by the triangle at the top of the production possibility curve. Saving does not occur only out of current production as in a typical macro model.

Consumption to a classical economist literally meant using resources up. When Mill or Adam Smith discuss unproductive consumption, they are describing the using up of resources in ways that do not improve the future flow of output. Productive consumption, on the other hand, is the use of resources in ways that do improve the future flow of goods and services. Such consumption will include labor time, electricity consumed, machine hours taken up and everything else that was used up during their production. They were consumed in the process and are now gone. The actual workers, and much of the machinery, are still in existence, but their time and use has disappeared into whatever particular activities they were engaged in.

For myself, I find this approach clarifying, clear, and the proper basis for sound policy. Here are some of the insights highlighted by this approach bearing

1. while the ultimate aim of all economic activity is to create consumer goods and services, to do so requires a vast hinterland of productive inputs which constitute overwhelmingly the largest part of the economy;
2. resources are used up irrespective of whether or not what is produced is intended to be consumed in the present or to be used to increase the future flow of output;
3. in a stationary economy value created is equal to the value used up;
4. economic growth occurs when more value is created than is used up;
5. economic activities which do not at least replace the value that has been used up cause the economy to contract;

6. productive investments take time, often requiring many years before the requisite outlays are repaid in an addition to the economy's flow of goods and services;
7. productive investments are almost invariably based on entrepreneurial judgement;
8. unproductive activity in the classical sense draws down on existing resources in creating utility but leaves nothing in return that can contribute to future rates of growth;
9. the level of productive investment cannot be increased by increasing the level of unproductive public spending – an economy cannot be made to grow by wasting its resources;
10. recessions are caused by distortions in the structure of production which occur within the interior of the production possibility curve, that is, within the interior of the economy;
11. recessions may also be caused by attempts to produce more than the economy is capable of producing, leading to unexpected input shortages, bottlenecks, and increased costs;
12. the most frequent but not the only cause of the distortions that lead to recession are disorders that occur within the monetary and financial system;
13. a Keynesian stimulus will not only never work, it will make things worse since it will almost invariably divert resources from productive uses to unproductive;
14. even worse, a Keynesian stimulus, working as it almost invariably does on the unproductive side of the economy, will create commercial pathways within the economy (a structure of production) which cause resources to be used in ways that are difficult to reverse without further economic disruption;
15. national saving is made up of resources, not money;
16. national saving is the use of resources to improve the underlying productivity of the economy;
17. thinking of saving only as money amounts will make a sound grasp of the underlying realities impossible;
18. recessions are never caused by decisions to save – both the owners of capital and the owners of labor are always keen to have the resources they own earning an income;
19. allowing resources to find their best uses through adjustments in relative prices must be the single most important element of policy, not only during recessions but in every phase of the cycle;
20. unemployed resources need time to find their most productive uses, which is as true for unemployed capital as it is for unemployed labor;
21. there are various policies governments may adopt to hasten the adjustment process during recessions, which may even include small increases in public spending;
22. business tax cuts and commercial interest-rate reductions are likely to be a useful positive approach in dealing with recession;
23. the one policy governments should never adopt is to attempt to end a recession by replacing private-sector expenditure with public expenditure;
24. there is no such thing as a multiplier process;
25. there is no such thing as a general glut.

Endnotes

[97.] "Mill > Keynes, so says Steven Kates", posted by Peter Boettke on July 06, 2015 on *Coordination Problem* <http://www.coordinationproblem.org/2015/07/mill-keynes-so-says-steven-kates.html>.

24. Sandra J. Peart, "Mill on Reform and Compensation" [Posted: August 1, 2015]↩

Professor Ebeling has provided ample evidence of Mill's antislavery position, including his role as speaker for the Jamaica Commission, which sought to punish Governor Eyre for his harsh treatment of former slaves in the Jamaican uprising. More information can be found in "The Secret History of the Dismal Science." Part III: "The Governor Eyre Controversy".[98] The Judy cartoon posted previously, with the portrait of Eyre hanging behind Mill dressed as a woman, makes clear that Mill's role against Eyre was well known at the time!

It is worth noting that Mill's vision of reform is one which takes the status quo seriously, in a way that economists trained in the Kaldor-Hicks tradition rarely recognize.[99] For Mill, movement away from even a status quo that is immoral will require a trade, compensation. This was true no less for slavery than it was for other less radical reforms. Thus in his *Political Economy* Mill wrote:

> Whether the object [of reform] be education; a more efficient and accessible administration of justice, reforms of any kind, which, like the Slave Emancipation, require compensation to individual interests; every one of these things implies considerable expense, and many of them have again and again been prevented by the reluctance which, though ... the cost would be repaid, often a hundredfold, in more pecuniary advantage to the community generally.[100]

For Mill and for the politicians who worked out the elaborate trade for emancipation, it was necessary and indeed fitting that former slave owners would be compensated by an agreed-upon sugar tariff. For Mill's opponents, including Thomas Carlyle, it would be better to continue with slavery than to have British taxpayers pay for its abolition.

In contrast to the tradition of actual compensation, with the coming of new welfare economics, reforms could be pronounced efficient on the grounds that a compensation making all parties better off could be imagined; a reform for which compensation might be imagined to increase total happiness was said to be Kaldor-Hicks efficient. Such a change in economic analysis placed the economist in the role of advising policymakers on the basis of apparently expert knowledge about total welfare and the allotments that would accrue to various people.

References

[98.] David M. Levy and Sandra J. Peart, "The Secret History of the Dismal Science. Part III. The Governor Eyre Controversy," Econlib June 4, 2001. <http://www.econlib.org/library/Columns/LevyPeartdismal3.html>.

[99.] See, Kaldor, Nicholas. 1939. “Welfare Propositions of Economics and Interpersonal Comparisons of Utility,” *Economic Journal* 49: 549-52; and Hicks, John R. 1939. “The Foundations of Welfare Economics,” *Economic Journal* 49: 696-712.

[100.] J.S. Mill, *Principles of Political Economy*, p. 866. Book V: On the Influence of Government, Chap. VI: Comparison between direct and indirect taxation, <http://oll.libertyfund.org/titles/243#lf0223-03_label_1314>.

25. Sandra J. Peart, "The Jevonian Revolution in Economics" [Posted: August 1, 2015]↩

Professor Kates has emphatically and repeatedly shown us how Mill and his contemporaries viewed the world, seeing it whole, constantly in motion, changing and shifting. Rightly so. Two questions arise: First, what happened -- why isn’t this how economists regard the world today, and does it matter? And second, does Mill have anything to teach us today?

The first of these is perhaps easier to answer than the second, and I’ll set the second aside for another comment. Of course, *much* happened as economists moved from the mid- to the late-19th century, but one might point especially to two profound changes that were sustained well into the 20th century. From a focus on motion, change, and (I would add) complexity, economists such as William Stanley Jevons specified a simpler sort of analysis, one in which conditions for equilibrium were laid out for consumers and producers. The future of economics, Jevons wrote, depended on getting the equilibrium conditions specified first. Violations of equilibrium conditions did not call into question the operation of economic laws. Jevons wrote:

> In practice, no market ever long fulfills the theoretical conditions of equilibrium, because, from the various accidents of life and business, there are sure to be people every day compelled to sell, or having sudden inducements to buy. There is nearly always, again, the influence of prospective supply or demand, depending upon the political intelligence of the moment. Speculation complicates the action of the laws of supply and demand in a high degree, but does not in the least degree arrest their action or alter their nature. We shall never have a Science of Economics unless we learn to discern the operation of law even among the most perplexing complications and apparent interruptions.[101]

While a full perusal of Jevons’s economics demonstrates that he by no means believed the world to be static or consumers and producers to be in a static equilibrium, he and his contemporaries wished to provide the mathematical description for equilibrium before turning to the harder problems of complexity and change. The simpler problems took over the analysis, and the harder problems took a back seat and became secondary. Equilibrium analysis prevailed. Kates remarks that Jevons shifted the analysis to demand. I agree, but I would add that he also and perhaps more significantly shifted our analysis to the study of equilibrium conditions.

I also return to a point that I made in a previous post. Among the significant developments late in the century, I would point to a decline in the belief that, left to their own resources, people will become self-reliant and, even more, improve their lot in life. While economists from Smith through Mill were convinced that the way forward was one of improvement, late in the century economists such as Jevons and Marshall, and then 20th-century Progressives such as Irving Fisher and A. C. Pigou became increasingly convinced that people needed to be told how to improve themselves.

Endnotes

[101.] Jevons, *Theory of Political Economy*, 1871, p. 111. Online version 3rd. ed.: William Stanley Jevons, *The Theory of Political Economy* (London: Macmillan, 1888) 3rd ed. <http://oll.libertyfund.org/titles/625#Jevons_0237_257>.

26. Sandra J. Peart, "The Relevance of J. S. Mill" [Posted: August 1, 2015]↩

Perhaps more than any economist of his achievements, Mill’s stature in the profession has been underplayed. (George Stigler’s account is, however, an exception, as Stigler clearly demonstrated Mill’s originality and continued relevance.[102]) The question I posed in my last post, and one that Steve Kates asks us to consider, is what is there to learn from Mill? Kates has offered a number of answers to this: the emphasis on supply, on technological improvement, on improvement of any sort. To his insights I would add that Mill would have us focus on complexity. More than this, Mill urges us to be humble. He reminds us that complexity implies unpredictability for the scientist. If the world is as complex and shifting as Mill maintains it is, then it is enormously difficult for a scientist accurately to predict the effects of wide-scale reform.[103] For this reason reform must be agreed upon in a sometimes long and protracted discussion that may well entail compensation for those who lose as a result of the change. More than this, experimentation on a small scale becomes an essential tool for reform – the scientist observes what people actually do and in so doing gains confidence that x will work in situation y. Since situations often differ significantly, the scientist must then examine whether y’ is close enough to y for x to work. If this is an accurate characterization of Mill’s method, he was a very different sort of economist from those who teach in graduate programs or offer up policy advice today.

Endnotes

[102.] George Stigler, "The Nature and Role of Originality in Scientific Progress," *Economica* n.s., 22 (November 1955), pp. 293-302.

[103.] Samuel Hollander and Sandra J. Peart, "John Stuart Mill's Method in Principle and in Practice: A Review of the Evidence," *Journal of the History of Economic Thought* 21 (December 1999), pp. 369-97.

27. Richard M. Ebeling, "J. S. Mill, John E. Cairnes, and the Meaning of Aggregate Demand and Supply" [Posted: August 2, 2015]↩

Dr. Kates is certainly correct when he observes in his comment on, "Mill vs. Keynes on Aggregate Demand," that "Before 1936, neither the terms, nor the underlying concepts, 'aggregate demand 'and 'aggregate supply' had any presence within mainstream economic theory."

Yet the terms were not totally alien to economic discourse, and in one case was explained in a way that was consistent with and not antagonistic to the logic of Mill's explanation of Say's "Law of Markets."

This was in a chapter in John E. Cairnes's, *Some Leading Principles of Political Economy, Newly Expounded* (1874), in a chapter devoted to clarifying some aspects of the theory of "Supply and Demand."[104]

Cairnes (1823-1875) had been a professor of political economy at Queen's College, Galway, the University of Dublin, and at University College, London. He was well known for his detailed analysis of the gold discoveries in Australia in the 1850s, and their impact on world prices in terms of a "micro-economic" explanation of the nonneutral manner in the resulting inflationary process worked its way out around the globe in a time-sequential pattern.[105]

Cairnes argued:

> The fundamental truth to be seized in connection with Supply and Demand . . . is that, conceived as aggregates, as each comprising all the facts of that kind occurring in a given community, Supply and Demand are not independent phenomena, of which either may indefinitely increase or decrease irrespective of the other, but phenomena strictly connected and mutually dependent; so strictly connected and interdependent that (excluding temporary effects and contemplating them as permanent and normal facts) neither can increase nor decrease without necessitating and implying a corresponding increase or diminution of the other. Aggregate demand can not increase or diminish without entailing a corresponding increase or diminution of aggregate supply; nor can aggregate supply undergo a change without involving a corresponding change in aggregate demand.[106]

Cairnes asks us to first conceive of circumstances under barter exchange. Once there is division of labor, the supplying of any product the production of which has been specialized in represents a demand for other commodities against which it might be traded, since there is no other way what is demanded may be obtained other than by offering so other good in exchange for it.

Once a medium of exchange – money – is introduced into the exchange process, trade becomes a transaction between seemingly two distinct sides of the market: the offering of an object representing "general purchasing power" for specific commodities ("Demand") and the offering of specific commodities for the object representing "general purchasing power" ("Supply").

> And if we add up all that is offered on both sides of the market, aggregate Demand or aggregate Supply thus become possible ideas . . . Demand, as the desire for commodities or services seeking its end by an offer of general purchasing power; and Supply, as the desire for general purchasing power, seeking its end by an offer of specific commodities or services.[107]

As two distinct sides of the market, Cairnes says, it may seem that they can change independently of each other – a decrease or increase in Aggregate Demand separate from Aggregate Supply, and a decrease or increase in Aggregate Supply separate from Aggregate Demand.

However, assuming no increase (or decrease) in the quantity of money through which market transactions are undertaken, the only way there can be an increase in "aggregate demand" in terms of general purchasing power offered for desired commodities is first having been an increased "aggregate supply" offered for units of "general purchasing power" (money).

Or as Cairnes says:

> It is true, where we have a medium of exchange, we can form the conception of general Demand as distinct from general Supply. . . . But in point of truth and fact the two things are not separable. Purchasing power, in the last resort, owes its existence to the production of a commodity, and, the conditions of industry being given, can only be increased by increasing the quantity of commodities offered for sale; that is to say, [aggregate] Demand can only be increased by increasing [aggregate] Supply. . . . This, I repeat, is fundamental in the theory of exchange; and all assumptions to the contrary must be regarded as baseless and absurd.[108]

And, likewise, if there is a decrease in the offering of goods or services in exchange for units of money ("general purchasing power"), this reciprocally decreases demand in the economy. "If a given group of laborers and capitalists produce less . . . they have, as an aggregate, less to offer for sale," Cairnes reasoned, "and the diminution of general Supply would be exactly balanced by a corresponding diminution of general Demand."[109]

However, what can happen, and in a world of constant change will happen, is supply and demand for particular commodities being out of balance at the specific price at which the good may be bought and sold at a moment of time. The "normal" process in such situations, Cairnes argued, was for any respective excess demand or excess supply in a particular market to bring about a change in that good's price in

the required direction to, over time, bring that market back into balance.

If there were to be a series of "excess supplies" for particular commodities at the given market prices, there could be appear to be an excess of "aggregate supply" over "aggregate demand." But this would be only the case in that the prices of those goods in excess supply had not, yet, been lowered sufficiently to earn the "general purchasing power" (money income) that would enable the suppliers of goods in excess amount to demand more of the goods they desire on the "aggregate demand" side of the market.[110]

And, finally, a long-run increase in "aggregate demand" can only come from a long-run growth in aggregate supply, which, in turn, can only result from the necessary accumulation of capital through savings and investment to expand production, increase the productivity of labor, and bringing about a rise in the wages of labor.[111]

Thus, in this very, very brief summary of John E. Cairnes's argument we find a complementary analysis to part of John Stuart Mill's exposition (though in the form, in places in *Some Leading Principles*, of an immanent criticism of some of Mill's reasoning in his *Principles of Political Economy*) with an explicit use of Aggregate Demand and Aggregate Supply concepts, but with implications and conclusions very different than John Maynard Keynes's 60 years later.

Endnotes

[104.] John E. Cairnes, *Some Leading Principles of Political Economy, Newly Expounded* (New York: Augustus M. Kelley [1874] 1967), Chapter II, "Supply and Demand," pp. 22-42.

[105.] John E. Cairnes, *Essays on Political Economy* (New York: Augustus M. Kelley [1873] 1965), pp. 1-165. Cairnes was also recognized as a major contributor to economic methodology in the late 19th century with his book *The Character and Logical Method of Political Economy* (New York: Augustus M. Kelley [1875; 2d ed. 1888] 1965). Online version: John Elliot Cairnes, *The Character and Logical Method of Political Economy* (London: Macmillan, 1875 2nd ed). <http://oll.libertyfund.org/titles/282>.

[106.] Cairnes, *Some Leading Principles of Political Economy*, p. 23.

[107.] Ibid., p. 25

[108.] Ibid., p. 31.

[109.] Ibid., p. 33; also, p. 36: "Thus, as I have shown, it is impossible for the general demand of a community to increase or diminish save through a corresponding increase or diminution of the general supply of commodities in that community."

[110.] Ibid., pp. 38-41.

[111.] Ibid., pp. 194-200.

ADDITIONAL READING

Online Resources

Works by J.S. Mill (1806-1873) </people/john-stuart-mill>.

John Stuart Mill, *Collected Works of John Stuart Mill*, ed. J.M. Robson (Toronto: University of Toronto Press, London: Routledge and Kegan Paul, 1963-1991), 33 vols. </titles/165>.

- The detailed Table of Contents of the 32 vol. *Complete Works* </pages/mill-collected-works-table-of-contents>

Groups:

- 19th Century Utilitarians </groups/23>
- The Classical School of Political Economy </groups/40>
- The Philosophical Radicals </groups/149>

Essays on JS Mill </pages/mill-j-s> - including the scholarly introductions to the University of Toronto edition.

Timeline: The Life of John Stuart Mill (1806-1873) </pages/timeline-the-life-of-john-stuart-mill-1806-1873>

A Bibliographical Essay by John Gray, "John Stuart Mill: Traditional and Revisionist Interpretations". </pages/mill-a-bibliographical-essay-by-john-gray>. Also at </titles/1291#lf0353-06_1979v2_head_004>. This essay first appeared in the journal *Literature of Liberty: A Review of Contemporary Liberal Thought* , vol. 2, no. 2 April-June 1979 published by the Cato Institute (1978-1979) and the Institute for Humane Studies (1980-1982) under the editorial direction of Leonard P. Liggio.

Works Mentioned in the Discussion

John Stuart Mill

Mill, John Stuart [1843] 1967. *A System of Logic Ratiocinative and Inductive: Being a Connected View of the Principles of Evidence and the Methods of Scientific Investigation*. 8th ed. London: Longmans, Green and Co.

Mill, John Stuart [1871] 1921. *Principles of Political Economy with Some of Their Applications to Social Philosophy*. 7th ed. Edited with an introduction by Sir W.J. Ashley. London: Longmans, Green, and Co.

John Stuart Mill, *Essays on Some Unsettled Questions in Political Economy* (Clifton, NJ: Augustus M. Kelley [1844] 1974).

- “Of the Influence of Consumption on Production,” pp. 47-74.

John Stuart Mill, *Collected Works of John Stuart Mill,* ed. J.M. Robson (Toronto: University of Toronto Press, London: Routledge and Kegan Paul, 1963-1991), 33 vols. </titles/165>

- The combined Table of Contents <http://oll.libertyfund.org/pages/mill-collected-works-table-of-contents>
- *Volume I – Autobiography and Literary Essays [1824*], ed. John M. Robson and Jack Stillinger, introduction by Lord Robbins (Toronto: University of Toronto Press, London: Routledge and Kegan Paul, 1981). </titles/242>
- *The Principles of Political Economy*: Books I-II: *Volume II - The Principles of Political Economy with Some of Their Applications to Social Philosophy (Books I-II)*, ed. John M. Robson, introduction by V.W. Bladen. </titles/102>
- *The Principles of Political Economy*: Books III-V and Appendices: *Volume III - The Principles of Political Economy with Some of Their Applications to Social Philosophy (Books III-V and Appendices)*. </titles/243>
- *A System of Logic*: Books I-III: *Volume VII - A System of Logic Ratiocinative and Inductive, Being a Connected View of the Principles of Evidence and the Methods of Scientific Investigation (Books I-III)*, ed. John M. Robson, Introduction by R.F. McRae. </titles/246>
- *A System of Logic*: Books IV-VI and Appendices: *The Collected Works of John Stuart Mill, Volume VIII*. </titles/247>
- *Volume IV - Essays on Economics and Society Part I*, ed. John M. Robson, Introduction by Lord Robbins. </titles/244>
  - "Of the Influence of Consumption on Production" in *Essays on Some Unsettled Questions in Political Economy* (1844) <http://oll.libertyfund.org/titles/244#lf0223-04_head_059>
- *Volume V - Essays on Economics and Society Part II*, ed. John M. Robson, introduction by Lord Robbins. </titles/232>
- "On Liberty" in *Volume XVIII - Essays on Politics and Society Part I*, ed. John M. Robson, Introduction by Alexander Brady <http://oll.libertyfund.org/titles/233#lf0223-18_head_051>
- *Considerations on Representative Government* (1861) in *Volume XIX - Essays on Politics and Society Part II*, ed. John M. Robson, Introduction by Alexander Brady <http://oll.libertyfund.org/titles/234#lf0223-19_head_008>
- "Chapters on Socialism" (1879) in *Volume V - Essays on Economics and Society Part II,* ed. John M. Robson, introduction by Lord Robbins <http://oll.libertyfund.org/titles/232#lf0223-05_head_048>.
- Mill and Taylor on Women <http://oll.libertyfund.org/pages/mill-and-taylor-on-women>.
- *Volume XXI - Essays on Equality, Law, and Education* <http://oll.libertyfund.org/titles/255>
  - Appendix E. "Jamaica Committee: Public Documents (1866, 1868) <http://oll.libertyfund.org/titles/255#lf0223-21_head_088>
  - “The Negro Question" [1850] <http://oll.libertyfund.org/titles/255#lf0223-21_head_031>

- "The Contest in America" [February 1862] <http://oll.libertyfund.org/titles/255#lf0223-21_head_043>
- "The Slave Power" [October 1862] <http://oll.libertyfund.org/titles/255#lf0223-21_head_046>

Others

Assessment Psychology Online: "Estimated IQs of the Greatest Geniuses of the 15th-19th Centuries,"
From Catharine Morris Cox, *The Early Mental Traits of Three Hundred Geniuses* (Stanford University Press, 1926). At Assessment Psychology Online <http://www.assessmentpsychology.com/genius.htm>.

Mark Blaug, *Economic Theory in Retrospect*. 2nd ed. (Homewood, Ill.: R. D. Irwin, 1968).

[Boettke], "Mill > Keynes, so says Steven Kates", posted by Peter Boettke on July 06, 2015 on *Coordination Problem* <http://www.coordinationproblem.org/2015/07/mill-keynes-so-says-steven-kates.html>.

John E. Cairnes, *The Slave Power: Its Character, Career and Probable Designs* (New York: Augustus M. Kelley [1862; 2d revised ed., 1863] 1968).

John E. Cairnes, *Some Leading Principles of Political Economy, Newly Expounded* (New York: Augustus M. Kelley [1874] 1967).

John E. Cairnes, "The Revolution in America" [1862] in *Political Essays* (New York: Augustus M. Kelley [1873] 1867) pp. 59-108.

John E. Cairnes, *Essays on Political Economy* (New York: Augustus M. Kelley [1873] 1965).

John Elliot Cairnes, *The Character and Logical Method of Political Economy* (London: Macmillan, 1875 2nd ed). <http://oll.libertyfund.org/titles/282>.

Bruce Caldwell, "Hayek on Mill," *History of Political Economy* (Dec. 2008) pp. 689-704.

Benjamin Constant, *Principles of Politics Applicable to a all Governments*, trans. Dennis O'Keeffe, ed. Etienne Hofmann, Introduction by Nicholas Capaldi (Indianapolis: Liberty Fund, 2003). <http://oll.libertyfund.org/titles/861>.

Albert Venn Dicey, *Lectures on the Relation between Law and Public Opinion in England during the Nineteenth Century, edited and with an Introduction by Richard VandeWetering* (Indianapolis: Liberty Fund, 2008). <http://oll.libertyfund.org/titles/2119>.

Ebeling, Richard. 2015. "Assessing Böhm-Bawerk's Contribution to Economics after a Hundred Years" Liberty Fund, *Liberty Matters online discussion* (April 2015) </pages/lm-bawerk>.

Friedrich Engels, "Preface to the 1888 English Edition", *Manifesto of the Communist Party* (1848). Online at <https://www.marxists.org/archive/marx/works/1848/communist-manifesto/preface.htm>.

James K. Galbraith, "A perfect crime: Inequality in the age of globalization," *Daedalus*, 131 (1) (Winter 2002).

Gottfried Haberler, *Prosperity and Depression: A Theoretical Analysis of Cyclical Movements. Third Edition enlarged by Part III* (Lake Success, New York: United Nations, 1946). 1st ed. 1937. reprint of 1943 ed. Available online at the Mises Institute <https://mises.org/system/tdf/Prosperity%20and%20Depression_5.pdf?file=1&type=document>.

Hayek on Mill: The Mill-Taylor Friendship and Related Writings, edited by Sandra J. Peart. Volume 16 of *The Collected Works of F. A. Hayek*, Bruce J. Caldwell, General Editor (Chicago: University of Chicago Press, 2015).

F. A. Hayek, "Liberalism" [1973] in *New Studies in Philosophy, Politics, Economics and the History of Ideas* (Chicago: University of Chicago Press, 1978), pp. 129-130.

Hicks, John R. 1939. "The Foundations of Welfare Economics," *Economic Journal* 49: 696-712..

John Atkinson Hobson, *The Evolution of Modern Capitalism: A Study of Machine Production. New and revised edition*. (London: Walter Scott Publishing Co., 1906).

Samuel Hollander, *The Economics of David Ricardo* (Toronto: University of Toronto Press, 1979).

Samuel Hollander and Sandra J. Peart, "John Stuart Mill's Method in Principle and in Practice: A Review of the Evidence," *Journal of the History of Economic Thought* 21 (December 1999), pp. 369-97.

Jeffrey Rogers Hummel, *Emancipating Slaves, Enslaving Free Men: A History of the American Civil War* (New York: Open Court, 1996).

William Stanley Jevons, "John Stuart Mill's Philosophy Tested. IV. Utilitarianism," *Contemporary Review*, vol. 36 (November), pp. 521-38.

William Stanley Jevons, "Notice of a General Mathematical Theory of Political Economy." *Report of the 32d meeting of the British Association for the Advancement of Science, held at Cambridge in October, 1862*. Reports of Sections, p. 158. London, 1863.

William Stanley Jevons, "Brief Account of a General Mathematical Theory of Political Economy," *Journal of the Statistical Society of*

London, June 1866. Vol. xxix, pp. 282-287. London. Online at McMaster University, Archive for the History of Economic Thought <http://socserv2.socsci.mcmaster.ca/~econ/ugcm/3ll3/jevons/mathem.txt>.

William Stanley Jevons, *The State in Relation to Labour* (London: Macmillan, 1882); and *Methods of Social Reform* (New York: Kelley Reprint, 1965 [1883]) online <http://oll.libertyfund.org/titles/316>.

William Stanley Jevons, *The Theory of Political Economy*, [London: Macmillan, 1871; fourth edition 1911], p. 72. Online 1888 3rd ed. <http://oll.libertyfund.org/titles/625>.

Kaldor, Nicholas. 1939. "Welfare Propositions of Economics and Interpersonal Comparisons of Utility," *Economic Journal* 49: 549-52.

Kates, Steven. 2014. *Free Market Economics: An Introduction for the General Reader*. 2d edition. Cheltenham, UK: Edward Elgar Publishing.

_____ 2015. "Mill's Fourth Fundamental Proposition on Capital: A Paradox Explained." *Journal of the History of Economic Thought*, vol 37, 39-56.

Keynes, John Maynard. [1936] 1973. *The General Theory of Employment, Interest and Money*. Vol VII of *The Collected Writings of John Maynard Keynes*. Edited by Donald Moggridge. London: The Macmillan Press Ltd.

John Maynard Keynes, *The end of laissez-faire* (Hogarth Press, 1926). This essay was based on the Sidney Ball Lecture given by Keynes at Oxford in November 1924 and on a lecture given by him at the University of Berlin in June, 1926. Online <http://www.panarchy.org/keynes/laissezfaire.1926.html>. Also see, *The Collected Writings of John Maynard Keynes. Volume 9, Essays in Persuasion* (Royal Economic Society, 1978), pp. 272-294.

John Maynard Keynes, "Am I a Liberal?" (1925) in *The Collected Writings of John Maynard Keynes. Volume 9, Essays in Persuasion*, pp. 295-306.

David M. Levy and Sandra J. Peart, "The Secret History of the Dismal Science. Part III. The Governor Eyre Controversy," Econlib June 4, 2001. <http://www.econlib.org/library/Columns/LevyPeartdismal3.html>.

David M. Levy and Sandra J. Peart, "Soviet Growth and American Textbooks: An Endogenous Past." http://www.sciencedirect.com/science/article/pii/S0167268111000114

Levy and Peart 2001, http://www.econlib.org/library/Columns/LevyPeartdismal.html.

- On the administrative massacre in Jamaica see, <http://www.econlib.org/library/Columns/LevyPeartdismal3.html>.

Thomas Robert Malthus, *An Essay on the Principle of Population, or a View of its Past and Present Effects on Human Happiness; with an Inquiry into our Prospects respecting the Future Removal or Mitigation of the Evils which it Occasions* (London: John Murray 1826). 6th ed. 2 vols. <http://oll.libertyfund.org/titles/1944>.

Alfred Marshall, *Principles of Economics* (London: Macmillan and Co. 8th ed. 1920). <http://oll.libertyfund.org/titles/1676>. On Marshall see <https://en.wikipedia.org/wiki/Alfred_Marshall> and <https://en.wikipedia.org/wiki/Principles_of_Economics_(Marshall)>.

Ludwig von Mises, *Socialism: An Economic and Sociological Analysis,* trans. J. Kahane, Foreword by F.A. Hayek (Indianapolis: Liberty Fund, 1981). <http://oll.libertyfund.org/titles/1060>.

Ludwig von Mises, *Liberalism: The Classical Tradition*, trans. Ralph Raico, ed. Bettina Bien Greaves (Indianapolis: Liberty Fund, 2005). 7/12/2015. <http://oll.libertyfund.org/titles/1463>.

Peart, Sandra J. and David M. Levy. *The 'Vanity of the Philosopher': From Equality to Hierarchy in Post-classical Economics*, with David M. Levy (Ann Arbor, Mich,: University of Michigan Press, 2005).

Sandra J. Peart, "Irrationality and Intertemporal Choice in Early Neoclassical Economics," *Canadian Journal of Economics* 33 (1), 2003, 175-89.

Mankiw, N. Gregory. 1997. *Principles of Economics*. Orlando FL: The Dryden Press.

Salter, W.E.G. 1960. *Productivity and Technical Change*. University of Cambridge, Department of Applied Economics Monograph 6. Cambridge: Cambridge University Press.

Samuelson, Paul A. 1948. *Economics: an Introductory Analysis*. New York: The McGraw-Hill Book Co.

Bernard Semmel, *Democracy vs. Empire* (New York: Anchor Doubleday, 1962).

Herbert Spencer, *Social Statics: The Conditions Essential to Human Happiness Specified, and the First of Them Developed* (New York: Robert Schalkenbach Foundation [1851] 1970). Online edition: Herbert Spencer, *Social Statics: or, The Conditions essential to Happiness specified, and the First of them Developed*, (London: John Chapman, 1851). <http://oll.libertyfund.org/titles/273>.

Sir Leslie Stephen, *History of English Thought in the Eighteenth Century*, 2 Vols. (London: Smith, Elder, & Co., 1876).

George Stigler, “The Nature and Role of Originality in Scientific Progress,” *Economica* n.s., 22 (November 1955), pp. 293-302.

Taussig, F.W. 1896. *Wages and Capital: An Examination of the Wages Fund Doctrine*. New York: D. Appleton and Company.

Wikipedia articles:

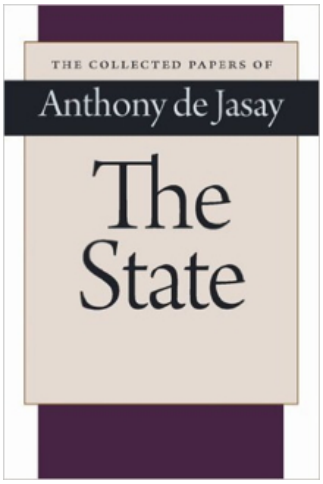
- Production <https://en.wikipedia.org/wiki/Economic_production>
- Supply <https://en.wikipedia.org/wiki/Supply_(economics)>
- Consumption <https://en.wikipedia.org/wiki/Consumption_(economics)>
- Demand <https://en.wikipedia.org/wiki/Demand>
- Say's Law <https://en.wikipedia.org/wiki/Say%27s_Law>

"LIBERTY MATTERS"

A FORUM FOR THE DISCUSSION OF MATTERS PERTAINING TO LIBERTY

"ANTHONY CDE JASAY AND THE POLITICAL ECONOMY OF THE STATE"
A DISCUSSION HELD IN SEPTEMBER, 2015.
Online: <http://oll.libertyfund.org/pages/lm-ideas>
Ebooks: <http://oll.libertyfund.org/titles/2708>.

Anthony de Jasay (1925-)



The State (1985)

Summary

The Anglo-Hungarian economist Anthony de Jasay turns 90 in 2015. To celebrate this event we have organized a Liberty Matters discussion of his work as an economic and political theorist which came to public attention with the publication of the seminal work *The State* in 1985. Since then he has written several other books and has had a monthly column for the Econlib website since 2002. We have invited the editor of his collected works, Hartmut Kliemt, who is a professor of philosophy and economics at the Frankfurt School of Finance and Management to lead the discussion. He will be joined by Christopher Coyne who is an Associate Professor of Economics at George Mason University, Michael C. Munger who is a professor of political science, and economics and public policy at Duke University, and Edward Stringham who is a professor of Economic Organizations and Innovation at Trinity College, Hartford.

Special Offer: The Independent Institute has kindly offered to supply a complimentary copy of their Summer "Symposium on Anthony de Jasay" to any reader of this online forum. If you would like a free copy, please send your details (name and snail mail address) to <dhart@libertyfund.org>. See below for details.

See the Archive of "Liberty Matters".

About *Liberty Matters* and the Online Library of Liberty

“Liberty Matters” is a project of Liberty Fund, Inc. which is part of the Online Library of Liberty website. Every two months we ask a leading scholar to present an argument on a particular topic “pertaining to liberty” in a “Lead Essay” and to develop this argument at some length. The “Lead Essay” is posted in the first week of the month. Three or four other scholars will respond to this essay in slightly shorter “Response Essays” during the second week of the month.

Once all these ideas and arguments are on the table an open discussion between the various parties takes place over the course of the following weeks. At the end of the month the online discussion is closed.

We plan to have discussions about some of the most important online resources which can be found of the Online Library of Liberty website. We will link to these resources wherever possible from the essays and responses of our discussants so our reader can find out more about the topic under discussion.

The complete collection of Liberty Matters can be found here <http://oll.libertyfund.org/pages/liberty-matters>.

EBook versions of these discussions in PDF, ePub, and Kindle formats can be found at <http://oll.libertyfund.org/titles/2516>.

About the Online Library of Liberty and Liberty Fund

The Online Library of Liberty is a project of Liberty Fund, Inc., a private educational foundation established in 1960 to encourage the study of the ideal of a society of free and responsible individuals. The OLL website has a large collection of books and study guides about individual liberty, limited constitutional government, the free market, and peace.

- Liberty Fund: <www.libertyfund.org>.
- OLL: <oll.libertyfund.org>.

The Debate

Lead Essay: Hartmut Kliemt, "Tricks or Treats: Jasay's Criticisms and Constructions" [Posted: September 1, 2015]

Responses and Critiques

1. Christopher J. Coyne, "The Continuing Relevance of Jasay" [Posted: Sept. 3, 2015]
2. Michael Munger, "A Reply to Kliemt's "Tricks or Treats"" [Posted: Sept. 5, 2015]
3. Edward Peter Stringham, "Against Politics: Anthony De Jasay's Pioneering Work on Analytical Anarchism" [Posted: Sept. 7, 2015]

The Conversation

1. David M. Hart (editor): "Anthony de Jasay on whether he is an anarchist" [Posted: Sept. 7, 2015]
2. Hartmut Kliemt, "About Jasay's Alleged Anarchism" [Posted: Sept. 10, 2015]
3. Michael Munger, "What Makes an Exchange Voluntary?" [Posted: Sept. 11, 2015]
4. Hartmut Kliemt and Anthony de Jasay, "Do-It-Yourself Enforcement" [Posted: Sept. 15, 2015]
5. Hartmut Kliemt, "Ideal Voluntariness" [Posted: Sept. 17, 2015]
6. Edward Peter Stringham, "Is the Amount of State Coercion Inevitable and Fixed?" [Posted: Sept., 22, 2015]
7. Michael Munger, "Consent, Contract, and the Blood of Tyrants" [Posted: Sept., 22, 2015]
8. Hartmut Kliemt, "Buchanan's Communitarian Contractarianism – Munger and Beyond" [Posted: Sept. 23, 2015]
9. Chris Coyne, "How Should the State be Modeled?" [Posted: Sept. 27, 2015]

About the Authors

Hartmut Kliemt is a professor of philosophy and economics (and former vice president for research) at the Frankfurt School of Finance & Management. His main interests are political philosophy, health ethics and economics, and the foundations of game theory. With H. Geoffrey Brennan and Robert D. Tollison he is one of the co-editors of Liberty Fund's *The Collected Works of James M. Buchanan* and editor of several Liberty Fund volumes of *The Collected Papers of Anthony de Jasay*.

Christopher Coyne is an Associate Professor of Economics at George Mason University and the Associate Director of the F. A. Hayek Program for Advanced Study in Philosophy, Politics, and Economics at the Mercatus Center. He is also the Co-Editor of *The Review of Austrian Economics*, the Co-Editor of *The Independent Review* , the Co-Editor of *Advances in Austrian Economics*, and the Book Review Editor of *Public Choice*. In 2008, he was named the Hayek Visiting Fellow at the London School of Economics, and in 2010 he was a Visiting Scholar at the Social Philosophy & Policy Center at Bowling Green State University. Coyne is the author of *Doing Bad by Doing Good: Why Humanitarian Action Fails* (Stanford University Press, 2013), *After War: The Political Economy of Exporting Democracy* (Stanford University Press, 2007), *Media, Development and Institutional Change*, co-authored with Peter Leeson (Edward Elgar Publishing, 2009), and the editor (with Rachel Mathers) of *The Handbook on the Political Economy of War* (Edward Elgar Publishing, 2011). In addition, he has authored numerous academic articles, book chapters, and policy studies.

Michael C. Munger is Michael C. Munger is a professor of political science, and economics and public policy at Duke University. He is also director of Duke's interdisciplinary PPE (philosophy, politics, and economics) Program. He received his Ph.D. in economics at Washington University in St. Louis in 1984. Following his graduate training, he worked as a staff economist at the Federal Trade Commission. He moved to Duke in 1997, and was chair of the political science department from 2000 through 2010. He has won three University-wide teaching awards (the Howard Johnson Award, an NAACP "Image" Award for teaching about race, and admission to the Bass Society of Teaching Fellows). His research interests include the morality of exchange and the working of the "sharing economy." His most recent book is *Choosing in Groups* (Cambridge University Press, 2015), which investigates the problem of consent and voluntary coercion. His next book is tentatively titled *Tomorrow 3.0: The Transactions Costs Economy*. Mike contributed to the Liberty Matters discussion on "Frédéric Bastiat and Political Economy" (July, 2013) <http://oll.libertyfund.org/pages/bastiat-and-political-economy>.

Edward Stringham is Kathryn Wasserman Davis Professor of Economic Organizations and Innovation and Deputy Director of the Shelby Cullom Davis Endowment at Trinity College, Hartford, Connecticut. He is president of the Society for the Development of Austrian Economics, former president of the Association of Private Enterprise Education, editor of the *Journal of Private Enterprise*, editor of two books, and author of more than sixty journal articles, book chapters, and policy studies. His latest book, *Private Governance: Creating Order in Economic and Social Life*, is published by Oxford University Press.

Additional Reading

- Online Resources
- Works Mentioned in the Discussion

LEAD ESSAY: Hartmut Kliemt, "Tricks or Treats: Jasay's Criticisms and Constructions" [Posted: September 1, 2015]↩

1. Introduction and Overview

For Anthony de Jasay, neither what the rules of the social game are nor what they should be can be known through a priori reasoning. There are no "natural obligations" that can be legitimately binding and known a priori or "before" the emergence of social conventions. "Before conventions" individuals have full *liberty to act*. As in Hobbes's state of nature, there are not yet conventional obligations to omit acts.[1] Yet Jasay does not believe in "statecraft" as a source of legitimate change. For him rules that are imposed by collective – autocratic or democratic – rule enactment may command acquiescence but – violating the presumption of individual liberty – *cannot legitimately* expect *voluntary recognition*.

Jasay manages to show how conventions that emerge under conditions of individual liberty to act can plausibly acquire the status of ethically privileged normative standards.[2] The real "treat" of Jasay's approach is that he accomplishes this on the basis of the "presumption of individual liberty" alone without relying on "contractarian" (Buchanan), "evolutionary" (Hayek), or "natural rights" (Nozick) "tricks."

As I will interpret him subsequently,[3] Jasay starts from the premise that only individuals can act in the proper sense of physically exerting a causal influence on their environment.[4] "Freedom to act as seems fit" means to have no obligation to act otherwise. Exerting "negative externalities" (including aggression) cannot "a priori" wrong anybody since before conventions there are no wrongs, no duties to omit acts. Individual liberty to act is *not* hedged in by entitlements to act. It exists *without being licensed* by a priori rights (and the corresponding duties). Other than collectively enacted impositions of entitlements and duties, conventions form constraints on individual action whose creation is fully in line with the presumption of individual liberty. Since they can emerge from unrestrained individual freedom to act, conventions deserve to be respected by "friends of liberty," whereas collective impositions (including those of alleged natural law) may command individuals' acquiescence but – as mentioned already – do not merit their voluntary recognition.

To explore the scope and limits of Jasay's basic framework of a "conventional political ethics based on individual liberty," it is useful to commence with directly self-enforcing conventions like the rules of the road (Section 2). After this and taking sides with Jasay's pertinent criticism of contractarianism (Section 3), I will turn to directly non-self-enforcing conventions. I will sketch why the latter may require Jasay to acknowledge Hartian "rules of recognition" for *conventions* even though he explicitly rejects them as "rules of submission" in their incarnation of state-enacted rules (Section 4). After endorsing Jasay's criticism of abuses of language (Section 5) as express themselves in the confusions around "social contract" and "freedom and entitlements" (Section 6), the final section wraps things up (Section 7).

2. Directly Self-enforcing Conventions

The familiar example of the two polar conventions that dictate either driving on the left or driving on the right may serve to illustrate a central aspect of Jasay's views. A priori nothing privileges the "left-" over the "right-convention." Either convention will do as well as the other – once and as long as it is commonly known to be in place. Moreover, there is no need that everywhere the same convention prevails. For instance, in pre-Napoleonic times different conventions of either driving on the left or driving on the right side of the street emerged in different regions of Europe. Upon entering a region travellers had to find out which driving convention prevailed in that region. Then they had to acquiesce with that local convention, and traffic went smoothly.

In the case of directly self-enforcing conventions, acquiescence is rationally forthcoming *independently* of whether the rules emerged spontaneously – as originally in Europe – or were imposed in ways relying on the fundamental coercive power of the state – as done when Napoleon overruled all former local conventions of driving on the left in central Europe.[5]

Both the spontaneously emergent as well as the imperially imposed rules of the road are in a basic sense directly self-enforcing: Those who drive in violation of the rules will, so to say, shoot themselves in the foot. Yet, in Jasay's system of thought the spontaneously emergent conventions and rules command a privileged status as compared to enacted rules of the road. They deserve to be respected in a way that collectively imposed rules do not, even though both are directly self-enforcing.

The adherent of statist views may with some justification argue that trans-local rules of the road require less setup and transition costs for users. "Harmonization" can generate higher "network gains." Despite the many abuses of harmonization arguments for rent-seeking purposes in Europe, such arguments may be true in certain cases. From the point of view of individual liberty the paramount concern is, however, not utility but rather that acts of acquiescence with spontaneously emergent self-enforcing rules do not require any submission to a rule-enacting collective authority.

As opposed to the emergence of conventions, the original founding of the state is always an act of imposition. Hobbes was one of the first to conceal that imposition is always involved by invoking the camouflage of a fictitious "social contract."

3. The Social Contract Is Neither Self-enforcing nor a Convention

Jasay rejects the contractarianism that again dominates normative political philosophy and political economy for at least the following reasons.[6] First, if contractarians would try to base the original contract institution itself on a contract, this would either lead to an infinite series of prior contracts or be flagrantly circular. Second, if there were some a priori knowledge of the entitlements and obligations *preceding* contractual consent, the ultimate arbiter of right and wrong would not be contractual consent but knowledge of something non-contractual.[7] Third, if the most fundamental political obligations exist and can be known without relying on a social contract, why fictitiously present them as if they were contractual even though they are in fact not?

As I read Jasay, prior consent of the bearer of a duty can *not* be a necessary condition for creating duties. Duties not to act in certain ways, including prohibitions on coordinating with others in certain (including possibly aggressive) ways, do not exist before brought into existence by human acts (preferably inter-individual agreements). Individuals are free to act in ways that impose externalities on others.

Taking this argument to its logical conclusion, even the foundation of the state could be within the scope of free acts. A moral skeptic who like Jasay is starting from the presumption of unrestrained individual liberty to act seems bound to accept that those who act such as to impose a state are a priori free to do so. It seems that the presumption of freedom does not rule out the state.

Yet at closer inspection this kind of objection does not undermine Jasay's criticism of the state. Due to the presumption of individual liberty, the subjects of the state are ethically free to resist. They are under no obligation a priori to submit to the state. Quite to the contrary, being free to do what seems fit suggests nonsubmission.

It is useful to relate the observations concerning freedom to act and to resist to the previous example of rules of the road. Those who are born into a region with prevailing rules of the road face rules that are not their choice. This applies to all rules, including those that emerged without collective coercion from individually free acts. Once a self-enforcing rule is established, those who live under it are no more free to agree to it than individuals faced with enacted rules of a state. Acquiescence is their dominant strategy. This is true also if a self-enforcing rule is imposed by (e.g., Napoleonic) state power. However, then, though they have the same reason to acquiesce, individuals may resent the collective imposition.

The *creation* of conventions requires only the exercise of individual freedom. They do not rely on collective rules of creation. Submission to the rules of creating rules of the road is required in case of enactment. This is a relevant difference even though, once in place, directly self-enforcing rules of the road as well as directly self-enforcing collectively enacted rules of the road operate the same way. A further complication arises from the fact that other than the directly self-enforcing conventions,[8] many rules that are regarded as "conventions" in political philosophy are not directly self-enforcing.

4. Directly Non-self-enforcing Conventions

Jasay emphasizes that not all rules are self-enforcing in the strong sense of the directly self-enforcing rules of the road. He acknowledges that conventions like that of "promising" need extra or specialized enforcement by what he aptly calls *satellite conventions or satellite rules*.[9] In case of the moral institution of promise-keeping, satellite rules specify how individuals have to act when there was a breach of the obligations of promise-keeping. For the sake of clarity and brevity, let us refer as "rules-1" to the first-order rules (keep your promises) and refer as "rules-2" to those rules that, like satellites, govern the sanctioning of violations of rules-1. (If you are faced with a breach of promises, sanction that breach in the following way…!)

Note first that rules-2 and Hart's secondary rules that govern the process of rule-enforcement in a statist legal order are rather similar. It seems that those who act on behalf of the state are guided by rules of sanctioning that work exactly parallel to rules-2. But, then, why is it better to follow rules-2 that are satellites to non-statist rules-1 than to follow secondary rules that serve the purpose of enforcing enacted statist rules?

As mentioned already, for Jasay the superior dignity of spontaneously grown conventions does not rest on their collective utility.[10] It must be based on the freedom to act that was exercised in their creation. To avoid second-order free-riding problems in the enforcement of not-directly self-enforcing rules, Jasay needs – I believe – to acknowledge the presence of some intrinsic motivation to apply satellite rules.[11] He should not – as he sometimes seems to – turn against intrinsic motivation per se but rather – and quite in the spirit of his own work – against the dangers of intrinsic motivation to submit to *collective* rule(s).

Since "government is based on opinion only,"[12] Jasay rightly turns increasingly against the abuses of language. They induce individuals to voluntarily submit to, rather than to merely acquiesce in, the powers of government. This furthers governments' more or less unhampered growth in particular in participatory democracies. Yet participation is not individual freedom to act, and conceivable consent to collective measures is no substitute for real liberty to act.

5. Misleading Language and False Conscience

A major case in point is the aforementioned contractarian ideology. Due to it, the view that there is an a priori moral obligation to submit to collective decisions – in particular majoritarian democratic ones – will spread. Even though its stronghold is in academia, it will support in wider circles of so-called "opinion leaders" a culture of submission rather than resistance to the arbitrary powers of the state.

In particular, contractarian ideas support the democratic belief that the results of majority rule do not only require acquiescence but *deserve* voluntary submission and endorsement by their subjects. By contractarian arguments, the ever-present proclivity of collective governance bodies to intrude into spheres that could as well be left to inter-individual agreements without collective – authoritarian or democratic – interference is furthered rather than prevented.

As opposed to contractarian Sunday speeches, a correct account of what is in fact the outgrowth of the free agreements of individual acts (conventions) and what not (state-enacted rules) will protect liberty. A hard-nosed Jasay-type no-nonsense account of collective decision-making will lead away from voluntary submission towards reluctant acquiescence paired with a self-defensive attitude towards the impositions of the state.

6. Freedom vs. Entitlement to Agree

Hart referred to the introduction of rules of rule-change as an invention comparable with that of the wheel.[13] Hart was certainly right in his

factual diagnosis. However, along with his ability to identify it as crucial, he had a tendency to ignore the downside of the invention. Once the rule of rule-change is paired with a rule of recognition that changes the attitude towards government from "them against us!" towards voluntary participation in governance, individual liberty loses one of its natural defenses in opinion-formation.

Against the backdrop of the presumption of individual liberty, constitutional democracy, like any state, has a legitimacy problem. This is not that of majorities versus minorities but collectivization per se. To see why, consider the extreme collective decision rule of unanimity.[14] The veto power derived from the collective unanimity requirement is representative of the rights systems of modern constitutional democracy. The implicit claim to universal collective authority represents its democratic participatory part.

Vetoing is possible only if it is implicitly assumed that all acts (of the relevant domain) are forbidden unless authorized by unanimous consent. Otherwise individuals would be free to act in Jasay's proper sense and without others having a say in authorizing their act. Phrases like "a right to be free" etc. are the natural consequence of starting with collective unanimity rather than individual freedom to act. They provoke some of Jasay's most vitriolic comments. To start from individual freedom and not from entitlements of individuals authorized by collectivities seems much more appealing to him, because then we start from the presumption that "originally" nothing rather than all is forbidden for individuals.

Those who take the presumption of individual liberty seriously should follow Jasay. Letting philosophers get away with speaking of liberty as "entitlement to freedom" or of "equality being intrinsically better than inequality" and other loose philosophical talk may not seem terribly important. Yet, as academic policy supports, it can become positively dangerous in the eyes of Jasay.[15]

7. Conclusion: An Anarchist After All?

Though his persistent criticisms of statism have made Jasay popular among many who have anarchist leanings, it is misleading to refer to him as an anarchist. With the anarchists he shares the belief that coercion by collective mechanisms of governance can *not* be legitimized by agreements of individuals. But he does reject the typical anarchist's reliance on a priori knowledge of rights and entitlements. Once the invention of state organization has been made, individuals have to acquiesce in the fundamental coercive power of the state as a fact of life. Yet it makes a difference whether subjects of the state voluntarily endorse its claim to legitimacy or not. They can either regard the state as authorized by their own consent – as the contractarian ideology suggests – or treat the coercive power of the state as imposed and decidedly not as an outgrowth of their free agreement. Acknowledging the latter truth is what Jasay demands.

The implicit rule of submission that facilitates the reign of collective decision bodies over individuals is the main target of Jasay's criticisms. Voicing his dissent with the prevailing well-intentioned statist talk of our times along many channels, including his monthly column at the Liberty Fund website, he has done liberty a great service.

Endnotes

[1.] Hobbes hijacked the concept of a right with his "natural right to everything," which is no right at all but merely the freedom to act as seems fit without normative restraint. Thomas Hobbes, *Leviathan* (1651) (Harmondsworth: Penguin, 1968). Online version: Thomas Hobbes, *Hobbes's Leviathan reprinted from the edition of 1651 with an Essay by the Late W.G. Pogson Smith* (Oxford: Clarendon Press, 1909). <http://oll.libertyfund.org/titles/869>.

[2.] In a way Jasay provides a rationale for Buchanan's claim that there are "relatively absolute absolutes," see James M. Buchanan, "The Relatively Absolute Absolutes" in *The Logical Foundations of Constitutional Liberty*, vol. 1 of *The Collected Works of James M. Buchanan* (Indianapolis, IN: Liberty Fund, 1999), pp. 442-54.

[3.] And I do so deliberately without any authorization of my admired older and wiser friend who will certainly sometimes disagree with these lines.

[4.] Collectivities cannot act in the proper sense and metaphorically only through their "individual agents."

[5.] Napoleon changed many regional conventions in Europe.

[6.] The basic critical line of argument can be found already in David Hume's seminal "Of the Original Contract," Part II, Essay XII of *Essays Moral, Political, and Literary* (Indianapolis, IN: Liberty Fund, 1987[1742]). See, "Of the Original Contract" *Essays*, Part II, Essay XII <http://oll.libertyfund.org/titles/704#lf0059_label_792>.

[7.] The triage into the categories of circularity, infinite regress, or dogmatism resembles the "Münchausen trilemma" of Hans Albert, see Hans Albert, *Treatise on Critical Reason* (Princeton: Princeton University Press, 1985). It may be noticed also in passing that many present-day contractarians seem to ignore the fact that John Rawls was aware of the problem. He published such core points of his dissertation early on in his academic career as: John Rawls, "Outline of a Decision Procedure for Ethics." *Philosophical Review,* vol. 60, 1951, pp. 177–97. Later this developed into the reflective-equilibrium metaphor (or method) underlying John Rawls, *A Theory of Justice*. (Oxford: Oxford University Press, 1971). Rawls's argument is ultimately *not* a contractarian justification.

[8.] In the original sense of David Lewis, *Convention* (Cambridge, Mass.: Harvard, 1969).

[9.] Anthony de Jasay, *Against Politics* (London: Routledge, 2011), essays 1, 9.

[10.] Hayek supports a preference for a spontaneously grown "kosmos" to a planned and intentionally enacted "taxis" for reasons of superior efficiency, see Friedrich August v. Hayek, *Law, Legislation and Liberty: A New Statement of the Liberal Principles of Justice and Political Economy,* vols. 1-3, (London and Henley: Routledge & Kegan Paul, 1973-1979).

[11.] This is crucial aspect of rule-following is lumped together with other concerns in the otherwise very interesting altruistic punishment literature. Experiments showing such sanctioning commenced with Werner Güth's ultimatum game, see recently the special issue of *JEBO*, 2014. For multi-person free-rider experiments on "altruistic punishment," see Ernst Fehr, and Simon Gächter, "Altruistic Punishment in Humans," *Nature,* vol. 415, January 2002, pp. 137–40, and for the return of the free-rider if the state gets involved, of course, Anthony de Jasay, *Social Contract, Free Ride: A Study of the Public Goods Problem* (Indianapolis: Liberty Fund, 2008) in *The Collected Papers of Anthony de Jasay*. See <http://oll.libertyfund.org/titles/2641>.

[12.] See the last paragraph of Hume's "Of the First Principles of Government," in *Essays, Moral, Political, and Literary*. Part I, Essay V <http://oll.libertyfund.org/titles/704#Hume_0059_145>.

[13.] See Herbert L. A. Hart, *The Concept of Law* (Oxford: Clarendon Press, 1969).

[14.] See James M. Buchanan and Gordon Tullock, *The Calculus of Consent* (Ann Arbor: University of Michigan Press, 1962). Online: James M. Buchanan, *The Collected Works of James M. Buchanan, Vol. 3. The Calculus of Consent: Logical Foundations of Constitutional Democracy, with a Foreword by Robert D. Tollison* (Indianapolis: Liberty Fund, 1999). <http://oll.libertyfund.org/titles/1063>.

[15.] See essays in Jasay's volume *Social Justice and the Indian Rope Trick*, in the *Collected Papers of Anthony de Jasay* (Indianapolis, IN: Liberty Fund, 2014).

RESPONSES AND CRITIQUES↩

1. Christopher J. Coyne, "The Continuing Relevance of Jasay" [Posted: Sept. 3, 2015]↩

As Hartmut Kliemt makes clear in his essay, Anthony de Jasay has made important contributions to our understanding of the foundations of social order.[16] What I would like to focus on is how these contributions offer a rich and open-ended research program that has ongoing relevance for a number of contemporary issues.

"Real-World" Anarchy

One of Jasay's main contributions was to point out a key tension in constitutional political economy (1985, 1997). A common argument for the necessity of the state is as follows. Left to their own devices, rational individuals have an incentive to renege on agreements and take advantage of others. Other rational individuals, aware of these incentives, will refrain from engaging in exchange and cooperation. In order to break out of this situation, the logic goes, an external third-party enforcer is necessary. This third party is the state, which has a monopoly on force. In principle the state can resolve the dilemma by enforcing agreements, adjudicating disputes, and punishing defectors. The dilemma posed by anarchy and narrow self-interest seems to have been resolved.

Not so fast, says Jasay. The proponents of this story have stopped their analysis too soon. The state, too, is populated by rational actors. This means that if rational actors will violate their agreements absent the state, those same actors who operate the machinery of the state will also violate their agreement to serve as the neutral enforcer of agreements. This incentive for defection is especially problematic since force has been centralized in the hands of the state. Constraints on state actors are typically proposed as a solution to Jasay's challenge. But, as he notes, constitutional constraints are unlikely to remain fixed precisely because state actors, who control both amendment and enforcement of constitutions, will have an incentive to change the constraints that bind them (see Jasay 1985, ch. 4).

Where does this leave us in terms of understanding how social cooperation can emerge? Jasay argues that the presumption that individuals, absent the state, will always and everywhere defect on their agreements is inaccurate. Given the significant gains associated with peaceful cooperation, the incentive to find ways to cooperate is often quite strong, especially when we move from one-shot interactions to repeated dealings.

While important purely in terms of political philosophy (see Buchanan 1986), Jasay's work in this area also has important implications for understanding the operation of the world. A common assumption made by social scientists and policymakers is that a strong centralized state is necessary for peaceful cooperation and order. Jasay calls this assumption into question by forcing us to remove the romantic blinders of the constitutionally constrained, productive state. In doing so, it becomes clear that it is very possible that a situation of anarchy is superior to monopolized force in the hands of a dysfunctional state.

Consider the most recent Fragile States Index. Of the 178 countries ranked, the governments of 77 percent fall into the categories of "Very High Alert," "High Alert," "High Warning," "Warning," "Low Warning" or "Less Stable" in terms of their likelihood of failure (The Fund for Peace 2015). In other words, a large majority of the world's governments today look nothing like the strong yet limited state that enforces contracts while refraining from engaging in predatory actions against citizens. In stark contrast, they look much more like Jasay's (1985) rendering of the state, which uses its power to engage in self-interested and often predatory behaviors against the very citizens it purports to protect and serve.

Jasay's insights and arguments have gained a foothold in the academic discussion. Raghuram Rajan, the former chief economist of the IMF and current governor of the Reserve Bank of India, has argued that too often social scientists, when discussing policy, assume a perfect world with complete institutions. A more appropriate baseline, he argues, would be to "assume anarchy" since all societies have incomplete institutions to varying degrees. In line with Jasay's insights, what Rajan is suggesting is that we can't simply assume that institutions operate as we want them to operate. Instead, social scientists need to focus on the world as it actually is, with all its flaws and imperfections.

Further, a number of scholars have studied how private individuals have developed mechanisms of cooperation in the absence of a well-functioning government. (See, for example, Benson 1989, Fearon and Laitin 1996, Scott 2009, Leeson 2014, and Stringham 2015.) What these authors find is that, in many cases, private individuals are able to benefit from the gains from exchange not just in the absence of the state, but often in the shadow of a predatory state. In addition, some of these scholars have moved beyond situations of repeated dealings to also study how individuals have developed complex signaling mechanisms to allow individuals to take advantage of one-shot interactions (see Leeson 2014).

Whether they explicitly recognize it or not, these authors are all building off of the insights of Jasay regarding the ability of private individuals to solve coordination problems in order to secure the benefits from peaceful cooperation and exchange. Jasay's insights on this topic provide the foundation for the "progressive research program" in anarchy (see Boettke 2005), which is crucial for understanding issues at the heart of development economics and international relations, among other fields of study.

Social Engineering

Governments do not sit idly by, restricting their activities to producing only productive "public goods." Instead, they actively intervene in economic, social, and political arrangements to engineer outcomes that align with the preferences of those in positions of power. These interventions can take place domestically—e.g., interventions in the domestic economy—or internationally—e.g., conditional aid, military intervention, and occupation. In either case it is assumed that well-intentioned and enlightened "experts" can engage in social engineering to bring about the desired state of affairs. Here, too, Jasay's body of work is relevant on two related margins.

Jasay recognizes that rules guiding social behavior can either emerge spontaneously or through imposition. In both cases the resulting rules

will guide the behavior of those who must live under them. However, as Kliemt discusses in his opening essay, Jasay elevates emergent conventions over imposed rules since the former are the result of unrestrained freedom, while the latter fail to appreciate the voluntary recognition of those who must live under the rules. This is relevant to classical liberals and libertarians, who often disagree about the role of foreign policy and state intervention in other societies.[17]

In addition, Jasay also emphasizes the practical difficulties with social engineering. He notes that "[t]he hard part in political theory is to excogitate, not what we ought to want, but how to get it. It is easy enough to call for institutions 'designed to' do this, that and the other. The puzzle and the pain begin when the institutions that will do these things have actually to be 'designed,'…" (1997: 117). Further, it is not just that efforts at social engineering may fail, but also that they may generate significant harms. "All we could tell the social engineer is that we want the engine to run sweetly and reliably, but we could suggest no way for him to find out how to make it run so.… It will very likely ruin the engine before it does" (1997: 117).

Jasay's critique of social engineering is grounded in his broader critique of efforts by policymakers and supposed experts to rely on consequentialist reasoning to make interpersonal comparisons across members of society. (See Jasay 1985, 1996, 1997.) According to Jasay, "[b]etween the good and the bad consequences, where neither is either greater or smaller than or equal to the other, no balance can be struck, and consequentialist reasoning is simply out of place" (1996: 9). There is simply no way for the social engineer to know how to design institutions that maximize the wellbeing of people even *if* they are driven by benevolent, other-regarding intentions, a heroic assumption in itself.

Summing Up

I have only scratched the surface of the ongoing relevance of Anthony de Jasay's body of work. Jasay made significant contributions to political philosophy and theory. It is important to recognize that these contributions have a variety of "real world" applications to a range of issues that deal with matters of individual freedom and flourishing. If our goal as social scientists is to understand the world as it is, and to understand what, if anything, can be done to improve it, then Jasay's work deserves careful reading and consideration.

Endnotes

[16.] See also the Summer 2015 issue of *The Independent Review*, which includes a symposium on the contributions of Jasay. <http://www.independent.org/publications/tir/toc.asp?issueID=82>. The Independent Institute has kindly offered to supply a complimentary copy of their Summer "Symposium on Anthony de Jasay" to any reader of this online forum. If you would like a free copy, please send your details (name and snail mail address) to <dhart@libertyfund.org>.

[17.] See the January 2015 issue of *Reason* for a symposium on the theme of "In Search of Libertarian Realism." <http://reason.com/archives/2014/12/08/in-search-of-libertarian-reali>.

References

Benson, Bruce. 1989. "The Spontaneous Evolution of Commercial Law," *Southern Economic Journal* 55(3): 644-61.

Boettke, Peter J. 2005. "Anarchism as Progressive Research Program in Political Economy," In Edward Stringham (ed.), *Anarchy, State, and Public Choice*, Cheltenham, UK: Edward Elgar Publishing, Ltd., pp. 206-19.

Buchanan, James M. 1986. "Review of *The State*," *Public Choice* 51(2): 241-43.

Fearon, James D. and David D. Laitin 1996. "Explaining Interethnic Cooperation," *American Political Science Review* 90(4): 715-35.

Jasay, Anthony de. 1985. *The State*. Indianapolis, Ind.: Liberty Fund. OLL online edition: <http://oll.libertyfund.org/titles/319>.

_____. 1996. *Before Resorting to Politics*. Northampton, MA: Edward Elgar Publishing, Ltd.

_____. 1997. *Against Politics: On Government, Anarchy, and Order*. New York: Routledge.

Leeson, Peter T. 2014. *Anarchy Unbound: Why Self-Governance Works Better than You Might Think*. Cambridge, MA: Cambridge University Press.

Rajan, Raghuram. 2004. "Assume Anarchy? Why an Orthodox Economic Model May Not Be the Best Guide for Policy," *Finance & Development*, September: 56-57. Available online: <https://www.imf.org/external/pubs/ft/fandd/2004/09/pdf/straight.pdf>.

Scott, James C. 2009. *The Art of Not Being Governed: An Anarchist History of Upland Southeast Asia*. New Haven, CT: Yale University Press.

Stringham, Edward P. 2015. *Private Governance: Creating Order in Economic and Social Life*. New York: Oxford University Press.

The Fund for Peace. 2015. "Fragile States Index 2015," Available online: <http://fsi.fundforpeace.org/>.

2. Michael Munger, "A Reply to Kliemt's "Tricks or Treats" [Posted: Sept. 5, 2015]↩

Like many people, I first encountered Tony de Jasay's work in his monthly columns on Econlib. The series have been titled "Reflections from Europe" and "Thinking Straight." Given Jasay's prodigious body of work in print, and its larger impact in the world of ideas, it is strange that so many of us first heard of him in an online forum. Still, I suspect that more than a few readers of Hartmut Kliemt's fine online essay on Jasay, "Tricks or Treats," will be encountering Tony's work for the first time. So, welcome! Better late than never.

Jasay's first "online" essay for Liberty Fund was "Your Dog Owns Your House" (April 22, 2002), and it was brilliant. More important, it connects to my reaction to Kliemt's piece, so let me explain.

Voluntary Transactions Require Coercion for Liberty

If Albert needs a new roof on his house, and Beatrice is a competent roofer offering this service for sale at competitive prices, there is likely a range of mutually beneficial exchanges that might in principle be arranged. Perhaps Albert values the new roof at $10,000 and Beatrice knows that her burly crew of roofers can install a new roof, including Beatrice's reservation profit, the price of shingles, and all labor, at $5,000. The price they agree on may depend on local conditions, but if there are several roofing companies and the cost of labor and shingles is common to all agreements, the price will be something close to $5,000. Competition drives prices to the cost of production.

However, this "cost of production" notion is facile. How will the agreement be enforced? It is possible that Beatrice is simply honest by nature, and that Albert is, also. Thus after their handshake Albert *might* advance $2,000 to buy shingles, and Beatrice *might* show up with shingles rather than running off with the money. And Beatrice *might* complete the job to the precise specifications of the agreement. And then Albert *might* pay the remaining amount he agreed to pay at the time of the handshake.

Or, they *might* not. Anticipating these problems reduces the expected value of the handshake agreement for both parties. What they would like to do is specify additional terms for the arrangement; these terms are often gathered together under the dismissive title "transactions costs," but they are costs of agreement no less than the labor or the shingles. In a repeated interaction cooperation might emerge, but no homeowner needs a roof more often than once every 20 years or so, if the roof is competently installed.

Which means that both parties would be better off, and would seek to contract for, coercive punishment of the other party in the event of breach of contract. Albert would be willing to pay, and Beatrice would be willing to pay, something extra for a third party to extract some painful or expensive bond, even if that agreement in effect coerces Albert himself and Beatrice herself. In Oliver Williamson's terms, the "Fundamental Transformation" is a problem: before we sign the contract, both of us recognize that breach is a problem and we seek a strategy that commits us to comply. After the contract is signed both of us expect the other party—and may ourselves try—to find a hole in the arrangement and exploit it. My present self seeks to bind my future self to comply, *because if I can do that I can get a better net price in the contract*.

Albert and Beatrice might hit on a clever solution: buy a big smelly dog, and train it. This seems expensive, but someone may well have foreseen the value of such a commodity and be willing to provide just this sort of dog. So Zed the dog is purchased. Zed's job is simple: bite the legs of anyone who breaches an otherwise valid contract.

The whole point of renting Zed—large and loyal and sharp-toothed—is that the costs of obeying contracts are cheaper than breaching. In equilibrium, if Zed is well-trained (he cannot be bribed with doggy treats), there will be no biting and contracts always bind. This means that Zed can be rented out to many pairs of potential transactors, because Zed has very little to do. Everyone is happy, and contracts are easily negotiated because enforcement is cheap and sure.

Voluntary Coercion for Private Contracts Does Not Justify a Social Contract

Jasay would not dispute the value of credible commitments for contracts. His quarrel comes when contractarians, particularly of the Rousseau-style Social Contract type, use a mythical form of this argument to justify *actual states*. He reserves special scorn for those who argue that contracts would be unenforceable without a state, and then simply (as he puts it) "jump over their own shadows" to say that a larger, "social" contract is the answer. Who, pray, could be expected to enforce that contract, the one from which all other contract enforcement is derived?

Thus, there are two problems to be solved, one practical and the other ontological. The practical problem is illustrated by Jasay's "My Dog Owns My House" essay. If people such as Albert and Beatrice decided, perhaps rationally (in the sense described above), to hire Zed as third party enforcer, it will be difficult to restrict Zed to limited role. One might imagine that Albert returns home from work one day and finds Zed sitting on the couch, drinking Albert's best scotch and cleaning his Kalashnikov. "Get off the couch! Put down my gun, and stop drinking my scotch!" demands Albert.

Zed looks up coolly. "This isn't your scotch, or your gun. In fact, this isn't even your house. You wouldn't have this house without my protection. I think there need to be some changes around here." Now, from Albert's perspective, and from all of those who contracted for enforcement, that arrangement was straightforward: Zed was paid for his services, and there is no further obligation. But Zed is fully capable of violating *that* contract, because there is no Zed-Zed dog that has agreed to bite dogs that fail to carry out their agreement to enforce agreements. Thus any notion of a "limited state" is nonsense, in Jasay's view. If you create a state, the state will think it owns your house. As President Obama put it, "You didn't build that."

The second problem is ontological. Jasay illustrated it in his 1999 review of Buchanan and Congleton's *Politics by Principle Not Interest*.

> If man can no more bind himself by contract than he can jump over his own shadow, how can he jump over his own shadow and bind himself in a social contract? He cannot be both incapable of collective action *and* capable of it when creating the coercive agency needed to enforce his commitment. One can, without resorting to a bootstrap theory, accept the idea of an exogenous coercive agent, a conqueror whose regime is better than anything the conquered people could organize for themselves.

> Consenting to such an accomplished fact, however, can hardly be represented as entering into a contract, complete with a contract's ethical implications of an act of free will. [Jasay 1999: 107; emphasis in original.]

That is, while it may be true that consenting to be coerced in private contracts is possible, because it is implied by the nature of the contract itself, the notion of coercion in a social contract is quite different. One might accept, in Jasay's paraphrase, the Hobbesian logic that some "coercive agent" is useful. But there is no contract or consent, and in fact we cannot even act "as if" there had been contract or consent, because it was the very impossibility of those things that gave rise to the (ostensible) case for a state in the first place.

Kliemt's Alternative Formulation

As Kliemt notes in the main essay for this forum, Jasay's project is to argue that conventions—including, centrally, private property and keeping promises—can acquire moral force even in the absence of ratification by legislation or state endorsement. But I'm not sure that Kliemt accurately portrays certain important background facts. He claims, "The original founding of the state is always an act of imposition." I might agree that it always has been an act of imposition, but Buchananites (such as I) might argue that state-like social structures, such as clubs or neighborhood associations or small units in federal systems, could at least in principle be the product of voluntary associations. I would agree, however, that the key point in founding obligation on consent requires actual consent, and even rules that people now obey and find useful do not, in the absence of actual consent, obtain moral force through any bootstrap or "as if" contractarian hocus pocus.

Most importantly, Kliemt makes a compelling argument about the need for some other form of motivation to justify the moral force of conventions that emerge spontaneously, but are not directly self-enforcing. Here, as Kliemt gently but firmly suggests, Jasay might avail himself of the now increasingly well-documented human tendency to value rules and rule-following for their own sake, once they are established as conventions. This "intrinsic" value of rules could solve, or at least mitigate, the difficulties in (otherwise) enforcing satellite agreements such as promise-keeping. One could use an "evolved brain architecture" argument (Barkow, Cosmides, and Tooby 1992) or a "social norms" argument (Gaus 2015; 2013) in ways that would make Jasay's project look much less like a "trick" while fully preserving the "treat."

Kliemt's critique and extension of Jasay's model of "anarchism, but..." is both useful and fundamentally faithful to the original intentions of that model. Jasay does not just claim that existing states are not legitimated by tacit consent; he goes on to conclude that no state *could* be legitimated, even by actual consent. This is, indeed, the fundamental anarchist conclusion. The reason that Jasay is not an anarchist is that he concedes that, despite the failure of contractarian justifications, rational individuals would certainly acquiesce, and might even want to acquiesce—something close to voluntary endorsement—to the empirical fact of the existence of the state. Just don't call it voluntary.

References

Barkow, J., Cosmides, L. and Tooby, J. 1992. *The Adapted Mind: Evolutionary Psychology and the Generation of Culture*. New York: Oxford University Press.

Gaus, Jerry. 2013. "Why the Conventionalist Needs the Social Contract (and Vice Versa)." *Rationality, Morality, and Markets*. 4: 71–87.

_____. 2015. "The Egalitarian Species." *Social Philosophy and Policy*. In Press.

Jasay, Anthony de. 1999. "On Treating Like Cases Alike: Review of *Politics by Principle Not Interest*." *The Independent Review*, IV (1): 107–18.

Jasay, Anthony de. 2000. "The Intellectual Portrait Series: A Conversation with Anthony de Jasay" (with Hartmut Kliemt). Indianapolis: Liberty Fund, 2000. <http://oll.libertyfund.org/titles/959>.

Jasay, Anthony de. 2002. "Your Dog Owns Your House." April 22. Library of Economics and Liberty. Accessed 8/22/2015. <http://www.econlib.org/library/Columns/Jasaydog.html>.

3. Edward Peter Stringham, "Against Politics: Anthony De Jasay's Pioneering Work on Analytical Anarchism" [Posted: Sept. 7, 2015]↩

Introduction

Why was the state created, does it create order, and is there any way it can be constrained? Asking big questions like this, Anthony de Jasay has received praise from economists and philosophers alike. James Buchanan (1986: 241) describes Jasay's *The State* as a "solid, foundational analysis, grounded in an understanding of economic theory, informed by political philosophy, and a deep sense of history," and Gerard Radnitzky (2004:99) describes Jasay as "one of the most significant social philosophers of our age." In his essay in this symposium, Hartmut Kliemt discusses Jasay's critique of contractarianism and Jasay's views on rights and conventions, and Kliemt concludes by asking whether Jasay is "an anarchist after all?" Kliemt writes:

> Though his persistent criticisms of statism have made Jasay popular among many who have anarchist leanings, it is misleading to refer to him as an anarchist. With the anarchists he shares the belief that coercion by collective mechanisms of governance can *not* be legitimized by agreements of individuals. But he does reject the typical anarchist's reliance on a priori knowledge of rights and entitlements.

Although Kliemt is correct to point out that Jasay has a different conception of rights and entitlements than many other anarchists, that does not qualify Jasay as an advocate of the state or disqualify him as an anarchist. In this essay I will argue that regardless of how he labels himself, Jasay is indeed an important contributor to the research field of analytical anarchism.

Toward a Theory of Ordered Anarchy

As *Merriam-Webster* points out, anarchy has two main meanings, 1 "absence of government" and 2: "a state of lawlessness." Where the first definition simply describes the political setup, or lack thereof, without describing how the society would look, the latter describes an endstate, chaos, that almost everyone rightly opposes. Because most people think the two meanings go hand in hand, many advocates of ordered anarchy, perhaps including Jasay, are averse to identifying as anarchists. I am unaware of him referring to himself with that specific term. But Jasay consistently analyzes government as a coercive institution that cannot be constrained, and he discusses how order comes about independent of government. In his book *Against Politics*: *On Government, Anarchy, and Order* Jasay (1997: 5) writes, "The main burden of Part II is to show that certain social virtues, achievements, and functionally valuable institutions are, as Hume has suggested, prior to government, and their preservation is not contingent on political arrangements. Some foundation stones are thus laid for a theory of ordered anarchy." Despite what Kliemt might say, I believe all anarchists should we should welcome Jasay into their club.

Normative versus Positive or Analytical Anarchism

As Boettke (2005, 2012) points out, writing and research on anarchy can be classified as normative or positive (and the two are often intermixed). Normative discussions advocating anarchy often take the form "Is the state justified?", "Do individuals have a right to ignore the state?", or "How would this be solved in my ideal world?", whereas positive discussions of anarchy often take the form "Does the state exist to create order or to extract resources from the public?", "Are advanced markets possible without government?", or "How have markets solved this type of problem throughout history?"

Although I believe both types of discussions are useful, as an economist, my research tends to focus on the latter type of questions. For example, were the first stock markets created after government started enforcing complex contracts, or was the enforcement private? Or: was electronic commerce made possible only after government created an international framework to identify and punish fraud, or were the problems solved privately? In my book from, *Private Governance* (2015) [http://amzn.to/1SKYDxK] with Oxford University Press I document how in each of the world's first stock markets government officials viewed complicated contracts in financial markets as forms of gambling and did not enforce them. Nevertheless, brokers relied on various mechanisms including reciprocity, reputation, and more formal private governance to enable sophisticated contracts including forward contracts and options. In the case of electronic commerce, private entities like PayPal figured out how to prevent international and quasi-anonymous fraud ex ante rather than relying on government enforcement ex post.

The research is not "How do I think contracts should be enforced in my ideal world?" but instead, "How did private parties solve problems for hundreds of years?" Someone who observes the history cannot say, "My theory says that markets are only possible when government enforces contracts, so government must have enforced contracts in these markets," when government didn't. When studying positive questions, both advocates and opponents of anarchy should be able to agree on many issues, such as whether a particular market actually operated without government enforcing contracts.

As such, the research or arguments along these lines may be more likely to be of interest to others who do not share normative premises about whether or not the state is immoral.

Although Jasay makes many explicitly normative claims, much of Jasay's work can be classified as positive, or analytical, anarchism, and I believe that is why Buchanan finds Jasay more compelling than other libertarian anarchists whom Buchanan (1979: 282) dismisses as "romantic fools who have read neither Hobbes nor history."

Moving beyond "Let's Assume Positive Outcomes"-Style Arguments

Jasay does not dismiss prisoners' dilemma-type problems (the idea that people would be better off cooperating but individually have incentives to cheat), and he avoids hand-waiving tricks like, "There would be no cheating in my ideal world." Instead Jasay asks under what conditions might we see cheating and under what conditions might we see cooperation.

Where others posit that government is needed to solve prisoners' dilemmas, Jasay questions whether shifting the problem to the government eliminates them. Arguments like (1) "Humans are imperfect and are often bad"; (2) "therefore we need a government comprised of *humans* to control their fellow men" assume that bad traits disappear when people become government officials.

Jasay questions the idea that creating a monopoly of law enforcement helps eliminate prisoners' dilemmas at all. Jasay (2008: 144) argues "that state monopoly of rule-enforcement leads to soft, sluggish, and ineffective punishment. As a consequence, rules will be poorly enforced, and public order and the security of person and property undermined."

Positive Discussions about the Possibility of "Ordered Anarchy"

What is the alternative to a monopoly of rule enforcement? To Jasay the choice is not between state and chaos. He discusses how private options existed before the centralized state:

> When rule enforcement was a diffuse, decentralized function, non-corporal punishment mainly took the form of fines for the benefit of victims and plaintiffs. Kings saw obvious advantage in diverting this income stream from victims and plaintiffs to themselves. Stripping civil society of rule-enforcing functions also stripped it of much of the justification of possessing arms and maintaining organized forms of exerting force. (2008: 139)

To Jasay law and order existed before government and was subsequently undermined by it. Jasay also argues against the Hobbesian-style contractarianism popular among authors like Buchanan and makes the case that any supposed contract between the people and the state assumes that contracts made in a state of anarchy are possible. If so, what makes that order possible?

Rather than assuming the ubiquity of conflict under anarchy, Jasay points out successful cooperation can have positive payoffs.

> Nobody has, to my knowledge, bothered to ask the obvious question: why in a Hobbesian world should coalitions form only for attack and never for defense? What happens if, in any conflict over property, both the attacker and the defender are free to attract allies? Why can't we make the commonsense assumption that the force of the coalition gathered to back a given side in the conflict will be proportional to the "payoff" (gain or avoided loss) the side would get if it won the conflict (1997: 198)

Jasay discusses various private solutions to prisoners' dilemmas including how repeat interaction eliminates cheating associated with one-shot games. Jasay makes the case that in the real world, repeat interaction among individuals is not the exception but the norm.

Jasay writes:

> In the large group, individuals are alleged to lack the incentives that would lead them to choose cooperative solutions in the same kind of repeated, game-like interactions that take place in small groups. This belief is based on a putative analogy between social groups with many members and n-person indefinitely repeated prisoners' dilemmas where n is a large number, or the players are anonymous, or both. This analogy is almost totally false, and based on elementary mistakes.

Jasay argues that the world is instead comprised of many small games or subgroups from which people can be invited or disinvited. Parties seeking repeat interaction have to work to maintain "a reputation that influences his chances of being invited or admitted to other games." (Jasay 1997: 205). My own research on stock markets in 17th-century Amsterdam (Stringham 2015, chap 4), 18th-century London (Stringham 2015, chap 5), and 19th-century New York (Stringham 2015, chap 6) found that brokers needed to act in a reliable manner or else they would be excluded from the club. The order is not attributable the state, but to private means.

Concluding Thoughts

As a major questioner of the idea that government is contractually created for the benefit of the citizenry or that it can instructed to work on the citizens' behalf, and as a major questioner of the idea that order is attributable to government, Jasay's work is clearly a contribution to the "economics of ordered anarchy" (Jasay 1997: 185).

Kliemt may be correct that Jasay adopts a different approach to rights than self-identified anarchists like Murray Rothbard, David Friedman, or Bruce Benson, but in no way does that qualify Jasay as an advocate of government. Similar to how classical liberalism includes different advocates of rights, contractarianism, economic efficiency, or utilitarianism, anarchism can be consistent with various moral frameworks. But much of Jasay's work focuses on means-ends analysis and questions many assumptions or leaps in logic by advocates of the state. These specific arguments, no doubt, have normative implications, but they are strictly positive. Whether or not Jasay self-identifies as an anarchist, he is one of the most important contributors to the research program on analytical anarchism.

References

Boettke, Peter J. 2005. "Anarchism as a Progressive Research Program in Political Economy." In *Anarchy, State and Public Choice*, ed. E. P. Stringham, 206-19. Cheltenham, UK: Edward Elgar Publishing.

Boettke, Peter J. 2012. "Anarchism and Austrian Economics." *New Perspectives on Political Economy*, 7(1): 125-40.

Buchanan, James M. 1986. "From Redistributive Churning to the Plantation State." *Public Choice*, 51: 241-43.

Jasay, Anthony de. 1997. *Against Politics: On Government, Anarchy, and Order*. New York: Routledge.

Jasay, Anthony de. 2008.. "On the Monopoly of Rule Enforcement." *Journal of Private Enterprise* 23(2): 135-148.

Long, Roderick. 2003. "Review of Justice and Its Surroundings by Anthony de Jasay." *Independent Review*, 8(1): 120.

Radnitzky, Gerard. 2004. "Anthony de Jasay: A Life in the Service of Liberty." *Independent Review*, 9(1): 99-103.

Stringham, Edward. 2015. *Private Governance: Creating Order in Economic and Social Life*. New York and Oxford: Oxford University Press. <http://amzn.to/1SKYDxK>.

THE CONVERSATION↩

1. David M. Hart (editor): "Anthony de Jasay on whether he is an anarchist" [Posted: Sept. 7, 2015]↩

The following is a transcription of a section of the interview with Anthony de Jasay by Hartmut Kliemt in 2000 as part of Liberty Fund's *Intellectual Portrait Series*:[18]

> HK: Now some people might say that you are a kind of anarchist. Would you describe yourself as an anarchist, or reluctant archist?
>
> AdJ: No, I don't mind. If I were the only anarchist I would be very happy to bear the title. What embarrasses me about it is that the few other anarchists many of them are crazy and I don't feel like being identified with them. So that embarrasses me. But if I have to tell you the truth, yes I am an anarchist. But that doesn't mean I believe that anarchy here and now is possible. It is desirable but not possible.
>
> HK: Would that be a conceivable possibility at all in a world where somebody might invent the state anyway and use it as a predatory instrument? Don't we need some kind of state then to defend us against this kind of aggression?
>
> AdJ: Well you maybe right, but of course then is the remedy not worse than the disease? I mean, it is rather like saying, let's infect ourselves with some terrible infectious disease because otherwise we might get it.
>
> HK: Well, but if there is a difference between a state like Poland and a state like France even though you don't like either of them, wouldn't it be worth while to go for the one against the other?
>
> AdJ: From a short term perspective, yes. From a long term perspective, I'm not sure.
>
> HK: Tony, you always have insisted government that has an intrinsic proclivity to grow and you also pointed out that democratic governments will tend to grow very strongly because they have all these redistributive concerns involved. Wouldn't you say that, would you claim this?
>
> AdJ: Yes. I think the idea is that, when you have collective choice and individual choice side by side it is within the power of collective choice to preempt individual choice, but never vice-a-versa. I mean, a collectivity can always decide to include within its competence something that has been individual until then, such as, to give you a very mundane example, a collectivity can always decide that instead of leaving you half of your income to be spent as you wish, it will only leave you 45% of your income to spend as you wish and take, preempt, 55. This is always within the realm of, within the power of collective choice. Now, the question then is, can you limit this power? This is the problem of limited government. There is this intrinsic capacity of collective choice to eat up the scope for individual choice, and how do you limit this appetite? And of course, if I believed that it is a matter of will, a matter of wish, or a matter of conviction to limit government, like I suppose Jim Buchanan believes, then I would not be an anarchist, because I would say, well this is a marvellous, lovely compromise. We will have a bit of government but not too much. Fortunately, I'm led to the conviction that this is wishful thinking and the reason why I believe this is because if you have any democratic choice you have anonymous voices, the decision is taken by voice count, everybody counts for one and nobody for more than one. Now within this group that is competent to make this collective choice, like an electorate, the rule, whatever the rule is, the rule provides for a blocking minority which can prevent the decision. Now under majority rule this is 50% and one vote, 50% and the tie breaker. But of course, you could have a super majority where the blocking minority is much, much smaller. But no matter how small, provided it is not one person, i.e. which means veto right, which in my language is not collective choice. No matter how small your blocking minority, no matter how careful and cautious and rigorous your supermajority rule, so as to protect society from the tyranny of, so-called tyranny of the majority, there is always a way to split that blocking minority. I mean if it takes two people to block that decision, only 2 people, everybody else may be of one mind, but there are two people who don't want it. Those who do want it can always bribe the poorer of the two with the money of the richer and say "Do come in with us and let's exploit this rich man". This is potentially always a maximising strategy. That's why I believe that in this valley of tears there is no limited government.[19]

Endnotes

[18.] The interview with Jasay is available online in audio formats: *The Intellectual Portrait Series: A Conversation with Anthony de Jasay* (Indianapolis: Liberty Fund, 2000). Duration 67 mins. Jasay is interviewed by Hartmut Kliemt.

- purchase the DVD from the Liberty Fund online catalog.
- view it online at Econlib and also at New Media at Universidad Francisco Marroquin, Guatemala.
- downloadable audio <http://oll.libertyfund.org/titles/959>. mp4 <http://lf-oll.s3.amazonaws.com/titles/959/JasayAAC.m4a>

[19.] See discussion at 36:23 (out of 1:07:22) here <http://www.newmedia.ufm.edu/gsm/index.php/proyectosespeciales:Dejasaykliemtconversation>.

2. Hartmut Kliemt, "About Jasay's Alleged Anarchism" [Posted: Sept. 10, 2015]↩

Coyne, Munger, Stringham, and Kliemt all concur with Jasay in accepting basic tenets of the Public Choice approach to politics. We accept that the same model of rational choice-making should be applied across the board. We share basic sympathies for anarchist ideals even if out of practical necessity we may be reluctant archists.

Jasay against Government

For Jasay reserving certain decisions to a collective choice process in a state may be unavoidable but is inherently morally inferior to individual choice-making.[20] He accepts acquiescence with state power but strongly opposes arguments that suggest endorsing state activity as being legitimized by positive individual consent. In particular, Jasay regards as subversive for liberty social contractarian constructions that claim that state power can under certain conditions be normatively treated "as if" based on individual voluntary consent. Political theory should not conceal that under collective rule citizens are subjected to the collective will even if they participate in its formation. For him there is no legitimacy in collective choice per se. He would accept Michael Munger's remark, that *real* individual agreement to pursue some aims, ends, or values collectively by means of clubs (including firms, etc.) bestows legitimacy on such enterprises. Yet since this transfer of legitimacy via *real* individual agreements is ruled out for the state as a whole, the state is normatively deficient as compared to anarchy.

Is Jasay an Anarchist and If So in What Sense?

Edward Stringham states that if "Jasay has a different conception of rights and entitlements than many other anarchists, that does not qualify Jasay as an advocate of the state or disqualify him as an anarchist." This point is well taken,[21] but it deserves to be emphasized that somebody who does not endorse, say, "natural rights" or Kantian transcendental arguments in favor of anarchy *need not thereby* become an advocate of the state. When Stringham says that "anarchists ... should welcome Jasay into their club," this provokes the "Groucho Marxian" remark that Jasay would not like to be taken in by a club of normative anarchists who – as most anarchists – start from the presumption that some obligations and the rights based upon them exist without being the results of human creation. As Bentham – whom Jasay otherwise regards as an evil force – stated in his Anarchical fallacies:

> But reasons for wishing there were such things as rights, are not rights; -- a reason for wishing that a certain right were established, is not that right -- want is not supply -- hunger is not bread.[22]

If it comes to what Stringham calls analytical anarchism, Jasay would be happy to join the club, though. That "the research or arguments along these lines may be more likely to be of interest to others who do not share normative premises about whether or not the state is immoral" (Stringham) is welcome as well. As far as the amazing self-organizational powers of inter-individual coordination and agreement are concerned, analytical, historical, and empirical studies of such processes – as conducted by Coyne and Stringham themselves and in the literature they draw attention to – will be more persuasive than any theoretical argument. Yet they do not by themselves answer fundamental questions of legitimacy.

Voluntariness and Acquiescence

The final sentences of Michael Munger's fine comment read:

> The reason that Jasay is not an anarchist is that he concedes that, despite the failure of contractarian justifications, rational individuals would certainly acquiesce, and might even want to acquiesce—something close to voluntary endorsement—to the empirical fact of the existence of the state. Just don't call it voluntary.

In his later work Jasay increasingly started to share the typical philosophers' preoccupation with the language in which we express our ideas and views. For him, whether we *call* something "voluntary" matters. He would certainly ask what it means that "rational individuals … might even want to acquiesce." If it is in the rational self-interest that individuals acquiesce, then they would in this sense, of course, want to acquiesce. But facing a man with a gun, we would want to comply with his wishes as well. Even though starting from Hobbesian premises, Jasay would not call this voluntary in any normatively relevant sense. For him it matters how the "thing" with which we acquiesce has been created. A comparison of acquiescence with established state rules and acquiescence with established conventions can illustrate what is at issue here.

As far as the necessity of acquiescence is concerned, conventions are normatively *no* other than state-enforced rules. For instance, for an individual who lives in the UK driving on the left-hand side of the street is not any more a free choice than is paying his taxes. Even if "the rules of the road" were not backed by government they would still not be chosen by the individuals subjected to them.

How easily even smart people can fall into traps here becomes obvious from Christopher Coyne's statement: "Jasay elevates emergent conventions over imposed rules since the former are the result of unrestrained freedom, while the latter fail to appreciate the voluntary recognition of those who must live under the rules." I fully agree with the "former" part of the sentence while the latter (starting with "while the latter fail") seems expressive of a latent contractarian assent-based conception. Whatever the merits of such a conception it certainly cannot be Jasay's.

At the risk of beating this to death, in Jasay's scheme it must be the way conventions are *created* that makes them superior to rules enacted under a collective choice rule (first part of Coyne's sentence). But once conventions exist we must acquiesce with them the same way as we must acquiesce with state-enacted rules. There is, contrary to what Coyne assumes, *no* "voluntary recognition of those who must live under the rules" (second part of Coyne's sentence).

Incentives and Opinions

As one of the last hard-nosed economists standing, Jasay sticks to the fundamental premise that "people would act *economically*; when an opportunity of an advantage was presented to them they would take it."[23] Once in place state-sponsored rules and conventions via enforcement influence their opportunity sets and thereby guide individuals no matter how the rules were generated.

I believe that his strong rational-choice focus on incentives – independently of the nature of the source of their enforcement – does not cohere well with Jasay's view that the liberal immune system can be subverted by mistaken *opinions* concerning the legitimacy of collective choice. Why care so much about the difference between acquiescence and endorsement, which can be relevant only in shaping our intrinsic motivation and beliefs, if in the end only substantive incentives or extrinsic motives matter?[24]

Anarchy within the State?

It is certainly desirable that within a state there is a sphere in which private dealings among citizens are protected.[25] Yet Jasay doubts that limited government can be part of a dynamically stable political equilibrium. Not only is anarchy always threatened by states external to it, the *quasi*-anarchy within the state that protects quasi-anarchy against external invading states stands to be subverted by its own protector. Yet, granting that there may be an inherent proclivity of any state to become "total," no state will succeed totally in this. As Christopher Coyne, referring to some of the relevant literature, states, "In many cases, private individuals are able to benefit from the gains from exchange not just in the absence of the state, but often in the shadow of a predatory state."

However, the argument that "residual anarchy" persists has another more philosophical side, too. Taking seriously the old riddle "quis custodiet custodes ipsos," or "who will guard the guardians,"[26] we need to be aware that on the top of rule enforcement by the state there must be some kind of nonstate created order – at least within the top group of the "guardians" – otherwise there would have to be a state to create the state order, ad infinitum.[27] As expressed in my initial essay, I believe that an economic model of case-by-case opportunity-taking behavior cannot explain how power in society is constituted. Genuine rule-following behavior of at least some individuals is necessary to bestow the power on those who are then using the organizational structures based on such voluntary compliance of some to exploit others. In this sense quasi-anarchical order creation is part of the fabric of non-anarchical order.

Will the State Ever Whither Away?

The state will not go away simply because it is normatively flawed. The state is such a potent instrument of exploiting others that once invented it will be used for exploitative purposes. The fact of the state's existence does not justify its claims to act on behalf of the collectivity. For this view Jasay has merely scorn. Yet he is aware that once the state is invented it will stay around due to its superiority as an instrument of aggression and exploitation of others.[28]

As far as the withering away of the state is concerned, the situation is hopeless. However, as long as relatively limited Western governments persist, the situation is not too serious yet. Jasay's work can serve as a reminder to all of us not to take for granted what James Buchanan once stated: "better in the West." Since "the power of the mighty hath no foundation but in the opinion and belief of the people"[29], critical discussions of liberty and responsibility as in the present dialog may contribute to forming opinions that may help to restrain the mighty.

Endnotes

[20.] See also the transcript of a part of the intellectual portrait series provided by David Hart as a supplement to the present debate. <http://oll.libertyfund.org/pages/lm-jasay>. The audio is here <http://oll.libertyfund.org/titles/959>.

[21.] I have a suspicion, though, that some of my colleagues in this dispute here might – other than Jasay and I – endorse a contractarian justification of collective choice that allegedly makes collective authority a matter of prior consent. I will criticize this kind of romantic ideology – hinted at by Michael Munger – once it will be put forward explicitly rather than implicitly.

[22.] Jeremy Bentham, *Anarchical Fallacies: Being an Examination of the the Declaration of Rights issued during the French Revolution* (1796) in *The Works of Jeremy Bentham, published under the Superintendence of his Executor, John Bowring* (Edinburgh: William Tait, 1838-1843). Vol. 2. <http://oll.libertyfund.org/titles/1921#Bentham_0872-02_6148>.

[23.] John Hicks, *Causality in Economics* (Oxford: Blackwell, 1979), p. 43.

[24.] I am not saying that Jasay should not care. Quite to the contrary, I believe that he deserves praise for caring. I only say that this is not completely in harmony with his rational choice approach to politics.

[25.] Interestingly enough, German adherents of the subsidiarity principle do not only cite the papal encyclical "Quadragesimo Anno," but typically refer to Abraham Lincoln: "The legitimate object of government, is to do for a community of people, whatever they need to have done, but can not do, at all, or can not, so well do, for themselves – in their separate, and individual capacities. In all that people can do individually as well for themselves, government ought not to interfere." Abraham Lincoln, "Fragment on Government," circa July 1, 1854, in Roy P. Basler, ed., *The Collected Works of Abraham Lincoln* (8 vols., New Brunswick, NJ: Rutgers University Press, 1953), 2: 220-21. <http://hd.housedivided.dickinson.edu/node/40487>.

[26.] See more recently also, Jasay, Güth, and Kliemt, in Jasay, *Social Justice and the Indian Rope Trick* (Indianapolis: Liberty Fund, 2014).

[27.] In a way this is Jasay's point that the social-contract institution itself cannot be based on a contract.

[28.] That a workable anarchic order of some legal complexity like Iceland, until about A.D. 1100, was located on an island which was also hiding behind a name signaling bad conditions – "Ice-" rather than "Green-"land – was not accidental.

[29.] (Hobbes 1682/1990: 16) Thomas Hobbes, *Behemoth: The History of the Causes of the Civil Wars in England* (1668) in *The English Works of Thomas Hobbes of Malmesbury; Now First Collected and Edited by Sir William Molesworth, Bart*., (London: Bohn, 1839-45). 11 vols. Vol. 6. <http://oll.libertyfund.org/titles/770#Hobbes_0051-06_540>. See also, Thomas Hobbes, *Behemoth* (Chicago: University of Chicago Press, 1990).

3. Michael Munger, "What Makes an Exchange Voluntary?" [Posted: Sept. 11, 2015]↩

My good friend H.D.P. Kliemt has provided some very useful arguments for discussion. He offered distinctions that are sharp and important, highlighted some areas of agreement, and identified some contradictions.

The difficult thing for those of us who have long studied Jasay is that he uses language in a way that is both very precise (and consistent, for he is careful with words), yet idiosyncratic (for he is an independent scholar, in every sense).

I want to consider one concept that is central to Jasay's thought: property. The problem is that what Jasay means by "property," when he uses the word, is both precise and idiosyncratic.

The best illustration of this is Jasay's objection to the use of the phrase "property right." Either property is a right, in which case that phrase is redundant, or the "bundle of sticks" view of rights is correct, in which case there is really no such thing as "property" in the first place.

Jasay would base this argument on Hume—Jasay is no Lockean!—in particular the logic of this passage:

> [After property is understood as stability in] possessions, there immediately arise the ideas of justice and injustice; as also those of property, right, and obligation. The latter are altogether unintelligible without first understanding the former. Our property is nothing but those goods, whose constant possession is established by the laws of society; that is, by the laws of justice. Those, therefore, who make use of the words property, or right, or obligation, before they have explained the origin of justice, or even make use of them in that explication, are guilty of a very gross fallacy, and can never reason upon any solid foundation. A man's property is some object related to him. This relation is not natural, but moral, and founded on justice. It is very preposterous, therefore, to imagine, that we can have any idea of property, without fully comprehending the nature of justice, and shewing its origin in the artifice and contrivance of man. The origin of justice explains that of property. The same artifice gives rise to both.[30]

Importantly, then, it is by no means inevitable that human society must rely on property; property is a social convention, and there are myriad other possible conventions on which to found a social order. Jasay happens to believe, as Hume did, that a conception of justice based on the recognition and protection of property is a superior society, but it is not based on any "natural law" that can be divined through either reason or revelation.

Accepting that notion of convention, in which property is not just consistent with justice, but in fact justice requires, by definition, that property be respected as the core human right, has implications. For Jasay, in a society with property, any additional concerns about "social justice" are lexically inferior to respect for and preservation of property. Property is the core human right, so a society based on property justice requires that property be honored. To try to overlay other conceptions of justice on top of this "justice as recognition of property" convention is to fall into incoherence: A "social justice" that requires violations of property rights as a precondition for forced redistribution is profoundly unjust.

The reason to spend so much space on this consideration is that one must understand Jasay's notion of the centrality of property before beginning to consider the rest of his thought. And it connects to the core of my own concern, which is voluntary consent. The argument for truly voluntary (in my terms, "euvoluntary") exchange is that both (all) parties are better off.

Given an initial or status quo distribution of rights, it would be a violation of those rights to modify any of them without the consent of the owner of each particular right. "We" can't decide anything; each owner would have to consent. The justification for this claim is that this is the only way to ensure that the exchange, transfer, or modification of rights is a Pareto improvement. This may be more complicated than it seems, as an example (suggested by Kliemt) reveals.

Imagine that Stringham has a gun -- okay, no, that's too scary. Never mind.

Imagine that Coyne has a gun, and Munger has a wallet. Then Coyne has a gun, and a wallet. What happened? Coyne offered Munger a deal: If Munger gives the wallet to Coyne, Coyne will refrain from using the gun to shoot Munger.

Munger thinks over this "offer." When Coyne demands a decision, perhaps Munger offers the old Jack Benny answer. When told by a gunman, "Your money or your life!" the miserly Benny agonized, "I'm thinking, okay? I'm THINKING!"

But then Munger decides that he would be better off handing over the wallet than he would be getting shot, perhaps fatally, and losing the wallet to Coyne anyway. Munger hands over the wallet.

Was this "exchange" voluntary? I think most people would say "no." If asked for an explanation, the objection might be that this was theft, and therefore the violation of a property right.

But wait! I never said that "Munger owns the wallet." I said that *Munger had a wallet*; the assumption that this is *property* is just question-begging. We might as well posit that Coyne is a law-enforcement officer, whose gun is being used in service of the law, and that Munger is a thief who stole the wallet and has no property claim to it.

In that case, the exchange had a “voluntary,” or at least “justified by justice” aspect. If Munger accepts the convention of property, his theft of the wallet is a crime, which everyone (including Munger) who accepts the convention thinks should be punished, by coercive force if necessary. But then Munger consented (by acceptance of the convention of property) to be forced to respect the property of others. Giving up the stolen wallet under threat of force is *consistent* with the convention of property, not a *violation* of it.

That’s why the understanding, and acceptance, of the deep nature of the convention of property is the key to understanding the rest of Jasay. When Kliemt says—rightly—that what is voluntary depends on the preexisting distribution of property, including rights of autonomy and self-determination, he is right. But it is useful to explain the rather deep reasons why that is right. And that is what I have tried to do here.

Endnotes

[30.] David Hume, *A Treatise of Human Nature by David Hume, reprinted from the Original Edition in three volumes and edited, with an analytical index, by L.A. Selby-Bigge, M.A.* (Oxford: Clarendon Press, 1896). Book III: Of Morals, PART II.: of justice and injustice, SECTION II.: Of the origin of justice and property. <http://oll.libertyfund.org/titles/342#Hume_0213_1048>.

4. Hartmut Kliemt and Anthony de Jasay, "Do-It-Yourself Enforcement" [Posted: Sept. 15, 2015]↩

Preamble: When my “tricks or treats” comments on his work were written, Anthony de Jasay was suffering from a health problem, and I did not dare to disturb him. Eventually I could not resist the temptation to mail a copy of a previous version of my essay to him, and I recently took the opportunity to read the texts published so far in the Liberty Matters column to Jasay, who is practically blind. Here I am now reporting, as my “master’s voice” almost entirely in his own words, his comments on certain aspects of the discussion.

Under the prevailing constraints Jasay chose to focus on the absolutely crucial topic of enforcing conventions without the state. In making the system of conventions the most important component of his social theory, Jasay originally chose to provide the enforcement of conventions with a satellite convention system. It functioned as a satellite institution taking care of free riding. Jasay now reminded me and the other discussants who are presently participating in the Liberty Matters forum concerning his work that he later found that an enforcement based on satellite conventions is dangerous. In view of the principal-agent problem, it may be both ineffective and unsuitable to serve as a basic institution of ordered anarchy.

The enforcement function should instead be fulfilled by a do-it-yourself arrangement, where the players in the convention add various approaches to repeal free-riding, the cost that they are willing to incur being some function of the danger that the aggressor who is free-riding on the institution of property may succeed in violating the property of the defender. The marginal cost a defender is willing to incur at most corresponds to the potential loss inflicted on him by the free-riding aggressor (after weighting it with the appropriate success probability of aggression and defence).

If marginal costs are prohibitive, the convention cannot survive. Since the property holder is defending his own property, the marginal damage of an aggression is fully borne by him, and the resources he devotes to defense will increase correspondingly. At the same time, the free-rider incentive will correspondingly be reduced. The resources devoted to deter the free-rider will have beneficial effects on the protection of property in general.

5. Hartmut Kliemt, "Ideal Voluntariness" [Posted: Sept. 17, 2015]↩

I am not sure whether I fully understand what Mike Munger is driving at. Listening to his interview on Econtalk [http://www.econtalk.org/archives/2011/06/munger_on_excha.html],[31] one can learn in a most entertaining way that there is an ideal type of voluntariness in deal-making – euvoluntary exchange. If the conditions of euvoluntariness are fulfilled, this makes it exceedingly difficult to object to an inter-individual agreement for the reason that it was not “really voluntary." Restricting myself to the bare essentials of the most simple case of bilateral negotiation and exchange, the diagnosis that it is euvoluntary applies to an exchange if, in case that the agreement fails, both negotiators are reduced only to marginally less good alternatives as compared to agreeing and the disparity between the default opportunity sets is not too large.

The concept of euvoluntariness is indeed very helpful to understand what drives common-sense criticisms of markets. But it does not rest well with standard economic views, as Mike Munger would be the first to acknowledge. An economist relying on standard revealed-preference concepts would say that relative to the default, a person who has at least one option other than the default and chooses that option thereby reveals himself to be better off than with the alternative (excluding indifference for the sake of simplicity here). Obviously one can use the concept “better off” that way. But one should note that it then only means “what is chosen in an action." This is not a substantive conception of being better-off. There is no choice-independent criterion for being better off by the alternative than that the alternative is being chosen from a choice set.[32]

Now, if a person is frequently confronted with the choice “I will beat you up unless you perform certain sexual services," then the person who avoids the beating is still acting voluntarily. He or she reveals a preference for rendering the services as compared to being beaten up. The choices are voluntary given the set of alternatives, and the person must be deemed better off in terms of the definition. The choice is not euvoluntary but it is voluntary.

It is an interesting question whether some legitimation for an emerging state of affairs can be derived from the voluntariness involved. The voluntary acts alluded to in the sexual-services case are acts of acquiescence. Acts of acquiescence, neither in Jasay’s scheme of things nor

any other plausible one, do not legitimize or ratify. In particular, acquiescence cannot as such render something just. If we assume that there is no a priori standard of justice independent of what evolved in society, then to have meaning justice must be defined by the rules and practices that as a matter of fact emerged -- whatever they are. There are no a priori standards of justice to criticize society. At the same time, starting from Jasay's premises, individuals will be more strongly motivated not to acquiesce the less "euvoluntary" the society is. And the likelihood that "voluntary acquiescence" will be forthcoming matters a lot.

Endnotes

[31.] "Munger on Exchange, Exploitation and Euvoluntary Transactions", Econtalk, June 20, 2011. <http://www.econtalk.org/archives/2011/06/munger_on_excha.html>.

[32.] In this spirit Buchanan suggested that there is no other criterion for diagnosing a Pareto improvement than the unanimous agreement of all concerned. And, of course, along the same lines, "modern" utility is not among the reasons for action.

6. Edward Peter Stringham, "Is the Amount of State Coercion Inevitable and Fixed?" [Posted: Sept., 22, 2015]↩

I think everyone in this symposium agrees with Jasay that the state is an inherently coercive institution. Munger writes, "Jasay does not just claim that existing states are not legitimated by tacit consent; he goes on to conclude that no state *could* be legitimated, even by actual consent. This is, indeed, the fundamental anarchist conclusion."

But Munger does add this qualifier: "The reason that Jasay is not an anarchist is that he concedes that, despite the failure of contractarian justifications, rational individuals would certainly acquiesce, and might even want to acquiesce—something close to voluntary endorsement—to the empirical fact of the existence of the state." This perspective suggests that we might be stuck with a coercive state whether we like it or not.

Similarly Kliemt writes, "The state is such a potent instrument of exploiting others that once invented it will be used for exploitative purposes. The fact of the state's existence does not justify its claims to act on behalf of the collectivity. For this view Jasay has merely scorn. Yet he is aware that once the state is invented it will stay around due to its superiority as an instrument of aggression and exploitation of others. As far as the withering away of the state is concerned, the situation is hopeless."

Even though a society comprised of only voluntary interaction is the ideal, some amount of coercion may always exist. Munger illustrates that with his example of two people, a wallet, and a gun.

Munger writes, "Imagine that Stringham has a gun -- okay, no, that's too scary. Never mind."

Scary indeed! Although I am too much of a pacifist to own a gun, Munger points out that guns can either be used to violate or protect what most people consider legitimate property rights.

This has relevance for limiting coercion from both private criminals and government. Just because the state is an inherently coercive institution, it does not mean the amount of coercion it can commit is fixed.

Coyne's discussion of the many weak and failed states around the world shows that government's powers are often very tenuous.

In certain cases, such as with the American Revolution, established governments can be overthrown and many (e.g., Jeffrey Rogers Hummel, Murray Rothbard, and Leonard Liggio) suggest that the revolution had permanent liberty advancing effects on the world. When enough people withdrew their support from or acted in open defiance of the British state, that state's ability to impose itself on the American public was eliminated.

Governments also can often be evaded in nonviolent ways. James Scott's study of upland Southeast Asia[33] describes what is called swidden agriculture, the practice of planting crops that are not easily detected or taxed. When would-be-tax collectors show up with their guns, the stateless people of Southeast Asia simply move up the mountain until the tax collector is gone. Even if a would-be state exists, its ability to extract resources from the public is extremely limited here. Similar factors are at play in the modern economy when businesses choose to move some or all of their operations to less extractive locales. The state is able to extract much more than my ideal (zero), but the productive sector of the economy is always able to carve out and operate in pockets of anarchy, and the important question is how much.

In *Against Politics*, Jasay (Routledge, 1997: 10) writes, "The reasoning, leading from the prevalence of a centralized, sovereign third-party enforcement to its necessity is manifestly a mistake of inference, a non sequitur." Recognizing that the government is not created or necessary to produce order in markets is one of the most important steps towards for bringing about a free society.

Endnotes

[33.] See at Edward Peter Stringham and Caleb J. Miles, "Repelling States: Evidence from Upland Southeast Asia", *Review of Austrian Economics*, November 25, 2010; at <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1715223>.

7. Michael Munger, "Consent, Contract, and the Blood of Tyrants" [Posted: Sept., 22, 2015]↩

There are three questions I want to take up.

1. Are existing states justified by consent?
2. Could a large state be justified by consent, even in principle?
3. Can any "contract" with more than two parties be justified by consent?

Let me begin by thanking Sheldon Richman, who mentioned this essay by Charles Johnson, which I had not seen: "Can Anybody Ever Consent to the State?" [34]

I think that Question #1, above, is easily disposed of: No. That doesn't mean that political authority cannot be justified, of course. But it means that consent theories, including tacit-consent theories, are at best a mythological "creation story" that we tell children.

On Question #2, the Johnson essay is both careful and persuasive. And it goes a long way toward answering the question—No—though I do think the argument could have been strengthened by crediting Anthony de Jasay with making essentially the same argument in *The State* (Liberty Fund 1985). Nonetheless, the Johnson piece is worth reading, and I commend it to you.

On Question #3: This is the last stand of the Buchananite, and it is where my prepared defenses are dug in. As we have discussed repeatedly in earlier parts of this exchange, the core question is whether a group can bind itself, by consent, to be the subject of coercion by the group. When I offer examples—clubs, homeowners associations, partnerships with written bylaws—the response I get is, "Oh, but those aren't states."

I think that the distinction being drawn is not useful. And I try to get at it in the table below. The table actually derives from a verbal exchange Russ Robert and I had in this episode of EconTalk:[35]

	Unconsented (involuntary)	***Consented (voluntary) Binary Contracts***	***Consented (voluntary) Group Contracts***
State (coercive)	Universal	Undefined Justification, Coercion	Can These Exist?
Private (voluntary)	Hobbesian State of Nature	Usual Market Transactions	Buchanan's Contractarian Organizations

The common distinction is between state (coercive) and private (voluntary) institutions. But this is question-begging, on both sides. It is not true that "our only choice" is between a coercive, imposed state and the state of nature, as the "unconsented" column would suggest. But that is how my colleagues on the Left usually pose the point: without a State, there would be chaos!

On the other hand, "my" side usually insists that the only choice is the second column, where only consent to binary contracts is allowed. Unsurprisingly, no state can withstand this requirement, so all collective institutions are unjustified and therefore coercive. This is likewise question-begging.

The question is whether collective institutions can be combined with consent. That is, a group agrees to constitute itself, and agrees (actually consents, with full information) to a set of rules for deciding (by a voting procedure or some other collective mechanism) and for entry and exit of members. These are not market agreements, which is why the journal *Public Choice* was originally called *Papers in Non-Market Decision-Making*.

Most people readily concede that "private" voluntary organizations exist. But we run close to tautology when we say that those things cannot be "state" organizations. If the reason you believe this is that we all just know that states have to be coercive, then it is hard to have a discussion.

The alternative would be that states can be consensual, voluntary organizations, though no existing state is organized around those principles. Thomas Jefferson, it appears, thought the state could be consensual, and that in fact such consent should be sought, and obtained, with each new generation. In his (in)famous letter to William Stephens Smith (November 1787), Jefferson is reacting—from distant Paris—to seeing for the first time the draft of the "new" Constitution of the United States, the replacement for the Articles of Confederation. And of course he knew of Shay's Rebellion, which had occurred in Massachusetts from August 1786 through June of 1787. I quote at length:[36]

> I do not know whether it is to yourself or Mr. Adams I am to give my thanks for the copy of the new constitution.... There are very good articles in it: & very bad. I do not know which preponderate. What we have lately read in the history of Holland, in the chapter on the Stadtholder, would have sufficed to set me against a chief magistrate eligible for a long duration, if I had ever been disposed towards one: & what we have always read of the elections of Polish kings should have forever excluded the idea of one continuable for life. Wonderful is the effect of impudent & persevering lying. The British ministry have so long hired

> their gazetteers to repeat and model into every form lies about our being in anarchy, that the world has at length believed them, the English nation has believed them, the ministers themselves have come to believe them, & what is more wonderful, we have believed them ourselves. Yet where does this anarchy exist? Where did it ever exist, except in the single instance of Massachusetts? And can history produce an instance of rebellion so honourably conducted? I say nothing of it's motives. They were founded in ignorance, not wickedness. God forbid we should ever be 20 years without such a rebellion. The people cannot be all, & always, well informed. The part which is wrong will be discontented in proportion to the importance of the facts they misconceive. If they remain quiet under such misconceptions it is a lethargy, the forerunner of death to the public liberty. We have had 13 states independent 11 years. There has been one rebellion. That comes to one rebellion in a century & a half for each state. What country before ever existed a century & half without a rebellion? & what country can preserve it's liberties if their rulers are not warned from time to time that their people preserve the spirit of resistance? Let them take arms. The remedy is to set them right as to facts, pardon & pacify them. What signify a few lives lost in a century or two? The tree of liberty must be refreshed from time to time with the blood of patriots & tyrants. It is it's natural manure. Our Convention has been too much impressed by the insurrection of Massachusetts: and in the spur of the moment they are setting up a kite to keep the hen-yard in order. I hope in God this article* will be rectified before the new constitution is accepted.

This is a remarkable passage. The * above refers to Article II, which creates a single Executive, the President. Jefferson's concerns about this "chief magistrate eligible for a long duration" were apparently allayed, because he himself served as president for eight years (1801-1809).

I finish, then, with a question, rather than a conclusion: Is it possible that a state could be consistent with the principles of voluntary contract, without being in a condition of continual violent revolution?

Endnotes

[34.] Charles Johnson, "Can anybody ever consent to the State?," *Rad Geek People's Daily*, 8 January 2009 <http://radgeek.com/gt/2009/01/08/can_anybody/>.

[35.] Michael Munger on Choosing in Groups, *Econlib*, Feb. 23, 2015 <http://www.econtalk.org/archives/2015/02/michael_munger_1.html>.

[36.] Jefferson's letter to William Stephens Smith (Paris, 13 November 1787) in *The Works of Thomas Jefferson, Federal Edition* (New York and London, G.P. Putnam's Sons, 1904-5). Vol. 5. <http://oll.libertyfund.org/titles/802#Jefferson_0054-05_433>.

8. Hartmut Kliemt, "Buchanan's Communitarian Contractarianism – Munger and Beyond" [Posted: Sept. 23, 2015]↩

James Buchanan is seen as a contractarian because he starts from unanimity. Practically nobody ever asks what kind of unanimity is meant, individual – any number that agrees on something may go ahead – or collective unanimity – any legitimate action must be authorized by the collective body politic under a unanimity rule.

In *The Calculus of Consent* (1962),[37] Buchanan and Gordon Tullock at least implicitly start from *collective* unanimity. They are communitarian contractarians not club contractarians. Their starting point, which I personally regard as mistaken, is not absurd. It rather can lead to a coherent view of how *ideals of interpersonal respect* can be expressed in a statist order despite the fact that there is a collective-choice mechanism.

The price for protecting the individual against collective impositions is, however, that all acts in the relevant realm in which the individual is protected – by the collective body – must be put into the domain of collective decisions in the first place and be forbidden unless allowed by everybody under the unanimous veto rule. This somewhat drastic conclusion represents in the normative-ethical sphere exactly what Jasay says in the factual sphere about the inherent tendency of a state to pervade all life. In the sphere of normative argument, the invasion has taken place once collective authority over a realm is presupposed.

Not by chance the subtitle of *The Calculus of Consent* refers to "logical foundations of constitutional *democracy*" (italics added). The default must be that nothing may be done unless all are willing to omit to veto a change. If that were not the case, no one could have veto power (as assumed in the *Calculus*).

Starting with unanimity, there must be a collective (democratic) monopoly in the first place. In the next step one might then consider the various voting rules as, for instance in *The Calculus of Consent*,authorized by unanimous prior *voting*. Again, how could we vote on something unless it was put into the realm in which we could legitimately have a vote?

One should keep in mind, too, that *The Calculus of Consent* was written in Charlottesville around 1960, when Buchanan, Tullock, *and* Coase were there together. Everybody was focusing on the theme of "externalities" then. Polar to Coase, Buchanan and Tullock were starting from the premise that externalities of individual *action* are trivially absent if no actions are performed. So conceptually they started from the premise that *no actions are permitted initially*. That means that there are no legitimate externalities of action.

As in the modern communitarian liberal conceptions of Amartya Sen – as expressed in his version of the alleged liberal paradox – the collectivity is authorizing all acts, including those of all individuals, since it claims the monopoly of action. Buchanan forcefully criticized Sen's approach.[38] However, ironically in his own *Calculus* he started from the same premise of collective authority: Only if all agree or

omit to veto it, an *individual's* action is allowed since all externalities are "internalized" by the *agreement* or omission of veto. If side-payments must be made to get things going, then the monetary transfers see to it that external effects are indeed internalized. (This is like a Wicksell tax seeing to it that Kaldor-Hicks monetary compensations are actually paid under the influence of veto power.)

The crucial normative point is: If initially all acts are forbidden and can be allowed only if all agree unanimously, then by *omitting* to veto or explicitly consenting to the performance of an act (or to the general permission of such acts) the consequences of conducting the act are *internalized* by the consent of all. That is Buchanan-Tullock-type communitarian or Kantian contractarianism.

The Kantian and Knigthian ideals that Buchanan shared with his then-Charlottesville colleague Rutledge Vining[39] rest somewhat uncomfortably with Buchanan's metaethical skepticism concerning knowledge a priori of right and wrong. Yet on the whole, veto-unanimity is clearly much more coherent than what many likewise skeptical economists say when they assume that tolerance in practical matters follows "logically" from the fact that there is no a priori knowledge of moral right and wrong.

Jasay is impervious to the latter fallacies. In a way he may be seen as spelling out the social philosophy that Coase never produced: Initially all acts (externalities) are allowed, leaving legitimate internalization of external effects of acts to inter-individual conventions and agreements. There is no legitimate monopoly on deciding on a certain realm collectively. In fact there is no sphere of morally right acts such that the individual should submit his or her authority to judge. This, in a way, repeats only what ethical skepticism claims anyway.

Endnotes

[37.] James M. Buchanan, *The Collected Works of James M. Buchanan, Vol. 3. The Calculus of Consent: Logical Foundations of Constitutional Democracy, with a Foreword by Robert D. Tollison* (Indianapolis: Liberty Fund, 1999). <http://oll.libertyfund.org/titles/1063>.

[38.] James M. Buchanan. "An Ambiguity in Sen's Alleged Proof of the Impossibility of a Pareto Liberal." *Analyse & Kritik* 18, Nr. 1 (1996 1975): 118–25.

[39.] Rutledge Vining. *Economics in the United States of America. A Review and Interpretation of Research* (Paris: UNESCO, 1956).

9. Chris Coyne, "How Should the State be Modeled?" [Posted: Sept. 27, 2015]↩

In *The State* (1985), Anthony de Jasay models the state as a maximizing, unitary actor. Specifically, he writes:

> Depending on the scale and perspective of the analysis, it is possible to regard the state in several ways. One is to take it as an inanimate tool, a machine. It has no ends and no will; only persons have ends. Explanation and prediction of its movements must, therefore, deal at one remove with the persons who wield the tool and shift the levers of the machine. Another is to merge the machine and the people who run it, and consider the state as a live institution which behaves as it would if it had a will of its own and a single hierarchy of ends; as if it could choose between alternatives and in doing so seemed to conform to the rudiments of rationality. We have throughout adopted the latter view, not because it is more realistic (neither is), but because it looks the most fertile in plausible deductive consequences.[40]

In a subsequent paper, Jasay (2010) defends this approach indicating that:

> the critique [of the unitary actor model] was deserved in the sense that I should have anticipated and met it explicitly rather than take for granted that readers will see the advantage of imagining the state as a unitary actor about whose decisions certain predictions can be made, instead of treating it more realistically as a chaotic and largely unpredictable witches' cauldron that at best can be described but that defies theory.[41]

However, there is yet another approach to the unitary actor view.

This alternative models government as an intense competition among maximizing *individuals* seeking to control the machinery of the state, which includes the tools of social control and domination over others. The emphasis is on competing interests and arenas of power, and the contest is one of who is going to outcompete—whether violently or nonviolently—their rivals for control of this machinery. There may be rules governing the competition for control of the machinery (e.g., elections), although there does not have to be (e.g., military coup). Further, those competing to secure the control of the machinery may very well share common interests (perhaps none of them would like to see the machinery completely removed) in addition to conflicting interests (each prefers that he controls the machinery). Finally, the number and nature of the rivals are not fixed but, rather, constantly change. That is, new competitors may enter and attempt to seize control of the machinery and the significant rents that are associated with it. The key point is that this alternative appreciates that both securing control over the machinery of violence and using that machinery is not some decision made by an abstract, unitary entity that can be treated as a maximizing actor. Instead, it is the result of an ongoing, intense competition by rivals who seek the profits associated with the control of that machinery.

Contrary to what Jasay suggests in his 2010 paper, the alternative to the unitary actor model is not one which is "largely unpredictable" or that "defies theory." Rather, instead of seeing "the state" as the unit of analysis, focus should be on purposive individuals who pursue their goals within a specific institutional environment consisting of informal and formal rules. These institutions create payoffs which influence how those within the system behave regarding the contest for control of the machinery of the state. Comparative institutional analysis allows us to make pattern predictions of how we can expect people to act in different settings and environments.

The approach I am suggesting here offers potential insight into the rivalrous, and often violent, clashes between groups and classes often

associated with the state. At the same time, it offers insight into why some governments appear relatively limited compared to others. While all states are backed by the Gun, the means of controlling and using the Gun is a result of the various institutions at work.

Endnotes

[40.] Jasay, Anthony de. 1985. *The State*. Indianapolis, Ind.: Liberty Fund. OLL online edition: <http://oll.libertyfund.org/titles/319>. Quote <http://oll.libertyfund.org/titles/319#Jasay_0154_682>.

[41.] _____. 2010. "The Maximizing State," *The Independent Review: A Journal of Political Economy*. 15 (1): 5-18. Available online: <http://www.independent.org/pdf/tir/tir_15_01_1_jasay.pdf>. Page 6.

ADDITIONAL READING

Online Resources

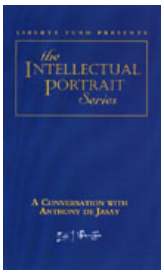
About Anthony de Jasay

To celebrate his 90th birthday The Independent Institute in Oakland, CA organized a Symposium on his work in the Summer of 2015: *The Independent Review: A Journal of Political Economy*. "Symposium on Anthony de Jasay," ed. G. Patrick Lynch, Volume 20 Number 1 Summer 2015 <http://www.independent.org/publications/tir/toc.asp?issueID=82>. The articles are:

- G. Patrick Lynch, "Introduction: Symposium on Anthony de Jasay" (also available online)
- Hartmut Kliemt, "The Defensive State"
- Pierre Lemieux, "The State and Public Choice"
- André Azevedo Alves, "No Salvation through Constitutions: Jasay versus Buchanan and Rawls"
- Carlo Ludovico Cordasco and Sebastiano Bavetta, "Spontaneous Order: Origins, Actual Spontaneity, Diversity"
- David M. Hart, "Broken Windows and House-Owning Dogs: The French Connection and the Popularization of Economics from Bastiat to Jasay". A longer version of this essay is available at his personal website: "Negative Railways, Turtle Soup, talking Pencils, and House owning Dogs": "The French Connection" and the Popularization of Economics from Say to Jasay."

The Independent Institute has kindly offered to supply a complimentary copy to any reader of this online forum. If you would like a free copy, please send your details (name and snail mail address) to <dhart@libertyfund.org>.

Or, purchase a copy online from <http://www.independent.org/publications/tir/toc.asp?issueID=82>.



See also the interview with Jasay which is available online in audio formats: *The Intellectual Portrait Series: A Conversation with Anthony de Jasay* (Indianapolis: Liberty Fund, 2000). Duration 67 mins. Jasay is interviewed by Hartmut Kliemt.

- purchase the DVD from the Liberty Fund online catalog.
- view it online at Econlib and also at New Media at Universidad Francisco Marroquin, Guatemala.
- downloadable audio <http://oll.libertyfund.org/titles/959>. mp4 <http://lf-oll.s3.amazonaws.com/titles/959/JasayAAC.m4a>

Summary of the interview's contents:

- Motivations for criticism towards John Maynard Keynes theories
- Transition to philosophy and economics
- Minimal state and discretionary power
- Government and individuals
- The State: Its scope in the academic world
- Criticism of contractarianism
- Contractarianism: A dangerous doctrine
- Role of the political philosopher

- Poland against France's government in the 1980s
- Constitutional limits and government
- Do you consider yourself an anarchist or a reluctant archist?
- Democratic government's growth
- Private contract enforcement
- Social insurance and transactions costs
- State provision against private provision
- Return of the free rider
- Definition of liberty
- Final words

Books by Jasay

See the Jasay page in the OLL:

- Anthony de Jasay (1925-) <http://oll.libertyfund.org/people/anthony-de-jasay>.

Jasay's books published by Liberty Fund are available here.

- *The State* (Oxford: Basil Blackwell, 1985). Liberty Fund edition, 1998: OLL online edition: <http://oll.libertyfund.org/titles/319>.
- *Social Contract, Free Ride: A Study of the Public Goods Problem* (Oxford: Oxford University Press, 1989). Republished as Anthony de Jasay, *Social Contract, Free Ride: A Study of the Public Goods Problem* (Indianapolis: Liberty Fund, 2008) in *The Collected Papers of Anthony de Jasay*. <http://oll.libertyfund.org/titles/2641>.
- *Choice, Contract, Consent: A Restatement of Liberalism* (London: Institute of Economic Affairs, 1991).
- *Before Resorting to Politics*. Northampton, MA: Edward Elgar Publishing, Ltd., 1996.
- *Against Politics: On Government, Anarchy and Order* (Routledge Studies in Social and Political Thought) (London: Routledge, 1997).
- *Justice and Its Surrounding* (Indianapolis: Liberty Fund, 2002). OLL: <http://oll.libertyfund.org/titles/1306>.
- *Political Economy, Concisely: Essays on Policy That Does Not Work and Markets That Do. Edited and with an Introduction by Hartmunt Klimt* (Indianapolis: Liberty Fund, 2009). OLL version: <http://oll.libertyfund.org/titles/2455>.
- *Political Philosophy, Clearly: Essays on Freedom and Fairness, Property and Equalities. Edited and with an Introduction by Hartmunt Klimt* (Indianapolis: Liberty Fund, 2010).
- *Economic Sense and Nonsense: Reflections from Europe, 2008–2012. Edited by Hartmunt Klimt* (Indianapolis: Liberty Fund, 2014).
- *Social Justice and the Indian Rope Trick*, in the *Collected Papers of Anthony de Jasay* (Indianapolis, IN: Liberty Fund, 2014).

Articles by Jasay: Other

Jasay, Anthony de. 1999. "On Treating Like Cases Alike: Review of *Politics by Principle Not Interest*." *The Independent Review*, IV (1): 107–18.

Jasay, Anthony de. 2008.. "On the Monopoly of Rule Enforcement." *Journal of Private Enterprise* 23(2): 135-148.

Jasay, Anthony de. 2010. "The Maximizing State," *The Independent Review: A Journal of Political Economy*. 15 (1): 5-18. Available online: <http://www.independent.org/pdf/tir/tir_15_01_1_jasay.pdf>.

Articles by Jasay: Econlib

Since April 2002 Jasay has written a monthly artcle for Liberty Fund's website *The Library of Economics and Liberty* (Enconlib <http://www.econlib.org/>). It was entitled "Responses from Europe" until August 2014 when its name was changed to "Thinking Straight". To date (1 September, 2015) he has written 152 articles which are listed below in reverse chronological order. The archive of his artciles on Econlib can be found here.

2015:

1. The Evil Bogey of Secular Stagnation (Jun 08, 2015)
2. Austerity, Growth, and 'The Tap' (May 04, 2015)
3. Irrelevant Inequalities, Part II: Economics-Not at Its Best (Apr 06, 2015)
4. Irrelevant Inequalities, Part I: God Has Created All Men Equal. Or Has He? (Mar 02, 2015)
5. Russia Fails Once Again: Putin Must Punch Above His Weight (Feb 02, 2015)
6. The Sick Man of Europe: Afraid to Get Well (Jan 05, 2015)

2014:

1. Paved With Good Intentions Part II. Regulatory Zeal Does It (Dec 01, 2014)
2. Paved With Good Intentions Part I. The Curse of Job Protection (Nov 03, 2014)
3. How Many Cheers for Classical Liberalism? (Oct 06, 2014)

4. Double-Counting: Stop It, Please! (Sep 01, 2014)
5. Distributive Justice, Wet Rain (Aug 04, 2014)
6. The Python That Eats Itself by the Tail: A Self-Contradictory Theory of Capitalism (Jul 07, 2014)
7. Coronation, Social Contract and All That (Jun 02, 2014)
8. Having It Is Sinful (May 05, 2014)
9. Two Horses, Four Grooms (Apr 07, 2014)
10. Two Leaning Towers (Mar 03, 2014)
11. Secular Stagnation: Why and Why Not? (Feb 03, 2014)
12. Property or Property "Rights" (Jan 06, 2014)

2013:

1. Irresistible Immigration: The Lampedusa Dilemma (Dec 03, 2013)
2. More Euro-Fantasy (Nov 04, 2013)
3. From Shirtsleeves to Shirtsleeves (Oct 07, 2013)
4. The Charms of Deferred Cost (Sep 02, 2013)
5. Kicking Own-Goals in Russia (Aug 05, 2013)
6. Helicopter Money and Stone-Age Banking (Jul 01, 2013)
7. Those Selfish Germans (Jun 03, 2013)
8. Diversity Does It (May 06, 2013)
9. Presumptions Versus Good Ideas (Apr 01, 2013)
10. A Triangular Europe: Three Incompatible Conceptions (Mar 04, 2013)
11. One Size Fits All, But Not Well: Collective Bargaining Conceals and May Waste a Rich Source of Productivity (Feb 04, 2013)
12. The Speculator's Bootstrap and the Efficient Market (Jan 07, 2013)

2012:

1. Collective Choice at Work (Dec 03, 2012)
2. Russia's Socialist Heritage (Nov 05, 2012)
3. The Price of Everything (Oct 01, 2012)
4. Instinctive Blunders: Job Protection and Redistribution (Sep 03, 2012)
5. Enough Folly is Enough (Aug 06, 2012)
6. Two Ways, But Where To? (Jul 02, 2012)
7. We All Prefer Growth to Austerity (Jun 04, 2012)
8. Class War by Judo (May 07, 2012)
9. Euramerica: A Safety-First Economy (Apr 02, 2012)
10. The Platinum Rule (Mar 05, 2012)
11. Is S & P a WMD? (Feb 06, 2012)
12. Finance in Parrot Talk, Part III (Jan 02, 2012)

2011:

1. Finance in Parrot Talk, Part II (Dec 05, 2011)
2. Finance in Parrot Talk, Part I (Nov 07, 2011)
3. Eurozone: It Seemed a Good Idea At the Time (Oct 03, 2011)
4. Can Sovereign Borrowing Be a Criminal Offence? (Sep 05, 2011)
5. Corruption, Parasitism, and the Abuse of Agency (Aug 01, 2011)
6. The Archbishop and the Accountants (Jul 12, 2011)
7. What Became of the Liquidity Trap? (Jun 06, 2011)
8. Our Cherished Optimum Currency Area: Its Trials and Tribulations (May 02, 2011)
9. The Millstones of Egalitarianism, Part II. Ropemanship, or the Morality of Distributions (Apr 04, 2011)
10. The Millstones of Egalitarianism, Part I. Distributionism By Facts-of-Life (Mar 07, 2011)
11. The Foolish Quest for Stability (Feb 07, 2011)
12. Negative Productivity (Jan 13, 2011)

2010:

1. Micro, Macro and Fantasy Economics (Dec 06, 2010)
2. The Best of the Worst: What Price Democracy (Nov 01, 2010)
3. Bank Debt, Sovereign Debt and the Dogs That Did Not Bark (Oct 04, 2010)
4. Two Cheers For Fiscal Austerity: Part II. (Sep 06, 2010)
5. Two Cheers For Fiscal Austerity: Part I. (Aug 02, 2010)
6. Is Society a Great Big Insurance Company? (Jul 05, 2010)
7. Is Society a Great Big Credit Card? Part II. (Jun 07, 2010)
8. Is Society a Great Big Credit Card? Part I. (May 03, 2010)
9. Come and Get Caught in My Trap (Apr 05, 2010)
10. Stone-Age Banking, Anti-Speculation and Rescuing the Euro (Mar 01, 2010)
11. Weeding Out the "Socially Not Useful" (Feb 01, 2010)
12. Ned Ludd, Handloom Weaving, and Franco-German Moral Banking (Jan 04, 2010)

2009:

1. They Wanted a New Order (Dec 07, 2009)
2. Who Is Afraid of the National Debt? (Nov 02, 2009)
3. Europeans Know Better: The Atlantic Cleavage on Financial Reform (Oct 05, 2009)
4. Thank Heaven for an Inefficient Market: A Tale of Zombies and Speculators (Sep 07, 2009)
5. A Fiscal Curb To Tame the State? (Aug 03, 2009)
6. Greed, Need, Risk and Regulation (Jul 06, 2009)
7. In Fantasyland: The Stressless Economy (Jun 01, 2009)
8. Butcher, Brewer, Baker, Banker: All Must Work by the Golden Rule (May 04, 2009)
9. Equal Poverty, Unequal Affluence (Apr 06, 2009)
10. The Fat Cats, the Underdogs, and Social Justice (Mar 02, 2009)
11. Open Season on the Capitalist Free-for-All (Feb 02, 2009)
12. To Spend or Not to Spend? (Jan 05, 2009)

2008:

1. Trudging Down the Third Way (Dec 01, 2008)
2. Cheap Talk: A Weapon of Mass Destruction: Asset Values, Expectations and the Apocalypse (Oct 21, 2008)
3. Oil, Gas and Bluster (Oct 06, 2008)
4. Incomes: Equalizing or Churning? (Sep 05, 2008)
5. Topping Up Welfare (Aug 04, 2008)
6. The Bootstrap Theory of the Oil Price (Jul 07, 2008)
7. When Is a Change a Good Thing? (Jun 02, 2008)
8. A Trillion-Dollar "Catastrophe"? (May 05, 2008)
9. The Use and Abuse of Taxes and Tax Havens (Apr 07, 2008)
10. Economics Textbooks: Teaching to Despise (Mar 03, 2008)
11. The Demise of GDP Is Premature (Feb 04, 2008)
12. Solvency and Liquidity: Some Financial "Crises" Are More Critical Than Others (Jan 07, 2008)

2007:

1. A Bill of Rights Europe Did Not Need (Dec 03, 2007)
2. The Political Economy of Force-Feeding (Nov 05, 2007)
3. Europe: More Secular and More Islamist (Oct 01, 2007)
4. Misbehaviour, Punishment, Prosperity. Part II. The Soviet Legacy (Sep 03, 2007)
5. Misbehaviour, Punishment, Prosperity. Part I. The Statist Legacy (Aug 06, 2007)
6. Low Pay (Jul 02, 2007)
7. When the Economy Needs Morals (Jun 14, 2007)
8. The French Tragicomedy (Apr 02, 2007)
9. The Capitalism They Hate. Part II. Indecent Earnings (Mar 05, 2007)
10. The Capitalism They Hate. Part I. The Inequality Machine (Feb 05, 2007)
11. Russia Hopping Along on Clay Feet (Jan 08, 2007)

2006:

1. Property or "Property Rights"? (Dec 04, 2006)
2. The Failure of Market Failure. Part II. The Public Goods Dilemma (Nov 06, 2006)
3. The Failure of Market Failure. Part I. The Problem of Contract Enforcement (Oct 02, 2006)
4. The Yakoubovich Syndrome, or Lies, Damn Lies and Economic Policy (Sep 04, 2006)
5. Immigration: What is the Liberal Stand? (Aug 07, 2006)
6. Russia and the New Europe: Growing Apart (Jul 07, 2006)
7. Striving to Get Richer and Poorer (Jun 05, 2006)
8. Paternalism and Employment (May 01, 2006)
9. Stamp Your Feet and Demand a Fair Deal (Apr 03, 2006)
10. Hostile to Whom? "Economic Patriotism" To Resist "Market Dictatorship" (Mar 06, 2006)
11. Winning Policy Battles, but Losing the War Against Economic Realities (Feb 06, 2006)
12. Urban Riots: How the French Social Model Could Self-Destruct (Jan 09, 2006)

2005:

1. Turkey and the E.U. Club (Dec 05, 2005)
2. Some Bad News Could Be Good News (Nov 07, 2005)
3. Are High Oil Prices a Form of Exploitation? (Oct 03, 2005)
4. Paying Ourselves More of Their Money (Sep 08, 2005)
5. The Instability of the Welfare State (Aug 01, 2005)
6. What Now for "Europe"? Why the People Failed Their Masters (Jul 04, 2005)
7. Socio-Masochism: How Germany and France, the Sick Men of Europe, Torture Themselves (Jun 06, 2005)
8. Trying the Free Market. Part II. Unacceptable (May 02, 2005)

9. Trying the Free Market. Part I. Presumed Guilty (Apr 04, 2005)
10. A War of White Hats and Black Hats: A War of Attrition between Economic Reality and Political Dreams (Mar 07, 2005)
11. The Future of Europe: A Giant Free Trade Area or a Political Counterweight to America? (Feb 07, 2005)
12. The Seen and the Unseen. Part II. The Costly Mistake of Ignoring Opportunity Cost (Jan 10, 2005)

2004:

1. The Seen and the Unseen. Part I. On the Economics of Protecting Employment (Dec 06, 2004)
2. "Globalisation" and Its Critics: Mutual Gain vs. Cloud Cuckoo Land (Nov 01, 2004)
3. Weather Forecast: A Brightening of the Economic Skies over Brussels? (Oct 04, 2004)
4. The Doctrine of "Unequal Exchange": The Last Refuge of Modern Socialism? (Sep 06, 2004)
5. "Bread and Circuses" in the Modern Welfare State: Is the Worm Finally Turning? (Aug 02, 2004)
6. Jogging, Not Racing: European Cross-Currents and the Federalist Drift (Jul 05, 2004)
7. Economic Theories and Social Justice. Part II. Who Minds the Gap? (Jun 07, 2004)
8. Economic Theories and Social Justice. Part I. Risk, Value, and Externality (May 03, 2004)
9. Third Time Lucky in Russia: Can Putin Build a Real Economy from Oil and Rigour? (Apr 05, 2004)
10. Some Democratic Economics: If We Pay the Piper, Whose Tune Will He Play? (Mar 01, 2004)
11. The Things Labour Unions Are Up To: (Promoting general prosperity is not one of them) (Feb 12, 2004)
12. A Tadpole Constitution. Part II. Majority Rule by Any Other Name (Jan 07, 2004)

2003:

1. A Tadpole Constitution. Part I. How Confederacy Could Turn into a Federal Superstate (Dec 01, 2003)
2. Shall We Borrow from the Children? (Nov 03, 2003)
3. Free-Riding on the Euro (Sep 17, 2003)
4. Property and its Enemies. Part III. How to Get a Free Lunch? Just Apply for It. (Sep 01, 2003)
5. Property and its Enemies. Part II. Is Ownership a Myth? (Aug 04, 2003)
6. Property and its Enemies. Part I. "Design Faults" in Locke's Theory of Property Taint Ownership with Guilt (Aug 04, 2003)
7. Capitalism and Virtue: Politicians Do Not Understand the Economy, But Do Managers? (Jun 02, 2003)
8. Float or Sink? The Millstone of the "Social Market" in Germany (May 15, 2003)
9. More Nonsense on Stilts: Mr. Bentham Is At It Again (Apr 24, 2003)
10. Turkey Knocking on Europe's Door (Apr 07, 2003)
11. What Price Pride? On the Hidden Costs of Economic Illiteracy (Apr 07, 2003)
12. The Sins of the Fathers and the Sins of the Sons: Economic Consequences of a United States of Europe (Mar 03, 2003)

2002:

1. Thirty-five Hours (Jul 15, 2002)
2. Your Dog Owns Your House (Apr 22, 2002)

Works Mentioned in the Discussion↩

Symposium on the theme of “In Search of Libertarian Realism” *Reason*, January 2015 <http://reason.com/archives/2014/12/08/in-search-of-libertarian-reali>.

Hans Albert, *Treatise on Critical Reason* (Princeton: Princeton University Press, 1985).

Barkow, J., Cosmides, L. and Tooby, J. 1992. *The Adapted Mind: Evolutionary Psychology and the Generation of Culture*. New York: Oxford University Press.

Benson, Bruce. 1989. “The Spontaneous Evolution of Commercial Law,” *Southern Economic Journal* 55(3): 644-61.

Jeremy Bentham, *Anarchical Fallacies: Being an Examination of the the Declaration of Rights issued during the French Revolution* (1796) in *The Works of Jeremy Bentham, published under the Superintendence of his Executor, John Bowring* (Edinburgh: William Tait, 1838-1843). Vol. 2. <http://oll.libertyfund.org/titles/1921#Bentham_0872-02_6148>.

Boettke, Peter J. 2005. “Anarchism as Progressive Research Program in Political Economy,” In Edward Stringham (ed.), *Anarchy, State, and Public Choice*, Cheltenham, UK: Edward Elgar Publishing, Ltd., pp. 206-19.

Boettke, Peter J. 2012. "Anarchism and Austrian Economics." *New Perspectives on Political Economy*, 7(1): 125-40.

Buchanan, James M. 1986. “Review of *The State*,” *Public Choice* 51(2): 241-43.

Buchanan, James M. 1986. "From Redistributive Churning to the Plantation State." *Public Choice*, 51: 241-43.

James M. Buchanan. “An Ambiguity in Sen’s Alleged Proof of the Impossibility of a Pareto Liberal.” *Analyse & Kritik* 18, Nr. 1 (1996 1975): 118–25.

James M. Buchanan, "The Relatively Absolute Absolutes" in *The Logical Foundations of Constitutional Liberty*, vol. 1 of *The Collected Works of James M. Buchanan* (Indianapolis, IN: Liberty Fund, 1999), pp. 442-54.

James M. Buchanan and Gordon Tullock, *The Calculus of Consent* (Ann Arbor: University of Michigan Press, 1962). Online: James M. Buchanan, *The Collected Works of James M. Buchanan, Vol. 3. The Calculus of Consent: Logical Foundations of Constitutional Democracy, with a Foreword by Robert D. Tollison* (Indianapolis: Liberty Fund, 1999). <http://oll.libertyfund.org/titles/1063>.

Fearon, James D. and David D. Laitin 1996. "Explaining Interethnic Cooperation," *American Political Science Review* 90(4): 715-35.

Ernst Fehr and Simon Gächter, "Altruistic Punishment in Humans," *Nature,* vol. 415, January 2002, pp. 137–40.

Gaus, Jerry. 2013. "Why the Conventionalist Needs the Social Contract (and Vice Versa)." *Rationality, Morality, and Markets*. 4: 71–87.

_____. 2015. "The Egalitarian Species." *Social Philosophy and Policy*. In Press.

Werner Güth's ultimatum game, see recently the special issue of *JEBO*, 2014.

Herbert L. A. Hart, *The Concept of Law* (Oxford: Clarendon Press, 1969).

Friedrich August v. Hayek, *Law, Legislation and Liberty: A New Statement of the Liberal Principles of Justice and Political Economy,* vols. 1-3, (London and Henley: Routledge & Kegan Paul, 1973-1979).

John Hicks, *Causality in Economics* (Oxford: Blackwell, 1979)

Thomas Hobbes, *Leviathan* (1651) (Harmondsworth: Penguin, 1968). Online version: Thomas Hobbes, *Hobbes's Leviathan reprinted from the edition of 1651 with an Essay by the Late W.G. Pogson Smith* (Oxford: Clarendon Press, 1909). <http://oll.libertyfund.org/titles/869>.

Thomas Hobbes, *Behemoth: The History of the Causes of the Civil Wars in England* (1668) in *The English Works of Thomas Hobbes of Malmesbury; Now First Collected and Edited by Sir William Molesworth, Bart*., (London: Bohn, 1839-45). 11 vols. Vol. 6. <http://oll.libertyfund.org/titles/770#Hobbes_0051-06_540>.

Thomas Hobbes, *Behemoth* (Chicago: University of Chicago Press, 1990).

David Hume, *Essays Moral, Political, Literary, edited and with a Foreword, Notes, and Glossary by Eugene F. Miller, with an appendix of variant readings from the 1889 edition by T.H. Green and T.H. Grose, revised edition* (Indianapolis: Liberty Fund 1987). <http://oll.libertyfund.org/titles/704>.

- "Of the Original Contract," *Essays*, Part II, Essay XII <http://oll.libertyfund.org/titles/704#lf0059_label_792>.
- "Of the First Principles of Government," *Essays*, Part I, Essay V <http://oll.libertyfund.org/titles/704#Hume_0059_145>.

David Hume, *A Treatise of Human Nature by David Hume, reprinted from the Original Edition in three volumes and edited, with an analytical index, by L.A. Selby-Bigge, M.A.* (Oxford: Clarendon Press, 1896). <http://oll.libertyfund.org/titles/342>.

Jefferson's letter to William Stephens Smith (Paris, 13 November 1787) in *The Works of Thomas Jefferson, Federal Edition* (New York and London, G.P. Putnam's Sons, 1904-5). Vol. 5. <http://oll.libertyfund.org/titles/802#Jefferson_0054-05_433>.

Charles Johnson, "Can anybody ever consent to the State?," *Rad Geek People's Daily*, 8 January 2009 <http://radgeek.com/gt/2009/01/08/can_anybody/>.

Leeson, Peter T. 2014. *Anarchy Unbound: Why Self-Governance Works Better than You Might Think*. Cambridge, MA: Cambridge University Press.

David Lewis, *Convention* (Cambridge, Mass.: Harvard, 1969).

Abraham Lincoln, "Fragment on Government," circa July 1, 1854, in Roy P. Basler, ed., *The Collected Works of Abraham Lincoln* (8 vols., New Brunswick, NJ: Rutgers University Press, 1953), 2: 220-21. <http://hd.housedivided.dickinson.edu/node/40487>.

Long, Roderick. 2003. "Review of Justice and Its Surroundings by Anthony de Jasay." *Independent Review*, 8(1): 120.

Mike Munger, "Munger on Exchange, Exploitation and Euvoluntary Transactions", Econtalk, June 20, 2011. <http://www.econtalk.org/archives/2011/06/munger_on_excha.html>.

Michael Munger on Choosing in Groups, *Econlib*, Feb. 23, 2015 <http://www.econtalk.org/archives/2015/02/michael_munger_1.html>.

Radnitzky, Gerard. 2004. "Anthony de Jasay: A Life in the Service of Liberty." *Independent Review*, 9(1): 99-103.

Rajan, Raghuram. 2004. "Assume Anarchy? Why an Orthodox Economic Model May Not Be the Best Guide for Policy," *Finance & Development*, September: 56-57. Available online: <https://www.imf.org/external/pubs/ft/fandd/2004/09/pdf/straight.pdf>.

John Rawls, "Outline of a Decision Procedure for Ethics." *Philosophical Review,* vol. 60, 1951, pp. 177–97.

John Rawls, *A Theory of Justice*. (Oxford: Oxford University Press, 1971).

Scott, James C. 2009. *The Art of Not Being Governed: An Anarchist History of Upland Southeast Asia*. New Haven, CT: Yale University Press.

Stringham, Edward P. 2015. *Private Governance: Creating Order in Economic and Social Life*. New York: Oxford University Press.

Edward Peter Stringham and Caleb J. Miles, "Repelling States: Evidence from Upland Southeast Asia", *Review of Austrian Economics*, November 25, 2010; at <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1715223>.

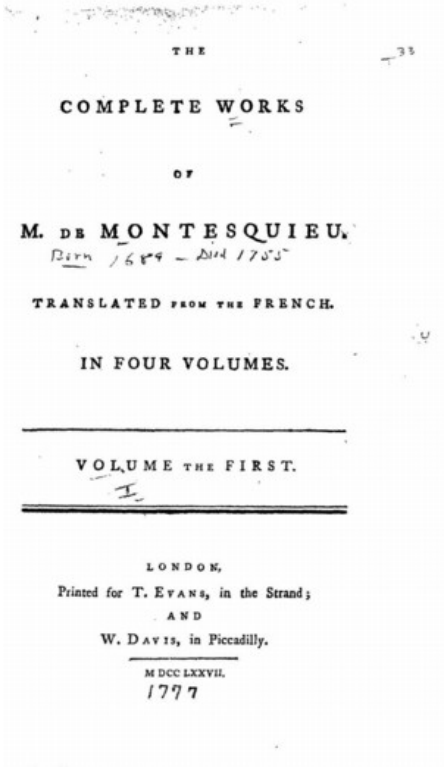
The Fund for Peace. 2015. "Fragile States Index 2015," Available online: <http://fsi.fundforpeace.org/>.

Rutledge Vining. *Economics in the United States of America. A Review and Interpretation of Research* (Paris: UNESCO, 1956).

"LIBERTY MATTERS"

A FORUM FOR THE DISCUSSION OF MATTERS PERTAINING TO LIBERTY

"MONTESQUIEU ON LIBERTY AND SUMPTUARY LAW"
A DISCUSSION HELD IN NOVEMBER, 2015.
Online: <http://oll.libertyfund.org/pages/lm-ideas>
Ebooks: <http://oll.libertyfund.org/titles/2709>.


THE
COMPLETE WORKS
OF
M. DE MONTESQUIEU.
Born 1689 – Died 1755
TRANSLATED FROM THE FRENCH.
IN FOUR VOLUMES.
VOLUME THE FIRST.
I.
LONDON,
Printed for T. EVANS, in the Strand;
AND
W. DAVIS, in Piccadilly.
M DCC LXXVII.
1777

Baron de Montesquieu (1689-1755) *The Spirit of the Laws (1748)*

Summary

The Baron de Montesquieu (1689-1755) was one of the most widely read authors before the American Revolution and had a profound impact on the formation of the American Republic. In this discussion of his economic thought, in particular his ideas about the need for sumptuary laws in republics, Henry Clark of Dartmouth College investigates this little appreciated aspect of Montesquieu's thinking and concludes that, before the theory of natural rights became better estanblished, "Sumptuary law is scarcely more than a blip on our historical radar screens, but it manages to remind us of what a mottled, murky landscape the history of liberty really is". Henry Clark is joined in the diuscussion by David Carrithers at the University of Tennessee, Chattanooga, Paul A. Rahe at Hillsdale College, Michigan, and Stuart D. Warner of Roosevelt University, Chicago.

About *Liberty Matters* and the Online Library of Liberty

“Liberty Matters” is a project of Liberty Fund, Inc. which is part of the Online Library of Liberty website. Every two months we ask a leading scholar to present an argument on a particular topic “pertaining to liberty” in a “Lead Essay” and to develop this argument at some length. The “Lead Essay” is posted in the first week of the month. Three or four other scholars will respond to this essay in slightly shorter “Response Essays” during the second week of the month.

Once all these ideas and arguments are on the table an open discussion between the various parties takes place over the course of the following weeks. At the end of the month the online discussion is closed.

We plan to have discussions about some of the most important online resources which can be found of the Online Library of Liberty website. We will link to these resources wherever possible from the essays and responses of our discussants so our reader can find out more about the topic under discussion.

The complete collection of Liberty Matters can be found here <http://oll.libertyfund.org/pages/liberty-matters>.

EBook versions of these discussions in PDF, ePub, and Kindle formats can be found at <http://oll.libertyfund.org/titles/2516>.

About the Online Library of Liberty and Liberty Fund

The Online Library of Liberty is a project of Liberty Fund, Inc., a private educational foundation established in 1960 to encourage the study of the ideal of a society of free and responsible individuals. The OLL website has a large collection of books and study guides about individual liberty, limited constitutional government, the free market, and peace.

- Liberty Fund: <www.libertyfund.org>.
- OLL: <oll.libertyfund.org>.

The Debate

Lead Essay: Henry C. Clark, "Montesquieu on Liberty and Sumptuary Law" [Posted: November 2, 2015]

Responses and Critiques

1. Paul A. Rahe, "Montesquieu, Modern Republicanism, and Sumptuary Laws" [Posted: Nov. 4, 2015]
2. Stuart D. Warner, "A Note on the Luxury of Reading Montesquieu" [Posted: Nov. 6, 2015]
3. David W. Carrithers, "The Rise and Decline of Sumptuary Laws" [Posted: Nov. 9, 2015]

The Conversation

1. Henry C. Clark, "Montesquieu on Liberty and Sumptuary Law: A Rejoinder" [Posted: Nov. 10, 2015]
2. David Carrithers, "Life, Liberty, and the Pursuit of Luxury" [Posted: Nov. 12, 2015]
3. Paul A. Rahe, Why Did Sumptuary Laws Disappear? [Posted: Nov. 16, 2015]
4. David W. Carrithers, "Why Sumptuary Laws Endured" [Posted: Nov. 25, 2015]
5. Stuart D. Warner, "Montaigne on 'Sumptuary Laws'" [Posted: Nov. 27, 2015]
6. Henry C. Clark, "Ambivalent Montesquieu" [Posted: Nov. 30, 2015]
7. Henry C. Clark, "The Secret Prehistory of Equality" [Posted: Dec. 2, 2015]

About the Authors

David Carrithers (Ph.D. NYU, 1972) is Adolph Ochs Professor Emeritus at the University of Tennessee, Chattanooga, where he taught in the departments of history, philosophy, and political science and also in the University Honors program. He is past president of the Southeastern Branch of the American Society of Eighteenth-Century Studies, a former board member of the American Society for Eighteenth Century Studies, and an invited member of the Académie nationale des sciences, belles-lettres et arts de Bordeaux. A specialist in Montesquieu studies, Carrithers has published a critical edition of Montesquieu's *The Spirit of Laws* (Berkeley, 1977) and is also the editor of and contributor to three edited volumes of essays on Montesquieu: *Montesquieu's Science of Politics* (2001), *Montesquieu and the Spirit of Modernity* (2002), and *Charles-Louis de Secondat, Baron de Montesquieu. Essays in the History of Social and Political Thought* (2009). He has also published essays on Montesquieu in the *Journal of the History of Ideas*, the *History of Political Thought*, *The French-American Review*, the *Dictionnaire Montesquieu*, and the *Revue Montesquieu* and encyclopedia entries on Montesquieu in Scribner's *Encyclopedia of the Early Modern World* and Blackwell *Classics of Western Philosophy*.

Henry C. Clark has been a visiting professor in the Political Economy Project at Dartmouth College since 2014. Before then, he taught at Canisius College (where he became professor of history), Norwich University, Lawrence University, Tulane University, and Clemson University. He is the author of *La Rochefoucauld and the Language of Unmasking in Seventeenth-Century France* (1994) and *Compass of Society: Commerce and Absolutism in Old-Regime France* (2007). He has edited *Commerce, Culture and Liberty: Readings on Capitalism Before Adam Smith* (2003), and has translated Montesquieu's *Mes pensées* (My Thoughts [2012]), named a *Choice* magazine Outstanding Academic Title. His edition, co-translated with Christine D. Henderson, of *Encyclopedic Liberty: Political Articles in the Dictionary of Diderot and d'Alembert* is due out in 2016. His articles and reviews have appeared in journals of history, political science, philosophy and economics. His current book project, on which this post is loosely based, bears the provisional title *Honor Management: The Unsocial Passions and the Untold Story of Modernity*.

Paul A. Rahe holds The Charles O. Lee and Louise K. Lee Chair in the Western Heritage at Hillsdale College. He majored in History, the Arts and Letters at Yale University; read Litterae Humaniores at Oxford University's Wadham College on a Rhodes Scholarship; and did his Ph.D. in ancient Greek history at Yale under the direction of Donald Kagan. He is the author of *Republics Ancient and Modern: Classical Republicanism and the American Revolution* (1992); *Against Throne and Altar: Machiavelli and Political Theory under the English Republic* (2008); *Montesquieu and the Logic of Liberty: War, Religion, Commerce, Climate, Terrain, Technology, Uneasiness of Mind, the Spirit of Political Vigilance, and the Foundations of the Modern Republic* (2009), *Soft Despotism, Democracy's Drift: Montesquieu, Rousseau, Tocqueville and the Modern Prospect* (2009), *The Grand Strategy of Classical Sparta: The Persian Challenge* (2015), and *The Spartan Regime* (2016). He is currently working on a book entitled *The Grand Strategy of Classical Sparta: The Athenian Challenge*. He writes on contemporary politics and culture for the website Ricochet and can be found at www.paularahe.com.

Stuart D. Warner is associate professor of philosophy at Roosevelt University, and the founding director of the Montesquieu Forum. He has just completed a new edition and translation of Montesquieu's *Persian Letters*, which will be published in the Spring of 2016, and is currently working on a commentary of Descartes's *Discourse on Method*. He has edited two Liberty Fund volumes, James Fitzjames Stephen's *Liberty, Equality, Fraternity* and Michael Polanyi's *The Logic of Liberty*, and has edited and translated a bilingual edition of La Rochefoucauld's *Maxims*. He has also published essays on Hobbes, Spinoza, Locke, Hume, Smith, and Montesquieu. His doctoral dissertation was on Lon Fuller and F.A. Hayek.

Additional Reading

- Online Resources
- Works Mentioned in the Discussion

LEAD ESSAY: Henry C. Clark, "Montesquieu on Liberty and Sumptuary Law" [Posted: November 2, 2015]↩

> "They told us not to wear colourful clothes."
> --*He Named Me Malala* (Fox Searchlight Pictures, 2015)[1]

When Bologna promulgated a set of sumptuary laws in 1453 restricting female clothing options, it was hardly earthshaking news. Such laws had been a staple throughout Europe for generations and would continue to be for centuries more. The difference this time was Nicolosa Sanuti. Wife of a local count and lover to the chief magistrate of Bologna, Sanuti did something that to my knowledge had not been done before. Where most complainants about such laws in Bologna and elsewhere (and there were many) preferred to file individual petitions for personal exemptions, Sanuti drafted a veritable short treatise, which she sent to the papal legate responsible for the new law and which attacked the legislation and the whole rationale behind it root and branch.

She did not, of course, frame her essay in the modern language of "liberty" or of "rights." Her main arguments were moral rather than political and were cast mostly in the Renaissance language of the virtues. The sartorial "ornaments" that had been outlawed, and that Sanuti wanted restored, were "testimonies to virtue and heralds of a well-instructed mind." They amplified the "honor" and the "personal dignity" of the wearer, which she pitted against the "avarice" of those men she presumed responsible for the obnoxious new law. They fostered humanity and "liberality" in their wearers, polar opposites of pinching greed. They respectfully followed long-established custom, whereas the new law was a brutal rupture. And they properly highlighted social distinctions, enabling some to display their excellence more than others.

Beneath the standard Humanistic language of all these arguments, however, the outlines of a liberty claim are not hard to see. "Let not the rights of the humbler sex be snatched away by the injustice of the more powerful," she intoned. Echoing an episode from Roman history as recounted by Livy,[2] she concluded that though state offices and public honors are the fit preserve of men, "ornaments and decoration, the tokens of our virtue" are the rightful possessions of women, which "we shall not allow to be stolen from us."[3]

As we have seen, at least one of these articles of indictment--the claim about novelty--was not really accurate. During the ancient, medieval, and early modern periods, men and women alike throughout Europe (and beyond) were frequently told not only what they could wear, but how they could furnish their homes, embellish their weddings and funerals, or generally appear in public. Pleasing God, controlling elites, keeping down the plebs, reining in women, protecting local interests, and enriching the state were among the multifarious rationales that were offered up by regimes at one time or another and that are embraced by the protean term "sumptuary law." When we liberals nowadays deign to take notice of this stubbornly durable phenomenon, we often respond with a kind of bemusement at the sheer triviality of the whole subject.

Contemporaries did not necessarily find it so trivial. Sanuti herself threatened suicide at one point in her (unsuccessful) appeal. The sheer scale of the circumventions and the resistance mounted against it, as well as the enforcement mechanisms brought to bear on its behalf--which included excommunication, confiscation, burning of contraband, rewards for denunciation, and threats to livelihood---shine a useful spotlight on premodern relations between ruler and ruled, and on the broad enterprise of modern liberty that changed them. And at a moment when sartorial propriety is being treated with murderous gravity in multiple venues around the world, it may not be altogether frivolous to say a few words about it here.

It seems the sumptuary laws mostly disappeared from Europe in the 18th century. (It was a bit earlier in England, though even there, nostalgia for their return scarcely abated throughout the period.) But the manner of their disappearance was not as straightforward as we might imagine. To illustrate, I propose to discuss one of the undoubted architects of a system of liberty in that period, namely the Baron of La Brède and of Montesquieu (1689-1755). Since the Frenchman was central to the great debates over the general definition of liberty on both sides of the Atlantic in the second half of the 18th century--one study finds him cited much more often by the American framers than any other modern authority[4]--if we are to find a satisfactory answer to Sanuti's challenge, we should expect to find it there.

Another reason for focusing on Montesquieu is that he actually discussed the subject in detail, something that not all of his Enlightenment contemporaries did. I have found no evidence, for example, that either Hobbes or Locke ever mentioned sumptuary law in their writings, nor did Hume (though he treated at length the allied topic of luxury). Most authors of the period touched upon it briefly and in passing. Montesquieu himself only discussed it in one place, but in that place--book seven of *The Spirit of the Laws* (1748)--he gave it a coverage that is worth trying to unravel.

First, he fits sumptuary law firmly into his broader constitutional framework, thus presenting a scheme that was destined to seem more relativistic than normative to many readers. According to that framework, most regimes fall into one of three categories: a republic, a monarchy, or a despotism. Each form has its constitutional features, of course, but Montesquieu also saw each as based on a moral-psychological principle. Thus, the "principle" of a republic was virtue, that of a monarchy was honor, and of a despotism fear. Earlier in the work, he had already defined republican virtue as "love of the republic" and explained that in a democratic republic, such love included a love of equality and of the shared frugality necessary to preserve it.[5]

This shared frugality--along with its corollary, the prevention or banishment of luxury--are feasible republican goals on Montesquieu's account. This is worth underscoring, because in the half-century before his treatise appeared, authors such as Nicholas Barbon, Bernard Mandeville, and even his own friend Jean-François Melon had begun to throw cold water on the classic narrative of frugal republican virtue.[6] But Montesquieu maintained that in republics founded on equality, where each person is limited to a subsistence standard of living, any natural desire for distinction, or "glory," is adequately satisfied by the opportunity to sacrifice everything, including life itself, for one's *patria*.[7] Wherever that equality is lost, "glory" tends to be replaced by "vanity," which brings large and corrupt cities in its train and results in the "general distress"[8] of a society where values and prices, needs, and means fall lamentably out of kilter. Thus, "the less luxury there

is in a republic, the more perfect it is."[9]

The case of monarchy is different. We are told that "luxury is singularly appropriate in monarchies and [thus] ... they do not have to have sumptuary laws."[10] Let's flesh out the reasoning: the moral principle of monarchy is "honor," but honor implies love of inequality, just as republican virtue had involved love of equality. In a monarchy, inequality is a functional principle of just, generalized reciprocal action, just as virtue had been in a republic: think of Aristotle on distributive justice.[11] Honor is a self-regarding "prejudice" (Montesquieu's term) rather than a self-denying virtue, and it leads each individual to cling to his place in a manifestly hierarchical order, or even to move up in it through ambition. The latter passion, though illegitimate and lethally dangerous in republics since it tends to breed faction and civil war, is legitimate in a monarchy[12]

A couple chapters later, Montesquieu steps out of his constitutional framework and offers instead a demographic-economic perspective on the subject. It seems that a country that does not produce enough food for itself, whatever constitutional type it may represent, is well-advised to encourage everyone to work in food production and avoid luxuries, with the help of "strict" sumptuary laws. Overpopulated China, the largest monarchy in the world at that time, is his example. But countries that produce agricultural surpluses have nothing to worry about from either the production or consumption of luxuries. The two examples he cites here, interestingly enough, are England and France--further evidence of his indulgence toward luxury in modern European states.

Montesquieu envisions two exceptions to the counsel against sumptuary law in monarchies. The first, which he calls "absolute frugality," is republican in spirit, and he cites 13th-century Aragon as a (somewhat obscure) argument for the legitimacy of such laws in monarchies. The second, "relative frugality," is a ban on any foreign imports that might, in the eyes of the royal government itself, upset the overall balance of trade. 18th-century Sweden is his example, but some readers might have seen in it a loophole capacious enough for many contemporary regimes--perhaps even including France and England--to cruise through in pursuing their consumer prohibitions.[13] So his claim that monarchies "do not have to have sumptuary laws" turns out to be quite short of categorical.

On the other hand, if Montesquieu's treatment of monarchy is not as "liberal" as it seems at first sight, his treatment of republics is also not as austere. For between the two seemingly stark alternatives of luxury-steeped monarchy and frugal democratic republic, there is a third category that is discussed not in book seven but in book five--the one dedicated to constitutions and their moral principles. After reminding his readers of the reciprocal dependence of equality and frugality, he then inserts a discussion of a quite different regime, namely a commercial democratic republic. Whereas Rome (and Sparta) had exemplified his ideal frugal egalitarian republic, Athens is his explicit model for a commercial one.

In commercial republics, it seems, the rigid correlations he had established for frugal egalitarian republics dissolve. Inequality arises fairly quickly in such regimes, and yet "it may very well happen ... that the mores are not corrupted."[14] This is because the "spirit of commerce" usually brings an array of what we might call bourgeois virtues--Montesquieu called them the "spirit of frugality, economy, moderation, work, prudence, tranquility, order, and rule"--which are capable of maintaining frugality in check.[15] Participation in trade by the elites and equal inheritance portions are also practices known to help keep this spirit of commerce within the boundaries set by the requisite "spirit of frugality."

This picture of vast differences in wealth that nonetheless do not have fatally corrupting effects would seem to point to and illuminate an important aspect of the world we live in. If the gargantuan inequalities of wealth and income that we see every day--inequalities that would surely have struck terror into the hearts of republican moralists from antiquity up to Montesquieu's own time--generate disproportionately mild levels of discontent in our own day, this is due in no small measure to the principle grasped by the Baron of La Brède. We celebrate or at least tolerate our wealthy if, and insofar as, we regard their riches as the earned reward of the productive virtues--along with talent, creativity, and innovation, which were less prominent in the Frenchman's scheme--that we have come to associate with commercial life.

But is this insight enough to help explain the demise of sumptuary law? Is a new appreciation of the bourgeois virtues and their pacifying effects on gross inequalities adequate to account for the disappearance of the sumptuary impulse? To see the conceptual problems Montesquieu's treatment posed, let us return to our friend Nicolosa Sanuti. Her rationale for opposing sumptuary law, it will be recalled, had had relatively little to do with the bourgeois virtues. What is more redolent of her argument is Montesquieu's moral profile of monarchy, for that system of government is founded on inequality from the outset, which it accommodates and validates by spurring a highly self-regarding ambition, very much as Sanuti had put on display.

One point worth making here is that in the decades to come, republicanism, not monarchy, would come increasingly to be associated in some people's minds with liberty. Alongside his close association of republicanism with egalitarian frugality, Montesquieu's schema makes it a bit harder for a republican sympathizer to mount a liberty argument against sumptuary law. Sanuti lived in a sort of republic (in principle, at least), and although she did not link republicanism with her brief against those laws, others who came after her did.[16]

It is true, as we have seen, that in book five of *The Spirit of the Laws*, Montesquieu had carved out the intermediate category of commercial democratic republics. But it is also true that in book seven, where he focused on sumptuary law, he slid over the commercial republic with barely a mention, focusing most of his attention on the frugal egalitarian republic instead. It was thus possible, in his own time and since, to imagine Montesquieu as a forerunner in his sympathies to a kind of Rousseauian republicanism, with its robust endorsement of sumptuary law.[17]

More generally, whether taking a constitutional or a moral-psychological or a demographic or an economic perspective, Montesquieu consistently assumed that sumptuary law was, in principle at least, a legitimate arrow for any government to keep in its quiver.

For a challenge to this general assumption, the Sanutis of the world would have to look elsewhere, such as to Adam Smith. A quarter-century after Montesquieu, the Scotsman wrote: "It is the highest impertinence and presumption ... in kings and ministers, to pretend to watch over the œconomy of private people, and to restrain their expence either by sumptuary laws, or by prohibiting the importation of foreign luxuries. They are themselves always, and without exception, the greatest spendthrifts in the society. Let them look well after their own expence, and

they may safely trust private people with theirs. If their own extravagance does not ruin the state, that of their subjects never will."[18]But even Smith was referring here more to the specific history of English government than to the general principles of all government. Nor did he state his position in the form of "rights" or "liberty," but only of moral counsel, however acerbically categorical. And in any case, Smith was one of those who treated sumptuary law in a passing sentence or two rather than as a worthy subject in its own right, as Montesquieu had done.

So the full story of the disappearance of sumptuary law would embrace more than the leading current of ideas. It might include changing property rights, especially in those countries such as England where sumptuary law languished earliest.[19] It might take account of how global trade spurred unique patterns of consumption in Northwestern Europe that ended up overwhelming by attrition an increasingly half-hearted enforcement.[20] It might touch on how the European Marriage Pattern or similar factors primed the West to produce more than its fair share of Sanutis, independent of mind and assertive of their claims as individuals in ways unknown elsewhere in the world.[21] And perhaps all of these things would have been unavailing absent the technological breakthroughs that made attractive and colorful clothing widely available, and the attempts to ban it increasingly futile.[22] Sumptuary law is scarcely more than a blip on our historical radar screens, but it manages to remind us of what a mottled, murky landscape the history of liberty really is.

End Notes

[1.] See also Kritika Bhardwaj and Ashok K. Sharma, *Malala: The Crusader of Fearless Freedom* (New Delhi: Diamond Pocket Books, 2015), Episode #3: Monday, 5 January 2009.

[2.] See Livy, *History of Rome*, 34.7; see also Emanuela Zanda, *Fighting Hydra-Like Luxury: Sumptuary Regulation in the Roman Republic* (London: Bristol Classical Press, 2011), 95-96.

[3.] Sanuti's discourse has been translated into English by Catherine Kovesi Killerby, *Sumptuary Law in Italy, 1200-1500* (Oxford: Oxford University Press, 2002), 272-82; see also Kovesi Killerby's discussion at 124-31.

[4.] Donald S. Lutz, "The Relative Influence of European Writers on Late Eighteenth-Century American Political Thought," *The American Political Science Review*, 78, no. 1 (Mar., 1984):189-97.

[5.] See Montesquieu, *The Spirit of the Laws*, trans. Anne Cohler, Basia Miller, and Harold Stone (Cambridge: Cambridge University Press, 1989), 5.2-3.

[6.] See Nicholas Barbon, "A Discourse of Trade" (1690), most conveniently found in Henry C. Clark, *Commerce, Culture, and Liberty: Readings on Capitalism Before Adam Smith* (Indianapolis: Liberty Fund, 2003), 70-74; Bernard Mandeville, *The Fable of the Bees: or, Private Vices, Publick Benefits*, (1723) 2 vols., ed. F.B. Kaye (Oxford: Clarendon Press, 1924; repr. Indianapolis: Liberty Classics, 1988), 1:231-32 (Rem. T) and 251 (Rem. Y); and [Jean-François Melon], *L'Essai politique sur le commerce* (N.p., 1734), 139-42. In 1738, David Bindon offered an English translation titled *A Political Essay upon Commerce*, and the relevant chapter is reproduced in Clark, *Commerce, Culture, and Liberty*, 254-64, esp 258-59.

[7.] "For people who have to have nothing but the necessities, there is left to desire only the glory of the homeland and one's own glory," as he puts it. Montesquieu, *The Spirit of the Laws*, 7.2, p. 98.

[8.] Montesquieu, *The Spirit of the Laws*, 7.1, p. 97. The word the Cambridge editors translate as "distress" is "incommodité." It is usually better translated as "inconvenience," but "distress" is a distinct possibility, maybe even a probability in this context.

[9.] Montesquieu, *The Spirit of the Laws*, 7.2, p. 98.

[10.] Montesquieu, *The Spirit of the Laws*, 7.4, p. 99.

[11.] Aristotle, *Nicomachean Ethics*, bk. 5.

[12.] See Céline Spector, "Vices privés, vertus publiques: de la *Fable des abeilles* à *De l'esprit des lois*," in *Montesquieu and the Spirit of Modernity*, ed. David. W. Carrithers and Patrick Coleman (Oxford: Voltaire Foundation, 2002), 140-48, and Michael A. Mosher, "Monarchy's Paradox: Honor in the Face of Sovereign Power," in *Montesquieu's Science of Politics: Essays on* The Spirit of Laws, ed. David W. Carrithers, Michael A. Mosher, and Paul A. Rahe (Lanham: Rowman and Littlefield, 2001), 159-230, for discussions.

[13.] Montesquieu, *The Spirit of the Laws*, 7.5.

[14.] Montesquieu, *The Spirit of the Laws*, 5.6, pp. 47-48.

[15.] Montesquieu, *The Spirit of the Laws*, 5.6, p. 48; I change the Cambridge editors' "wisdom" to "prudence" in this translation of "sagesse." See also Deirdre McCloskey, *The Bourgeois Virtues: Ethics in an Age of Commerce* (Chicago: University of Chicago Press, 2006), and *Bourgeois Dignity: Why Economics Can't Explain the Modern World* (Chicago: University of Chicago Press, 2011).

[16.] See Daniela De Bellis, "Attacking Sumptuary Laws in Seicento Venice: Arcangela Tarabotti," in *Women in Italian Renaissance Culture and Society*, ed. Letizia Panizza (London: Legenda, 2000), 227-42, esp. 233.

[17.] For one orientation, see Mark Hulliung, *Montesquieu and the old regime* (Berkeley: University of California Press, 1976).

[18.] Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, ed. R. H. Campbell and A. S. Skinner (Oxford: Oxford

University Press, 1976; repr. Indianapolis: Liberty Fund, 1979), II.iii.36, p. 346.

[19.] Douglass C. North, *Institutions, Institutional Change, and Economic Performance* (Cambridge: Cambridge University Press, 1990) is an influential example.

[20.] See John Brewer and Roy Porter, eds., *Consumption and the World of Goods* (London: Routledge, 1993); Maxine Berg, *Luxury and Pleasure in Eighteenth-Century Britain* (Oxford: Oxford University Press, 2007); Jan de Vries, *The Industrious Revolution: Consumer Behavior and the Household Economy in Europe, 1650 to the Present* (New York: Cambridge University Press, 2008).

[21.] See John Hajnal's seminal article "European Marriage Patterns in Perspective," in D.V. Glass and D.E.C. Eversley, eds., *Population in History: Essays in Historical Demography* (Chicago: Aldine, 1965), 101-43, and the argument based on it in Mary S. Hartman, *The Household and the Making of History: A Subversive View* (Cambridge: Cambridge University Press, 2004).

[22.] For technology as a driver of modernity, see Joel Mokyr, *The Lever of Riches: Technological Creativity and Economic Progress* (Oxford: Oxford University Press, 1990), and *The Enlightened Economy: An Economic History of Britain, 1700-1850* (New Haven: Yale University Press, 2009).

RESPONSES AND CRITIQUES↩

1. Paul A. Rahe, "Montesquieu, Modern Republicanism, and Sumptuary Laws" [Posted: Nov. 4, 2015]↩

> The Greek statesmen & political writers [*politiques*] who lived under popular government knew of no force able to sustain them other than virtue. Those of today speak only of manufactures, of commerce, of finance, of wealth, & of luxury itself.
>
> —Charles-Louis de Secondat, baron de La Brède et de Montesquieu (1.3.3).[23]

In his engaging sketch of the history of sumptuary laws, Henry C. Clark rightly draws attention to the seminal analysis of this subject found in the seventh book of Montesquieu's *Spirit of Laws*. In the seventh, as in the fifth, book of that work, the French *philosophe* treats the relations that exist between legislation and the various forms of government that he makes the focus of attention in the eight books constituting the first part of his great tome – to wit, republicanism, monarchy, and despotism. It is his contention that each of these forms of government is distinguished not only by its structure but also by its "principle" – which is to say, by the "human passions that set it in motion" and sustain it.

If, according to Montesquieu, republics – especially, democratic republics – require sumptuary laws (1.7.1-2), it is because the passion that set in motion polities such as classical Sparta and early Republican Rome was a species of virtue grounded in a "love of the laws & the fatherland," which demanded "a continual preference for the public interest over one's own." This in turn required an emphasis on equality, which Montesquieu describes as "the soul" of the democratic state. "In a democracy," he explains, "the love of equality restricts ambition to a single desire, to the sole happiness of rendering to the fatherland greater services than the other citizens." To produce this love, to so restrict the scope of ambition, and to inspire in the citizens of a republic the requisite spirit of self-renunciation, one must deploy "the complete power of education" and instill in the citizens a "love of frugality that restricts the desire to possess" to what a family actually needs (1.4.5, 5.3-7). Sumptuary laws are needed to reinforce this propensity, for "to people who are allowed nothing but what is necessary, there is nothing left to desire but the glory of the fatherland and the glory that is their own" (1.7.2).

If, on the other hand, in Montesquieu's estimation, sumptuary laws have no proper place within a monarchy (1.7.4), it is because there

> policy makes great things happen with as little of virtue as it can, just as in the most beautiful machines, art also employs as little of movement, of forces, of wheels as is possible. The state subsists independently of love of the fatherland, of desire for true glory, of self-renunciation, of the sacrifice of one's dearest interests, & of all those heroic virtues which we find in the ancients & know only from hearing them spoken of.

If virtue can be discarded, it is because in a monarchy "the laws take the place of all these virtues, for which there is no need; the state confers on you a dispensation from them" (1.3.5). If monarchy can nonetheless produce good government, it is because in it honor "takes the place of the political virtue" found in republics (1.3.6).

The honor that Montesquieu has in mind is an artifact: it is a "false honor," more consonant with "vanity" than with "pride." It is grounded neither in merit nor in public-spiritedness, but in "the prejudice of each person & condition," and it demands artificial "preferences & distinctions" of the sort luxurious display makes visible and palpable (1.3.6–7, 5.19, 2.19.9, 5.24.6). The consequences of this all-pervasive "prejudice" are paradoxical but undeniable. "In well-regulated monarchies," Montesquieu contends, "everyone will be something like a good citizen while one will rarely find someone who is a good man" (1.3.6). Monarchy he compares to Newton's "system of the universe, where there is a force which ceaselessly repels all bodies from the center & a force of gravity which draws them to it. Honor makes all the parts of the body politic move; it binds them by its own actions; & it happens that each pursues the common good while believing that he is pursuing his own particular interests" (1.3.7). In Montesquieu's opinion, monarchies are ruled by something like what Adam Smith would later call the "invisible hand."

There is, as Professor Clark points out, a second species of republic – in which there is no need for sumptuary laws. "It is true," Montesquieu concedes in a brief digression, "that when democracy is based on commerce, it can very easily happen that particular individuals have great wealth & that the mores there are not corrupted." This odd and unforeseen result comes about, he explains, because "the spirit of commerce" quite often "carries with it a spirit of frugality, economy, moderation, industry, wisdom, tranquillity, orderliness, & regularity [*règle*]. In this fashion, as long as this spirit subsists, the wealth that it produces has no bad effect. The evil arrives when an excess of wealth destroys this spirit of commerce; suddenly one sees born the disorders of inequality, which had not yet made themselves felt" (1.5.6).

Montesquieu suggests that within such a republic one can best sustain "the spirit of commerce" if one makes arrangements to insure that "the principal citizens engage in commerce themselves," and he tellingly indicates that this works best where "this spirit reigns alone & is crossed by no other," where "the laws favor it," where "the same laws, by their dispositions, divide fortunes in proportion to their increase through commerce & thereby place each poor citizen in a condition of ease sufficient that he can work as others do & each rich citizen in a condition of mediocrity sufficient [*dans une telle médiocrité*] that he has need of work if he is to preserve what he has or acquire more." In "a commercial republic," Montesquieu concludes, the statute which "gives to all children an equal proportion in succession to their fathers" is "a very good law." Where partitive inheritance is the norm, it makes no difference "what fortune the father has made," since "his children, always less rich than he was" at the time of his death, "will be induced to flee luxury & to work as he did" (1.5.6).

Montesquieu does not dwell on this option in the first part of *The Spirit of Laws*, and in the pertinent passage he mentions no example apart from Athens. Later, however, in the 20th book within the fourth part of that work, he once again mentions the "republic based on commerce," and he lists as examples Tyre, Carthage, Corinth, Marseilles, Rhodes, Florence, Venice, and Holland but not Athens (4.20.4-6, 17). Moreover, in the 21st book, although he describes Athens as a "commercial nation," he quickly concedes that the Athenians succumbed to the spirit of war and aggrandizement: as he puts it, they were "more attentive to extending their maritime empire than to using it." Athens was, in fact, so "full of projects for glory" that she never "achieved the great commerce promised by the working of her mines, the multitude

of her slaves, the number of her sailors, her authority over the Greek towns, &, more than all this, the fine institutions of Solon." In effect, she sacrificed economic to political and imperial concerns (4.21.7).

The polity that fulfills Athens's potential is England (4.21.7), which Montesquieu describes as "a republic concealed under the form of a monarchy" (1.5.19). Of the English he wrote, "This is the people in the world, who have known best how to take advantage of these three great things at the same time: religion, commerce, & liberty" (4.20.7). And, though he discusses at great length the English form of government and the mores, manners, and practices to which it gives rise (2.11.6, 3.19.27), nowhere does he attribute to the English sumptuary laws.

The English example should give us pause – for if England is the very model of a modern democracy based on commerce, that which Montesquieu has to say concerning the English, and democracies based on commerce more generally, might well be pertinent to every modern commercial republic – none of which have sumptuary laws. It is good to remember that Montesquieu concludes his initial digression on the subject with the following warning: "The evil arrives when an excess of wealth destroys this spirit of commerce; suddenly one sees born the disorders of inequality, which had not yet made themselves felt" (1.5.6). We in the western democracies live in a time of unprecedented wealth and prosperity, but I do not think that it can be said that, in the last half-century, we have habitually exhibited "a spirit of frugality, economy, moderation, industry, wisdom, tranquillity, orderliness, & regularity." If anything, ours is a time of unprecedented extravagance, self-indulgence, and decay in which public-spiritedness, sobriety, and the qualities of character that brought us unprecedented wealth are on the wane. What happens when commercial society and the operations of the market have been so successful in promoting prosperity that they are no longer efficacious in producing the bourgeois virtues?

Endnotes

[23.] All of the interlinear notes refer to Charles-Louis de Secondat, baron de La Brède et de Montesquieu, *De l'Esprit des lois*, in *Œuvres complètes de Montesquieu*,, ed. Roger Caillois (Paris: Bibliothèque de la Pléiade, 1949–51), which I cite by part, book, and chapter. All translations are my own. Online at< http://oll.libertyfund.org/titles/montesquieu-complete-works-4-vols-1777>. The 7th Book: BOOK VII.: CONSEQUENCES OF THE DIFFERENT PRINCIPLES OF THE THREE GOVERNMENTS, WITH RESPECT TO SUMPTUARY LAWS, LUXURY, AND THE CONDITION OF WOMEN. <http://oll.libertyfund.org/titles/837#lf0171-01_label_613>.

2. Stuart D. Warner, "A Note on the Luxury of Reading Montesquieu" [Posted: Nov. 6, 2015]↩

> People are so complicated. It's like every new person is a completely new roll of the dice, right?
> --Marilynne Robinson

Our thanks are due to Professor Hank Clark for bringing his esteemed erudition to bear on issues related to the history of liberty, and for pursuing his task by being particularly attentive to Montesquieu's contribution to them. What follows is a somewhat roundabout way of approaching that contribution.

We could at least not be accused of being far from the mark if we fixed upon Montaigne as first among moderns in articulating in granular detail the vagaries and variability of human individuality. His 107 essays—each one a single paragraph, yet collectively extending over 800 pages, and many of them with façade titles—provide a compass to explore the diverse ways in which human beings render themselves manifest in the world. It is by navigating these many trials that Montaigne affords his readers the opportunity to experience and understand what it means for human beings to be free and equal. Yet regardless of how far one travels in Montaigne's *Essays*[24] one will soon encounter a reflection on the power exerted on us by custom and convention. To inquire into the human being means, in no small measure, to inquire into how, and the extent to which, the customs and conventions of time and place shape us, while not determining us, and carve out paths for us to follow, without requiring that we take any one of them. For reasons that are not difficult to see, many question whether Montaigne is a relativist of sorts; and equally many question whether Montaigne is offering a descriptive account of the human endeavor, or a normative one, or both. One of his essays in which these questions and Montaigne's animating philosophical concerns ironically surface is "Of Sumptuary Laws," written some 175 years before Montesquieu, his fellow citizen from Bordeaux, presented his own reflections on that subject in *The Spirit of Laws* (1748).[25]

Like Montaigne, Montesquieu is awestruck by the diverse roads traversed by human beings over the course of human history, a diversity for which *The Spirit of Laws* seeks to account. But whereas Montaigne's interests directed him to the individual and his idiosyncrasies, Montesquieu's interests lie with the various forces, both human and of nature, that condition the laws and institutions that govern various peoples, as well as with those laws and institutions themselves. Thus, Montesquieu tells us early in his "Preface" that "I have at first examined men, and I have affirmed that, in this infinite diversity of laws and morals, they were not solely guided by their fantasies." And he continues, "I have laid down the principles, and I have seen the particular cases submit to them[26] as if by themselves—the histories of all nations being but the results of them, and each particular law bound to another law or dependent on one more general." Montesquieu's analysis is, then, thoroughly relational from the ground up.

The Spirit of Laws bears the imprint of a singular design, and Montesquieu's plan would lead him to insist that the 31 books of the work be divided into six parts.[27] The last seven of the eight books of Part I consist in an examination of various types of government and what he denotes as the nature and principle of each. By the nature of each type he means its structure, who rules and who is ruled, that is, "that which makes it be such and such"; by its principle, a matter he deems vastly more important and controlling, he means the "human passions" that set each type of government in motion.[28] At the beginning of his discussion of the former matter in Book 2, Montesquieu tells us that there are three types of government: republican, monarchical, and despotic. However, very shortly after doing so, he then divides republican government into two possibilities—democratic and aristocratic. The nature of republican government is that all of the people or some of the

people rule; of monarchical government, that one rules by law; and of despotic government, that one rules by caprice. In his discussion of the latter matter in Book 3, Montesquieu informs us that the principle of republican government is virtue; of monarchical government, honor; and of despotic government, fear.

It is readily understandable that Montesquieu characterizes fear as a passion; yet we must underscore that he characterizes virtue and honor as passions, too. By virtue he is not referring to any rational moral *principle*; rather, and curiously, he tells us that he is referring to political virtue, from which he excludes moral and Christian virtue, and by which he means the love of one's fatherland and the renunciation of self. Indeed, in the chapter titled "What virtue is in a political state,"[29] Montesquieu introduces monks—who love their order so much that they are willing to forgo their own individual inclinations—by way of vigorously exemplifying what political virtue is: dare we say that it is anything but the passion of self-love that animates republican political life on this view. Furthermore, he remarks that the honor that is the spring of monarchical government is "a false honor," albeit one that is useful in a monarchy, and thus it rests on a kind of ignorance of oneself.[30] There is, of course, nothing false about fear.

Yet no sooner has Montesquieu begun to spell out all of the above—utilizing ancient historical examples to illustrate republics and modern historical examples to illustrate monarchies and despotisms—than he introduces several further important distinctions. One of these is between moderate and despotic governments, a distinction the analysis of which is left mostly to the reader, as is understanding how it might map on to the earlier account. But he draws another distinction with respect to republics, between military republics and commercial republics,[31] which, given Montesquieu's understanding of the ascetic-like virtue propelling republics, is *prima facie* hard to fathom. Despite these additional complexities, which should lead us to realize that what we might have thought of as being a rather straightforward nomenclature is surely not that, Montesquieu devotes most of Books 4 through 8 of *The Spirit of Laws* to a study of the relationship between the principles of the three (or four) types of government and what he terms the laws of education, legislative law, civil and criminal law, and luxury, sumptuary laws, and the condition of women, finally concluding Part I by examining the corruption of those very principles and what happens respectively to each type of governance when that occurs. Thus, for example, in Book 4, Montesquieu traces out for us how the requirements of education differ in republics, monarchies, and despotic government, as education works towards the success of those different types of government and works to reinforce the principles at work—that is, he examines the diverse kinds of education appropriate to these different types of government. Montesquieu applies the same logic of analysis in Book 7 to sumptuary laws. The analysis does not aim at judging the value or lack thereof of sumptuary laws from the perspective, say, of liberty; instead, he aims to reveal how sumptuary laws comport with the type of government in question and its respective principle. Nevertheless, it would be wise to notice that Montesquieu finds sumptuary laws to be less at home in monarchies than he finds elsewhere.

In the light of the foregoing it is not hard to see why, just as was the case with Montaigne, many question whether Montesquieu is a relativist, and also question whether he is offering a descriptive or normative analysis, or both. However we are to deal with these matters, and they necessitate an inquiry beyond the pale of this brief note, what is of the utmost importance is that in the first part of *The Spirit of Laws*, Montesquieu's focus does not come to rest on questions of liberty. He first turns in earnest to that subject in Part II of the work, especially Books 11 and 12, and the legendary chapter in the first of those books on "Of the constitution of England." But our interest here must lie with Book 11, chapter 4, which Montesquieu begins in this way: "Democracy and aristocracy are not free States by their *nature*. Political liberty is found only in moderate governments. But it is not always in moderate States; it is in them only when one does not abuse power, but it is an eternal experience that each man who has some power is inclined to abuse it; he goes on until he finds some limits. Who would think it! *Virtue* itself needs limits" (my emphasis). Montesquieu is slyly intimating that neither the nature nor the principle of any type of government can provide us with an understanding of what liberty is and the institutions that sustain and further it. We can make sense of liberty only through an analysis of the constitution of a nation, through an analysis of the various powers to be found there—for example, executive, legislative, and judicial (in particular a jury system)—and their relation to each other. The classical political philosophical analysis in terms of a typology of different kinds of government or regimes, even explicated as Montesquieu does through the conceptual apparatus of nature and principle, cannot bring liberty into view. But Montesquieu, in effect, offers a critique of the account that emerges from his famous chapter, which is putatively about England, but which uses an abridged historical presentation of that country in order to adduce a model of political liberty.[32] For at the beginning of Book 12, he indicates that the rule-of-law analysis of liberty that he proffers in Book 11 is perfectly consistent with the misuse of political power and liberty thereby being severely circumscribed: a procedural device is insufficient to guarantee a regime of liberty, for the very same procedures can produce a regime of tyranny.[33] As Montesquieu puts it, "It can happen that the constitution will be free, and that the citizen will not."[34] What also matters are substantive laws—more precisely, what matters are what the laws proscribe and what they allow. Thus, Montesquieu devotes Book 12 to crimes in particular having to do with religion, sexuality, treason, speech, and writing, all in the attempt to limit the range of laws in these areas, in order to expand the range of liberty.

Yet it should be noticed that by the time one has finished the two books on liberty, only some 200 pages of *The Spirit of Laws* have passed, and over some 500 pages remain, including two enormous books on commerce (20 and 21)—one on its nature and one on its revolutionary history—both of which are ultimately pivotal to understanding Montesquieu's conception of liberty. In the context at hand, there is one element of Montesquieu's presentation of the nature of commerce to which our attention must be drawn and that involves a remark in the opening chapter of Book 20: "Commerce cures destructive prejudices. And it is almost a general rule that everywhere that there are gentle morals, there is commerce; and that everywhere that there is commerce, there are gentle morals." Now the French word (*douces*) translated here as "gentle" also means "soft," and it is a word that shows up at least 32 times in *The Spirit of Laws*. It is a word that Montesquieu not infrequently associates with women. In fact, we should remember that *Persian Letters*,[35] Montesquieu's first book, where this same French word appears 30 times, explores what it means to be free and to be human through the prism of women; we should also remember that many of his further writings through the early 1740s were also centered on women. The significance of this, I do not believe, has adequately been recognized, for these writings are sometimes dispatched as being juvenile or overly romanticized silliness. But as commerce comes light, it does so, in a certain respect, feminized, standing starkly in opposition to political virtue as the principle of republics, along with fear as the principle of despotic government.

I raise this matter in regards to Book 7, which Professor Clark has with some care brought before us. His attention is most directly fixed on Montesquieu's discussion of sumptuary laws, and secondarily on Montesquieu's discussion of luxury, which makes sense. Nonetheless, my attention is riveted on Montesquieu's discussion of women, which occupies the very center of Book VII, as well as its concluding chapter.

Indeed, when I first began Professor Clark's essay, and his invocation of Nicolosa Sanuti's marvelous recitation, "Nicolosa Sanuti, Bolognese matron, to the most Reverend Father in Christ, the Bolognese papal legate, that ornaments be restored to women,"[36] I anticipated that he would present Montesquieu's offering on luxury and sumptuary laws as a vehicle for attending to the significance of the principles of the three types of governments in relation to women, and more generally the place of women in the three types of government that he adumbrates. Apparently, what I hoped was my own light blinded me.

Endnotes

[24.] Still the best English translation is *The Complete Works of Montaigne*, translated by Donald Frame (Stanford: Stanford University Press, 1957).

[25.] On Montaigne's political thought generally, cf. David Lewis Schaefer, *The Political Philosophy of Montaigne* (Ithaca: Cornell University Press, 1990); and Biancamaria Fontana, *Montaigne's Politics: Authority and Governance in the Essais* (Princeton: Princeton University Press, 2008).

[26.] *s'y plier*—literally "to bend," a clear allusion to La Fontaine's fable, "The Oak and the Reed," the latter of which is, because of its pliability, more representative of the human, an allusion he will further advance later on in the "Preface" as well (par. 10).

[27.] Guided by the advice of his friend Jacob Vernet, Montesquieu did not divide the work into parts in the 1748 and 1749 editions, but did do so in the last edition of his lifetime, in 1750.

[28.] *The Spirit of Laws*, 3.1 (book 3, chapter 1). All translations are the author's.

[29.] *The Spirit of Laws*, 5.2.

[30.] *The Spirit of Laws*, 3.7.

[31.] Montesquieu appears to be the first European thinker to use this expression (rendered into English by Thomas Nugent in 1750 as "trading republic") outside of the Dutch, who make use of it as early as the middle of the 17th century.

[32.] Cf. *The Spirit of Laws*, 19.27.

[33.] Montesquieu's turn here is redolent of a critique of Hayek's analysis of the rule of law in *The Constitution of Liberty* set forth by Ronald Hamowy, "Hayek's Concept of Freedom: A Critique," *New Individualist Review* 1 (1961), 28-31.

[34.] *The Spirit of Laws*, 12.1.

[35.] A careful study of *Persian Letters* might begin with Diana Schaub, *Erotic Liberalism: Women and Revolution in Montesquieu's Persian Letters* (Lanham, MD: Rowman & Littlefield, 1995), and Jean Starobinski, "Exile, Satire, Tyranny: Montesquieu's *Persian Letters*," in *Blessings in Disguise; or, The Morality of Evil*, translated by Arthur Goldhammer (Cambridge: Harvard University Press, 1993).

[36.] A translation of this work, which Professor Clark's essay has surely introduced to me, can be found as an appendix to Catherine Kovesi Killerby, "'Heralds of a Well-instructed Mind': Nicolosa Sanuti's Defence of Women and Their Clothes," *Renaissance Studies* 13 (1999), 255-82.

3. David W. Carrithers, "The Rise and Decline of Sumptuary Laws" [Postd: Nov. 9, 2015]↩

Hank Clark's essay has many merits and raises, for me, a significant overarching question. Given the power of age-old religious and moral strictures against conspicuous consumption, and given the prevalence throughout Europe of sumptuary laws in the Medieval and Renaissance periods, how did it transpire that spending on superfluities came eventually to be judged, not as an evil to be restrained, but as a good, so much so in fact that President George W. Bush could advise Americans after 9/11 to get back to business and go to the mall? The transformation from governments constraining to governments encouraging spending on superfluous luxury goods was by no means preordained. Even as late as the 18th century in France, as Sarah Maza notes, "critics of luxury vastly outnumbered and decisively out-argued defenders of the concept."[37] In France, these critics included such influential writers as Fénelon, Rousseau, Mably, the elder Mirabeau, Gabriel Sénac de Meilhan, Antoine-Prosper Lottin, and Abbé Pluquet.

Certainly Adam Smith's theories of the "invisible hand," suggesting that the self-interested pursuit of wealth benefits both rich and poor alike, and of free markets maximizing a state's productivity and hence wealth are central to comprehending the change in thinking leading to the abandonment of state controls on consumption. But by what means, we need ask, did economic thinking evolve away from mercantilism, enabling Adam Smith to suggest the necessity of prioritizing liberty, free trade, and property rights over state-imposed equality, import restrictions, and sumptuary laws? To repeat Clark's formulation of the issue, how did we reach the point where we tolerate gross disparities in wealth to an extent that would have "struck terror into the hearts of republican moralists from antiquity up to Montesquieu's own time?"

Clark highlights the importance of Montesquieu's distinction between commercial and martial republics. Not all republics, Montesquieu asserted in Book V of *The Spirit of the Laws,* elevate conquest over commerce. Although Sparta and early republican Rome did so, Athens and Carthage presented a contrasting republican model where commercial enterprise was prioritized and did not undermine civic virtue because it embodied the "spirit of frugality, economy, moderation, work, prudence, tranquility, order, and rule."[38] Thus "bourgeois virtues" may retard the corrosive effects of what we now call income inequality. "We celebrate," Clark asserts, "or at least tolerate our wealthy if, and insofar as, we regard their riches as the earned reward of the productive virtues" whose effect on gross inequalities is

"pacifying." And he rightly asks: "is this insight enough to help explain the demise of sumptuary law?" Clearly it is not, and Clark himself points us to three theorists, Nicholas Barbon, Bernard Mandeville, and Jean-François Melon, whose writings suggest other explanations. At some point in the ensuing discussion, it will be important to explore the contributions of these writers. First, however, it seems appropriate to make some general comments on sumptuary laws and on possible reasons for their decline that are unrelated to fine points of economic theory.

Clark's use of Nicolosa Sanuti's protests against restrictions on her freedom of dress and ornamentation in Bologna serves as a useful starting point for discussion of the general subject of sumptuary laws. Such laws were introduced in Italy beginning in the early 13th century, and one scholar has noted that "[b]etween 1200 and 1500 governments in over forty Italian cities enacted more than 300 laws designed to restrict and regulate the consumption of luxury goods and related manifestations of excess," particularly in marriages, funerals, and gift giving.[39]

Depending on time and place, sumptuary laws fulfilled quite different purposes. In England and in many of the Italian city-states, where a premium was placed on preserving class distinctions, sumptuary laws were designed to prevent those of lesser rank from mimicking those of higher rank. Preserving rank and distinction was also an important goal in France. We need only think of the dramatic and by then much-resented differences in dress at the opening of the Estates General in France in 1789, as each estate of the realm paraded to the opening session adorned in its state-sanctioned apparel. Sumptuary laws, however, were not always designed to ensure that the lowly did not masquerade as the equals of their superiors. In the aristocratic republic of Venice sumptuary laws were designed, in part, to mask rather than accentuate class differences. Nobles were prohibited from displaying their social superiority in dress and jewelry so as not to increase envy of the commoners within the state who were deprived of political influence.[40]

Sumptuary laws were often designed to bolster morality on the assumption that luxury leads to debauchery, as the Roman example seemed to prove.[41] Many of the Italian regulations were aimed at ensuring female modesty.[42] Religious writers were quick to assert that hedonistic devotion to excess in food, drink, and fashion improperly focuses attention on bodily rather than spiritual needs, and it follows that clerics were therefore often involved in the encouragement and enforcement of sumptuary laws. In Sanuti's Bologna, for example, and also in Pisa and Perugia, violating clothing restrictions could bring excommunication, as experienced by the wearers of elaborate dresses at the wedding of a member of the Sforza family in 1464.[43] Religious objections covered a gamut of concerns. Catholics linked the display of luxury to the sin of pride, whereas Protestants linked immersion in luxury to immorality, and Puritans regarded luxury as wasteful and as deflecting sums away from what could be spent on charitable works.[44]

Some sumptuary legislation was expressly anti-crime, based on the assumption that those who engaged in excessive spending would resort to theft to keep up appearances after they had beggared themselves through that spending. Such fear of incipient criminality is transparent in a 1562 proclamation of Queen Elizabeth suggesting that excessive spending on clothing has "provided meny of them [the King's Subjects] to robbe and to doo extorcion and other unlawfull Dedes to mayntayne therby ther costeley arraye."[45] And some sumptuary laws were blatantly discriminatory. In a number of states, including Venice, Jews were required to dress in certain ways, in part to enforce the rule of the Fourth Lateran Council of 1215 prohibiting them (and Muslims) from having sexual relations with Christians.[46]

Reason of state motivated passage of numerous sumptuary laws. English rulers tried to prevent people from spending themselves into ruin, which would make them burdensome wards of the state. A 1574 proclamation of Queen Elizabeth lamented the "the wasting and undoing of a great number of young gentlemen, otherwise serviceable."[47] State economic goals also motivated passage of sumptuary legislation. Money spent on luxuries could not be invested in manufacturing or trade or be used to pay taxes, and mercantilists believed the importation of foreign luxury goods crippled domestic industries and risked balance-of-payments ruin. Therefore much sumptuary legislation was protectionist. As early as 1510, for example, an English statute targeted the wearing of foreign wools and furs,[48] and in England wearing foreign items was eventually regarded as a lack of patriotism.[49]

Aside from advances in economic theory, which deserve treatment in subsequent posts, what general explanations can account for the decline of sumptuary legislation? For one thing, the record of enforcement of such laws was abysmal.[50] People were averse by nature to curbing their taste for luxury items that expressed their personalities and signified their rank and status. As Voltaire quipped in his entry on "Luxury" in his *Philosophical Dictionary*, "For 2,000 years people have declaimed in verse and prose against luxury, and have always loved it."[51] Evidence of lack of compliance with English sumptuary laws is reflected in the frequency with which such laws merely restated old restrictions that had been ignored. Queen Elizabeth's proclamations, for example, often repeated regulations dating from the reigns of Henry VIII and Philip and Mary[52] The same pattern of repetition of previously ignored sumptuary laws marked the history of Venetian legislation on that subject.[53]

There are obvious psychological reasons why sumptuary law tended to be self-defeating. Michel Montaigne remarked that any attempt to regulate expenditures for luxuries was doomed to fail since rather than creating "contempt of gold and silk-wearing as of vaine and unprofitable things," sumptuary laws augmented the value of fineries by restricting them to the well born. "To let none but Princes eat dainties, or weare velvets," Montaigne concluded, "makes the people want such things even more."[54]

None of the above commentary is meant to suggest that the key reasons for the decline of sumptuary law lie outside the development of sophisticated economic theory contending that the production of luxury items benefits not just wealthy consumers but also the producers of such goods who would otherwise be unemployed. A full-employment defense of luxury became an oft-repeated theme in the economic literature of the 17th and 18th centuries, and Montesquieu asserted in *Persian Letter* 106 that "For one man to live elegantly, a hundred must labor ceaselessly. A woman gets it into her head that she should appear at a ball in a certain dress, and from that moment fifty artisans can sleep no more." And in this same letter Montesquieu says that a country that would "banish everyone serving only luxury or fancy … would be one of the most miserable on earth." Incomes would drop, the circulation and increase of wealth would cease, and the state "would rapidly decay."[55] Two things in particular are noteworthy here. First, Montesquieu was advancing an argument that his friend Jean-François Melon would later repeat, and second, his assertion anticipated some of the argument Adam Smith would set forth in his *The Wealth of Nations* (1776). It is not surprising, therefore, that John Maynard Keynes, in the Preface to the French edition of *The General*

Theory of Employment, Interest, and Money (1942) referred to Montesquieu not only as the greatest French economist but also as "the real French equivalent of Adam Smith."[56] Clearly, exploring both the Montesquieu–Keynes and Montesquieu-Smith connections would be very worthwhile endeavors.

Endnotes

[37.] Sarah Maza, *The Myth of the French Bourgeoisie: An Essay on the Social Imaginary, 1750-1850* (Cambridge: MA: Harvard University Press, 2003), 55, cited by Jeremy Jennings, "The Debate about Luxury in Eighteenth- and Nineteenth-Century French Political Thought," *Journal of the History of Ideas*, Vol. 68, No. 1 (Jan., 2007), 79-105 (at 82).

[38.] *The Spirit of the Laws*, trans. Anne Cohler, Basia Miller, and Harold Stone (Cambridge: Cambridge University Press, 1989), 5.6, p. 48, as quoted by Clark with one word alteration.

[39.] Catherine Kovesi Killerby, "Practical Problems in the Enforcement of Italian Sumptuary Law, 1200-1500," in *Crime, Society and the Law in Renaissance Italy*, ed. Trevor Dean and K.J.P. Lowe (Cambridge: Cambridge University Press, 1994), 99, 102.

[40.] See David W. Carrithers, "Not so Virtuous Republics: Montesquieu, Venice, and the Theory of Aristocratic Republicanism," *Journal of the History of Ideas*, 52, no. 2 (April-June, 1991), 245-68 (at 259-60).

[41.] Killerby, "Italian Sumptuary Law" (115) asserts that in Italy "the overwhelming majority of sumptuary laws were directed at women's clothing and ornaments," and "a small proportion … express misogyny."

[42.] Diane Owen Hughes, "Sumptuary Law and Social Relations in Renaissance Italy," in *Disputes and Settlements. Law and Human Relations in the West*, ed. John Bossy (Cambridge: Cambridge University Press, 1983), 82-83.

[43.] Ibid., 103, 117. See also Hughes, "Sumptuary Law and Social Relations," 81.

[44.] Leah Kirtio, "'The Inordinate Excess in Apparel': Sumptuary Legislation in Tudor England," in *Constellation: History and Classics Faculty of Arts, University of Alberta*, 3, no. 1 (2011), 17-29 (at 22). Catherine Killerby has observed, however, that no Italian government in the period 1200-1500 "regarded luxury as evil in itself. It was the context of its use, by whom and for what purpose, that determined the approval or censure of luxury." Displays of luxury by nobles or by doctors and lawyers were seen as properly marking their elevated status (Killerby, "Italian Sumptuary Law," 119).

[45.] Quoted in Kirtio, "Inordinate Excess," 23. For the anti-crime rationale, see also Henry Fielding, "An Enquiry into the Causes of the Late Increase in Robbers" (1751).

[46.] Joanne M. Ferraro, *Venice. History of the Floating City* (Cambridge: Cambridge University Press, 2012), 90, 123.

[47.] Quoted in Kirtio, "Inordinate Excess," 23.

[48.] Ibid., 25, citing Wilfred Hooper, "The Tudor Sumptuary Laws," in *The English Historical Review*, 30, no. 119 (Jul., 1915), 433.

[49.] Ibid., 24 citing Roze Hentschell, *The Culture of Cloth in Early Modern England: Textual Constructions of a National Identity* (Burlington, VT: Ashgate, 2008), 104.

[50.] It was not for lack of trying, however. For Italy, see Killerby, "Italian Sumptuary Law," 118-19. One difficulty was that once a particular fashion in clothing or jewelry was prohibited, another equally luxurious item of dress or ornament would be invented.

[51.] Voltaire, *Philosophical Dictionary*, ed. and trans. Theodore Besterman (London: Penguin Books, 1972), 290. Online version: "Luxury," in *The Works of Voltaire. A Contemporary Version. A Critique and Biography by John Morley, notes by Tobias Smollett, trans. William F. Fleming* (New York: E.R. DuMont, 1901). In 21 vols. Vol. VI. <http://oll.libertyfund.org/titles/355#lf0060-06_head_047>.

[52.] See Kirtio, "Inordinate Excess," 19. In England enforcement was left to the justices of the peace, and they generally had more important business to conduct (ibid., 20, citing Alan Hunt, *Governing Morals: A Social History of Moral Regulation* (Cambridge: Cambridge University Press, 1999), 331).

[53.] Ferraro, *Venice,* 120-21.

[54.] The Essays of Michael Lord of Montaigne, trans. John Florio, 2 vols. (Oxford: Oxford University Press, 1904; orig. ed., 1603), I, 348. Online version: "Of Sumptuary Laws" in *Essays of Montaigne, vol. 3, trans. Charles Cotton, revised by William Carew Hazlett* (New York: Edwin C. Hill, 1910). <http://oll.libertyfund.org/titles/1744#lf0963-03_head_008>.

[55.]Montesquieu, *The Persian Letters*, trans. George R. Healy (Indianapolis, IN: Bobbs-Merrill, 1964), 177-78. Montesquieu repeats this line of thought in *The Spirit of the Laws*, where he remarks, regarding monarchies, "If wealthy men do not spend much, the poor will die of hunger." See 7.4, p. 99. Online version: "Persian Letter 106," in Baron de Montesquieu, *The Complete Works of M. de Montesquieu* (London: T. Evans, 1777), 4 vols. Vol. 3. <http://oll.libertyfund.org/titles/1338#lf0171-03_label_628>

[56.] For details regarding Keynes's interest in Montesquieu, see Nicos E. Devletoglou, "Montesquieu and the Wealth of Nations," *Canadian Journal of Economics and Political Science*, 29, no. 1 (February, 1963), 1-28 reprinted in *Charles-Louis de Secondat, Baron de Montesquieu*, ed. David Carrithers, in the series International Library of Essays in the History of Social and Political Thought, ed. Tom Campbell (Burlington, VT: Ashgate Publishing Limited, 2009), 497-521 (at 497).

THE CONVERSATION↩

1. Henry C. Clark, "Montesquieu on Liberty and Sumptuary Law: A Rejoinder" [Posted: Nov. 10, 2015]↩

Sincere thanks to my learned friends Paul A. Rahe, Stuart D. Warner, and David W. Carrithers--friends whose erudition has turned their "comments" on my original post into the start of veritable essays of their own.

Paul Rahe makes the astute suggestion that at a certain point in *The Spirit of the Laws*, England replaces Athens as a model for commercial republicanism in Montesquieu's schema, and in a fashion relevant to our own era. Noting Montesquieu's warning (5.6) that an "excess of wealth" can "destroy the spirit of commerce," Professor Rahe poses a timely question: "What happens when commercial society and the operations of the market have been so successful in promoting prosperity that they are no longer efficacious in producing the bourgeois virtues?"

It is certainly true that there is plenty of evidence around today to support the case--chronicled, for example, in works like Nick Eberstadt's *A Nation of Takers*[57] --that the bourgeois virtues aren't what they used to be. On the other hand, if Montesquieu thought that modern commercial societies such as the English lacked the benefit of sumptuary laws, he also seems to have believed they possessed other resources unavailable to the ancients. When his British friend William Domville asked about the prospects of England following the ancients down the path of corruption and collapse, he was circumspect, but cautiously optimistic, as Paul Rahe well knows.[58] English wealth, Montesquieu wrote, was different in origin from Roman wealth, arising as it did from commerce and industry rather than from conquest and fiscality. Instead of the growing polarization between haves and have-nots that he saw in late Rome, England had a robust middling class that was less corrupt than the classes above and below them, and thus less likely to foretell such a Roman-style collapse.[59] Were he alive today, when the middling class is vastly larger than it was in his own time, it strikes me as not impossible that Montesquieu would find more confirmation than disconfirmation in his original diagnosis.

Moreover, there is good reason why we students of the past are not much sought after for our predictive prowess. In the 1970s, the sociologist Daniel Bell addressed his own concerns about the vitality of the bourgeois virtues by cataloguing in compelling fashion what he came to see as the *Cultural Contradictions of Capitalism*.[60] If the trajectory of the Western world since then has been more up-and-down in nature than the linear descent that his brilliant analysis might have foretold, perhaps this is at least partly because there are hidden resources of self-correction in an open capitalist democracy--redolent of Montesquieu's answer to Domville--that we tend to overlook. I tentatively conclude that the case for pessimism is strong and plausible, but as yet inconclusive.

Stuart Warner takes us on a wonderfully "roundabout" circuit through the landscape of liberty in Montesquieu's thought. In doing so, he reminds us that *The Spirit of the Laws* was very carefully assembled, and that liberty became a central focus only in books 11 and 12. I welcome this reinforcement and elaboration of my theme, since my point of course had been to highlight how sumptuary law was not specifically analyzed for its liberty-friendliness in book seven. I also welcome Professor Warner's insightful remark that it is not constitutional arrangements alone but "substantive laws" that define the true scope of liberty in Montesquieu's theory, since I presented sumptuary legislation as precisely one of those "substantive laws" in which the stakes of liberty are decided.

But Professor Warner further takes us to the later books on commerce (books 20 and 21), an activity whose chief importance, he argues, is to bring with it manners that are "gentle" and even "feminized." Montesquieu's entire conception of liberty, he suggests, is crucially focused on the condition of women, which leads Professor Warner to regret (I think) that I had not spent more time in my discussion of sumptuary laws treating their relevance for the condition of women.

It is certainly true that Montesquieu uses the device of the harem to illustrate the relationship between liberty and despotism in the travels of Usbek and Rica in *The Persian Letters*, and that he returns to the trope of the domestic restraints on women as an illustration of the broader theme of despotism in later works and in his intellectual diary. Whether his evocation of "le doux commerce" in book 20 of *The Spirit of the Laws* means that commerce itself comes to us as a "feminized" activity is a separate (and quite intriguing) question. But in broad outline, I agree with Stuart Warner that a full essay on the place of women in Montesquieu's view of the relationship between the three constitutional types, on the one hand, and the themes of both luxury and sumptuary laws, on the other, would indeed be a worthwhile endeavor, even if I did not engage in it myself. My chief reason for focusing on sumptuary law (aside from space limitations) was that it seemed to provide a convenient and mostly neglected vehicle for understanding the changing relationship between ruler and ruled--not only in Montesquieu's thought but in Europe as a whole at the dawn of modernity.

And this brings me to Professor Carrithers. I had begun my post by noting that "[p]leasing God, controlling elites, keeping down the plebs, reining in women, protecting local interests, and enriching the state" were among the rationales used by governments for enacting sumptuary laws throughout Europe for many centuries. Drawing on his considerable fount of learning, David Carrithers mostly expands upon this observation by surveying some of the remarkably different agendas that European governments pursued when they called upon that old stand-by of social control, sumptuary law.

In that context, he takes up my puzzlement at their eventual disappearance. He correctly points out, citing Sarah Maza and Jeremy Jennings, that critics continued to outnumber defenders of luxury even by the late 18th century, often called the Age of Revolution. (It is less clear, of course, whether those critics "decisively out-argued" defenders, as Maza had suggested.) Professor Carrithers then proceeds to explore whether the key breakthrough occurred in the realm of economic theorizing or by some other route.

In particular, he notes two alternative, non-economic possibilities: first, he observes that the "record of enforcement was abysmal." This was indeed mostly true in most parts of Europe, though not necessarily equally for all. Travelers were sometimes impressed with the putative success of sumptuary laws in places like Basel or Geneva.[61] In an area where perception counted for as much as reality, this perception (or misperception) was no doubt itself a factor in their surprising durability. More importantly, abysmal enforcement had prevailed for

centuries before Montesquieu--a fact that had been noted by governments and governed alike. In light of the attraction of "successful" models of sumptuary law in places like Switzerland, it might be thought that England, which had mostly repealed its own by the beginning of the Stuart monarchy, would provide an effective counter-model by the 18th century. It sounds plausible, but I know of no evidence that any continental Europeans wanted to repeal their own sumptuary laws because they saw how successfully the English had done so.

The second non-economic possibility David Carrithers mentions is psychological rather than political in nature. Not unlike censorship, sumptuary law calls attention to something that might otherwise escape notice, and thereby unwittingly adds a cachet that it would not otherwise have had. The example Professor Carrithers cites, also noted by Professor Warner, is Montaigne. The great essayist's ironic approach to sumptuary law, resting on the case of the ingenious Locrian ruler Zaleucus in the seventh century BC, was indeed cited several times in the following two centuries, but not nearly often enough or seriously enough, in my view, to account for the sea change that needs explaining.

I agree with David Carrithers that there is no obvious reason why the disappearance of sumptuary law should have been primarily economic in nature. Indeed, since no characteristically "economic" method of analysis emerged to prominence in Europe until about the middle of the 18th century, I think we could rather expect that such a change in mental orientation would have had roots that were as non-economic as they were economic in nature. But it also seems to me that the non-economic alternatives that he sensibly cites fall somewhat short of offering full explanations, and that a mystery of sorts therefore remains.

Endnotes

[57.] Nick Eberstadt, *A Nation of Takers* (Templeton Press, 2012).

[58.] For his summary of the episode, see Paul A. Rahe, *Montesquieu and the Logic of Liberty* (New Haven: Yale University Press, 2009), 136-41.

[59.] See Montesquieu, *My Thoughts*, trans. and ed. Henry C. Clark (Indianapolis, IN: Liberty Fund, 2012), 1960, pp. 594-95. Online: <http://oll.libertyfund.org/titles/2534#lf1609_label_2326>.

[60.] Daniel Bell, *The Cultural Contradictions of Capitalism* (New York: Basic Books, 1976).

[61.] For Basel, see Guillaume-Alexandre Méhégan, *Tableau de l'histoire moderne* (Paris: Saillant, 1766; trans. into English in 1779); William Coxe, *Sketches of the Natural, Civil, and Political State of Swisserland* (London: Dodsley, 1779), 97-98, 504-5, and Abbé de Mably, *De l'étude de l'histoire, à Monsieur le Prince de Parme* (Parma: Royal Printer, 1775), 4-7. For Geneva, there is of course the "citizen of Geneva" himself, Jean-Jacques Rousseau; a typical example can be found in his *Politics and the Arts: Letter to d'Alembert on the Theatre*, trans. Allan Bloom (Ithaca: Cornell University Press, 1960), 93.

2. David Carrithers, "Life, Liberty, and the Pursuit of Luxury" [Posted: Nov. 12, 2015]↩

I thank Hank Clark for his insightful comments. I agree that there remains something of a mystery regarding the reasons for the curtailment of sumptuary laws and that non-economic reasons can offer only a partial explanation. Attention also needs to be paid to certain authors Professor Clark included in his *Commerce, Culture, and Liberty: Readings on Capitalism before Adam Smith*[62] and discussed in his *Compass of Society: Commerce and Absolutism in Old-Regime France*.[63]

Clark has helped us understand that Nicholas Barbon's *A Discourse of Trade*[64] marked a watershed moment in modern understandings of our insatiable appetites for luxury and the economic benefits that flow from satisfying those cravings. "The Wants of the Body," Barbon explained, have natural limits, but "the Wants of the Mind are infinite."[65] It is only natural for us to desire what "can gratifie" our "Senses, "adorn our bodies, "and promote the Ease, Pleasure, and Pomp of Life." And well before Montesquieu made the same point in *Persian Letter* 106, Barbon stressed the hordes of people employed in producing fashionable clothing. Even more laborers, he noted, are employed in the building trades and in the adornment of houses, and therefore it is an error to recommend "parsimony, Frugality and Sumptuary Laws as the means to make a Nation rich."[66]

Of course it was not just emphasis on the positive effects of luxury on productivity and national wealth that helped to turn public opinion against sumptuary laws. Modern writers on economics stressed (pace classical writers focusing on virtue and Christian writers focusing on salvation) the desirability of achieving the "happiness," "refinement," and "pleasure" accompanying the consumption of luxury goods. Bernard Mandeville strongly emphasized the "felicity" and "all the most elegant Comforts of Life" brought to us by luxury goods.[67] David Hume, in his essays "of Refinement in the Arts" and "Of Commerce," spoke favorably of the goal of attaining "happiness," "great refinement in the gratification of the senses," and "the "pleasures of luxury."[68] And, not surprisingly, Hume denigrated Sparta for denying its citizens the means to achieve happiness.[69]

Jean-François Melon, in his influential *A Political Essay upon Commerce*, deplored the austerity of life resulting from sumptuary laws. Speaking of Geneva, he mocked a country where even the playing of a fiddle is considered dissolute. The inhabitants of such communities "resembleth," he said, "rather a Community of Recluses, than a Society of Freemen."[70] And Melon stressed the benefits of refinement. Do we really want, he asked, to live like the ancient Gauls who inhabited France during "the first Race of our Kings"? They experienced a "free, but savage Life" characterized by "Ferocity of Manners, little Commerce with civiliz'd Nations, [and] Ignorance of the Conveniences of Life"—a life, in short, no better than that of the Hurons and Iroquois of North America.[71] Concerning the prioritization of pleasure, Montesquieu quoted Tacitus on the Roman desire for luxuries in the period of empire to replace "the harshness of the ancients" with "a more pleasant way of living."[72]

Adam Smith focused most of his attention on the attainment of "natural liberty," "freedom," and "justice" in commercial societies possessing free markets, but he also praised such modern societies for producing "universal opulence which extends itself to the lowest ranks of the people,"[73] giving even those at the bottom more luxury in their manner of living than is enjoyed by "many an African king."[74] "Opulence and Freedom," Smith asserted, are "the two greatest blessings men can possess."[75]

Most importantly, both Smith and Montesquieu understood that sumptuary laws constrain liberty. Thus, in his lead essay, Professor Clark quoted Smith's pronouncement in *The Wealth of Nations* that "kings and ministers" should not "watch over the oeconomy of private people, and …restrain their expence either by sumptuary laws, or by prohibiting the importation of foreign luxuries."[76] In Book VII, chapter 4 of *The Spirit of the Laws* Montesquieu explained that although sumptuary laws are suitable for certain very small and very frugal republican states where sustaining wealth equality is vital, they are abridgments of "the use of the liberty one possesses" in monarchical states where luxury naturally flows from the inequalities of wealth that characterize such states."[77] Clearly, Professor Clark has done us a great service in reminding us that exploring the motivations behind sumptuary laws, and also the reasons for their gradual attenuation, can teach us much about the development of modern conceptions of liberty.

Endnotes

[62.] Henry C. Clark, ed., *Commerce, Culture, and Liberty: Readings on Capitalism Before Adam Smith* (Indianapolis, IN: Liberty Fund, 2003).

[63.] Henry C. Clark, *Compass of Society: Commerce and Absolutism in Old-Regime France* (Lanham, MD: Lexington Books, 2006).

[64.] Nicholas Barbon, *A Discourse of Trade* (1690), in Clark, ed., *Commerce, Culture, and Liberty*, 67-99.

[65.] Ibid., 73-74.

[66.] Ibid., 70-71, 80.

[67.] Bernard Mandeville, *Fable of the Bees, or Private Vices, Publick Benefits,* 2 vols., ed. F. B. Kaye (Oxford: Clarendon Press, 1924); repr. Indianapolis, IN: Liberty Classics, 1988), I, 183, 197, cited in Christopher J. Berry, *The Idea of Luxury: A Conceptual and Historical Investigation* (Cambridge: Cambridge University Press, 1994), 127, 131. In Book VII, chapter 1 of *The Spirit of the Laws* Montesquieu repeated Mandeville's argument that the growth of population centers augments the demand for luxuries since people become very vain about impressing others. See Montesquieu, *The Spirit of the Laws*, trans. Anne Cohler, Basia Miller, and Harold Stone (Cambridge: Cambridge University Press, 1989), 7.1, p. 97.

[68.] David Hume, "Of the Refinement of the Arts" and "Of Commerce," in *Essays, Moral, Political and Literary*, ed. Eugene Miller (Indianapolis, IN: Liberty Classics, 1987), 268, 271, quoted by Berry, *Idea of Luxury*, 143-45.

[69.] Berry, *Idea of Luxury*, 143-44, 151.

[70.] Jean-François Melon, *A Political Essay upon Commerce* (1734), in Clark, ed., *Commerce, Culture, and Liberty*, 257.

[71.] Ibid., 258.

[72.] Montesquieu, *The Spirit of the Laws*, 7. 4, p. 100 (italics in original).

[73.] Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, ed. R. H. Campbell and A.S. Skinner (Oxford: Oxford University Press, 1976; repr. Indianapolis, IN: Liberty Fund, 1979), 24, quoted by Berry, *Idea of Luxury*, 159.

[74.] Ibid., 24, quoted by Berry, *Idea of Luxury*, 159.

[75.] Adam Smith, *Lectures on Jurisprudence*, eds. R. Meek, D. Raphael and P. Stein (Oxford: At the Clarendon Press, 1978; repr. Indianapolis, IN: Liberty Fund), 1982, 185, quoted by Berry, *Idea of Luxury*, p. 152.

[76.] Adam Smith, *Nature and Causes of the Wealth of Nations*, 346.

[77.] Montesquieu, *The Spirit of the Laws*, 7.4, pp. 99-100.

3. Paul A. Rahe, Why Did Sumptuary Laws Disappear? [Posted: Nov. 16, 2015]↩

Perhaps another figure deserves mention in this discussion of the decline of sumptuary legislation. I have in mind a man famous in the 17th century and well-known in the 18th century, who has since been forgotten. Some of his essays were translated from French by John Locke, and we know that Montesquieu read him. I have in mind Pierre Nicole – who was a close friend and coconspirator of Blaise Pascal, coauthor of *The Port-Royal Logic* with Antoine Arnauld, and coeditor of Pascal's *Pensées* with his erstwhile coauthor.

I mention Nicole here because a year after the appearance of the *Pensées* he began publishing his own *Essais de morale*, and therein he rearticulated an aspect of the argument of the *Pensées* in a fashion, pertinent to our discussion here, that proved to be an inspiration to Pierre Bayle and Bernard Mandeville.[78]

According to Pascal's account, the Fall transformed self-love into a new form, and what had once been subordinated to the love of God remained "alone" in what was a "great soul, capable of an infinite love"; and, in the absence of a proper object for human longing, by "extending itself & boiling over into the void that the love of God had left behind," this self-love metamorphosed into the species of vainglory that Pascal and the French moralists of the 17th century called "*l'amour propre*." This had, he contended, predictable consequences, for, in the process of becoming "infinite" in its scope, this self-love became both "criminal & immoderate" and gave rise to "the desire to dominate" others.[79] Then, after sketching what was a more or less conventional Christian account, Pascal went on – in a series of fragments omitted by Nicole and his colleagues from the Port Royal edition of the *Pensées* – to suggest a paradox: that men in their "grandeur" had somehow learned to "make use of the concupiscence" spawned by *amour propre;* and that, despite the fact that it dictates that "human beings hate one another," they had managed to deploy concupiscence in such a fashion as "to serve the public good." They had, in fact, "founded upon & drawn from concupiscence admirable rules of public administration [*police*], morality, & justice," and they had even succeeded in eliciting from "the villainous depths" of the human soul, which are "only covered over, not rooted up" by their efforts, a veritable "picture" and "false image of charity" itself.[80]

To this paradox, Nicole devoted a seminal essay suggesting that Christian charity is politically and socially superfluous – that, in its absence, thanks to the particular Providence of God, *l'amour propre* is perfectly capable of providing a foundation for the proper ordering of civil society, of the political order, and of human life in this world more generally.[81]

Nicole's inspiration, and no doubt that of Pascal as well, was a passage in which Saint Augustine dilated on the propensity for human pride [*superbia*] to imitate the works inspired by Christian charity [*caritas*]. It could, he claimed, cause men to nourish the poor, to fast, and even to suffer martyrdom.[82] At the beginning of his essay, Nicole specifies that, when he speaks of "*l'amour-propre,*" he has in mind the fact "that man, once corrupted, not only loves himself, but that he loves himself without limit & without measure; that he loves himself alone; that he relates everything to himself"; in short, that "he makes himself the center of everything"; that "he wants to dominate over everything" and desires "that all creatures occupy themselves with satisfying, praising, & admiring him."

This "disposition," which Nicole attributes to all men, he calls "tyrannical." He acknowledges that it "renders human beings violent, unjust, cruel, ambitious, fawning, envious, insolent, & quarrelsome," and he readily concedes that, in the end, it gives rise to a war of all against all. He merely insists that, in the shocking manner so famously described by Thomas Hobbes, to whom he with approval alludes, instrumental reason, animated by *amour-propre* and by nothing else, can provide the polity with a firm foundation, and he contends that, by way of cupidity and vanity, *amour-propre,* with its "marvelous dexterity," can promote commerce, encourage civility, and even elicit from men a simulacrum of virtue, as those who desire security and prosperity are forced by the fear of death and the lust for gain to embrace justice and "traffic in works, services, favors, civilities," and as those who desperately crave admiration and love are driven to do admirable things. "In this way," he writes, "by means of this commerce" among men, "all the needs of life can in a certain fashion be met without charity being mixed up in it at all." Indeed, "in States into which charity has made no entry because the true Religion is banned, one can live with as much peace, security, & convenience as if one were in a Republic of Saints." Nicole is even willing to assert "that to reform the world in its entirety – which is to say, to banish from it all the vices & every coarse disorder, & to render man happy in this life here below – it would only be necessary, in the absence of charity, to confer on all an *amour-propre* that is enlightened [*éclairé*], so that they might know how to discern their real interests." If this were done, he concluded, "no matter how corrupt this society would be within, & in the eyes of God, there would be nothing in its outward demeanor that would be better regulated, more civil, more just, more pacific, more decent [*honnête*], & more generous. And what is even more admirable: although this society would be animated & agitated by *l'amour-propre* alone, *l'amour propre* would not make a public appearance [*paraître*] there; &, although this society would be entirely devoid of charity, one would not see anything anywhere apart from the form & marks of charity."[83]

The pertinence to our discussion of Nicole's analysis of the capacity of *l'amour propre* to generate civil conduct should be obvious. For vanity is the passion that gives rise to the love of luxury. If one is convinced, as Pascal and Nicole were, that this vice can itself generate the bourgeois virtues and that they suffice for the support of civil society, then one is not apt to think the suppression of luxury politically necessary or even wise.

Endnotes

[78.] For a discussion of this neglected figure, see Edward Donald James, *Pierre Nicole, Jansenist and Humanist: A Study of his Thought* (The Hague: Martinus Nijhoff, 1972), and Paul A. Rahe, "Blaise Pascal, Pierre Nicole, and the Origins of Liberal Sociology," in *Enlightenment and Secularism: Essays on the Mobilization of Reason*, ed. Christopher Nadon (Lanham, MD: Lexington Books, 2013), 129-40. [Editor: There are extracts from Pierre Nicole's "Moral Essays" in Henry Clarke, *Commerce, Culture, and Liberty: Readings on Capitalism Before Adam Smith* (Indianapolis: Liberty Fund, 2003). Nicole in Chap. 4, pp. 54-65 [PDF only]. <http://oll.libertyfund.org/titles/836>.

[79.] See Blaise Pascal, *Pensées sur la religion et sur quelques autres sujets, qui ont esté trouvées après sa mort parmy ses papiers*, third edition, ed. Étienne Périer (Paris: Guillaume Desprez, 1671), 294-95 (XXX.3, in the expanded edition published in 1678 and frequently republished thereafter). Note also the reference to *libido sentiendi, libido sciendi, libido dominandi* in ibid., 254-55 (XXVIII.55, in the expanded edition published in 1678 and frequently republished thereafter). For a survey of the 17th-century literature discussing *amour propre*, see Nannerl O. Keohane, *Philosophy and the State in France: The Renaissance to the Enlightenment* (Princeton, NJ: Princeton University Press, 1980), 183-97, 262-82, 286-311.

[80.] See Blaise Pascal, *Pensées: Édition établie d'après la copie référence de Gilberte Pascal*, ed. Philippe Sellier (Paris: Classiques Garnier, 1999), nos. 150, 243-44. Online version: Blaise Pascal, *The Thoughts of Blaise Pascal, translated from the text of M. Auguste Molinier by C. Kegan Paul* (London: George Bell and Sons, 1901). <http://oll.libertyfund.org/titles/2407>.

[81.] In this connection, note James, *Pierre Nicole*, 148-61, and Nannerl O. Keohane, "Noncomformist Absolutism in Louis XIV's France: Pierre Nicole and Denis Veiras," *Journal of the History of Ideas* 35:4 (October-December 1974): 579-96, and see Hans-Jürgen Fuchs,

Entfremdung und Narzissmus: Semantische Untersuchungen zur Geschichte der 'Selbstbezogenheit' als Vorgeschichte von französisch 'amour-propre' (Stuttgart: J. B. Metzler, 1977), along with Dale Van Kley, "Pierre Nicole, Jansenism and the Morality of Enlightened Self-Interest," in *Anticipations of the Enlightenment*, ed. Alan C. Kors and Paul Korshin (Philadelphia: University of Pennsylvania Press, 1987), 69-85; McKenna, *De Pascal à Voltaire*, I 225-27; and Johan Heilbron, "French Moralists and the Anthropology of the Modern Era: On the Genesis of the Notions of 'Interest' and 'Commercial Society,'" in *The Rise of the Social Sciences and the Formation of Modernity: Conceptual Change in Context, 1750-1850*, ed. Johan Heilbron, Lars Magnusson, and Björn Wittrock (Dordrecht: Kluwer Academic Publishers, 1998), 77-106.

[82.] See Augustine, *In epistolam Joannis ad Parthos tractatus decem* 8.9.

[83.] See Pierre Nicole, "De la charité et de l'amour-propre," in Nicole, *Essais de morale*, ed. Laurent Thirounin (Paris: Presses Universitaires de France, 1999), 381-415 (esp. 406-7, where the passage from Augustine is cited and paraphrased). The same theme is developed in Nicole, "De la grandeur," in ibid., 197-243 (at 212-17). In this connection, see Keohane, *Philosophy and the State in France*, 293-303.

4. David W. Carrithers, "Why Sumptuary Laws Endured" [Posted: Nov. 25, 2015]↩

My previous posts mainly focused on why the impulse to pass sumptuary laws gradually weakened. Obviously, much more could be said on this topic, particularly regarding the influence of economic theory on Montesquieu and other leaders of European thought. Rather than continuing that line of investigation, however, I would like to reverse course and focus attention on why the urge to pass sumptuary laws lasted so long. And to assist with this analysis, I will draw upon the stellar work on Italian sumptuary legislation of Catherine Kovesi Killerby referenced by Hank Clark in his thought provoking initial essay.[84] Since space is limited, I will focus just on public-policy reasons for passing sumptuary laws regulating marriages and funerals, leaving aside the strong religious rationales operative in the minds of such papal legates as Cardinal Bessarion, whose sumptuary edict for Bologna in 1453 so infuriated Nicolosa Sanuti.

I'll begin with the perceived need to regulate marriage. Since Italy experienced sharp population losses during the 14th and 15th centuries owing in part to the Black Death of 1348 and other epidemics,[85] encouraging marriage to boost population became a high concern of state. The costs associated with marriage were pricing prospective couples out of the market. By custom, brides needed trousseaus, and a growing appetite for luxury items was making them prohibitively expensive, so much so that the citizens of Lucca in 1380 asked the city government to restrict the items that could be included since many could not afford the "inordinate multitude of furs, ornaments, pearls, garlands, belts, and other expenses" that had become the fashion of the day.[86] The more expensive the trousseau, the less actual cash was left in the dowry since the value of the trousseau was subtracted from the total value of a woman's dowry[87] One Ginevra Datini, for example, would have had a large dowry of 1,000 gold florins, "but her trousseau was so lavish that her husband was left with a mere 161 florins in cash."[88]

Clearly there was an incentive for governments to intervene. Thus in Messina, as early as 1272, a sumptuary law sharply limited the amount of money that could be spent on dowries and trousseaus while also restricting the number of guests who could be invited and how much brides could spend on their wedding apparel.[89] Similar policies were adopted by many other governments. In Genoa, for example, beginning in 1449 the value of a bride's trousseau could not exceed one-fifth the value of the dowry.[90] The rising costs of trousseaus was only part of the marriage problem. Wedding ceremonies had become inordinately expensive, and lawmakers acted to limit those costs. Thus governments in Italy, whether republican, monarchical, or despotic, passed laws limiting the number of attendants brides and grooms could have at their wedding and specifying how expensive the gifts for those attendants could be, how many guests could be invited to weddings, what could be served at the wedding banquets, and how much could be spent on wedding presents for the bride and groom.[91] Some governments were so focused on increasing population through marriage that they restricted eligibility for public office to those who were married and spent public money on marriage brokers.[92]

A concern for political stability also drove passage of sumptuary laws regarding marriage. Currents of dissent and bitter factionalism swirled just beneath the surface of Italian governments, and many sumptuary laws were designed to curb what Killerby has termed "the display of family strength, both in terms of wealth and numbers." The goal, she says, was to prevent "unfocused political disaffection" from becoming "focused upon a particular person, family, or faction."[93] Weddings, she explains, presented a prime opportunity for families to come together and gain allies, and therefore "the majority of wedding laws devoted most of their rubrics to limiting the numbers that could attend each of the stages of a new marriage alliance and specifying who was allowed to be included amongst the guests."[94]

Funerals could also have political ramifications since the deceased might be clearly identified with some political cause or grievance. Excessive attention to the passing of a revered and politically influential person might unleash destructive impulses and factional strife. Thus sumptuary laws banned "excessive wailing, weeping, tearing of hair, and beating of palms, particularly by women."[95] A statute passed in early 14th-century Modena forbade "anyone to cry loudly outside the house of the deceased or to beat the hands or palms."[96] Some laws excluded women altogether from funeral processions since they were most likely to publicly display grief, and other laws allowed women to be part of the procession only if the deceased was a woman or a boy no older than 10 and thus not likely to become a rallying point for a faction.

Many governments imposed restrictions on who could wear mourning clothes and for how long, and laws were passed restricting the way corpses could be clothed (often just in plain wool lined with linen) not just to "prevent wasteful expenditure" but also because "to display wealth was also to incite ambition and display potential political power."[97] Some sumptuary laws even banned all public officials from attending funerals in order "to prevent anyone with political power from identifying himself too closely with the interests of a specific individual or family."[98] Other sumptuary laws, in Milan and Brescia for example, banned the display of any family banners that would augment the prestige of a particular family.[99]

Summing up the reason for passage of sumptuary laws regarding funerals, Killerby has said: "Presumably the reasoning here was that such open displays of grief would serve to arouse passions and unite mourners around a common cause, thereby serving the interest of the politically ambitious."[100] So concerned were governments that funerals would ignite passions and form factions that the sumptuary laws governing them were exceptionally detailed. To take just one example, a Paduan law of 1398 stipulated that "no bells were to be rung without the permission of the *consiglio del Signore*; that only a single order of mendicants and the parishioners of the church in which the corpse was to be buried could follow the bier…; that no more than four torches were to be carried in the process, and each of these was not to weigh more than 4 lb; that only the inhabitants of the deceased's house and his mother, sisters, and daughters could wear scarves (*fazzoletti*); and that no one was to dress in mourning except the wife and children of the deceased."[101]

These very brief examples of perceived public needs can help us understand why the demise of sumptuary laws took place over the course of many centuries and was by no means preordained. It was clearly a combination of economic and noneconomic factors, along with changing conceptions of liberty (including liberty for females as per Sanuti's protest) and the rise of free-market economic theory, that a full explanation must take into account. I once again thank Hank Clark for enabling us to embark on an intriguing discussion that, as he reminds us in the concluding sentence of his initial post, can serve to "remind us of what a mottled, murky landscape the history of liberty really is."

Endnotes

[84.] Catherine Kovesi Killerby, *Sumptuary Law in Italy, 1200-1500* (Oxford: Clarendon Press, 2002).

[85.] Ibid., 52-53.

[86.] Ibid., 51, citing S. Bongi, ed., *Bandi lucchese del secolo decimoquarto: Tratti dai registri del R. Archivio di Stato in Lucca* (Bologna, 1863), 311.

[87.] Ibid., 54-55.

[88.] Ibid., 55, citing I. Origo, *The Merchant of Prato* (London, 1984), 189

[89.] Ibid., 56-57.

[90.] Ibid., 57, citing Pandiani, 193.

[91.] Ibid., 58.

[92.] Ibid., 58.

[93.] Ibid., 66.

[94.] Ibid., 69.

[95.] Ibid., 72.

[96.] Ibid., 73, citing C. Campori, "Del governo a comune in Modena secondo gli statuti ed altri documenti sincroni," in *Statuta civitatis mutine*, (*Monumenti di storia patria delle provincie modenesi*), *Serie degli statuti*, I (Parma, 1864), 474.

[97.] Ibid., 75-76.

[98.] Ibid., 76-77. Killerby also discusses restrictions on baptismal ceremonies similarly designed to lessen the likelihood of alliances between families being formed. (Ibid., 77)

[99.] Ibid., 77-78.

[100.] Ibid., 72

[101.] Killerby, 71, citing Bonardi, 11.

5. Stuart D. Warner, "Montaigne on 'Sumptuary Laws'" [Posted: Nov. 27, 2015]↩

In most authors I see the man who writes; in Montaigne, the man who thinks.
Montesquieu, *Mes Pensées*, #633

The importance of Montaigne's writings to European letters from the late 16th to the 19th century cannot be overrated. Works as diverse as Bacon's *Essays*, Shakespeare's *King Lear* and *The Tempest*, and Montesquieu's variegated writings, most notably *Persian Letters* and *The Spirit of Laws*, all testify to the profound influence they exercised. However, anyone who has spent any serious time with Montaigne's *Essays* realizes that they frequently traverse an ironic and suggestive path that is difficult to follow. One such essay, to which I alluded in my earlier entry on Montesquieu, is "Of Sumptuary Laws."[109] As is the case with several of Montaigne's essays, this one appears bearing a façade title.[110] Although it might appear as if the essay is about sumptuary laws, and indeed that is the matter with which the essay begins, it is only an artifice for transporting the reader to other lands.

"Of Sumptuary Laws" begins with a criticism of such laws. If we seek to regulate "foolish and vain expenditures" involving, say, clothes and food, we should realize, Montaigne tells us, that sumptuary laws are a feckless means to do so. Rather than directing people away from such outlays, rather than leading people to feel contempt toward them, these laws serve to incentivize people to pursue and embrace them. The laws in question, which have been established by Princes, prohibit almost all from acquiring certain goods, thereby allowing the Princes to be their sole possessors. However, the people would lose their interest in such goods and expenditures if the Princes themselves would "boldly set aside these marks of greatness." We could, Montaigne avers, find other ways, drawn from other nations, of "outwardly distinguishing ourselves and our ranks," and these could serve finely as substitutes.

Having concluded in this way, Montaigne moves on to show that the people and Princes could, with respect to clothing, act quite alike. For at least a year following the death of King Henry II in 1559, everyone at court, and practically everyone else, followed funerary custom and wore broadcloth; only but a very few dressed in what previously would have been high fashion, namely, silk, and those few (principally medical doctors and surgeons—men of the city rather than court) were held in low esteem because of it. It was, Montaigne indicates, a marvel how "custom in such indifferent things so easily and suddenly plants down the foot of her authority." When Princes omit pursuing superfluities such as silk, most everyone follows suit. Nevertheless, he continues on, there are enough obvious distinctions that we could still draw among the various qualities of men.

Furthermore, Montaigne directs our attention to the ancient example of Zaleucus (seventh century B.C.E.) who, through a parallel device, was able to divert the Locrians from their "corrupted morals" by means of dictating that a free woman could not go outside the city at night, or wear embroidered dresses, or wear gold unless she were a public whore; and that a man could not wear gold rings or fancy robes made from the finest fabric from Miletus unless he were a pimp:[111] "And thus by these shameful exceptions, [Zaleucus] ingeniously diverted his citizens from pernicious superfluities and delights." In such a fashion, honor and ambition were able to attract men to obedience.

Up until shortly before the end of his essay, Montaigne stays on the same trajectory depicted above. And despite my initial statement that the essay "Of Sumptuary Laws" is only seemingly about that subject, it would not be difficult on the basis of the line we've traced out so far to conclude anything other than that the essay gives expression to its titular subject. Indeed, what else could the essay be about?

In trying to discover the essay's proper subject, we should begin not with Montaigne's explicit criticism of sumptuary laws, but rather with what should strike the reader as only tangentially connected to it. After pointing out why these laws would fail to achieve their desideratum, Montaigne takes note of the fact that if Princes were not distinguished by their clothing and food, there would be other outward signs they could make use of, perhaps emulated from other nations, by virtue of which Princes could be seen as great. Whatever these might be, what they would have in common with clothing and food is that they would merely be external signs of distinction. The reader might be led to wonder what the inward marks of distinction, ranks, or greatness might be, and what this might mean. But apart from this, regardless of whether both Princes and the people would be free to wear certain clothes or eat certain foods and would do so, *or* if neither the Prince nor the people would adopt them—in both cases, that is—they would be equal with respect to these conventional markers: each of these alternatives would serve to undercut a conventional inequality to which they had been accustomed, and lead to a certain kind of conventional equality.

This theme of conventional inequality and equality, and the movement from the former to the latter, are further in evidence in the other examples that Montaigne adduces, which we canvassed above—the instances involving King Henry II and Zaleucus being variations on a theme. Of course, there are some differences here. In the former case, funerary custom was at work leading most away from what would have been considered a luxury; in the latter case, it was Zaleucus's dictates that, given the customary understanding of whores and pimps, made the acquisition of certain luxuries particularly shameful, while not prohibiting anyone from seeking them. But these differences notwithstanding, these two examples coupled with the first spotlight certain thematic considerations of the utmost importance, considerations connected to issues of conventional inequality and equality.

We can begin with the pliable character of custom, that there is nothing fixed about it. This concern, which runs deeply throughout Montaigne's essay, seems to be undercut, though, at the essay's end, where Montaigne elaborates a view he finds in Book VII of Plato's *Laws*,[112] to the effect that the young should not be let free to change their practices over time as regards clothes, gestures, and play, or otherwise they will be corrupted. But this will hold because there is a divine support and sanction for custom. However, in part, this is exactly what Montaigne himself is undercutting; so, by means of a view that is placed on exhibition in Plato's dialogue, Montaigne is able to exhibit a view contrary to his own, the very one he tries out in the essay at hand and elsewhere—that despite the authority custom wields, it can be transformed, perhaps for the better.

Yet, what has to be called out for attention here is that the customs saturating "Of Sumptuary Laws" pertain to differences between Princes and the people—that is, the relationships of conventional equality and inequality at issue in the essay have as their *relata* Princes and the people. Differences (and thus inequalities) between them can be transformed into similarities (and thus equalities) with a change in custom. Herein lies the importance of Montaigne's signaling that a change from inequality to equality still allows for other outward marks of distinction, ranks, and greatness. But the question must arise: can those too be subject to a movement from inequality to equality, all on the plane of conventionality?

This last question directs us to a final issue, one to which I have alluded in passing. Montaigne focuses on matters of convention, but what about those of nature, those that I have termed inward marks of distinction (and greatness)? There surely are natural differences among human beings, and presumably natural differences among types of human beings. Are there natural differences between Princes and the people, differences that would bear on questions of political authority? If so, what? If not, what are the consequences for political life? And what might one say about the difference between Montaigne's life, a philosophical life, and a political one? Does this question bear on issues of natural equality and inequality? However one answers these questions, one would do well to notice that the essay preceding "Of Sumptuary Laws" in Montaigne's book is "Of the Inequality Between Us." The theme of sumptuary laws seems the way to more exotic lands.

Endnotes

[109.] As I mentioned in my earlier entry, the best translation of Montaigne remains that of Donald Frame, and the essay in question can be found on pages 196-98 of the previously cited edition; nonetheless, all translations in this entry are the author's own.

[110.] On Montaigne's use of such titles, see Patrick Henry, *Montaigne in Dialogue* (Saratoga, CA: Anma Libri, 1987), 3-35. Helpful on this issue will be Ralph Lerner's forthcoming book from the University of Chicago Press (2016), *Naïve Readings: Reveilles Political and Philosophic*.

[111.] Cf. Diodorus Siculus, *Library of History*, 12.21.

[112.] 797a-798e; esp. 797e. Online version: *The Dialogues of Plato translated into English with Analyses and Introductions by B. Jowett, M.A. in Five Volumes*. 3rd edition revised and corrected (Oxford University Press, 1892). <http://oll.libertyfund.org/titles/769#lf0131-05_head_025>.

6. Henry C. Clark, "Ambivalent Montesquieu" [Posted: Nov. 30, 2015]↩

In his response post "Life, Liberty, and the Pursuit of Luxury," David Carrithers usefully surveys some of the individual authors who did indeed express skepticism toward the traditional regime of sumptuary legislation embraced by European governments. Nicholas Barbon's *A Discourse of Trade*, Bernard Mandeville's *A Fable of the Bees,* Jean-François Melon's *An Essay upon Commerce* and David Hume's essay "Of Refinement in the Arts" (originally entitled "Of Luxury") were among the smattering of works that poured cold water on the whole project. Montesquieu, too, in his usual nuanced way, thought such laws inappropriate in at least some circumstances.

The problem, of course, is not only that these skeptics were in a distinct minority, but that the record of government activity itself was quite mixed in the 18th century--some countries scaled down their sumptuary efforts (France in particular) while others increased theirs (Sweden, for example). The incompleteness of the "skepticism" project was revealed during the French Revolution, when calls for the restoration of such laws became vocal once again.

As David Carrithers himself shrewdly notes, Montesquieu cited Tacitus as a source authority on the growing popularity of luxuries among the Romans during the Empire. Tacitus was of course widely read as an insightful observer on the loss of liberty and of virtue among the Roman people. And it is hard to escape the conclusion that this fact was itself one of the great impediments to the emergence of a genuinely "modern" view of luxury consumption: thinkers throughout the 17th and 18th centuries were deeply anxious about repeating what they saw as the catastrophic fate of the Roman project.

We may then read Montesquieu in this light as being himself ambivalent. On the one hand, he does suggest that under monarchies, sumptuary law is inappropriate, and for more than one reason. On the other hand, he expressly rejects the idea, advanced by his friend Melon and a few others, that virtue-based republics of the ancient sort are fundamentally out of kilter with the broader conditions of modern life and are therefore simply not fit models for modern states to emulate. In addition, he described England as a "republic in the guise of a monarchy," casting doubt on exactly which rubric he would attach to the dramatis personae in his national survey. This all being the case, it was and is not impossible to read him as using a kind of civic-republican language as a subtle and indirect way of criticizing the policies of modern monarchies such as France.

Paul Rahe is absolutely right in "Why Did Sumptuary Laws Disappear?" to call attention to Pierre Nicole, redoubtable ally of Pascal during the religious quarrels of the 17th century. For a long time now, it has been known how important Nicole was as a conduit of ideas for the 18th-century Enlightenment. The conduit is certainly a paradoxical one. Jansenism is mostly associated with the kind of austere Augustinian Christianity that we think of as an obstacle to modernization rather than as one of its sources. Those historians who take Weber as their lodestar would of course not be deterred by such a paradox. To them, Jansenism would look--as it did to Weber himself--like an analogue to Puritanism: a source of that "calling," that "predestinarian" anxiety, that "inner-worldly asceticism" that Weber saw as essential to the massive accumulation of capital supposedly defining the rise of capitalism.[102]

But I agree with Paul Rahe that Nicole and the Jansenists are also of note for another and quite different reason: their naturalization of the passions, including passions like self-love that might lead in practice to consuming rather than saving activities. In particular, I would place emphasis on what we might think of as the "wonder" of the civilized order felt by Pascal, Nicole, and others like them. From Pascal's marveling at the way concupiscence can breed such a refined system of social conduct, it is but a short step to Mandeville remarking on the multiplicity of hands that went into some ordinary Yorkshire cloth,[103] (repeated pretty closely by Adam Smith),[104] and on down to Leonard E. Read's example of the making of a pencil, which Milton Friedman later spotlighted on television.[105]

Of course, to my knowledge, Nicole never actually discusses sumptuary law in his published writings. Had he done so, furthermore, it strikes me as not a foregone conclusion that he would necessarily have supported their abolition. Even though it is true that thinkers from Mandeville on were able to use Nicole's clever reworking of the theory of self-love in what we might call "modernizing" ways as concerns the theory of consumer society, Nicole himself was not necessarily one of them. All of his (quite few) discussions of "luxury," for example, a term that was a favorite reference point for the whole debate over consumer society in 18th-century Europe, were of the traditional variety. For example, at one point he pairs "luxury" with blasphemy and debauchery as counting among the great number of "sources of disorder and of crime."[106] This was exactly the language of traditional moral control and marks a continuing gulf between his world and our own.

Speaking of tradition, David Carrithers, in "Why Sumptuary Laws Endured," takes us on a tour of one of the specific anxieties of premodern governments, namely wedding expenses. It is no doubt true that in a world much closer to the Malthusian trap than our own, dowry customs

and wedding expenses could devour the savings of private households in ways that might alarm the authorities. That example itself, of course, spotlights the gulf between their world and ours. For modern governments, private expenses are mostly private matters. Great fortunes can be and are being lost all the time without states feeling the kind of generalized anxiety for the very stability of the social order manifested by Professor Carrithers' Renaissance rulers.

As our original discussion of Montesquieu made clear, however, this modern posture of ours is fragile, hard-won, and provisional. One might point out, for example, that although our private fortunes are private matters, our private firms deemed "too big to fail" are another thing altogether, and perhaps a fit subject for a separate Liberty Matters forum.

Moreover, we can easily overlook how the scramble for status that drove so much of the wedding market in Renaissance Italy continues to be viewed in a variety of different ways in our own time. On the one hand, to be sure, status-seeking has been domesticated into the more innocent language of the "land of opportunity" or of "seeking the American dream." One reason why this domestication was successful is the interiorization of the ideal of the individual in modern life. Adam Smith called it the "desire of bettering our condition," and he saw it as a natural and universal desire. Nor was he far removed from Pierre Nicole in doing so.[107]

But on the other hand, there remains a whole strand of cultural criticism stretching from Veblen to Robert Frank that continues to fret about the messy spectacle of a consumer society, and that looks to government to correct it.[108] If such proposals seem to us considerably more quixotic, more intrusive, more marginal than they would have seemed to an 18th-century reader steeped in jeremiads on luxury and corruption, that is because we have inherited more of Adam Smith's view of personal consumption than of Montesquieu's. How and why that is the case, and how far it is the case, remain--or so it seems to me--one of the elusive cogs in the fragile machinery of modern liberty.

Endnotes

[102.] See Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, ed. Richard Swedberg (New York: Norton, 2009), 113n14, 118-19n17 and n26, 122n57. For an alternative view, see Jacob Viner, *Religious Thought and Economic Society*, ed. Jacques Melitz and Donald Winch (Durham: Duke University Press, 1978), 23 and passim.

[103.] Bernard Mandeville, *The Fable of the Bees*, ed. F.B. Kaye (Oxford: Clarendon Press, 1924; repr. Indianapolis, IN: Liberty Classics, 1988), 1:169. See the quote by Mandeville "On the social cooperation which is required to produce a piece of scarlet cloth (1723)" <http://oll.libertyfund.org/quotes/542> and on Yorkshire cloth <http://oll.libertyfund.org/titles/846#Mandeville_0014-01_520>.

[104.] Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, ed. W.B. Todd (Oxford: Oxford University Press, 1976; repr. Indianapolis, IN: Liberty Fund, 1981), I.i.11. Online version Cannan edition: Smith on the making of a woolen coat I.i.11 - Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations by Adam Smith, edited with an Introduction, Notes, Marginal Summary and an Enlarged Index by Edwin Cannan* (London: Methuen, 1904). Vol. 1. <http://oll.libertyfund.org/titles/237#Smith_0206-01_149>.

[105.] Leonard E. Read, "I, Pencil," Irvington-on-Hudson, NY: Foundation for Economic Education, 1958: Leonard E. Read, *I Pencil: My Family Tree as told to Leonard E. Reed* (Irvington-on-Hudson, New York: Foundation for Economic Education, Inc., 1999). <http://oll.libertyfund.org/titles/112>. Friedman's television version; https://www.youtube.com/watch?v=R5Gppi-O3a8.

[106.] Pierre Nicole, "De la Grandeur," pt. 2, ch. 3 of *Essais de morale* (Paris: Desprez, 1701), 2:216.

[107.] Adam Smith, *Wealth of Nations,* II.iii.28, 341 for one example. Online version: Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations by Adam Smith, edited with an Introduction, Notes, Marginal Summary and an Enlarged Index by Edwin Cannan* (London: Methuen, 1904). Vol. 1. <http://oll.libertyfund.org/titles/237#Smith_0206-01_917>.

[108.] Thorstein Veblen, *The Theory of the Leisure Class: A Study of Institutions* (New York: Macmillan, 1899) and Robert Frank, *Luxury Fever: Happiness in an Era of Excess* (New York: The Free Press, 1999).

7. Henry C. Clark, "The Secret Prehistory of Equality" [Posted: Dec. 2, 2015]↩

The *Essays* of Michel de Montaigne are indeed among the formative cultural monuments of the Western world, as Stuart Warner reminds us. Nor is it at all impossible that they contain the artful juxtapositions, allusions, and hidden messages hinted at by Stuart's post. There was no subtler chronicler and practitioner of the arts of the genuinely free mind than he. That is one reason they were indeed read by just about everyone in the period we are discussing. And unlike some of the classics of that period, such as Erasmus's *In Praise of Folly* to take one example, which may have lost some of its lustrous topicality in the five centuries since its publication, the engaging genius and irrepressible individuality of Montaigne's voice resonates just as forcefully for us today as if we were sitting with him in his Bordeaux tower.

But if the question before the house concerns the secret prehistory of equality, as Stuart's most intriguing remarks seem to suggest, then allow me to point toward another avenue into the subject, one that I hope to trace back to the beginning of our discussion. If Stuart Warner is right, as I believe he is, in his apparent suggestion that "equality" is a value that doesn't just "happen" of its own accord but that needs to be developed and articulated by our cultural and intellectual leaders, and if Montaigne was indeed one of those leading cultural innovators as Stuart and I both agree, it is also true that as I hinted at the end of my original post, things were happening at the level of practice that made the value of "equality" a more live possibility than might otherwise have been the case--especially "equality" between the sexes.

The Hollywood news media narrative of a world groaning under The Patriarchy until the Suffragettes or Betty Friedan and Gloria Steinem hoisted it on their heroic shoulders is about as far removed from reality as a myth is capable of straying. Bernard Lewis is much closer to the truth when he observes that 600 years ago already, "Western civilization was richer for women's presence; Muslim civilization, poorer by

their absence."[113] Lewis himself was referring to the relative prevalence of monogamy in the West, by comparison with the polygamy and legalized concubinage so much in evidence elsewhere. But in recent decades, this picture of Western exceptionalism has been deepened and fleshed out considerably, both from within Europe and beyond, while the dynamics of its genesis and its unfolding remain frustratingly murky.

From within Europe, the European Marriage Pattern I mentioned the other day has been summarized as including the following key elements: delayed marriage and relatively similar average ages of marriage for the two sexes, high rates of voluntary celibacy and correspondingly low crude birth rates, more young women as well as men in the workforce accumulating property, with corresponding effects on the nature of the relationship between spouses after marriage, and between parents and children.[114] Outside of Europe, Western commentators are again relearning just how deeply the differences between the West and the Rest in their respective treatments of women can go in explaining problems of economic and political development.[115] While no one would suggest that life for women (and men) hovering near the Malthusian Trap before the Industrial Revolution was anything other than very hard, and far from equal, there was nonetheless scope for a certain kind of personal initiative, even a certain kind individual liberty among them that many women elsewhere could only dream about. "Though wedlock I do not decry," wrote the Flemish poet Anna Bijns, Montaigne's near contemporary, "Unyoked is best! happy the woman without a man."[116]

Perhaps this deeper pattern of customs, traditions, and relationships helps explain another odd shard of sexual equality (or at least "equality") in the age of the Renaissance. If the ambiance of Plato's Academy and Aristotle's Lyceum was emphatically a man's world, the flavor of intellectual life by Montaigne's time was markedly different. In his delightfully conceived *Women in the Academy*,[117] C.D.C. Reeve imagines the conversations that might have occurred in Plato's grove when two women--Axiothea of Phlius (who dressed like a man) and Lasthenia of Mantinea--showed up to pursue philosophy. By Montaigne's time, of course, people no longer had to imagine, for Castiglione had made the image real.

As I'm sure Stuart Warner will agree, the 1524 work *The Book of the Courtier* had a trajectory in the cultural history of Europe that was nearly as remarkable as that of Montaigne himself. Its success must surely say something about the underlying attractiveness even at that early date of a group of cultured, elite men and women engaging in conversation about some of the big conceptual issues on their minds. Roughly speaking, this was the sort of world--a world not of equality in any democratic sense but of certain "equalities" nonetheless--that produced a Nicolosa Sanuti and emboldened her to speak up. As such, we can say that this world also helped make the breezy quotidian repressions embedded in the whole sumptuary law regime an item for legitimate discussion. I will only conclude with this irony: Montesquieu, who as a denizen of the salons of Paris and especially of his friend the Marquise of Lambert was quite familiar with the ambiance captured in *Il Cortegiano*, offered a less robust solution to Sanuti's problem than did the socially awkward bachelor Adam Smith.

Endnotes

[113.] Bernard Lewis, *Cultures in Conflict: Christians, Muslims, and Jews, in the Age of Discovery* (Oxford: Oxford University Press, 1995), p. 24.

[114.] See Jack Goody, *The development of the family and marriage in Europe* (Cambridge: Cambridge University Press, 1983), p. 8.

[115.] For recent examples, see Gary A. Haugen and Victor Boutros, *The Locust Effect: Why the End of Poverty Requires the End of Violence* (Oxford: Oxford University Press, 2014); Nicholas D. Kristof and Sheryl WuDunn, *Half the Sky: Turning Oppression into Opportunity for Women Worldwide* (New York: Vintage Books, 2009); Anke Hoeffler and James Fearon estimate (controversially) that violence in the home, largely against women, is a far more expensive and serious impediment to economic development than homicide, terrorism, or civil war. See their "Conflict and Violence" Assessment Paper for the Copenhagen Consensus Center, http://www.copenhagenconsensus.com/sites/default/files/conflict_assessment_-_hoeffler_and_fearon_0.pdf

[116.] Cited in Tine de Moor and Jan Luiten van Zanden, "Girl Power: The European Marriage Pattern and Labour Markets in the North Sea Region in the Late Medieval and Early Modern Period," *Economic History Review* 63, no. 1 (2010): 1-33, quote at 1.

[117.] C.D.C. Reeve, *Women in the Academy* (Indianapolis: Hackett Publishing Co., 2001).

ADDITIONAL READING

Online Resources

The main Montesquieu page at the Online Library of Liberty: Charles Louis de Secondat, Baron de Montesquieu (1689-1755)

Charles Louis de Secondat, Baron de Montesquieu, *The Complete Works of M. de Montesquieu* (London: T. Evans, 1777), 4 vols. <http://oll.libertyfund.org/titles/1855>

- *The Spirit of Laws* Part 1 - Vol. 1. Book I - XIX <http://oll.libertyfund.org/titles/837>
- *The Spirit of Laws* Part 2 - Vol. 2. Book XX - XXXI <http://oll.libertyfund.org/titles/838>
- *Persian Letters*, vol. 3 - <http://oll.libertyfund.org/titles/1338#lf0171-03_head_027>

Charles Louis de Secondat, Baron de Montesquieu, *My Thoughts (Mes Pensées). Translated, edited, and with an Introduction by Henry C. Clark* (Indianapolis: Liberty Fund, 2012). <http://oll.libertyfund.org/titles/2534>

Works Mentioned in the Discussion

Augustine, *In epistolam Joannis ad Parthos tractatus decem* 8.9..

Nicholas Barbon, "A Discourse of Trade" (1690), in Henry C. Clark, *Commerce, Culture, and Liberty: Readings on Capitalism Before Adam Smith* (Indianapolis: Liberty Fund, 2003), 70-74.

Nicholas Barbon, *A Discourse of Trade. A Reprint of Economic Tract*s, ed. Jacob H. Hollander (Baltimore: The Lord Baltimore Press, 1905). <http://oll.libertyfund.org/titles/982>

Daniel Bell, *The Cultural Contradictions of Capitalism* (New York: Basic Books, 1976).

Maxine Berg, *Luxury and Pleasure in Eighteenth-Century Britain* (Oxford: Oxford University Press, 2007).

Christopher J. Berry, *The Idea of Luxury: A Conceptual and Historical Investigation* (Cambridge: Cambridge University Press, 1994).

Kritika Bhardwaj and Ashok K. Sharma, *Malala: The Crusader of Fearless Freedom* (New Delhi: Diamond Pocket Books, 2015), Episode #3: Monday, 5 January 2009.

S. Bongi, ed., *Bandi lucchese del secolo decimoquarto: Tratti dai registri del R. Archivio di Stato in Lucca* (Bologna, 1863).

John Brewer and Roy Porter, eds., *Consumption and the World of Goods* (London: Routledge, 1993).

C. Campori, "Del governo a comune in Modena secondo gli statuti ed altri documenti sincroni," in *Statuta civitatis mutine*, (*Monumenti di storia patria delle provincie modenesi*), *Serie degli statuti*, I (Parma, 1864).

David W. Carrithers, "Not so Virtuous Republics: Montesquieu, Venice, and the Theory of Aristocratic Republicanism," *Journal of the History of Ideas*, 52, no. 2 (April-June, 1991), 245-68.

[Carrithers] *Charles-Louis de Secondat, Baron de Montesquieu*, ed. David Carrithers, in the series International Library of Essays in the History of Social and Political Thought, ed. Tom Campbell (Burlington, VT: Ashgate Publishing Limited, 2009), 497-521.

Baldassare Castiglione, *The Book of the Courtier* (1524).

Henry C. Clark, *Commerce, Culture, and Liberty: Readings on Capitalism Before Adam Smith* (Indianapolis: Liberty Fund, 2003). Most extracts are available online in PDF only: <http://oll.libertyfund.org/titles/836>.

Henry C. Clark, *Compass of Society: Commerce and Absolutism in Old-Regime France* (Lanham, MD: Lexington Books, 2006).

William Coxe, *Sketches of the Natural, Civil, and Political State of Swisserland* (London: Dodsley, 1779).

Daniela De Bellis, "Attacking Sumptuary Laws in Seicento Venice: Arcangela Tarabotti," in *Women in Italian Renaissance Culture and Society*, ed. Letizia Panizza (London: Legenda, 2000), 227-42.

Nicos E. Devletoglou, "Montesquieu and the Wealth of Nations," *Canadian Journal of Economics and Political Science*, 29, no. 1 (February, 1963), 1-28.

Nick Eberstadt, *A Nation of Takers* (Templeton Press, 2012).

Desiderius Erasmus, *Erasmus in Praise of Folly, illustrated with many curious cuts, designed, drawn, and etched by Hans Holbein, with portrait, life of Erasmus, and his epistle to Sir Thomas More* (London: Reeves & Turner, 1876). <http://oll.libertyfund.org/titles/551>.

Joanne M. Ferraro, *Venice. History of the Floating City* (Cambridge: Cambridge University Press, 2012).

Biancamaria Fontana, *Montaigne's Politics: Authority and Governance in the Essais* (Princeton: Princeton University Press, 2008).

Robert Frank, *Luxury Fever: Happiness in an Era of Excess* (New York: The Free Press, 1999).

Milton Friedman's television version of the "I, Pencil" story: https://www.youtube.com/watch?v=R5Gppi-O3a8.

Hans-Jürgen Fuchs, *Entfremdung und Narzissmus: Semantische Untersuchungen zur Geschichte der 'Selbstbezogenheit' als Vorgeschichte von französisch 'amour-propre'* (Stuttgart: J. B. Metzler, 1977)

Jack Goody, *The development of the family and marriage in Europe* (Cambridge: Cambridge University Press, 1983).

Mary S. Hartman, *The Household and the Making of History: A Subversive View* (Cambridge: Cambridge University Press, 2004).

John Hajnal, "European Marriage Patterns in Perspective," in D.V. Glass and D.E.C. Eversley, eds., *Population in History: Essays in Historical Demography* (Chicago: Aldine, 1965), 101-43.

Gary A. Haugen and Victor Boutros, *The Locust Effect: Why the End of Poverty Requires the End of Violence* (Oxford: Oxford University Press, 2014).

Johan Heilbron, "French Moralists and the Anthropology of the Modern Era: On the Genesis of the Notions of 'Interest' and 'Commercial Society,'" in *The Rise of the Social Sciences and the Formation of Modernity: Conceptual Change in Context, 1750-1850*, ed. Johan Heilbron, Lars Magnusson, and Björn Wittrock (Dordrecht: Kluwer Academic Publishers, 1998), 77-106.

Patrick Henry, *Montaigne in Dialogue* (Saratoga, CA: Anma Libri, 1987).

Roze Hentschell, *The Culture of Cloth in Early Modern England: Textual Constructions of a National Identity* (Burlington, VT: Ashgate, 2008).

Anke Hoeffler and James Fearon, "Conflict and Violence" Assessment Paper for the Copenhagen Consensus Center, http://www.copenhagenconsensus.com/sites/default/files/conflict_assessment_-_hoeffler_and_fearon_0.pdf.

Wilfred Hooper, "The Tudor Sumptuary Laws," in *The English Historical Review*, 30, no. 119 (Jul., 1915).

Diane Owen Hughes, "Sumptuary Law and Social Relations in Renaissance Italy," in *Disputes and Settlements. Law and Human Relations in the West*, ed. John Bossy (Cambridge: Cambridge University Press, 1983).

Mark Hulliung, *Montesquieu and the old regime* (Berkeley: University of California Press, 1976).

David Hume, *Essays Moral, Political, Literary, edited and with a Foreword, Notes, and Glossary by Eugene F. Miller, with an appendix of variant readings from the 1889 edition by T.H. Green and T.H. Grose, revised edition* (Indianapolis: Liberty Fund 1987). <http://oll.libertyfund.org/titles/704>.

- Refinement in the Arts: <http://oll.libertyfund.org/titles/704#lf0059_label_383>
- Of Commerce: <http://oll.libertyfund.org/titles/704#lf0059_label_371>

Alan Hunt, *Governing Morals: A Social History of Moral Regulation* (Cambridge: Cambridge University Press, 1999).

Edward Donald James, *Pierre Nicole, Jansenist and Humanist: A Study of his Thought* (The Hague: Martinus Nijhoff, 1972).

Jeremy Jennings, "The Debate about Luxury in Eighteenth- and Nineteenth-Century French Political Thought," *Journal of the History of Ideas*, Vol. 68, No. 1 (Jan., 2007), 79-105.

Nannerl O. Keohane, *Philosophy and the State in France: The Renaissance to the Enlightenment* (Princeton, NJ: Princeton University Press, 1980).

Nannerl O. Keohane, "Noncomformist Absolutism in Louis XIV's France: Pierre Nicole and Denis Veiras," *Journal of the History of Ideas* 35:4 (October-December 1974): 579-96.

Catherine Kovesi Killerby, *Sumptuary Law in Italy, 1200-1500* (Oxford: Oxford University Press, 2002).

Catherine Kovesi Killerby, "'Heralds of a Well-instructed Mind': Nicolosa Sanuti's Defence of Women and Their Clothes," *Renaissance Studies* 13 (1999), 255-82.

Catherine Kovesi Killerby, "Practical Problems in the Enforcement of Italian Sumptuary Law, 1200-1500," in *Crime, Society and the Law in Renaissance Italy*, ed. Trevor Dean and K.J.P. Lowe (Cambridge: Cambridge University Press, 1994).

Leah Kirtio, "'The Inordinate Excess in Apparel': Sumptuary Legislation in Tudor England," in *Constellation: History and Classics Faculty of Arts, University of Alberta*, 3, no. 1 (2011), 17-29.

Dale Van Kley, "Pierre Nicole, Jansenism and the Morality of Enlightened Self-Interest," in *Anticipations of the Enlightenment*, ed. Alan C. Kors and Paul Korshin (Philadelphia: University of Pennsylvania Press, 1987), 69-85.

Nicholas D. Kristof and Sheryl WuDunn, *Half the Sky: Turning Oppression into Opportunity for Women Worldwide* (New York: Vintage Books, 2009).

Ralph Lerner,, *Naïve Readings: Reveilles Political and Philosophic* (University of Chicago Press, 2016).

Bernard Lewis, *Cultures in Conflict: Christians, Muslims, and Jews, in the Age of Discovery* (Oxford: Oxford University Press, 1995).

Donald S. Lutz, "The Relative Influence of European Writers on Late Eighteenth-Century American Political Thought," *The American Political Science Review*, 78, no. 1 (Mar., 1984):189-97.

Abbé de Mably, *De l'étude de l'histoire, à Monsieur le Prince de Parme* (Parma: Royal Printer, 1775).

Bernard Mandeville, *The Fable of the Bees: or, Private Vices, Publick Benefits*, (1723) 2 vols., ed. F.B. Kaye (Oxford: Clarendon Press, 1924; repr. Indianapolis: Liberty Classics, 1988). <http://oll.libertyfund.org/titles/836>.

Sarah Maza, *The Myth of the French Bourgeoisie: An Essay on the Social Imaginary, 1750-1850* (Cambridge: MA: Harvard University Press, 2003).

Deirdre McCloskey, *The Bourgeois Virtues: Ethics in an Age of Commerce* (Chicago: University of Chicago Press, 2006).

Deirdre McCloskey, *Bourgeois Dignity: Why Economics Can't Explain the Modern World* (Chicago: University of Chicago Press, 2011).

Guillaume-Alexandre Méhégan, *Tableau de l'histoire moderne* (Paris: Saillant, 1766; trans. into English in 1779).

[Jean-François Melon], *L'Essai politique sur le commerce* (N.p., 1734), 139-42. In 1738, David Bindon offered an English translation titled *A Political Essay upon Commerce*, and the relevant chapter is reproduced in Clark, *Commerce, Culture, and Liberty*, 254-64.

Joel Mokyr, *The Lever of Riches: Technological Creativity and Economic Progress* (Oxford: Oxford University Press, 1990).

Joel Mokyr, *The Enlightened Economy: An Economic History of Britain, 1700-1850* (New Haven: Yale University Press, 2009).

Michel de Montaigne, *Essays of Montaigne*, trans. Charles Cotton, revised by William Carew Hazlett (New York: Edwin C. Hill, 1910). In 10 vols. <http://oll.libertyfund.org/titles/168>.

- Vol. 3 "Of Sumptuary Laws" <http://oll.libertyfund.org/titles/1744#lf0963-03_head_008>

[Montaigne] *The Complete Works of Montaigne*, translated by Donald Frame (Stanford: Stanford University Press, 1957).

The Essays of Michael Lord of Montaigne, trans. John Florio, 2 vols. (Oxford: Oxford University Press, 1904; orig. ed., 1603).

Montesquieu, *The Spirit of the Laws*, trans. Anne Cohler, Basia Miller, and Harold Stone (Cambridge: Cambridge University Press, 1989).

Charles-Louis de Secondat, baron de La Brède et de Montesquieu, *De l'Esprit des lois*, in *Œuvres complètes de Montesquieu*,, ed. Roger Caillois (Paris: Bibliothèque de la Pléiade, 1949–51).

Montesquieu, *The Persian Letters*, trans. George R. Healy (Indianapolis, IN: Bobbs-Merrill, 1964), 177-78.

Montesquieu, "Persian Letter 106," in Baron de Montesquieu, *The Complete Works of M. de Montesquieu* (London: T. Evans, 1777), 4 vols. Vol. 3. <http://oll.libertyfund.org/titles/1338#lf0171-03_label_628>.

Tine de Moor and Jan Luiten van Zanden, "Girl Power: The European Marriage Pattern and Labour Markets in the North Sea Region in the Late Medieval and Early Modern Period," *Economic History Review* 63, no. 1 (2010): 1-33.

Michael A. Mosher, "Monarchy's Paradox: Honor in the Face of Sovereign Power," in *Montesquieu's Science of Politics: Essays on* The Spirit of Laws, ed. David W. Carrithers, Michael A. Mosher, and Paul A. Rahe (Lanham: Rowman and Littlefield, 2001), 159-230.

Pierre Nicole's "Moral Essays" in Henry Clarke, *Commerce, Culture, and Liberty: Readings on Capitalism Before Adam Smith* (Indianapolis: Liberty Fund, 2003). Nicole in Chap. 4, pp. 54-65 [PDF only]. <http://oll.libertyfund.org/titles/836>.

Pierre Nicole, "De la charité et de l'amour-propre," in Nicole, *Essais de morale*, ed. Laurent Thirounin (Paris: Presses Universitaires de France, 1999), 381-415.

- "De la Grandeur," pt. 2, ch. 3

Douglass C. North, *Institutions, Institutional Change, and Economic Performance* (Cambridge: Cambridge University Press, 1990).

I. Origo, *The Merchant of Prato* (London, 1984).

Blaise Pascal, *Pensées sur la religion et sur quelques autres sujets, qui ont esté trouvées après sa mort parmy ses papiers*, third edition, ed. Étienne Périer (Paris: Guillaume Desprez, 1671).

Blaise Pascal, *Pensées: Édition établie d'après la copie référence de Gilberte Pascal*, ed. Philippe Sellier (Paris: Classiques Garnier, 1999).

Blaise Pascal, *The Thoughts of Blaise Pascal, translated from the text of M. Auguste Molinier by C. Kegan Paul* (London: George Bell and Sons, 1901). <http://oll.libertyfund.org/titles/2407>.

Plato, *The Dialogues of Plato translated into English with Analyses and Introductions by B. Jowett, M.A. in Five Volumes*. 3rd edition revised and corrected (Oxford University Press, 1892). <http://oll.libertyfund.org/titles/769#lf0131-05_head_025>.

Paul A. Rahe, *Montesquieu and the Logic of Liberty* (New Haven: Yale University Press, 2009).

Paul A. Rahe, "Blaise Pascal, Pierre Nicole, and the Origins of Liberal Sociology," in *Enlightenment and Secularism: Essays on the Mobilization of Reason*, ed. Christopher Nadon (Lanham, MD: Lexington Books, 2013), 129-40.

Ralph Raico, *New Individualist Review*, editor-in-chief Ralph Raico, introduction by Milton Friedman (Indianapolis: Liberty Fund, 1981). <http://oll.libertyfund.org/titles/2136>

- Ronald Hamowy, "Hayek's Concept of Freedom: A Critique," *New Individualist Review* 1 (1961), 28-31.

Leonard E. Read, *I Pencil: My Family Tree as told to Leonard E. Reed* (Irvington-on-Hudson, New York: Foundation for Economic Education, Inc., 1999). <http://oll.libertyfund.org/titles/112>.

C.D.C. Reeve, *Women in the Academy* (Indianapolis: Hackett Publishing Co., 2001).

Jean-Jacques Rousseau, *Politics and the Arts: Letter to d'Alembert on the Theatre*, trans. Allan Bloom (Ithaca: Cornell University Press, 1960).

David Lewis Schaefer, *The Political Philosophy of Montaigne* (Ithaca: Cornell University Press, 1990).

Diana Schaub, *Erotic Liberalism: Women and Revolution in Montesquieu's Persian Letters* (Lanham, MD: Rowman & Littlefield, 1995).

Diodorus Siculus, *Library of History*.

Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, ed. R. H. Campbell and A. S. Skinner (Oxford: Oxford University Press, 1976; repr. Indianapolis: Liberty Fund, 1979).

Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations by Adam Smith, edited with an Introduction, Notes, Marginal Summary and an Enlarged Index by Edwin Cannan* (London: Methuen, 1904). Vol. 1. <http://oll.libertyfund.org/titles/237#Smith_0206-01_148>.

Adam Smith, *Lectures on Jurisprudence*, eds. R. Meek, D. Raphael and P. Stein (Oxford: At the Clarendon Press, 1978; repr. Indianapolis, IN: Liberty Fund), 1982.

Céline Spector, "Vices privés, vertus publiques: de la *Fable des abeilles* à *De l'esprit des lois*," in *Montesquieu and the Spirit of Modernity*, ed. David. W. Carrithers and Patrick Coleman (Oxford: Voltaire Foundation, 2002), 140-48.

Jean Starobinski, "Exile, Satire, Tyranny: Montesquieu's *Persian Letters*," in *Blessings in Disguise; or, The Morality of Evil*, translated by Arthur Goldhammer (Cambridge: Harvard University Press, 1993).

Thorstein Veblen, *The Theory of the Leisure Class: A Study of Institutions* (New York: Macmillan, 1899).

Voltaire, *Philosophical Dictionary*, ed. and trans. Theodore Besterman (London: Penguin Books, 1972).

Voltaire, "Luxury," in *The Works of Voltaire. A Contemporary Version. A Critique and Biography by John Morley, notes by Tobias Smollett, trans. William F. Fleming* (New York: E.R. DuMont, 1901). In 21 vols. Vol. VI. <http://oll.libertyfund.org/titles/355#lf0060-06_head_047>.

Jan de Vries, *The Industrious Revolution: Consumer Behavior and the Household Economy in Europe, 1650 to the Present* (New York: Cambridge University Press, 2008).

Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, ed. Richard Swedberg (New York: Norton, 2009).

Emanuela Zanda, *Fighting Hydra-Like Luxury: Sumptuary Regulation in the Roman Republic* (London: Bristol Classical Press, 2011).