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Principles of the Philosophy of Progress

(selections)

Pierre-Joseph Proudhon

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(selections)
1850–55

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Ms. 2867, part of “Economy,” contains a section on the
“Principles of the Philosophy of Progress,” which focuses on
the character of collective beings and collective reason, as
well as sections applying the principles. | Working translation
by Shawn P. Wilbur.

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Finally, not all men can cultivate the soil; the need for the arts, sciences, industries, commerce, etc. contradicts it.

So it is necessary to provide these necessities. The question becomes complicated. It is necessary to resolve it.

[...]

I. THE CONDITIONS OF EXISTENCE.

Man is made up of parts called members or organs. What makes his reality is the *animistic* [*animique*] gathering of these organs in a whole that, as long as it lives, is called a *person*.

In the same way, a society is made up of parts that are persons or aggregations of persons. What established the social reality is the *intellectual* consent of these persons and aggregations in an ultimate whole that we call, as long as it endures, company, association, municipality, city, people, etc.

It is thus with all the existences that we can observe: it is always conglomerations of organisms or societies, formed of simpler parts, according to some unifying law.

1.—I generalize from this observation and I say: Every perceptible existence, from the grain of sand or drop of water to the man and the society, invariably and necessarily possesses the double character of *unity* and *collectivity*. So I have a right to consider the two terms as correlative and inseparable, as much in nature as in logic, and I define the being as a *group*.

The idea of a simple being is contradictory. Atomism is a fiction. For the same reason, substance in itself, prior to all phenomenality, is only a metaphysical notion: it does not *exist*.

2.—Every being, which is to say every group—or to remain within the terms of the definition, every unity-collectivity—by the very fact that it is a plurality of elements assembled according to a law, manifests an internal, radiant energy, capable at least of maintaining the unities that make up the group.

I generalize further, and I say: Existence implies force. These two ideas, like those of unity and collectivity, are correlative and inseparable, in nature as in the understanding. An existence without force is a contradiction. A force without a group that sustains, represents and produces it, is, like substance in itself, a chimera: it does not exist.

3.—All beings, by virtue of the personal, radiant energy that constitutes them, attract and repel one another reciprocally,

tend to unite to form other groups or to be absorbed and dissolved, through the centralization and dispersion of their forces. This is an empirical fact sufficiently demonstrated by molecular attraction, the phenomena of vegetation and life, and History...

I generalize once again and I say: Creation is the ascending movement of existences; the chain of beings has no end: the universe, always changing, is eternal.

4.—There is then, for every being, two manners of manifesting its existence, and it could only have two: its composition, and its action.—Action, in certain beings, becomes thought and speech.

Let us apply these principles to the study of economic phenomena.

II. THE FORCE IN THE SOCIAL BEING.

1.—There exists between men a tendency or attraction that pushes them to group and act, for their own great interest and the most complete development of their individuality, collectively and as a mass.

What is the principle of that tendency? The same as that of the attraction between all beings: It is a property and a condition of their existence (n. 2); it is impossible to know more of it, and consequently senseless to ask more. Let us limit ourselves to reasoning from the point of view of the aim.

The tendency to group, fatal in some species, free and reflective only in our own, in all our most precious faculties, is a fact. The philosophers and naturalists, considering it in its mystical and superficial expression, have called it attraction or instinct of sociability, sympathy, devotion, patriotism, charity, fraternity, humanity, etc. They have seen in it one of the hallmarks of our destiny, the basis of justice, morals and religion itself. They have not gone further. The useful side, the economic and pro-

2) Everything that does not depend on individual action and comes either from the nature of things or from collective action must be exempted from appropriation, and must be held by the Community.

This rule, which reigns over the relations of the citizen and the commune, rules for the same reason those of the commune and the nation, and of the nation and all of humanity.

(Apart from appropriation and individual labor, like the Community, there are the obligations and Contracts, which still come to modify the nature of individual possession every day, and the relations of men among themselves.)

1) Thus the land belongs to no one: it is for everyone; all have the right to cultivate it. That is the principle.

The eminent domain of the land is thus not for the man: it is for the Community.

But the earth spreads its good profusely only for the laborer: so each must have the power to cultivate the earth, and on that condition to obtain its fruits. Consequently, let the one who has labored enjoy what he has produced.

2) Thus, the fruits of the soil come back exclusively to the who cultivates it!... That is the second principle.

But this second article supposes three things:

That each family can obtain a share of land, equal in surface area, quality and productivity, and that the chances of annual harvest are equal and invariable.

Now, neither of these propositions is true.

The arable land is not sufficient for a division bien qu'elle could suffice for long encore to nourish the population.

The quality is not everywhere the same, nor the product similar.

Good farming practice is opposed to an indefinite parceling out.

The opportunities for harvest are variable and subject to chance.

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Never would democracy, starting from the innate good of government, dream of destroying what it calls the great body of the State, a body that is essentially aristocratic, and replace it with some popular bodies. Now, what are these great bodies but the alienation of the collective forces, passed into the state of a political institution? In 93, and later in 1848, the tribunes of the people all began from the idea of representing the people, in the exercise of its collecting force, through agents. This was to preserve the alienation in another form. The boldest did not go as far as direct and universal suffrage, with an imperative mandate and the faculty of permanent revocation: precautionary measures that would perhaps have been good, if the people had known what they should want, summon and ordain, consequently if they could discern among their representatives those whom they should maintain and those they must dismiss.

To elect, to give a mandate, to dismiss, all that does nothing for the people, if they do not know. What am I saying? All of that is only good to make the passions of its representatives pass to the people, and push them to civil war. But if the people knew, then they would no longer make representatives, for the first thing that they would know is that before science they are useless, as I will prove hereafter.

[...]

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The political organism being by its nature exclusive and possessive, tending to domination and authority, it is necessary to arrest that tendency with the economic organism, which has a nature that is positive and that, the more perfect it is in its expression, the more it will push back the other.

The principle of economic organization is contained in this double proposition:

1) Everything that depends on individual action must remain free, since man is free, and be given up to appropriation.

ductive power of the human group, independent of the work of the individuals, has completely escaped them. For all of them, as for the economists, the social instinct has remained a sort of platonic love, a budding idea that has never been expressed and realized. There, in fact, the evangelical work has stopped, and there moral philosophy has broken, both powerless to resolve the complicated problem of human relations, and, on the highest questions of public and private right, reduced to appeal to divine authority and the reason of State.

2.—It is up to our century, to the positive and precise genius of modern societies, to study the social instinct in its practical development, and follow it in its speculative, moral and industrial manifestations.

From the formation of individuals into a group there results a force, numerically equal to the sum of the individual forces that make it up, but which is, by virtue of its unity, very superior in its application, and which must for this reason be considered as the soul of the group, its own essential energy, its life, its mind. So that the individual—sensitive, intelligent, active and free—being taken for an elementary unity, the various groups in which it can enter form so many unities of a more and more elevated order, endowed, like the individual, with sensitivity, will, intelligence and action.

Thus, alongside the individual man arises the collective man, which is certainly something other than the sum or addition of the individual energies that form it, but, which, converting all these energies into a higher energy, *sui generis*, has the right to be treated from now on not as a being of the mind, but as a reason and veritable person. Such is the immense fact, principle of supernaturalism that must in the end rest on its certain base, the economic science, which I will attempt to summarize.

III. SIMPLE COLLECTIVE ACTION

3.—The collective force is generally recognized in every action that surpasses the scope of an individual force, working as long, and with the aid of all the tools and instruments that you might want.

One man, with a plow and some oxen, can turn over one acre in a day: ten men, with ten plows and ten pair, would work ten acres in the same amount of time. There would be time saved relative to the surface works: but as each plow can be considered as working for a simple individual, as each plow can, in ten days, accomplish the work of the ten, while there may be concert, community or exchange of services, there is no collectivity.

Just so, one businessman, disposing of material that he has purchased and workers that he has hired, can, in three months, build a fine looking country house. There again, there is time to be saved by the promptness of the construction: nevertheless, we can conceive that, in a pinch, the same individual could exercise in turn all the functions of stonemason, carpenter, etc.; and in time build his house by himself alone. We would see in the first operation rather an effect of exchange than of collective force. There again, we do not recognize the group.

Economy considers separately, as distinct principles and special forces, exchange and community, observation, etc. It does not confuse them with collective force. (See *The General Idea of the Revolution in the 19th Century*, Ch. III and VI.)

But here is where we will see it appear: let us begin with the simplest cases.

A man, of middling strength, can easily carry, for 60 feet, a burden of 125 kilograms. Let that man repeat that operation a thousand times in a row and he will have transported a whole boatload on his shoulders.

This is how the dockhands proceed in the ports. But let it be a question of a block of 2000 kilograms: individual strength

Such is the aim of governments: on this point all the authors are in agreement. But what no one has seen is that the State is consequently a purely economic principle, independent of any notion of authority, sovereignty, hierarchy, aristocracy, priesthood, divine right, etc.; it is that the theory of the State, as a consequence, ceases to be in the domain of arbitrary will, revelation and swords, and that it falls exclusively within that of the theory of the production, distribution and consumption of wealth.

This is what we have to note first, through reasoning and facts, before passing to a place or reorganization.

Thus, as in Economy properly speaking, and for that which concerns the conditions and fortunes of the citizens, the equilibrium of fortunes depends on the just division of the products of the collective force and on the reasoned and freely agreed upon participation of everyone in its direction and use, just so, in politics, let us pose as axioms:

1. That the Government, or the collective force of the whole Nation, being the product of all the citizens, belongs equally to all the citizens.

2. That by virtue of this principle, affirmed in all eras, although we understood the reasons badly, the political power has always tended to distribute itself among the greatest number possible.

3. That the guarantees of liberty and well-being, the stability of states, the order of societies, and the peace of nations are generally in direct proportion to the number of the participants in authority.

4. Finally, that the political order would be perfect, unassailable social equilibrium, if we could make it so that all those who participate in the formation of the national sovereignty, as well as the collective force, became at the same time sharers and usufructuaries of the authority, in other words, effective and active parts of the Sovereign.

[...]

action, development, preservation, and tendency towards perfection and well-being.

These ideas are the juices of the individual, to whom they reveal themselves as the group progresses, but they do not come from it; it does not possess them a priori; it is by itself incapable of producing them.

At the same time as they imbue the human understanding, they penetrate the conscience, so that they immediately become a superior commandment, which, expressed or implied, with or without the declaration of the legislator, is soon translated into the uses, constitutes morality or manners, and is the basis of public respect, that is to say of RELIGION.

VIII — THE IDEAS OF THE COLLECTIVE PERSON

[...]

Application of the principles of collective force to the State.

Let us apply these principles to the largest of the manifestations of the collective force, to the largest of all the groups: the State.

Just as men tend to group together in order to multiply their strengths, so peoples tend to establish themselves in Government, in defensive and offensive organisms, with the aim of insuring their liberty, their security, their labor, their property and the well-being of their women and children against every attack, from nature or from men, foreign or domestic.

becomes powerless and if it is reduced to its own means the block runs the risk of remaining in place forever. For such a great effort, a group is required.

One worker was able, in the past, over time, to cut and sculpt the obelisk of Luxor in the quarries of the Thebaïd. In order to accomplish the loading, the transport to Paris, the unloading and the erection of the monolith, a squadron commanded by an engineer, obeying his words like a single man, was required.

A gravedigger can dig a hole in the sand, erect a beam there and then, after filling the hollow and stuffing the empty space by reversing the excavating, begin the same work again until he has moved around a surface as great as Notre Dame. The same individual, if it were a question of a piling in a river, sinking some oak stakes, six meters in length and 0.80 centimeters around, there by hammer blows, would never come to the end of the task. Here, the action of the group is indispensable.

A boater could, by multiplying his voyages, transport a cargo of 1000 tons from Paris to the Havre. He could never, with his little boat, transport the same mass from Calais to Dover, although the distance is much less. To contend with the ocean requires nothing less than a large ship, and consequently the effect of a group.

We can multiply infinitely these examples that modern industry presents at every step.

4.—Collective force is thus something other than the sum of the individual forces of which it is made up: I add that in the application it is, by virtue of its unity, greater than that sum.

A man, whose muscular strength, in all parts of his body, is equal to six times that of an individual of average vigor, would not only render as much effective labor as six men, but in a struggle he would lay them low. The reason is that, being able to deploy on each side a superior power, or to oppose a superior resistance, he crushes his divided adversaries in a mass.

This is the image of the group: its strength or force, numerically equal to that of its components, is more than equal in its unity to all together specifically. The military men know it well, their whole science consists, through progressions of attacks and retreats combined, in breaking up the enemy mass so that they can oppose everywhere a greater force to lesser forces.

A warship with 100 cannons will chase off 500 fishing boats; a steamer with a force of 100 horsepower, giving the same service as a crew of 100 horses, will be much superior to them with regard to general costs and risks; a large agricultural operation will give, for the same amount of land cultivated, finer and more abundant products, and at lower cost, than would a dozen little farms. The mechanical arts abound with facts of this nature: the Creusot steam hammer, which represents in weight two or three hundred times the big hammer of a blacksmith, produces more effect in a single fall than two hundred blows struck by a worker; the work of a mechanical saw offers more precisions than if it is used by a half-dozen arms; the sound created by one hundred singers in unison is truer than each of the individual voices.

These facts, which each can multiply as they please, suffice to establish the reality of the collective force, of that force that the economists have forgotten even to mention in their books, and that still, by its innumerable applications, its transformation, its political, moral, religious and intellectual consequences, dominates science and governs civilization.

IV. OF COMPLEX COLLECTIVE ACTION.

Everyone has read, in A. Smith, J.-B. Say, and others, the marvelous results of that force; but what few people have noticed, no doubt, is the technical inexactitude with which these two masters of the science explain its nature. They have not

external objects is proven by the images that we receive. Here is the demonstration.

1. The Being is a group.
2. The group is a unity-multiplicity.
3. To have the idea of a group is thus to have the idea on a unity-multiplicity.
4. Now, the thinking Being can only acquire the idea of a multiplicity a posteriori, and not by itself, since that would be to analyze and destroy itself.
5. Thus, the groups, the ideas of which are received or perceived in the understanding, are external to the mind.
6. Thus, if they are external to it, they are real, since the highest reality that we can conceive is the group.

Thus the metaphysical concepts—born of the application made by the self of the notion of unity or of the same, which is in it necessary for phenomena—reveal to us the animate or thinking reality and, by analogy, the cosmic infinity.

The images reveal to us the reality of the creation.

The passions, form of our passional activity that we could call categories of sensibility, reveal to us the reality of the human essence, and our own personality.

Customs indicate the reality of the Social Being.

So that we have now, as guarantee of the reality of that being, three sorts of proofs:

- the ontological proof, by which the being is affirmed everywhere that there is unity, composition of parts or a group;
- the economic, psychological or mechanical proof, which shows us that being in the exercise of its strength, in its action;
- the ideological proof, which reveals to use the ideas that it generates by itself, affirms its necessary reality.

51. What, then, is the collective or social reason, as opposed to individual reason?

It is the set of ideas that the social group spontaneously generates, as an expression of its nature, through its formation,

i) The law of the organism is binding on each part, and reciprocally the law of each part is binding on the organism, on pain of mutual destruction.

k) Liberty and Justice, for the individual and for the social body, consist in the complete fulfillment of these two laws. On this condition, they merge: *Summa libertas, Summa justitia*.

48. Thus, with the exception of: 1) the self, that is to say the unity, the same, the unique category of all conceptions; 2) its passionality, which produces, depending on the objects to which it is applied, passions, affections, appetites, inclinations, sympathies or instincts... which it feels immediately; the being does not think, does not know anything that does not come to it from outside, either from lower objects, or from the higher being of which it is a part, and which is society.

On one hand, the sentiment of the self, the same, the one; the idea of indivisibility and that of the infinite;

On the other, the feelings of the passions are innate in the Being: they are the being itself, simply because it exists, it possesses them, and cannot not know them.

As for all the other ideas, they are not innate, but imprinted, suggested, or revealed: they are first of all the impressions of objects; the categories of understanding, resulting from the application of the notion of infinity, of the self, of the one and of the same, to external phenomena; they are also the passional categories resulting from the application of our activity to external objects; finally, there are the moral categories resulting from our relations with our fellow human beings and from the society which we naturally and spontaneously form with them.

49. Every idea, regardless of its origin and nature, is the expression of a reality, which it defines and represents; and we have here, through the theory of the formation of ideas, the proof so often sought of the reality of external beings.

In fact, just as inner feelings reveal to us and guarantee to us, in an unmistakable way whose negation would imply contradiction, the reality of our own existence, just so the reality of

seen that what they call *division of labor* or *separation of industries* is only an application, in reverse, of the *collective force*, so that the same scientific demonstration suits them both. And because they have not seen it, not only have they been led to omit from their treatises the initial force, which is the agglomerated force, but they have understood nothing in the theory of the one they wanted to set out, the force of division.

As that question is serious, essential in science, I must, by a rapid discussion, furnish the proof of what I have claimed.

7. I begin by citing A. Smith:

“Let us take, for example, a manufacture the object of which appears frivolous, but that has merited more than once that we have noted the details with a sort of admiration, I mean the fabrication of pins. Let the most industrious worker, but still a novice in their trade, wish to give himself up to it, he could perhaps manage to make in a day only a single pin, and certainly not as many as twenty, so diverse and multiplied are the labors demanded by a pin! He thus needs to divide the labor, first separate this trade from all the others; he must then follow, with all the details that they demand, so many individual trades; then finally he must create, to speed up the whole of the work, the play and movement of the machines: such is, in fact, that art today. One man draws out the brass wire, another straightens it, another cuts it, farther along one sharpens the point, and then one prepares the end that must receive the head. To shape that head requires two or three distinct manipulations; to place it is a new occupation; to whiten the pins is another; it is even a trade to line them up on the paper. In the end, eighteen operations make up the grand art of making a pin.

“In several manufactories, these eighteen operations are almost all executed by different hands. However, I have seen one manufactory of this sort, which employed only ten men, some of whom, consequently, performed two or three distinct manipulations. The establishment was poor, and as a result poorly provided with the necessary machines; but their zeal sometimes made up for it all, and the common labor gave them about twelve pounds of middle-sized pins each day. Now the point being made up of four thousand pins, it follows that more than forty-eight thousand pins came each day from the hands of ten persons, and that each of these workers, doing a tenth of the general labor, must be considered individually as the artisan of four thousand eight hundred pins per day.”

Now here is the example supposed by J.-B. Say:

“The division of labor seems to have been pushed even farther in the fabrication of playing cards. It is not even the same workers who prepare the paper of which the cards are made, nor the colors with which they are printed; and by only paying attention to the single use of these materials, we will find that a deck of cards is the result of several operations, each of which occupies a distinct series of workers, male or female, who always apply themselves to the same operation. It is different persons, and always the same, who skim off the lumps and blockages that are found in the paper and harm the equality of thickness; the same who glue together the three sheets of paper of which the card-stock is made and put them in the press; the same

f) The Being, by the labor of the force that it created, thus conceives the infinite, but without understanding it;

It sees the objects, and studies them;

It feels its activity and passivity, and, while yielding to them, tends to make itself their master;

It works out its mores, and, while yielding to them, tends to make itself their master;

Conception, intuition, activity or passionality, divination, are the four forms of the thought of the being; science, liberty, justice, ideal are its four ends.

g) So the being knows itself, a priori, since it knows what appeals to it, by virtue of its unity. By the mere fact that it is a unity it knows its attractions, it wants to satisfy them, and it is carried along by them. It also has the a priori notion of the infinite, or of the one, and that notion, applied to the various objects revealed by the senses, is enough for it to prove all concepts.

That is why psychology, like pure mathematics, is possible a priori; and why there is no theory of art, since art, like love, is an innate thing and all that can be said about it is that it is proportional to the education of the individual and the environment in which they live.

h) But being does not know itself, a priori, either as a plurality or as a fraction. In other words, it does not know, a priori, the compositions of its organs, nor that of the higher group of which it is part; in order to know them, it is obliged to observe them as things external to itself, as objects. The reason is that the being knows nothing a priori except by virtue of its unitary essence, and that in order to know itself a priori, as an organism or a fraction of an organism, it must know itself as a multiplicity, by analyzing and destroying itself, which would entail a contradiction.

This is why each part must have its own anatomy and why, reciprocally, the law of each part imposes obligations on the organism, on pain of mutual destruction.

1. in relation to the Universal Cause, to the Movement that embraces everything
2. in relation to external groups
3. in relation to itself, and to its own special essence
4. in relation to the groups of which it makes a part, and in which it is included.

d) It follows from this that every thinking group or organism is susceptible to four sorts of thoughts:

1. those that come to it from movement, which we call conceptions or notions;
2. those that come to it from external organisms or from the objects that surround it, which we call intuitions or images;
3. those that come to it from its own constitution, which are the affections, passions or instincts.
4. those that come from the group of which it is a member, which are mores (its rights and its duties.)

e) The thinking organism is capable of forming concepts, of having ideas of time, space, substance, cause, movement, tendency and finality, like those of atom, monad, instant, point, rest, and inertia, because it is a unity; it is by virtue of these concepts that it raises itself toward the ideal, which is only the perfection of the unity.

It is capable of receiving impressions or images, because, like the glass that reflects objects, as long as it is not broken, it is a unity.

It feels the need to act because it is a force, and because that force acts, reacts, or suffers by virtue of its unity.

who color the side destined to form the back of the cards; the same who print in black the outline of the figures; other workers print the colors of the same figures; others dry the cardstock at the stove once it has been printed; once they are printed, other are occupied smoothing them on both sides. It is one particular occupation that cuts them with equal dimensions; it is another to assemble them to form packs; another still to print the wrappers for the packs, and yet another to pack them; without counting the functions of those persons responsible for sales and purchases, for paying the workers and keeping records. In the end, if we are to believe the people in that trade, each card, one little bit of cardstock that will fit in the hand, before being in a saleable state, is subject to not less than 70 different operations, which could all be the object of the labor a different sort of workers. And if there are not 70 series of workers in each card factory, it is because the division of labor has not been pushed as far as it could be, and because the same worker is responsible for two, three, or four distinct operations.

“The influence of the division of occupations is immense. I have seen a factory for playing cards where thirty workers produce 30,500 cards each day, that is to say more than 500 cards per worker, and we can assume that if each of these workers found themselves obliged to do all the operations by themselves, and even supposing them practiced in their art, they would perhaps not finish two cards in a day and consequently, instead of producing 15,500 cards, they would only make 60.”

It is thus that two of the founders of political economy accounted for the division of labor and its effects: I will later rectify what is false and puerile in their account.

8. But, what is, according to A. Smith and J.-B. Say, the reason for that prodigious multiplication of one single product, by a wisely combined division of labor?

According to the two writers, that reason, or that cause is triple: first, there is 1) the dexterity acquired by each worker, in a simple and often repeated operation; 2) suppression of the loss of time that workers make, in passing from one occupation to another, changing place, position and tools; 3) finally, the use, for each divided function, of the most expeditious procedures, that is to say of machines, which are only truly advantageous in the large establishments where the abundance of work allows its division.

A. Smith, after having signaled these three causes of the fecundity of the division, adds that the principle of that division is the need for the exchanges; and immediately he throws himself into a dissertation on money, which is full of erudition, certainly and very curious, but which does not touch on the question and proves nothing at all.

9. Now, it is false that in the trade of the pin-maker, a single worker cannot come to produce 20 pins in a day; it is false that in the industry of the manufacture of cards and tarots, the same worker could not, at the same time, produce more than two cards; and Smith and Say, admiring the effects of the division of labor, have ended up not really seeing a thing there. It is even more false that the dexterity acquired and the suppression of the losses of time, of which I do not deny the merits, are the causes of that great fecundity: as for machines, they form a separate category in science, they should not figure in a theory of the division of labor. The advantage that results from the machine is one thing; that which results from the division of labor is another: the duty of the two professors was not to confuse them.

This specialty, which is nothing other than the application of the fundamental organic law of human economy, leads us to very different conclusions. Some see it as proof of the essential and substantial difference between soul and body; the others find in it the demonstration of the assertion that each organ has its own life and its function, its instinct, its soul, and that since there is no more reason to grant a soul to each organ than to the whole; we must conclude that there is no more for one than for the other.

But let us conceive of an organism, whose members, thinking for themselves and mobile, are capable of exchanging their services, and of fulfilling in turn and indifferently all the functions of the Being; this being will obviously be superior. Its strength could always be due to its mass, or to the number of its units, but its life will no longer depend on the conservation of such or such unit; it won't have parts like us that it can lose with impunity, like hair, nails and beard, and others whose preservation is essential to it, such as the heart, lung, or brain.

We will see that this is precisely the existence of society and its animism. — Beforehand, we have to note its thought and recognize its ideas.

47. Let us conclude then, and let us accept this general psychology, which is nothing, after all, but the summary of our experience.

a) Thought, in every being, is proportional to the organism, and of the same quality as it.

b) Thought follows the modifications of the organism, rise and fall, are born and disappear with it.

c) All beings forming together an infinite series of genera and species, of larger and larger groups, and of smaller and smaller unities, each organism can be considered, and considers itself, from four different points of view, which are the cardinal points of its thought and existence:

comes from the some view, and it also implies the idea of force. Thought is the work of force.

45. Yes, everything in nature thinks; everything has its soul, as the psychologists say, more or less elevated in the hierarchy of souls, from the stone up to the man, and the Universe also has its great soul, and its non-mute thoughts: *Caeli enarrant gloriam Dei* ! [“The heavens recount the glory of God,” Psalm 19 (18), 1.] And everywhere that two or more men are grouped, their souls unite, lose themselves in one another and produce, through their fusion, a God: *Ibi sum in medio eorum!* [From Matthew, 18, 20, *Ubi enim sunt duo vel tres congregati in nomine meo, ibi sum in medio eorum* (“Let two or three be gathered in my name, and I am in their midst.”)]

It is impossible to speak with clarity and reason about the nature of beings, of their composition, their laws and development, without supposing in the heart of each group, a force of cohesion, a relation of similarity, a law of composition, an essence, a SELF [*moi*] makes it so that the group is one, is defined, is distinguished from what surrounds us, and is established as an individual. It is the profound sense of the famous phrase of Descartes, which he was only wrong in not extending it to all beings, without exception: I think, therefore I am! This is not a new beginning of mythology and fable; it gives the higher reason of the mythology, unknown or poorly understood until now by the so-called psychologists.

46. What gives us a false idea of the animism, and makes it so inconceivable in society, is that we always take as a condition of this animism a visibly imperfect organization, the animal organization. In man, for example, each animal or vital function has its exclusive and special organs: vision is by the eye, locomotion by the nerves, hearing by the ear, affections by the chest, memory, imagination, comparison, meditation by the brain, without there being any possible permutation of function between the organs.

10. To believe A. Smith and J.-B. Say, who have only sought to imitate it, the division of labor will only exist where there are found as many worker specialties as the labor to exist can be subject to fractions. It is then on the basis of that notion that they tell us, one that a worker laboring in isolation could not manage to fabricate 20 pins, the other that this same worker could not make two cards in a day. And the others who have followed them have all taken the thing seriously: it is accepted as certain in political economy that the same individual who can produce 4800 pins in a day, when he labors lui 10e, in a workshop where the chore is distributed, could not produce 20 of them if he was alone.

It is, however, notorious, and known to the least of the workers, that in all industries the division of labor can receive its application, whether by a single worker or by a group. A. Smith himself suggested it when he reports that in the workshop visited by him only ten persons executed the 18 operations of the pin-making industry, which supposes that some of those persons executed several of them. And J.-B. Say confirms it, when he adds that at the card-making factory, 30 workers are sufficient to make 70 distinct manipulations.

11. The division of labor, for the individual as for the group, consists of, for example, instead of executing, successively and without stopping, on one pin or one card, the 18 or 70 fragmented operations of which the fabrication is made up, executing them simultaneously on several.—Assuredly, by following the first of these methods, a worker would not produce 20 pins per day; he would consume himself, at that ridiculous task, in powerless efforts. But if he distributed the manipulations intelligently, then, instead of a few units he would produce thousands; and if my intelligence counts for something alongside that of A. Smith, I would say that if there was seen one factory where 10 persons produced, by the division of labor, 48,000 pins per day, I knew myself a pin-maker who, thanks to the same division, working all alone, lived by his trade.

12. So what is the division of labor, so badly understood by the economists that this single rectification ruins their whole system?

It is the art for the laborer, individual or collective, of attacking a function, too difficult in its totality, or too complicated, or too meticulous, of attacking it, I say, in its elementary parts, in such a way that the mind and body of the laborer who, formerly, finding themselves overwhelmed by it, could now deliver themselves from it with a superior force.

Thus, in the division of labor as in the collective force, the principle is the same: it is to always attack a lesser task with a greater force. While, in one case, the laborers, individually too weak, form into groups, in the other they break, as it were, the bundle of their operations, in order to take them up again, with more advantage, in detail. What the group, with its immense power, is in comparison to a mass inaccessible to the individual, that one becomes vis-à-vis some fragmented operations, the ensemble of which makes up its industry.

13. Let A. Smith and J.-B. Say pretend then that the sometimes fantastic dexterity that the worker acquires then in a fragmented operation exclusively repeated; the economy of time obtained by that specialization of laborers, and the more advantageous use of machines in a large enterprise, should be counted for something in the results of the industrial organization, it is not in my thought to deny it. I would simply observe that these facts, in which they think to find the cause of the results of the division of labor, are themselves effects of the collective force.

That is what I will demonstrate.

V. OF COLLECTIVE ORGANIZATION

14. Whoever says organization says analysis and synthesis, indissolubly united. Whoever says organization of labor, then,

everything is action and reaction, and from that action-reaction of organs on one another, is born the force of the group, which in living beings is always translated, more or less, into thought and speech. So what is astonishing about that? What! An organism of flesh can think and speak, and an organism formed of beings could not think?

43. But I know what stops you. You want to know if the dualism that we are accustomed to conceiving and accepting in order to explain the phenomena of life and mind in men applies equally to society, if, in short, society has a soul. If so, is it prior to the social body and does it survive after it. Where was it before the society was formed. What becomes of it when the society is dissolved?...

44. So let us speak us speak of theology or psychology, for it is all one. That language is as good as any other and I do not want to bother anyone.

Well! God who has given attraction to matter, even if that matter was formed of manure or mud; God who has endowed the plant with life, even if that plant was the euphorbia or the upas; the animal instinct and intelligence, even if that animal was a toad or a viper; God who has willed that the amorous coming together of man and woman should give birth to a child, even if that man and woman were united by adultery or incest, and that the child should have a soul, even if that soul be that of the Antichrist God, who, in short, has imposed on all beings some universal, irrevocable laws, without , without distinction of worthiness or unworthiness, without consideration of destiny or aim; God has also willed that everywhere that there is a relation of parties, combination of elements, centralization, harmony, a group, finally, there will be a force, and that force will contain a latent or free form of thought.

The truth of that proposition results from the very definition of thought: thought, [in French, pensée,] from pensare, peser, means force. The Latin cogitatio, which corresponds to the French pensée, from cogitare, to act as an ensemble,

We have demonstrated now, and always by facts, that in every existence action is synonymous with expression, speech or word, and that word is synonymous with thought. So that, as we have already recognized, in Society, a collective action, a collective force and a collective being, we must also recognize there a collective speech and a collective thought, distinct from individual thought and speech.

In other words, human Society being, by virtue of its unity-collectivity, a positive being or reality, endowed by virtue of that reality with force and capable, by virtue of that force, of action, we will also find it, by virtue of its action, capable of thought and feeling.

42. What! It will be said; Society considered as moving, feeling, thinking and willing individuality! A reasoning being treated like a person! What madness! Where then is this being? Where are its organs, its hands and feet, its organs, its hand and feet, its heart, its mouth, its brain? How is it that it moves, feels and reasons?

Coarse, superstitious men! Tell me yourselves, what is the portion of pulp in your brain that thinks? What is the gland that centralizes the sensations that come from outside, compares them, combines them, and extracts ideas and judgments from them? Which then controls the organism, sends its orders to the nervous extremities, and says to the muscles: execute my law? What is, in that machine, the motor, and what is the body to be moved?

These are questions without solutions, or rather absurdities, that come down to this: What weights in matter? What is it that grows in the grass, that gleams in the metal, that wets in the wave, that rings in the bell, that vibrates in the piano string or the organ's pipe?...

"In the human body," Hippocrates said, "everything conspires, contributes and consents," consequently everything acts and thinks. There is no beginning, nor end, nor domination, nor obedience, nor principle of force, nor principle of inertia. Ev-

says 1) decomposition of the labor into its elementary or constituent operations; 2) recomposition of those same operations into a single action.

The organization of labor exists from the beginning of humanity; I mean since the day when the human species becomes industrious. It would be strange that anyone who have the pretension, in this matter, of having discovered anything. But if socialism has fallen too often into the folly of fabrications, Economy, from its side, has been no less wrong in refusing to open its eyes and see the facts, in presenting its ignorance as dogma.

15. Industrial organization consists of the combined use of two forces: the collective force and the division of labor. Let us again take up the example of A. Smith.

It is proven, although the conscientious and diligent investigator says the contrary, that the division of labor exists as much for the solitary laborer as for a large workshop: it is by that division that he manages to multiply his products in sufficient quantity to make a living. Without it, his efforts would come to naught; he would only produce trifles.

Now let us conceive, as A. Smith and J.-B. Say have laid it out so well, a workshop arranged in such a manner that each of the individual operations in which the function of the worker is divided are performed by a special worker, and we will see a new fact produced, and, as a result of this fact, some superior results: this fact is a new application of the collective force.

In the examples above, No. 3, the use of the collective force is simple, all of the individuals form the group identically executing the same task. In the workshop where the divided work is also divided, that use is complex: each of the laborers who make up the group executes a distinct operation.

The result of that combination is known: A. Smith and J.-B. Say analyzed it very well. The worker who, instead of successively passed through all the parts of his industry, always performed one, will become proportionally more skillful in that one;—there is for all less loss of time; finally, the machines,

which one can consider as automatic workers, working in a more continuous manner, which increases the revenue from the capital that is in use there. For all these causes, production is noticeable increased, and while the worker, laboring outside that combination, could produce, with the same division of labor, the use of the same machines, and the same diligence, only 3000 pins a day, in the organized workshop he will produce 4800. The profit is thus more than an additional third: this third, being a true discovery of genius, it is not, as I have said, to the division of labor that we must attribute it, but to the collective force.

16. All human labor tends to be organized more and more on that principle of the collective force and divisional force combined. It is this tendency that constitutes the economic movement of our century, a movement so formidable that it absorbs and converts all the others. It is for this reason that modern society separates itself definitively from ancient, catholic, feudal and barbaric society, where the industrial production, being unproductive, generally followed the example of agricultural production, given over from time immemorial to simple, individual labor.

Today, everything is subject to the law of organization. Already, in England, agriculture is industrialized, managed, not only by the division of labor, as with all the peasants, which the succession of the seasons is sufficient to command, but by the use of machines and collective force. Sooner or later, the English system will extend everywhere: then large-scale cultivation could unite with parcellaire possession, and the revolution foreseen by socialism, the revolution of property that draws along with it all the others, will be accomplished.

17.—But the most serious consequence, in the eyes of the philosopher, of the combined use of the divisional and collective forces, is the de facto solidarity that this use gives rise to among the workers, and as a result the guarantee of rights that it calls for.

it useful to add to his learned commentary one or two paragraphs, concerning the conditions which, independently of the will of the contracting parties, and by the sole accession of a greater or lesser number of shareholders, tend to bring the partnership closer to the anonymous. I will ask him, for example, if, as the partnership develops, either by the mass of shares, or by the number of limited partners, there is not created, in front of the managing partner, a collective right, which at some point takes precedence over his prerogative? If it is not contrary to the nature of things that a considerable capital, formed by the assistance of 1000 or 2000 people, should be delivered up to the discretion of a management which thinks only of separating its interests from those 'it represents ; who, under the pretext of responsibility, assumes autocracy; which regards its funders as its instruments and food; who makes of his mandate a venal and alienable title to property, who traffics in this title, and, as we saw in a recent example, finds the secret of selling it at a third for a million, while the whole of the sponsorship, betrayed by its leader, is only estimated at 500,000 francs?...

[37-40: numbers skipped in manuscript]

VII.—THE COLLECTIVE REASON.

The social body is known; it remains to reveal the social mind: After physiology, psychology.

41. We have shown, directly and with facts, the difference between individual and collective action, and we have concluded from that difference in actions the difference in their courses or the forces that produce them: individual force and social force. And as there is no force without a group or being within which it resides and from which it emerges, we have concluded anew, from the manifestation of the two forces, that these two beings, the individual and society, are equally real.

naud so aptly put it, eminently proper to vast undertakings. It is through them that the construction of canals, bridges, railways, etc., is organized. They are an all the more powerful attraction for civil capital, in that, in addition to dispensing with solidarity and personal responsibility, they allow the partners to supervise the operations by themselves, to manage them even as agents, and that the interference is not regarded there as well as in sponsorship as an act likely to lead to solidarity. And in this respect the public limited company has a great advantage over the limited partnership; for the anonymous partners can govern their interests, while the limited partners, except for certain acts of supervision, are forced to confide in the good faith of their managers.

“But on the other hand, the limited partnership is superior to the limited company, in the sense that it has an organized government for the whole duration of its operations, functioning with freedom and promptness, uniting with the advantages of the company those of the individual action. When it has the good fortune to have skillful and honest managers, it has, in all respects, a marked superiority over the public limited company, in the administration is elective and mobile, where the management is constrained, embarrassed with controversies and oppositions, dependent on more or less enlightened majorities, and subject to forms that harm the speed of resolutions and the timeliness of expedients. The public limited company is a veritable elective republic, it has all the inconveniences. Sponsorship is rather a temperate monarchy: but woe to it if it falls into the hands of overambitious managers of absolute power, and lavish of its resources! It is the worst of combinations, and its ruin soon comes through the fault of its leaders. » 36. Mr. Troplong is, one guesses, neither for the sponsorship nor for the anonymous: he prefers the imperial. But, while waiting for this new form of society which will undoubtedly have to unite the advantages of the two others without any of their disadvantages, I will ask the modern Tribonian if he does not deem

It is obvious, setting aside some interests of capital, which must not concern us here, and some privilege of the businessmen, whose initiative desires a remuneration, that the worker enmeshed in this organism, which reduces them to the role of a simple cog, barred from their liberty by their admission into the workshop, enchained, if we can put it that way, by their own cooperation, cannot be left without compensation. The freedom of movement that they lose of the one hand must be found again elsewhere; the intellectual inertia to which their specialty condemns them must be recovered in a higher combination. It is in vain that Economism opposes to the degradation of the hardworking masses the wealth of a progressive society; it is in vain that it invokes against these damned souls of civilization the necessity of its alleged principles, and that it offers them the consolations suggested by a hypocritical religion. There is no right against rights, no necessity that stands against justice, no religion that demands the mass to die of starvation in order to fatten a handful of the elect.

VI.—DEVELOPMENT OF THE ECONOMIC FORCES, UNDER THE INFLUENCE OF COLLECTIVE ACTION

18. In a recent publication (*The General Idea of the Revolution in the Nineteenth Century*, Ch. VI) I have given the name of economic forces to certain principles of action that, like the working group and the industrial division, have the effect of increasing the productivity of labor, and, for the same expense in time and costs, multiply wealth more and more. Among these principles or forces I have especially distinguished exchange, the principal agent of which is currency and credit.

19. Although, in order to make an exchange, at least two people are necessary, a buyer and a seller, and although commerce, which is a series of exchanges, or the mass of all ex-

changes, implies an idea of plurality, still we could not confuse commerce or exchange with collective action, nor derive it from that action: they are essentially distinct things.

In the working group, there is a gathering of forces for one aim and in one single direction; in exchange there is an increase of forces, a permutation of products, supposed to be equal among themselves. It is neither a convergence, as in the organized workshop, nor an inversion, as in the division of labor; it is a reciprocity.

20. The same observation can be made regarding credit. Although, like exchange, it supposes the intervention of two persons, a borrower and a lender, it cannot be assimilated to the group, since the stake-holding parties are in opposition. Doubtless, by placing ourselves in a humanitarian point of view, we can say that they contribute, each in their own manner, to the general wealth, the first by the loan of their capital, and the second by the use that they make of it. But, these two persons do not cooperate in the creation of a common wealth, since the capital loaned must be completely returned, and the interest is deducted from a new production, in which the creditor does not really participate. It is still, as in exchange, not a collective action, but a reciprocity.

Credit and exchange are thus two principles apart, two special forces of production, which must be studied by themselves, and whose theory truly has nothing in common with the collective force.

21. But the collective force or the principle of grouping can be applied to commerce and to credit, just as to industry: then it communicates to them an extraordinary power, at the same time that it profoundly modifies their character.

The Orientals have still changes nothing of the primitive and immemorial practice of commerce. According to the accounts of travelers, each merchant in the Orient has the habit of holding only one sort of merchandise: one sells perfumes, and another pistols; this one sells jewels, and that one spices,

of money on deposit, allows himself, without taking account of the proceeds to the depositor, to lend it at interest?... And because our old magistracy has never known a word of credit combinations, because jurisprudence, the Court of Cassation, as well as that of the school has not provided for them, do not even suspect them, is this a reason for the benefit of it to remain eternally acquired by the intermediaries, and is there nothing for the legislator to do?...

35. The Societe de Crédit Mobilier is established on a similar basis.

The Mutual Benefit Society, and all sponsorships also come under the collective force. Just a word about these. The general partnership is originally confused with the prescription society. It was even in the Middle Ages, when ecclesiastical discipline, too well obeyed, prohibited the loan at interest, only a means of evading the canonical prescriptions. Thanks to this somewhat Jesuitical combination, the loan was no longer called a loan; it became a command. Interest was no longer called interest, it was called share, or dividend. Gradually this system, having grown, ended up becoming the [***] system, consecrated and defined by our commercial code. » Art. 23. The limited partnership contracts between one or more responsible and solidary partners, and one or more simple financial partners, who are called limited partners or limited partners. – It is governed under a corporate name, which must necessarily be that of one or more of the responsible and joint and several partners. » Art. 27. The limited partner cannot do any act of management, nor be employed for the affairs of the partnership, even under power of attorney. » Mr. Troplong, after having compared the advantages and disadvantages of the two kinds of commercial companies, the Commandite and the Anonymous, ends in these terms, where it is permissible to believe that the former adviser of the Court of Cassation, the writing in 1842, contained more than one political illusion: “Sociétés anonymes, species of democracies in miniature, are, as M. Reg-

convertible into letters of pledge, etc. The same operation can be repeated ad infinitum.

But, with the system of annuities, the land bank will not need to issue more than 200 or 300 million letters of pledge, to soon be able to cover, by investments, the eight billion existing mortgages, and to thus substitute itself alone for the mass of former lenders. Its income will be enough for it.

33. What then, in the final analysis, is the Société de Crédit Foncier? An intermediary through which all of the mortgage debtors, whose properties form a mass of at least 16 billion, can, with a sum of 500 million in cash, bearing interest at 4%, and a period of 15 to 20 years, convert its debt, instead of five to ten million in interest which it pays each year, pays no more than 20. The ratio of collective strength to individual strength is therefore here as 500 is to 20, or more simply as 25 is 1.

34. It is true that the above-mentioned mortgage debtors, for whose benefit the Société de Crédit Foncier is supposed to operate, are not yet close to enjoying all the savings to which their solidarity entitles them. The Société de Crédit Foncier established in their good and place to negotiate their titles against cash, and to organize the conversion of their debt, also perceives, in their good and place, the clearest profit from speculation. And since it is unlikely that they have enough energy and intelligence to form themselves in the company of mutual credit, they will have to content themselves with the scraps left to them by the new society, unless the Head of State, intervening again, does not put an end to this monopoly by ordering a reduction of the land interest to 20%.

But is it any less certain that the successes of the Société de Crédit Foncier and the rise in its shares are due solely to the power of the community? Is he less certain that the titles which form the basis of his speculations are the titles of properties which do not belong to him? Can I not say that the Company, by asserting these titles, by monetizing them, finds itself in the same situation as a notary who, having received a sum

etc. These diversely stocked shops, where we are in the habit of finding gathered, as in small bazaars, the most diverse objects, are unknown to them.

However, it is obvious that a diversified commerce offers much less risk, plus compensations, more guarantees of profit, than a commerce reduced to a single article: it is only in those rare cases of fashions and of monopoly that commercial simplicity can be undertaken with some security. It is in the commerce of buying and selling as it is in the commerce of transport. What would we say of a messenger who, providing the service from his village to the city, purported to limit his commission to the transport of pepper or tobacco alone? We would say that this man was mad, that he would bankrupt himself, and we would have to reason with him.

Thus, the multiplicity of operations in commerce is a law.

22. But, what is that multiplicity, in itself? A group effect? The merchant who, in his boutique, offers a most varied collection of merchandise to the connoisseurs, is nothing, at base, but the representative of the thousand different industries whose products he keeps, and who, instead of each maintaining their correspondent in the place, make use, for the delivery of their merchandise, a common intermediary. In short, that alleged mercantile individuality that we call a trader is a company.

Now, if Commerce, in order to be done, in order to be accomplished with ease, speed, exactness, economy and profit, must be done by companies; if exchange inevitably demands for all the interested parties a collective action: a whole series of obligations, between the producer and the merchant, between the merchant and the consumer, obligations analogous to that that rule the Entrepreneur and the *parcellaire* worker, will emerge from the commercial relations and call for the attention of the legislator and jurisconsult. The civil code and the code of commerce have said nothing, or nearly nothing, more than the economists: does it follow that the practical reason

must rest eternally on the faith of the practitioners and the verbiage of the obscurantists?...

23. What is currency? It is the instrument or intermediary of the exchanges, responds J.-B. Say; as a result, the common denominator of the merchandise.—Very well: but who has created that instrument? Who is its author, its inventors?—Everyone, and no one, responds the economist, according to Aristotle. The Greeks gave money the name of numisma, nomos, law, convention, usage, because it serves commerce, not by virtue of authority, but by virtue of the tacit and universal consent of the people.

Money is thus the product of the force or, more exactly, of the thought of the collective will. It is the collective thought that has made of that strange merchandise that no one consumes and all seek, the type of venality and circulability, the symbol of wealth, and the common term for all values. It is not only gold, silver or copper that we possess in it; it is public faith, the irrevocable oath of the people. It is for this reason that it seems to men to have something divine about it, which, at all times and in all places, has made it worshiped. Neither Jupiter made visible for the statue of Phidias, nor Venus made manifest in the masterpiece of Praxitèle, nor Christ represented by Michaelangelo appear to men as present, as sublime, nor exerted as marvelous a power, as the Genius of Humanity, symbolized in a bit of coinage. And the civilized nations generally agree to make the fabrication of currency a prerogative of the State; the Hebrews had only one temple where it was permitted to sacrifice and we have only one mint.

24. It is above all in the operations of credit that collective force accomplishes its miracles. Let us first consider Insurance.

We understand that one proprietor insures another: the operation has nothing contradictory about it, nothing impossible. But if the operation stopped there, and for that single insurer you gave one a single assure, what would follow? That for a petty profit, 2 for 1000 for example, the insurer would incur

How, with a mass of cash in circulation that probably only amounts to 1500 million, was it possible to lend eight billion on mortgages? — It is an effect of the circulability of cash, which is itself the product of general consent or collective force (no. 23). From this fact already the law on mortgages had to deduce important consequences, to the advantage and for the security of mortgages. The law has seen nothing, foreseen nothing: the jurisconsults have been as blind regarding this question as the economists. But let's move on.

32. A problem, raised by the universal embarrassment, arises before the nation: it is a question both of noticeably reducing the rate of usury borne by landed property, of lengthening the maturity, and of facilitating repayment. How has the current head of state, acting in the name and on behalf of the national community, resolved this problem, which the last monarchy dismissed as long as it lived and which the Republic, given over to dissension, did not have time to resolve? Did he use the fabulous treasures that the people of '48 and '52 claimed he had brought back from America?...

He did better. There are no treasures equal to those contained in the collective strength of a nation, skillfully led. A first mortgage credit company, with a capital of 20 million, was created, with the ability to issue *mortgage bonds*, under the condition of lending at 4% per year and requiring repayment only in annual installments.

The mortgage bond is the conversion of the mortgage title, which remains in the hands of the company until the day of repayment, into a circulating note bearing interest at 3.65%.

When the company, initially constituted with a capital of 20 million, has placed the entire capital on large and first mortgages, it will have in its hands, in place of money, title deeds representing a double value. The notes that it will then issue, it will exchange them, because of the interest they produce against twenty other millions of cash, which it will in turn place on mortgages, which will bring it new securities, also

29. Now, just as by virtue of the mutualist or collective principle that regulates insurance there have formed special companies of insurers, operating at their own risk, and with their own capital, just so there has formed at Paris a banking company that, with the help of a first stake of funds, and with the privilege that the government has granted it to issues notes to the bearer, has succeeded in realizing in fact, but for their exclusive profit, this vast *commandite* of 500 millions, and to thus centralize all the commerce of the country. It is the Bank of France. The cash on hand of the Bank of France is from 5 to 600 millions, of which at least three-quarters have been lent it, free of charge, by the nation, against that sort of receipt that we call banknotes.

30. So I ask, as I just did regarding insurance: Why is the Service of free prestation rendered by the public to the Bank, not rendered free, in turn, to the public?... I have addressed this question to the economists and jurisconsults so many times that it becomes tiresome for me to repeat it. One last observation only.

The events of the last 18 months have pronounced against my detractor, Mr. Bastiat, speaking in the name of all the economists and myself.

The remuneration of credit, which it is practiced between individuals, is legitimate: I have solemnly affirmed this in my controversy with Mr. Bastiat.

But the legitimacy of that remuneration preclude free credit as a possibility, and even already one that has been realized: the proof is the free prestation of 600 millions that the French nation made to the Bank, and an additional proof is the decree of the President of the Republic, who, implicitly recognizing that service, imposed on the Bank a reduction of interest from 4 to 3%.

31. Let us cite, on the question of credit, one more example.

The sum of mortgage claims has recently been estimated at eight billion.

an enormous risk. In a century, he would only collect a poor revenue, and in the course of that century, he could be ruined ten times. After 500 years, he would only cover the value of the property insured; now, it is more than probably that in 500 years he would have suffered at least one accident, which would make him lose all.

Let us make the group step in: that can take place is several ways.

1) Let the insured become in their turn the insurer of the property of the one who insures them; and let the two gather, two insurers = two insured parties, establishing for that purpose a society, a new moral being, responsible for the accidents, and supported, for the cases of reimbursement, by the two members; the risk and consequently the loss, like the profit, will be divided in half. Instead of two associates, let there be 10,000, or 100,000, and the total of the premiums paid each year will be sufficient to cover all the accidents, but still give the society a profit. This mode of insurance has received the name of mutual insurance.

2) Alongside the mutualist societies there exist insurance companies where a small number of capitalists, speculating on the probable, and more or less considerable, profit that will be given by an insurance business founded on large enough bases, make themselves, at their own risk and peril, insurers. The advantage of these companies is that, in reality, they do not need actual payments from the portion of their shareholders, and that the capital on which they are established does double service, on the one hand as a loan in commerce or investment in the State, on the other as backing of the insurance business. Now, from whatever point of view one assumes, that the insurance is composed of the totality of the insured, or that it is taken en dehors; that one considers the double product of a capital engaged at once, here as backing and there as loan, or else the decreasing and sometimes nulle quality of the annual cotisation of the mutualists, the operation does not differ es-

entially and the principle remains the same. It is always the collective force that, directly and by itself, or else indirectly and by a substitute, comes, by a slight sacrifice, to annihilate the risks of property and extinguish the lightning with which a blind heaven threatens at each moment to set the world ablaze.

25. I have no intention of taking a side between the free insurance companies and the mutualist societies; still less do I have a fixed opinion of the plan for a general organization of insurance by the State. I believe, without prejudice, that here, as in so many other cases, individual initiative, though operating on a collective force, can be useful, and I see no inconvenience in the commerce in insurance continuing, as before, to remain free. I would only ask whether the existing legislation, which sees in insurance only a contract between individuals, is perfect. If it is not true that in principle the insured being their own insurer, and the insurance entrepreneur doing nothing consequently than se subroger, moyennant caution, the rights of their clientele, isn't there an occasion for the legislator to stipulate in favor of that one some guarantees against the haggling, unexpected deductions, disputes in bad faith and interminable trials that often accompany the repayments from accidents, and make insurance an immoral industry?

26. The development of credit, although less rapid than that of insurance, has had the same cause.

For a long time, the loan for money, like the loan for use, a contract between individuals, in which the risk of non-repayment, whatever guarantee is furnished against it by mortgage, was nonetheless incurred by one single person, the lender. So, as remuneration of that risk, we have seen the interest stipulated by the loan contract vary from a minimal fraction of the capital loaned to the whole amount, and even more, of that same capital.

The application of the principle of collectivity changes all the conditions of credit.

27. A banker operating on his own capital draws from it an average revenue of 6% per year. The credit that he gives to his clients, in return for the delivery of their values, is individual and simple. If he has 10 million engaged in this commerce, his revenue is 600,000 francs. I have never contested the legitimacy of this revenue.

In the place of this banker, let us suppose that the traders who make up his clientele, coming together, each contribute a sum proportional to the total of their annual discounts, and form among themselves a bank company functioning for their own service, with a capital of 10 million francs. Things will go on as with insurance. Each of the clients of the former banker, becoming, through the partnership into which they have entered, at once creditor and credited, and consequently having a right to a portion of the products of the bank proportional to their contribution to the fund, a stake representing the average of their current account, two things occur: 1) The dividend to receive coming in deduction from the sum of discounts to pay, the interest on the discounts is reduced progressively by the shareholders. 2) At the end of 18 or 2 year, they will be in fact returned in their advance; what's more, supposing their circulation to be always the same, they will be assured the discount of all their values for a sum paid once, perpetually at $\frac{1}{2}$ or $\frac{1}{4}\%$, even at zero.

28. Instead of a limited partnership [*commandite*] of ten million francs, formed by some thousands of Parisian traders, let us suppose a society formed by all the traders in France, with a capital of 500 million francs: the effect of the collectivity would be still greater. As it is in the nature of currency to circulate, not to amass, the sum of the subscription for each trader would diminish as the number of subscribers increased, so that for a minimal sum, which would not even equal the total of the discounts paid annually by each at a rate of 6%, the commercial interest that they paid would be paid for in perpetuity.