Humane Studies Review

A Research and Study Guide

David M. Hart, Editor • Volume 3, Number 1

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The Institute looks forward to continued success at its new home.

Introduction

In the last issue of the *Humane Studies Review* we introduced Ludwig von Mises's crucial concept of interventionism. This led to a discussion of some important forms that the interventionist state has taken: organized capitalism, the command economy, war socialism, fascism, state socialism, and the welfare state. In this issue we return to the general topic of interventionism to expand on Mises's insight that class conflict is the result of government interventions in the economy and the granting of political privileges.

Most people associate "class analysis" with Marxism yet it is an irony of history that an earlier and more consistent theory of class and class conflict was developed by classical liberals in the eighteenth and nineteenth centuries. We will present a liberal theory of class based on Austrian economic theory in this issue and in the process show its priority and superiority to Marxist theories of class.

The Basic Tenets of Real Liberalism

by David M. Hart and Walter E. Grinder

Part IV Continued: Interventionism, Social Conflict and War

We concluded the first section of "Interventionism, Social Conflict, and War" with the assertion that a classical liberal theory of class conflict existed and that it had an extensive pedigree. In this second section we will discuss the intellectual bankruptcy of the Marxist conception of class and the more consistent liberal approach that should replace it.

As we saw in the previous issue, when Mises's theory of interventionism is combined with some historical knowledge of twentieth-century American and European command economies one has a powerful framework in which to analyze the thorny problem of class. Mises clearly understood that there was an element of truth in the Marxist claim that modern societies were conflict-ridden. Marx saw conflict in the very nature of exchange and wage-labor. Those who benefited from ownership and wage-labor comprised one "class" and those whose surplus value was "expropriated" comprised the other. Since "capitalism" is exchange and production based on wage-labor, it was inevitable that Marx would condemn it as a system of exploitation of one class by another. For extracts on Marxist theories of class, see *Classes, Power, and Conflict: Classical and Contemporary Debates*, ed. Anthony Giddens and David Held (Berkeley: University of California Press, 1982) and *Readings in Marxist Sociology*, ed. Tom Bottomore and Patrick Goode (Oxford: Clarendon Press, 1983).

In the 100 years since Marx's death a considerable body of thought has been developed that uses the Marxist concept of class to analyze society. There is much of historical value in many of these works but they are

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severely handicapped by a fundamental misconception about class and the nature of exploitation. This misconception is obvious to classical liberals. Fortunately, in recent years an increasing number of Marxists has also begun to doubt the validity of the Marxist framework. One could almost say that Marxist class analysis has reached a crisis and that even within the Marxist framework the statist and oppressive implications of Marx's idea of exploitation are becoming obvious. Two authors in the Marxist tradition who are aware of this problem are Stuart Hall, "The State: Socialism's Old Caretaker," *Marxism Today* (November 1984, pp. 24-29) and Jean L. Cohen, *Class and Civil Society: The Limits of Marxian Critical Theory* (Amherst: University of Massachusetts Press, 1982).

Faced with the patent failure of their historical predictions, Marxists have had either to turn their backs on the real historical world or come to grips with the incoherence of their basic assumptions. For example, the predictions, so confidently made by Marx and others in the nineteenth century, concerning the inevitability of the proletarian revolution in the most advanced capitalist countries have repeatedly been confounded by events. The fact that the first revolution made in the name of Marx took place in Russia, one of the most economically backward nationsin Europe, rather than in the industrially advanced nations of Germany or Great Britain with their well developed proletarian "class;" the fact that soldiers and peasants rather than factory workers were the backbone of the revolt; the fact that class conflict did not disappear in states ruled by Marxist parties but rather metamorphosed into new and particularly vicious forms of class rule, all suggest that Marxist theories of class are fundamentaly flawed and either class as a concept must be abandoned or a new one developed to replace it. For some of the most cogent criticisms of Marxist theories of class and industrial development by non-Marxists see, Ernst Nolte, *Marxismus und Industrielle Revoltion* (Stuttgart: Klett-Cotta, 1983) and Thomas Sowell, *Marxism: Philosophy and Economics* (New York: Morrow, 1985.)

One of the best examples of a Marxist critique Marxist class analysis is Jean Cohen's recent work *Class and Civil Society*. Cohen has suggested that the major weakness in these theories is a misunderstanding by Marx of the nature of state power and its radically different mode of operation from that of a civil society (i.e., the voluntary society of the market).

> It is this reduction of the state to a mere instrument of the ruling class that precludes the investigation of the internal dynamics of the political sphere and the nature of the power of those who occupy its ranks. The meagerness of Marxist analyses of the state can thus be attributed to an overextended and overburdened class concept.

The failure of Marxism, according to Cohen, is thus rooted in the very nature of Marxian class theory itself. Although Cohen is able to identify the most important failure of Marxist class theories of class, viz., the abandonment of what Cohen calls the "the rich opposition between the state and civil society" she quite unable to put forward anything convincing to replace it.

If the main thrust of Marxist theories of class and exploitation is seriously deficient and thus unable to explain adequately the struggles of the past or the present, then perhaps it would be wise to examine the origins of theories of exploitation and class to untangle the confusion that lies at its very heart. An examination reveals a forgotten alternative liberal theory of class that existed in the shadow of Marx's more famous body of thought. We will briefly examine the alternative, liberal notion of class and exploitation, which had its origins in England, France, and America in the late eighteenth and early nineteenth centuries. We will discuss Thomas Paine, Thomas Jefferson, and John Taylor in America; Thomas Hodgskin, John Wade, James Mill, and John Stuart Mill in Great Britain; and Jean-Baptiste Say, Charles Comte, and Charles Dunoyer in France, as examples of liberal writers who developed interesting ideas on class based on the fundamental liberal dichotomy of civil society vs. the state.

Although the classical liberal tradition rejects the Marxist idea of exploitation utterly, there is nevertheless a liberal theory of class conflict. This apparent paradox is resolved if we return to Mises's argument in *The Clash of Group Interests and Other Essays* (New York: The Center for Libertarian Studies, 1978). The defining characteristic of class (or caste) for Mises is the use of coercion. Since the market is essentially peaceful and harmonious (on the natural harmony of the market, see *Humane Studies Review*, vol. 2, no. 3), the only possible source of conflict is the use or the threat of use of force to violate individual property rights. The violation of property rights may occur on an individual basis by petty criminals, but this is usually sporadic and not normally organized. A more insidious form of property-rights violation occurs when the state becomes the tool of vested interests. When this happens, as it all too frequently does, society is divided into two

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antagonistic classes, those who benefit from state interventions and privileges and those who lose out. Transactions become highly politicized and the mutually beneficial exchanges of the market are replaced by favor-seeking, lobbying, and a system where the gain of one really is the loss of another.

Mises was not the first to view classes in this non-Marxist light. The sixteenth-century French political philosopher Étienne de la Boétie pictured society as a pyramid with the monarch at the apex, the mass of peaceful producers at the base, and a middle group that benefited more from state privileges the closer they approached the monarch. On Boétie, see *The Politics of Obedience*, ed. Murray N. Rothbard (New York: Free Life Editions, 1975) and *Humane Studies Review* (vol. 1, no. 1, p. 3.).

Interesting insights into class were also made by various figures of the Scottish Enlightenment, among whose luminaries Adam Ferguson and John Millar practically originated the liberal theory of class and liberal sociological analysis of political society in their respective works: *An Essay on the History of Civil Society* (1767) and *The Origin of the Distinction of Ranks* (1771). On the Scottish Enlightenment, see *Humane Studies Review* "An Outline of the History of Libertarian Thought: Part III, The Scottish Enlightenment" (vol. 2, no. 3, pp. 6-8). On the sociological approach of Adam Ferguson and John Millar see R. Meek, "The Scottish Contribution to Marxist Sociology," in *Economics, Ideology and Other Essays* (London, 1967) and A. Skinner, "Economics and History: The Scottish Enlightenment," *Scottish Journal of Political Economy* (vol. 12, 1965, pp. 1-22). More specifically on the Scottish contribution to class analysis, see Peter Calvert, *The Concept of Class: An Historical Introduction* (London: Hutchinson, 1982) and Göran Therborn, *Science, Class and Society: On the Formation of Sociology and Historical Materialism* (London: NLB and Verso, 1980).

During the American Revolution many revolutionaries came to the same conclusion about class conflict in their struggle against British imperial taxation and regulation. The best example is Thomas Paine. In his revolutionary tracts *Common Sense* (1776) and *The Rights of Man* (1791) Paine clearly distinguishes between the order and peace of "society" and the violence and exploitation of "the state," especially the monarchical form of the state, which he considered to have evolved out of conquest and military subjugation of the productive peasantry. He saw the important role of taxation as the conduit of exploitation, transferring resources from the taxpayers to the privileged élite who lived off them:

> There are two distinct classes of men in the Nation, those who pay taxes and those who receive and live upon the taxes...when taxation is carried to excess, it cannot fail to disunite those two, and something of this is now beginning to appear. "A Letter Addressed to the Addressers on the Late Proclamation (1792)" in *The Writings of Thomas Paine*, ed. M. D. Conway and C. Putnam (New York, 1906), vol. III, p. 55.

For Paine the "producing classes" were in a virtual state of war with the parasitical aristocracy, those who lived off hereditary privilege, sinecures, and other government sources of wealth. Paine's views on aristocracy and privilege are discussed in Eric Foner, *Tom Paine and Revolutionary America* (New York: Oxford University Press, 1976), p. 96.

Following the French Revolution and in the immediate period of economic adjustment in the 1820s an unusual parallel development in the formation of liberal class analysis took place. In England, the United States, and France radicals developed theories of class and exploitation with some striking similarities. The radical Jeffersonians in America, the English individualists, who often have been wrongly identified with their contemporaries, the so-called "Ricardian socialists," and the radical liberals of Restoration France all developed critiques of aristocratic privilege that were based on a notion of class exploitation.

In the newly formed United States of America the Jeffersonian party was faced with a resurgence of interventionism organized by the Federalists. Opposed to tariffs and subsidies designed to protect domestic manufacturers, the Jeffersonian radicals formulated a theory of class to understand who was benefiting from the new legal privileges being enacted by the Federal Government. One of the best representatives of this radical Jeffersonian school is John Taylor of Caroline. Most historians have portrayed the Jeffersonians as hostile towards industry. They are presented as nostalgic supporters of native American agrarianism. A closer reading of their work shows that this traditional view is mistaken. What Jefferson and Taylor opposed was not industry itself but the state favors and privileges to industry that the Hamiltonians wanted to erect. On the debate about the extent of government power and intervention in the economy, see E. A. J. Johnson, *The Foundations of American Economic Freedom: Government and Enterprise in the Age of Washington* (Minneapolis: University of Minnesota Press, 1973). On the debate about industrialization and government support for indusry see *The Philosophy of Manufactures: Early Debates over Industrialization in the United States*, ed. Michael Brewster Folsom and Steven D. Lubar (Cambridge, Massachusetts: The MIT Press, 1982).

John Taylor brilliantly exposed the new "aristocracy of paper and patronage," which had emerged in the wake of the new Federal Government, in his book *An Inquiry into the Principles and Policy of the Government of the United States*, ed. W. Stark (London: Routledge and Kegan Paul, 1950), especially in the chapter "Aristocracy":

> Sinecure, armies, navies, offices, war, anticipation and taxes make up an outline of that vast political combination, concentrated under the denomination of paper and patronage. These, and its other means, completely enable it to take from the nation as much power and as much wealth, as its conscience or its no conscience will allow it to receive.... This catastrophe has already arrived in Britain.... The effect of opposite interests, one enriched by and governing the

other, correctly follows its cause. One interest is a tyrant, the other its slave. *Inquiry*, pp. 64-65.

Discussions of Taylor's thought can be found in Gillis J. Harp, "Taylor, Calhoun, and the Decline of a Theory of Political Disharmony," *Journal of the History of Ideas* (1985, vol. 46, no. 1, pp. 101-120); and Duncan Macleod, "The Political Economy of John Taylor of Caroline," *Journal of American Studies* (1980, vol. 14, no. 3, pp. 387-406). The reassessment of the Jeffersonians' economic thought can be best approached through Joyce Appleby's *Capitalism and a New Social Order: The Republican Vision of the 1790s* (New York University Press, 1984); Drew McCoy, *The Elusive Republic: Political Economy in Jeffersonian America* (Chapel Hill: University of North Carolina Press, 1980); and John F. Kasson, "The Emergence of Republican Technology," in *Civilizing the Machine: Technology and Republican Values in America 1776-1900* (New York: Grossman Publishers, 1976).

The Jeffersonian tradition was continued somewhat later by the Jacksonian Democrats, in particular William Leggett. See the collection edited by Lawrence H. White, *Democratick Editorials: Essays in Jacksonian Political Economy by William Leggett* (Indianapolis: Liberty Press, 1984) and *Social Theories of Jacksonian Democracy: Representative Writings of the Period 1825-1850*, ed. Joseph L. Blau (New York: Haffner, 1947).

In Britain a similar analysis by radical liberals of postrevolution aristocracy was underway. Modern writers have interpreted the English radicals as essentially "Ricardian" in their analysis and so labelled them "Ricardian socialists." This is certainly a misnomer, especially for John Wade and Thomas Hodgskin. In an otherwise extremely useful book Noel W. Thompson, *The People's Science: The Popular Political Economy of Exploitation and Crisis 1816-34* (Cambridge University Press, 1984) continues this confusion. Like so many others, he is unable to comprehend that free market liberals could have a theory of class and exploitation.

The radical individualist Thomas Hodgskin, in *The Natural and Artificial Right of Property Contrasted* (Clifton, New Jersey: Augustus M. Kelley reprint, 1973; originally published 1832), gives a clear example of the application of the libertarian nonaggression principle to the acquisition and exchange of property. He also implies that those who benefit from "artificial" property rights, that is, by force and state privilege, comprise a class antagonistic to the producing class. The distinction is made even more explicitly by John Wade in both *The Extraordinary Blackbook: An Exposition of the United Church of England and Ireland; Civil List and Crown Revenues; Incomes, Privileges and Power of the Aristocracy...* (1819) and his magazine *The Gorgon*. In the August 8, 1818, issue of *The Gorgon* Wade identifies the following classes:

> The different classes which we have mentioned (the upper and middling classes such as the aristocrats and the Commissioners of Taxes) are identified with corruption, and from a principle of self-preservation will resolutely oppose every attempt at Reform. Opposed to this phalanx, with interests quite distinct and even incompatible, are arrayed the PRODUCTIVE CLASSES of society... who by their labours increase the funds of the community, as husbandmen, mechanics, labourers, etc; and are thus termed to distinguish them from the *unproductive classes*, as lawyers, parsons, and aristocrats; which are termed the idle consumers, because they waste the produce of the country without giving anything in return. To render our enumeration complete, we ought to notice the class of paupers and public creditors, and we shall then have mentioned all the elements, which form that strange compound, English society. *Gorgon, Volumes 1-2, 1818-1819* (New York: Greenwood Reprint Corporation, 1969), p. 90.

The basic error of most scholars who have dealt with these so-called "Ricardian socialists" is to consider their class analysis as the defining characteristic of a socialist and to ignore their strong belief in property and the free market.

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Before moving on to the French contribution to liberal class theory, we should mention James and John Stuart Mill. James Mill's class analysis emerges from his distinction between "the People" and the aristocracy, or as he termed it, "the sinister interests." As with Paine and Wade, Mill pits the two classes against each other in total combat. In an essay, "The State of the Nation," in *The London Review*, 1(April 1835), he says,

> The first class, *Ceux qui pillent* [those who pillage], are the small number. They are the ruling few. The second class, *Ceux qui sont pillés* [those who are pillaged], are the great number. They are the subject Many.

John Stuart Mill incorporated this class interpretation into his analysis of the natural constituency for the Reform Party in an essay on "Reorganization of the Reform Party" written in 1839. He defined the "Disqualified Classes," as he called them, as

> All who feel oppressed, or unjustly dealt with, by any of the institutions of the country; who are taxed more heavily than other people, or for other people's benefit, who have, or consider themselves to have, the field of employment for their pecuniary means or their bodily or mental faculties unjustly narrowed; who are denied the importance in society, or the influence in public affairs, which they consider due to them as a class, or who feel debarred as individuals from a fair chance of rising in the world; especially if others, in whom they do not recognize any superiority of merit, are artificially exalted above their heads: these compose the natural Radicals.... In *Collected Works*, vol. 6, ed. John M. Robson (University of Toronto Press, 1982), p. 470.

Unfortunately, the disappointments and disillusionment with political activity that affected Philosophic Radicalism in the 1840s may have prevented the Mills from carrying their class analysis any further. The best source of information on the two Mills is Joseph Hamburger, *Intellectuals in Politics: John Stuart Mill and the Philosophic Radicals* (New Haven: Yale University Press, 1965). For the broader milieu in which class ideas were developing at this time, see Asa Briggs, "The Language of 'Class' in Early Nineteenth-Century England," in *Essays in Labour History*, ed. Asa Briggs and John Saville (New York: St. Martin's Press, 1976) pp. 43-73.

Throughout the nineteenth century liberal writers argued that the state was the source of privilege and exploitation and therefore the origin of class conflict. The French liberals in particular were acutely aware of the state's exploitative function. Jean-Baptiste Say in the *Traité d'économie politique* (1803); Charles Comte in *Traité de législation* (1826); Alexis de Tocqueville in *L'ancien régime et la Révolution* (1856); and Gustave de Molinari in *L'évolution politique et la Révolution* (1884) made access to political power the most important criterion in the formation of class conflict. This aspect of French liberal thought is discussed in Leonard P. Liggio, "Charles Dunoyer and French Classical Liberalism," *Journal of Libertarian Studies* (1977, vol. 1, no. 3, pp. 153-178) and David M. Hart, "Gustave de Molinari and the Anti-statist Liberal Tradition," *Journal of Libertarian Studies* (1981-82, vols. 5 and 6, nos. 3, 4, and 1).

It is worth spending some time on the French liberals both because they are unjustly neglected as theorists of class analysis and because of the extraordinary richness of their thought and the remarkable consistency with which they applied liberal principles to the development of their theory of society.

It is useful to begin with the economic theories of Say because he was an important catalyst in the revival of liberal ideas in the unsettled period between the fall of Napoleon and the 1830 revolution. Say established his reputation as the leading French political economist with the publication of his influential *Traité d'économie politique*. As far as the development of liberal class theory is concerned, the additions and changes that Say made for the second edition of 1814 and the third edition of 1817 are of great importance. The reason behind the development of Say's theory of class can be found in the traumatic historical events of the time. In the intervening decade and a half between the first and second editions of the *Traité* Say witnessed the massive economic interventionism and reckless militarism of Napoleon as well as the acceleration of industrialization in the northeast of France. He also witnessed the terrible recession that hit all of continental Europe and Great Britain as the economy slowly adjusted to the absence of wartime inflation and the demands of peacetime. In addition to the expanded edition of the *Traité*, Say's other important theoretical work is the *Cours complet d'économie politique pratique* (1828).

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Having observed the interventionism of the militaristic Napoleonic state, Say was aware of the ways in which certain groups could use the power of the state for their own purposes. Say summarized his views of the inevitable conflict that emerges within the state over control and access to government power:

> The huge rewards and the advantages which are generally attached to public employment greatly excite ambition and cupidity. They create a violent struggle between those who possess positions and those who want them. *Cours complet*, vol. 2, p. 259.

Some modern observers have seen the beginnings of public choice and a theory of rent-seeking in Say's work on the public sector. Although Patricia J. Euzent and Thomas L. Martin, in "Classical Roots of the Emerging Theory of Rent Seeking: The Contribution of Jean-Baptiste Say," *History of Political Economy*, (1984, vol. 16, no. 2, pp. 255-62), are correct to identify the beginnings of a theory of rent-seeking in Say's writings, they do not see that this analysis is embedded in a broader theory of exploitation that also involves a sophisticated theory of class.

Two of the most original followers of Say's economic and social theories were the political journalists and academics Charles Comte and Charles Dunoyer. Say's influence on them was profound and the liberalism that resulted from their efforts was an exciting blend of sociological and historical economics.

Comte and Dunoyer developed their new liberal social theory during the Restoration in lengthy articles for their journal *Le censeur européen*. Comte began the task with a magnificent reinterpretation of European development from the Greeks to postrevolutionary society. What began as an article called "De l'organisation sociale considéreé dans ses rapports avec les moyens de subsistance des peuples," developed over the years into his magnum opus,the *Traité de législation ou exposition des lois générales suivant lesquelles les peuples prospèrent, dépérisent, ou restent stationnaires* (Paris, 1827) with its echoes of Montesquieu and Smith in its very title.

Comte, using the categories pioneered by Say, distinguished among three different ways in which wealth could be acquired: one could use the fruits of nature, one could steal from one's fellows, or one could produce one's own goods by industry. Comte then proceeded to analyze European development, using a version of the four-stage theory that had been formulated during the Enlightenment by people such as Turgot and John Millar. Unlike Marxian theories of societal development based on a single mode of production, Comte readily admitted that a mixture of these three modes could exist side by side. The prime aim of his work was to identify the gradual transformation of the economy from various class-dominated and unproductive societies to one where pure industry predominated. The history of the idea of economic stages can be found in Ronald L. Meek, *Social Science and the Ignoble Savage* (New York: Cambridge University Press, 1976).

The main stages in this transformation from warrior and slave society to pure industrial society were warrior tribal societies, the ancient slave societies of Greece and Rome (towards which both Dunoyer and Comte were exceedingly hostile), feudalism, which existed up until the French Revolution, and the age of peace and industry immanent in the present. In all these societies, bar the last, there existed "la classe oisive et dévorante" [the idle and exploiting class] and "la classe industrieuse" [the industrious class]. The precise nature of the productive work that the industrious class did is not important. The vital aspect was that the products of its labor were coercively exploited by those who did not so labor.

There are many surprising parallels with the Marxist idea of economic development of class societies through stages. There is the insight that the mode or modes of production had a decisive influence on culture and politics. One can also find the idea that contradictions within each mode of production lead to a crisis and the transformation of that mode of production into a mode closer to that of pure industry. To give a flavor of their analysis, only one example need be given:

> It was natural that the Franks, who were incapable of existing other than by exploiting the industrious men which they had enslaved, despised those amongst themselves who turned to industrial activity. Those who abandoned the trade of pillage in order to become an industrious man renounced the state of barbarism and entered the state of civilisation. He abdicated his title of conqueror by joining the conquered class. This was called "déroger" [losing one's noble status]. On the other hand, a man was ennobled when he left the class of industrious or civilized men to enter the idle and parasitic class, in other words, the class of barbarians.
>
> A social organisation as vicious as the Frank's carries within itself the seed of its own destruction. As soon as men who do not belong to the dominant caste discover the secret of creating wealth by their own industry, and as soon as nobles have lost the power to get wealth other than by giving something of equal value in return, the former who are accustomed to order, to work and to economizing increase constantly in numbers, whilst the latter group, not knowing how to produce anything and basing their glory on magnificent consumption, will be reduced in a short time to complete decadence. "De l'organisation sociale" (1817), p. 24-25.

While Comte was examining primitive class societies and ancient slavery, Dunoyer was occupied in elaborating the implications of the future industrial society. What began rather tentatively in their journal *Le censeur européen* grew into a slim book-length study called *L'industrie et moral considerée dans leurs rapports avec la liberté* (Paris, 1825), which was later expanded twice into a more substantial work, *De la liberté du travail* (Paris, 1845).

What they meant by the term industrialism was the use of the economic ideas of Adam Smith and Jean-Baptiste Say to analyze and defend a particular method of organizing society, which gave priority to those who were in the forefront of producing for the market. According to the theory, the producers, when left completely free from all external political constraints, will attempt to satisfy their own needs and at the same time satisfy the needs of others. The result is a harmonious, peaceful, and class-conflict-free social and economic order. Of prime importance for the free operation of economic law and the preservation of peace is the role of the state. Dunoyer went much further than any previous liberal thinker in arguing that the ultimate industrial state would be at most a night-watchman state and at best nonexistant:

> Man's concern is not with government; he should look on government as no more than a very secondary thing — we might almost say a very minor thing. His goal is industry, labor and the production of everything needed for his happiness. In a well-ordered state, the government must only be an adjunct of production, an agency charged by the producers, who pay for it, with protecting their persons and their goods while they work. In a well-ordered state, the largest number of persons must work, and the smallest number must govern. The work of perfection would be reached if all the world worked and no one governed. *Le censeur européen*, vol. 2, p. 102.

Closely related to Dunoyer's analysis of industry was his analysis of the impediments to its full realization. Of course the main impediment was the state, but unlike other liberals Dunoyer went much further in condemning it. In *L'industrie et la morale* he observed the doubly exploitative nature of the state: it wastes manpower and resources by keeping government officials away from productive jobs as well as employing them specifically to interfere with those who are left to work productively. His most extensive analysis of the state occurs in an article in *Le censeur européen* entitled "De l'influence qu'exercent sur le gouvernement les salaires attachés à l'exercise des fonctions publiques," (1819, no. 11, pp. 105-28). Dunoyer combines a public-choice analysis of state employees with an historical analysis of the expansion of the state before, during, and after the revolution, showing its seemingly inexorable rise under all manner of régimes. Once again, class analysis is the guiding principle in his analysis and the experience of the revolution and Napoleon suggests a veritable war between the contending classes for control of the state.

> It is impossible for a government to levy taxes and distribute large amounts of money without by that very process creating large numbers of enemies of its authority and those jealous of its power. The government creates large numbers of enemies because it becomes terribly onerous for those who pay the taxes. It creates many who are jealous of its power because it becomes extraordinarily profitable to those who receive the money from the state. The government thus creates a state of unavoidable hostility between those groups who eagerly covet the benefits which the state provides and the richer members of the public who try with all their power to avoid the burdens which are placed on them. In order to prevent any weakening of its power or to prevent power passing into someone else's hands, the government is forced to surround itself with spies, to fill the state's prisons with its political adversaries, to erect scaffolds for hanging, and to arm itself with a thousand instruments of oppression and terror. *Le censeur européen*, 1819, 11, p. 112.

Since the Jeffersonian radicals, the so-called Ricardian socialists, and the Restoration French liberals did their pioneering work in liberal class and exploitation theory, many other writers have continued in this tradition. Franz Oppenheimer, Herbert Spencer, Vilfredo Pareto, Gaetano Mosca, Albert Jay Nock, and more recently Murray N. Rothbard are only the most important figures that we could mention in this regard. A more detailed discussion of their work must wait for a future issue of the *Humane Studies Review*, although we have mentioned them on occasion in past *Crosscurrents* columns.

The intellectual bankruptcy of Marxism, especially Marxist ideas about class and exploitation, provides modern liberals with a wonderful opportunity to seize the initiative in an important area of historical and political analysis. Marxists themselves are unhappy with their theory of exploitation. They realize that their theoretical neglect of the autonomy of state power has led to some horrible political consequences. The time is ripe for liberals to pursue an alternative view of exploitation and the state. As part of the process of reevaluation of the theory of class, this essay is an attempt to show that a liberal alternative to Marxist theories of class developed in America, Britian, and France in the late eighteenth and early nineteenth centuries.

Recommended Reading

Margaret Levi, "The Predatory Theory of Rule," *Politics and Society*, 1981, vol. 10, no. 4, pp. 431-465

Joseph P. Kalt, "Public Goods and the Theory of Government," *Cato Journal*, 1981, vol. 1, no. 2, pp. 565-584

Lionel Robbins, *The Economic Basis of Class Conflict and Other Essays in Political Economy* (London: Macmillan, 1939)

Gianfranco Poggi, *The Development of the Modern State: A Sociological Introduction* (Stanford University Press, 1978)

Franz Oppenheimer, *The State*, ed. Chuck Hamilton (New York: Free Life Editions, 1975)

Albert Jay Nock, *Our Enemy the State*, ed. Walter E. Grinder (New York: Free Life Editions, 1973)

Vilfredo Pareto, *Sociological Writings*, ed. S. E. Finer (New York: Prager, 1966)

Vilfredo Pareto, *The Rise and Fall of the Elites: An Application of Theoretical Sociology*, ed. Hans L. Zetterberg (Totowa, New Jersey: The Bedminster Press, 1966)

Gaetano Mosca, *The Ruling Class: Elementi di Scienza Politica*, ed. Arthur Livingston (New York: McGraw-Hill, 1939)

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