

Liberalism before Liberalism. The “grand narrative” of its origins

(translated by Alice Pickard)

There is a “grand narrative” of the origins of liberalism. “Classical” liberalism was generally assigned to two distinct forms: on the one hand, *political* liberalism often defined as a theory of rights, a theory of the rights held by an individual or the freedoms that the state must protect, a theory of an individual’s sovereignty meant to use institutions rather than let themselves be oppressed by them; on the other, *economic* liberalism as a theory of the spontaneous harmony of individual interests, which considers state intervention in economics as potentially oppressive, arbitrary and harmful.

These two forms of liberalism are often pitted against each other, giving one what the other is refused. Political liberalism is lauded for emancipating the individual, for freeing people from religious and political control, for ensuring freedom in their activities in a sphere protected by law. In contrast, economic liberalism, in favour of market self-regulation, freedom at work and in trading, “pure and perfect” competition unhindered by interventionist regulations, is seen by some as the root of all society’s ills: the growth of inequalities, the pillaging of natural resources, the submission of social life to market relationships and to the demand for profit. On the one hand, therefore, liberalism is described as a theory of freedom, behind human rights or ‘counter-powers’: it supports limited government, against absolute sovereignty. On the other hand, liberalism is conceived as a theory of economic optimisation in a competitive environment, a doctrine of automatic adjustment of supply and demand, an optimistic vision of the optimal allocation of resources. The shiny side of the coin: Locke as a hero of natural rights of the individual, stating that the sole purpose of government is to protect property (life, goods, freedoms), justifying the right to resist oppression; or Montesquieu, as a preacher of balance and the distribution of powers, the only way to defend the individual from power abuse. And the flip side: the Physiocrats firmly in defence of the natural laws of the economy, of free competition,

that must be left alone (if only by means of “legal despotism”), or even Adam Smith, who, in *The Wealth of Nations*, laid out the “invisible hand” paradigm.

Yet this divide at the heart of the “grand narrative” of liberalism is not only problematic, but, in a way, illusory. It would be illusory to pit ‘good’ liberalism’, from Locke and Montesquieu, against ‘bad’ liberalism of market mysticism. This approach would therefore involve a return to the ‘moral’ stance of classical liberalism: liberalism would be associated with individual sovereignty, with the liberty of the moderns and with the rule of law². In this paper, I will outline the reasons why nascent liberalism cannot easily be dissociated from the theory of market society, attributing the creation of social links to economic ties. Far from being presented as a moral phenomenon linked to the development of equality and of an individual’s dignity, liberalism of the origins rejects any kind of moralisation of politics in the name of a naturalist concept of the harmony of interests – the “invisible hand”.

I. Liberalism’s emancipating force

A number of classical liberalism historians claim that we cannot so easily dissociate political liberalism from economic liberalism, the defence of man’s liberty against power abuse and opposition to the interventionist regulation of the economy. Bernard Manin has shown that the pertinence of this distinction, from a certain point, could be questioned: economic liberalism cannot completely disregard a desirable political order. The issue of the limits of government action has been developed just as much by economic liberalism as by political liberalism, without another distinction having to be made, this time definitely subtler, between market liberalism and ‘counter-powers’ liberalism³. Economic and political liberalism had already been related to each other in the ideas of the acknowledged founders of classical liberalism. The example of Montesquieu is the most convincing. In *The Spirit of the Laws*, he repeatedly warned of the risks of power abuse associated with despotic government. He criticised the policies of Jean-Baptiste Colbert for combining finicky administrative regulation and aggressive protectionism, putting military power at the service of the economy and vice versa⁴. Whilst defending intermediary bodies that acted as counter-balances and bastions against despotism, Montesquieu supported

² See C. Audard, *Qu’est-ce que le libéralisme ? Ethique, politique, société*, Paris, Gallimard, 2009.

³ B. Manin, « Les deux libéralismes : marché ou contre-pouvoirs », *Intervention*, n° 9, May-July 1984, p. 10-24.

⁴ On this point, that I cannot expand on here, see *Montesquien et l’émergence de l’économie politique*, Paris, Champion, 2006. I have also explored the pertinence of this liberal interpretation of Montesquieu in *Montesquieu. Pouvoirs, richesses et sociétés*, Paris, PUF, 2004, Hermann, 2011; « Montesquieu était-il libéral ? », in *La Pensée libérale*, G. Kevorkian ed., Paris, Ellipses, 2010, p. 57-71.

commerce as a tool for emancipation: although he was not against all kinds of regulation, and despite strongly supporting the involvement of the state to tackle poverty and crises, he stated the need to privilege self-interest over administrative power. It was this same argument that led him to denounce despotism and economic “mercantilism”, which corresponds to what Michel Foucault called the “police state”⁵.

On this subject, liberalism historians like Pierre Manent argue that the origins of economic *and* political liberalism can be traced to the same end, namely to that of criticising absolutism and political and economic authoritarianism. Emancipation from the control of the Church and from the power of the king went hand-in-hand: following the Ancient Régime, what historians have called ‘liberalism’ (before the concept emerged between 1810 and 1820), offered an anti-hierarchical structure for political and social life. Opposed to arbitrary power, liberalism placed faith in *society’s natural laws*: there is no need for the arbitrary ruling of the prince since civil society, largely, can look after itself⁶. On this account, laws are still necessary, but regulations are considered as adjuvants rather than constraints.

II. “*Doux commerce*”: a liberal utopia?

In this grand narrative of the origins of liberalism, a myth undoubtedly plays a major role: that of “*doux commerce*”, or “soft trade”. This idea was embodied by Montesquieu and, to a lesser extent, by Hume. Under certain conditions, especially in terms of the art of governing, economic growth brings prosperity, peace and political liberty; with no excessive constraints, individuals’ passions can self-regulate. According to A. O. Hirschman, the mechanism of “compensating passion” is at work: without virtue, the desire for profit is able to subordinate the desire for glory and destructive ambition⁷. We still need to define what the myth means: according to Pierre Rosanvallon, if liberalism is a utopia (of social self-institution and self-regulation, rooted in horizontal social relations), “*doux commerce*” is its spearhead⁸. Economic liberalism is not only an ideology that follows the development of productive forces and the rise of the middle classes. It does not only transform economic emancipation into moral freedom. Rather, we must once again consider the *political* dimension of economic liberalism, which addressed, by market intervention, the problem that social contract doctrines tried to resolve. Under economic

⁵ M. Foucault, *Naissance de la Biopolitique*, Paris, Seuil-Gallimard, 2004.

⁶ On this point see the works of P. Manent (preface to the anthology *Les Libéraux*, Paris, Hachette, 1986) and of M. Gauchet (preface to *Ecrits politiques* by Benjamin Constant, Paris, Gallimard, 1997).

⁷ A. O. Hirschman, *Les Passions et les Intérêts*, trans. P. Andler, Paris, P.U.F., 1997.

⁸ P. Rosanvallon, *Le libéralisme économique. Histoire de l'idée de marché*, Paris, Seuil, 1989, introduction.

liberalism, personal drive would be harnessed to construct a self-regulated civil society that could answer the needs of its members independently from a coercive power or an omniscient sovereignty.

According to P. Rosanvallon, the idea of a market has forged the intellectual history of modernity. Representing civil society as a place of spontaneous adjustment of interests answers two major issues of social contract theory. Thanks to the growth of trade, the economic relationships between nations, unlike military ones, were a zero-sum game; thanks to the unhindered expansion of self-interested rationality, social links were supposed to bring peace and freedom. Thus “*doux commerce*” stood in contrast, in the eighteenth century, to harsh power relations: “the age of dominating authorities was to be followed by neutral market mechanisms, the period of confrontation between the great powers was to fade away and be replaced by a period of cooperation between trading nations”⁹.

Is this a utopic vision of economics? We still have to understand what was attractive about this model of a market society. Liberalism would be the answer to the aspiration to soften confrontation between individuals, to temper their relations, diffuse the virtual violence of power relations. For P. Rosanvallon, the secret of liberalism as a coherent theory was revealed: ideas about the market, political pluralism and religious tolerance were all part of the same refusal, the refusal to accept a certain kind of institution of authority. In any case, the principle of autonomy was at work, based on the rejection of absolute sovereignty¹⁰. The association between liberalism and democracy prevails: liberalism is not only a doctrine. Rather, it is the culture in progress of the modern world whilst it aims to free the individual from all controlling powers (feudal, royal or ecclesiastic).

III. Freedom of trade

Nor can we subscribe to a moral vision of liberalism where the links with the economy and the defence of capitalism are contingent. In England, writers such as Child or Davenant discussed the benefits of the freedom of trade very early on, starting from a simple observation, from an “established fact”: “Trade is a free agent, and must not be limited or bounded; if it be so in any

⁹ *Ibid.*, p. IV.

¹⁰ *Ibid.*, p. VI.

nation, it will never prosper”¹¹; “Trade is in its nature free, finds its own channel, and best directs its own course, and all laws to give it rules and directions and to limit and circumscribe it, may serve particular ends of private men, but are seldom advantageous to the public”¹². And in France, the expression “laissez-faire, laissez-passer”¹³, which we normally accredit to Vincent de Gournay, can be traced back to before d’Argenson to the Rouen trader Thomas le Gendre. The enquiry was then directly turned to Colbert: “Laissez-nous faire, et laissez passer”. The traders were not the only ones to stand up to privileged companies and to the dogma of commercial autarky. Amongst the ranks of nobility that opposed Louis XIV, some were in favour of the freedom of trade¹⁴.

Rejecting exhaustive bureaucracy, restrictive tariffs and the unfair intervention of civil servants, Boisguilbert, often named as one of the founding fathers of economic liberalism, recommended “letting nature run its course”, showing faith in the strength of the desire for profit and for the supposed harmony of personal interests¹⁵. In his *Eloge de Gournay*, Turgot would return to these principles that were supposedly based on “nature”. The state should protect individuals. It should not apply a distributive justice model but rather ensure “that the government always protects the natural liberty that the buyer has to buy and that the seller has to sell”. The role of the government is limited: facilitating competition by ensuring freedom, removing obstacles that delay the progress of industry, lowering high interest rates that promote idleness and unproductivity, getting rid of hindrances, useless and arbitrary taxes, formalities that disrupt trade, in other words, reducing the obscure multiplicity of rights and laws. For Turgot, Gournay’s ideas offered nothing new on this area: “It must also be said that this so-called system of M. de Gournay had this peculiarity that its general principles have been adopted by nearly the whole world; that at all times the desire of commerce among all the nation has been expressed by those two words: *freedom* and *protection*, but above all freedom. M. Le Gendre’s phrase to M.

¹¹ J. A. W. Gunn, *Politics and the Public Interest in the Seventeenth Century*, Londres, Routledge and Kegan Paul, 1969, p. 241.

¹² Davenant, *An Essay on the East India Trade*, 1697, in *The Political and Commercial Works*, London, R. Horsfield, 1771, vol. I, p. 98.

¹³ On the Legendre and d’Argenson brothers, see L. Rothkrug, *Opposition to Louis XIV*, Princeton, Princeton University Press, 1965.

¹⁴ See for example Fénelon, *Les Aventures de Télémaque*, Paris, Dunod, 1994, book III, p. 167.

¹⁵ Boisguilbert, *Dissertation sur la nature des richesses*, in *Economistes et financiers au XVIII^e siècle*, E. Daire ed., Geneva, Slatkine Reprints, 1971, chap. V, p. 390 ; « On a dit, pourvu qu’on laisse faire la nature, c’est-à-dire qu’on lui donne sa liberté... » (*Factum de la France*, in *Economistes et financiers au XVIII^e siècle*, *op. cit.*, chap. IV, p. 260). On Boisguilbert’s ideas on the freedom of trade, see G. Faccarello, *Aux origines de l’économie politique libérale : Pierre de Boisguilbert*, Paris, Anthropos, 1986, p. 214-223 ; « La liberté du commerce » et la naissance de l’idée de marché comme lien social », in *Histoire du libéralisme en Europe*, Ph. Nemo and J. Petitot eds., Paris, PUF, 2006, p. 205-253.

Colbert is well known: *laissez-nous faire*¹⁶. All Gournay did was to generalise a “natural” and commonly defended idea, that some tone down only by adding exceptions on their behalf: “Thus the majority of people are by nature well disposed toward the sweet principles of commercial freedom. But nearly all, either out of self-interest, out of habit, or through subordination, insert some small modifications or exceptions”¹⁷.

Far from being marginal, the defence of the “freedom of trade” brought together the opposition to absolute monarchy, uniting aristocrats and traders. L. Rothkrug offered a story behind the term, which started off as an expression used in trading but became a war cry against government repression, taking on a political dimension¹⁸. It is true that Colbert repeatedly said that “freedom is the soul of trade” against the will of the companies that held a monopoly over the profits:

Once again, on the subject of the freedom of trade, I must say that we shouldn't be surprised if the directors of the Companies of the West Indies want to keep it in their hands, because they are only thinking of their own interest and not of the general good of the state or the islands. But, you and I must think further than personal interests and think about the general good that perhaps after a while will benefit the company. We must always support the complete freedom of trade¹⁹.

According to E. Hecksher, this was a signpost, the freedom of trade being part of the universal phraseology of mercantilism²⁰. Yet, this is only on the surface: on the mercantilist account, the freedom of buying and selling was still subordinated to the state's interests. The same goes for the declarations in favour of the benefits of trade on inter-state relations: Colbert and his colleagues included them in the introductions to the rules for trading companies. They boasted of the impact trade had on bringing people together. But, despite these heartfelt addresses, the reality was starkly different: the companies, the true empires in the empire or states within the state, had to engage in trade war. This is why supporters of the freedom of trade opposed the restrictive policies as well as unfair regulations, especially for fraud prevention²¹. Before Smith, criticism was mainly reserved for the privileged companies that spread the spirit of monopoly

¹⁶ Turgot, *Eloge de Vincent de Gournay*, in *Formation et distribution des richesses*, Paris, GF-Flammarion, 1997, p. 150-151. See C. Larrère, *L'Invention de l'économie au XVIII^e siècle*, Paris, P.U.F., 1992.

¹⁷ *Ibid.*, p. 151.

¹⁸ See L. Rothkrug, *Opposition to Louis XIV*, *op. cit.*, chap. VII.

¹⁹ Colbert, A M. de Baas, 9 April 1670, in *Lettres, Instructions et mémoires de Colbert*, P. Clément ed., Paris, Imprimerie nationale, t. III, 1865, p. 479 (our translation).

²⁰ See E. Hecksher, *Mercantilism* (1931), trans. M. Shapiro, Londres, Allen & Unwin, re-ed. 1955, p. 274-280.

²¹ Turgot gives an enlightening summary of Gournay's doctrine on this subject (*Eloge de Vincent de Gournay*, *op. cit.*, p. 132).

and breached free competition, whilst benefiting from the vast profits that never contributed to shared prosperity.

Thus, “freedom of trade” and “*doux commerce*” are both components of the true story of liberalism²². Opposed to ministerial despotism, nascent liberalism stood against protectionism as well as interventionism which, domestically, was present in finicky regulations and the granting of exclusive privileges, and internationally, by customs restrictions associated with the implementation of a “colonial pact”. Against this so-called “trader” vision, acting out of best interests, commercial jealousy and excessive protectionist measures had to be stopped. The argument applied to nations: an aggressive policy of high customs tariffs led to reprisals. Like Hume²³, Montesquieu criticised the short-sighted logic of commercial jealousy, incapable of sacrificing immediate benefits to a longer-term vision. According to him, the increase in wealth of neighbouring nations, far from being a threat, guaranteed future opportunities. Making other nations poorer does not help you to get rich. The famous principle of book 20 of *The Spirit of Laws* is therefore controversial: saying that “by nature, trade brings peace” refutes Colbert’s association between trade and the art of war. “Doux commerce” is opposed to the harshness of military violence and conquest. Policies must therefore protect this freedom in a context marked by an increase of wealth and by the global expansion of trade.

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Truly, Hobbes revealed liberalism’s fundamental problem: that of regulating relations between individuals, of their cooperation and of their governability. He asked how to rebuild the unity of the social and political body when it was broken up into independent atoms, autonomous and wilful particles²⁵. However, this question was just as relevant, if not more, for nations: how could commerce achieve cooperation between nations based on unhindered competition? Therefore, the “liberty of the moderns” cannot be understood out of context, as freedom to exercise private activity (which economic activity is a large part of). In its mistakes and even in its illusions, liberalism was first a reflection on the relationships between the economic and the political

²² See C. Spector, *Montesquieu et l'émergence de l'économie politique*, *op. cit.*, chap. 4 ; Ph. Steiner, « Le débat sur la liberté du commerce des grains (1750-1775) », in *Histoire du libéralisme en Europe*, *op. cit.*, p. 255-278.

²³ Hume, *De la jalousie du commerce*, 1760, in *Discours politiques*, trans. F. Grandjean, Mauvezin, T.E.R., 1993, p. 76. See D. Deleule, *Hume et la naissance du libéralisme économique*, Paris, Aubier, 1979.

²⁵ See C. Audard, *op. cit.*, p. 41, who follows P. Manent’s idea.

sphere, in a world devoid of morals²⁶. It was thus not only by affirming the dignity and equality of individuals that classical liberalism tried to escape the Hobbesian trap and the threat of a state of war. Rather than fleshing out a moral version of individualism, we must return to concrete beginnings, in the seventeenth and eighteenth centuries, to the defence of freedoms: economic as well as political, where the aim was not so much the improvement of man but rather the protection of his needs and his desires – as futile and immoral as they may be – beyond the grips of a predatory sovereignty.

How dangerous this liberal utopia could be was yet to be seen, and we have constantly been measuring it since. In a nutshell, commerce keeps the wealth for the dominant powers by sweeping acts of violence under the rug. Marx, ironically talking about “*doux commerce*”, could well mock it²⁷. The new face of international harmonisation of interests, encouraged by globalisation and the extraordinary growth of commercial links, was designed for European interests, to the detriment of the rest of the world. To the same extent, if not to a greater one, than mercantilism, liberalism has spread war. Internally, the liberation of traditional domination relations only took place to the benefit of new hierarchies, based on money and on networks of influence; the dream of a horizontal sociability was immediately quashed by the brutality of capitalist production relations; the common prosperity that should have resulted from the spontaneous harmonisation of individual interests revealed all its weaknesses (poverty is not only residual). Ultimately, the dream of a society founded on consent evaporated in the face of the harsh reality of leonine contracts. Rousseau, before Marx, understood it, and the author of *Capital* was able to pastiche the phrase taken from *Discourse on Political Economy*: “I shall permit you to have the honour of serving me on the condition that you give me what little you have left in return for the trouble I shall be taking to command you”²⁸. Emancipation turned into domination. New ‘social’ forms of liberalism did not enable the situation to be properly rectified. It would be pointless to create a new watershed between ‘true’ liberalism (social) and ‘false’ (or ‘ultra-’ or ‘radical’) liberalism: the naturalist belief in the harmony of interests was present at the origins of liberalism. This belief is its mould, the mould of its virtues as well as its perversions.

²⁶ See L. Dumont, *Homo aequalis* Paris, Gallimard, 1977. C. Audard s'accorde with L. Dumont on this subject (*op. cit.*, p. 100-101).

²⁷ Marx, *Le Capital*, section VIII, chap. 31.

²⁸ *Ibid.*, chap. 30. Trans. taken from: Delaney, J. ‘The Virtuous Citizen and Rousseau’s Political Philosophy’, *Rousseau and the Ethics of Virtue*, London and New York, Continuum, 2006, p. 113.