

Summary, i.e. the translation of *Inleiding en Samenvatting* on pp.1-5.

The French Enlightenment philosopher Condorcet (1743-1794) was one of the prophets who enunciated Adam Smith's 'obvious and simple system of natural liberty' even before the *Wealth of Nations* was published in 1776. Condorcet's most convincing contribution to economics is the little known *Monopole et Monopoleur* of 1775, which is, contrary to what the title might imply, foremost a plea for the replacement of the monopoly of the paternalist intervention state by liberal governmental abstention and free trade. The article is published here in a Dutch translation for the first time, together with the French original, that had not been published since 1848.

Although *Monopoly and Monopolist* was presented as an encyclopaedia lemma, it was more of a pamphlet in the battle over what was to become the first practical trial of the new theory of governmental abstinence and entrepreneurial freedom: the radical liberalization by which Turgot attempted to remedy the economic and social downfall of 18th century France. At that time, France was considered to have been surpassed by England, as regards its military power and the size of its population, industrial production, overseas trade, and colonial possessions. Two causes were felt for this lack of national performance: the continuing regulation of trade and industry, i.e. the continuation of Colbert's 17th century mercantilist policy for the promotion of domestic harmony and national progress, and the feudal domination of the countryside by the nobility and the clergy. Turgot's liberalization - make way for entrepreneurial farmers and commoners - threatened both the economic and social positions, and the political hegemony of the nobility and clergy, who dominated the local and regional governments. For a part, their rule was founded on the food supply policy, by which the town populations had been preserved from scarcity and dearth, that were considered to result from private monopolies.

In the article *Monopoly and Monopolist*, Condorcet disclosed the factual monopolist behind the food supply policy: it was government itself. And this monopolist really caused scarcity and dearth. For their own comfort, politicians - nobility and clergy - assured a seat in plush chairs, through their manipulation of the people's greed by means of public intervention in the economy. Acting like winged businessmen, they gave their own product - the food supply policy - such properties, that their clients could not and would not consume anything but their produce: supply dictated demand. Moreover, private entrepreneurial spirit was restrained by the internal dynamics of the public monopoly companies: clerical censoriousness and fiscal covetousness. This made it obvious, that the liberalization of the grain market by Turgot would meet with stiff political and social resistance. Because Turgot lacked a power base of his own, this resistance did in fact put a stop to the liberalization policy. France was not yet a political democracy, and Louis XVI, who wanted to distinct himself from his predecessor,

more than that he yearned for progress, dropped Turgot when His authority was being damaged. This would eventually cost the monarch his head, whereas for most of Turgot's other partisans, the physiocrat *économistes* and other 'enlightened' minds, it meant only a missed chance of what would inevitably follow: a New Age.

Among them, Condorcet, the atheist philosopher of progress, saw humanity as being on the road towards an earthly empire of freedom, where equality and brotherhood would spontaneously reign. As indeed, the 18th century monopoly of the paternalist intervention state was gradually to be replaced by liberal governmental abstention and free trade. The private monopoly, that grew and blossomed together with the material wealth, would however, after the introduction of political democracy and the liberation of labour during the 20th century, once again induce a leveling government intervention in the economy: economic policy remained something other than political economy. On the brink of the 21st century, meanwhile, the first of the 20th century attempts at a welfare state, the Socialist Statism, has already been demolished, and the day of reckoning is approaching for the Social Market Economy: as the first economists were in the latter days of the *ancien régime*, so we are at present in the dawning of what might become a new era of governmental abstinence. We are, however, much better prepared for the future than our predecessors were: we can praise ourselves in the possession of the cultural and historical treasure of their writings, to which this article of Condorcet certainly belongs.

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The present study has the following outline. The literal translation of the article *Monopole et Monopoleur* is preceded by an introduction and by seven chapters, and followed by 4 appendices, by the notes, the bibliography, by the index of authors and historical figures, and by this summary.

Chapter 1 gives an tiny *exposé* of the development of the monopoly concept throughout 2.500 years of Western thought.

In **Chapter 2** some introductory remarks are made upon the character and works of Condorcet. **§1** contributes to Condorcet's genealogy with his first name, *Nicolas*, and with the geographical origine and some of the links to the Netherlands and Belgium of the House of Caritat de Condorcet. **§2** lists his major achievements as a scientist. **§3** introduces the lasting contribution that Condorcet has made to the political, social and economic sciences, known as the *Homo Suffragans*. **§4** discusses the *Condorcet jury theorem*, by which the optimal size of a resolving committee can be established, and the effectivity of its decisions. **§5** discusses the *Condorcet paradox*, according to which the aggregation of individual preferences could result into a mistaken social preference. **§6** translates the key passages in Condorcet's *Essai sur l'application de l'analyse à la probabilité des décisions rendues à la pluralité des voix* of 1785, demonstrating, with examples of failed elections, the remarkably simple *Condorcet rule* for the identification of the candidate that is best considered to be

the winner: select the one candidate that is surpassed by none of the other. As *faire le calcul*, §7 gives an example of the way Condorcet meant to use mathematics in economic policy. In this translating of a footnote to his consideration of the life of Turgot, the principle of the calculation of the distribution of the burden of indirect taxes is explored, meant to be used for the realization of a more evenly proportioned tax system.

Chapter 3 considers the political economy of Condorcet amidst the contemporary *Physiocracy*. §1 restricts Condorcet's contribution to the politico-economical movement of *Physiocracy* to his participation in Turgot's cabinet; Condorcet did not endorse the agricultural policy as advocated by the Physiocrats. In §2, *Physiocracy* emerges as a pseudo-liberal philosophy, pledging not the inviolable rights of the citizens, but their plights, whose fulfilment should prevent the general interest from being damaged by particular interests. Condorcet and Turgot, however, took their position in the voluntary individual, who set his own laws in society with others. They reduced the natural order of society to the fundamental principles of competition and economic freedom, as derived from the right to property and from the simple, classical observation, that everyone knows his own interests best. In §3 the economic theory of *Physiocracy* is considered to be the first abstract description of an economy as a cycle of money and matter, with a biological explanation of what is known as the physiocrat doctrine of the exclusive productivity of nature, as well as an economical one: the natural monopoly of the property owner and the competition between the laboring masses. Although the latter notion is present in the article *Monopoly and Monopolist*, Condorcet did not subscribe to the doctrine as a whole. In *Physiocracy*, the *tableau économique* was used as the input-output table of a *stationary* model, demonstrating the necessity of a 'natural' rate of exchange between agricultural and luxury products. It also served as the spreadsheet of a *dynamic* model, calculating the positive effects on production and productivity of the *bon prix* that was to be established by liberalization and tax reform, as well as the negative effects of the lack thereof. Next, Condorcet's optimistic notion of a permanent technological progress is presented as a keystone of both the physiocratic and the neo-classical general-equilibrium theory: next to monopoly, progress is the only explanation of the permanent, positive surplus over wages and rent, that the market economy has revealed up to present days. §4 then marks Condorcet as an optimist liberal within the *Classical School* of Adam Smith.

Chapter 4 draws the historical framework of the article *Monopoly and Monopolist*. §1 presents the opposition to monopolies, that were either exploited or promoted by government, as the founding principle of 18th century political economy. §2 presents the liberalization of the French grain supply policy in the second half of the 18th century as the first trial in practice of the new success formula of entrepreneurial freedom and governmental abstinence. §3 presents the policy of centrally controlled grain trade in France as an outgrowth of the

local regulations of the food supply, by which the authorities in mediaeval towns had managed to keep hunger and riot outside of the city walls. When national and international market economies developed in Europe from the 16th century onwards, there emerged, next to the French *système*, two solutions for the problem of a potentially deficient food supply. §4 presents the first alternative as the pull-to-the-market of grain by the free (external) trade of the Dutch Republic. §5 presents the second alternative as the push-to-the-market of Corn by the English protectionism, enlarging both the productivity and the production of agriculture. §6 discusses the French food supply policy as being politico-functional for the paternalistic legitimization of King and State.

In **Chapter 5** the first cautious proponents of the liberalization of the French *système* are identified in §1, including Gournay and Quesnay, advocating deregulation as the means for a balanced development of industry and agriculture, and of town and countryside. §2 mentions the failure of the first, failed attempt in 1763 to liberate the grain trade. This act of political despair gained the infamous characterization as *Pacte de Famine*, when the backing by the public-private company of the *Blés du Roi* failed to ensure that Paris was supplied with enough, good and affordable corn, when the provision thereof was challenged by price corrections and failing harvests. §3 draws attention to the public debate between the *secte des économistes*, acting as proponents of liberalization, and the first *anti-économiste*, abbé Galiani, who felt that government should at any price (state that it would) guarantee the provision of the populace with the necessaries of life. §4 describes the failed attempt, in 1775, at deregulation of the all encompassing French public monopoly. Turgot's political offensive was backed in writings by his politico-economical disciple Condorcet, e.g. in the *Lettre d'un laboureur de Picardie à M. N***, auteur prohibitif à Paris*, being a reply to the banker Jacques Necker who agitated against liberalization, and in the article *Monopoly and Monopolist*. At first, Turgot managed to repress the inevitable bread rioting against free grain trade, known since as the *Guerre des Farines*. Nevertheless, the partisan opposition against his plans to demolish other government monopolies, and the lack of a power base for his liberal policy outside of enlightened Reason itself, led to his downfall within just over one and a half year, and to his succession by Necker.

In **Chapter 6**, §1 examines Necker's opinion in his *Sur la législation et le commerce des grains*, where public monopoly was considered to be a valuable instrument for the economical and fiscal welfare policy. Necker opposed his economic policy against the political economy of the *économistes*, i.e. Turgot and the Physiocrats. §2 describes Condorcet's view of the monopoly phenomenon as a radical expansion of the opinion that Turgot had given in the *Marque des Fers*, mainly opposing lobbies that misused government for the establishment of private monopolies. In *Monopoly and Monopolist*, Condorcet also aimed at the monopoly of government itself, considering it to be guided by a lack of Enlightenment and by the private interests of politicians and civil servants.

In **Chapter 7 *Monopoly and Monopolist*** is biographically situated in the *milieu* of the main work of the Enlightenment, the *Encyclopédie* of d'Alembert and Diderot. The article was probably printed on account of Voltaire, by the publisher of the Swiss edition of the *Encyclopédie*, Jean-Léonard Pellet in Geneva. Intended to be the fourth of the *Lettres sur le commerce des grains*, but being overtaken by the fall of Turgot, it has never been published as such; as far as we know, not a single copy has survived.

Monopolie en Monopolist is the Dutch translation of *Monopole et Monopoleur*, featuring the original footnotes at the bottom of the page.

The **first Appendix** reproduces the French text of *Monopole et Monopoleur*, taken from the 1847 edition of the *Oeuvres de Condorcet*.

The **second Appendix** features an excerpt - in French - taken from the *Vie de Turgot* (1786), in which Condorcet expressed his own radical opinion on the inviolable freedom of the individual, only to be restricted by the equally inviolable freedom of others.

The **third Appendix** states - in reference to the 1989 Dutch translation of a radical condemnation of slavery by Condorcet dating from 1781 - an example of the slowness with which the liberal and humanitarian critiques of the Enlightenment thinkers have instigated political and social change.

The **fourth Appendix** reproduces the French text of the little known *Lettres sur le commerce des grains* by Condorcet (1775), to which *Monopole et Monopoleur* should have been the follow up.

About the author

Marcel CLAESSEN was born in Amsterdam in 1952. He finished his secondary education with the Staatsexamen HBS-B, obtained his undergraduate education at the Landbouw Hogeschool Wageningen, and then graduated from the Interuniversitaire Interfaculteit Bedrijfskunde Delft in 1978 with a thesis on *Two hedging models of stock options*. After contributing for some years to Dutch anti-trust policy, he pursued parallel careers as a househusband, a computer consultant, and a student of the history of economic thought. In the latter realm, his present occupations are the preparation of the Internet edition [<http://www.condorcet.nl>] of the 1802 Dutch translation of Condorcet's *Esquisse d'un tableau historique des progrès de l'esprit humain*, and the annotated translation into Dutch of Turgot's *Réflexions sur la formation et la distribution des richesses*.