

NOTICE TO THE READER

This draft translation contains numerous tables containing figures that were, unfortunately, originally set in a type which made distinguishing numbers very difficult in the downloadable scans. Everything will be double-checked in the course of the first revision. Similarly, some standard will be established for the names of the railroads, which appear here in both English and French, without, I am afraid, much rhyme or reason. Standardization of the various economic terms will occur as similar texts are translated. — So, basically, this one ain't particularly pretty, but, even with the current defects in the translation, it's a fairly interesting work. — SHAWN.

HOW
BUSINESS IS GOING
IN FRANCE,

AND WHY
WE WILL HAVE WAR,
IF WE HAVE IT:

ON THE NEW PROPOSED AGREEMENTS BETWEEN THE RAILWAY
COMPANIES AND THE STATE.

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FOREWORD.

The *Bulletin français*, which appeared for some time in Belgium following the *coup d'état*, contained in one of its issues the following words, attributed to M. de Persigny:

The governments that preceded us have all been on the wrong track. They did not know how to put themselves in direct enough contact with the masses, speak enough to their imagination and their passions. We, on the contrary, placed ourselves from the start in the full current of popular sentiments, coarse, if you will, good or bad, it doesn't matter. It was our first strength; it will never be taken from us. If this force, however, was enough for us to enter the scene and seize power, it is no longer enough to keep us there. When we have become a government, we have before us classes of society on which we must act by d other means. On these our predecessors still failed: either they did not know their advantages, or they used them timidly. They had around them a world full of greed, they practiced only petty corruption; people full of cowardice, they did not for a moment think of scaring them. Corruption, terror, on a large scale, have they not always been the most powerful weapons of strong governments? These weapons, we receive them fresh and hardly blunt; we will see what advantage we will be able to derive from it. Going straight to this country, with silver in one hand, iron in the other, we will take it far...

We do not know what confidence this quotation from the *Bulletin français* deserves. M. de Persigny passed for a man who was personally irreproachable, a stranger to the trifles of the day, and who only possessed a fortune which he inherited from his wife and from the munificence of the Emperor, Such a noble character, such pure morals, are incompatible with the maxims of government attributed to it by the *Bulletin*.

As a politician, M. de Persigny has the reputation of a wise mind: what wise man would ever imagine that societies conduct themselves with this impropriety, and that all the art of a head of state is reduced to these three words: for the plebs, *chauvinism*; for the bourgeoisie, *corruption* and *terror*? More than three hundred years ago Machiavelli developed this theory, already old for its time;; and it is proved, against Machiavelli, by the very history of Italy which he had above all in view, and in which he takes most of his examples, that of all the governments the most unstable is precisely that whose *Bulletin français* attributes the odious theory to M. de Persigny. According to the last and most learned historian of Italy, J. Ferrari, each Italian city counts, from Othon 1st to Charles-Quint, in a period of approximately 557 years, a minimum of forty-two revolutions, or an average of one revolution every thirteen years. Now, the period from Otho I to Charles-Quint is the most atrocious in Italian history: it is that of powers usurped by violence and cunning, maintained by corruption, terror, popular fantasy; period of bishop-princes, consuls, podestas, Guelph and Ghibelline sects, tyrants, lords, condottieri, after which come the Borgias and their like. Truly, the policy of M. de Persigny would be ill-advised, and, for the imperial dynasty, a most sinister omen.

Perhaps, moreover, France, which since 89 has had ten or twelve revolutions, has entered upon a period analogous to that of medieval Halia; perhaps the Machiavellianism of the honorable M. de Persigny, in accord with fatality, seems to him to be nothing but wisdom. But then it must

be said, not that the Revolution has *returned to its bed*, which would still be nothing very reassuring, but that we are in the midst of a revolutionary current....

Whatever the statement reported by the Bulletin, one thing at least is certain: since December 2, things seem to many people to be happening in France, in the double sphere of government and affairs, exactly as M. de Persigny would have foreseen and predicted under the presidency.

Here, we are walking on embers, and, if only to bring ourselves into line with Belgian law, we ask to clarify the meaning and scope of our words.

Formerly, when the monarchical feeling was alive in France, people said: *If the king knew!* With this single word the first comer could denounce and stigmatize all the disorders. We were sure that nothing went back to the prince, attacked his rights or his authority.

Under the regime of 1814 and 1830 there was no longer any need for this oratorical precaution. The royal person was, by law, above all responsibility; the ministry covered the crown; he was attacked publicly, continually. It was up to him to justify himself before the chambers which, under the control of public opinion, rendered a verdict of satisfaction or blame.

The Constitution of 1852 changed all that. In law, the Emperor is responsible; in fact, the Government is indisputable: so that the criticism of public mores and acts of Power, always more or less united, has become, despite the legal recognition of the right of all French people to publish, in any country, their opinions, extremely difficult.

We are taking the only course that remains to us, a heroic course, and that is to wrap all government personnel in the same inviolability, to strike at the nation, and to say: The Emperor does not know, the Ministry knows nothing, the Government, animated by the purest and most generous intentions, cannot help but. Evil is in a kind of social gangrene, which corrupts all that Power does best and gives its most virtuous acts an odor of pestilence. Everything is chaste for chaste souls, *Sancta sanctis*; everything is impurity for unhealthy consciences, Here we are: France is turning to rot. Let Power know this, it is its duty; therefore, telling him is our right.

Thus, the imperial government's principle is to pay its people well: what could be fairer? From there, creation of senators with thirty thousand francs of annual endowment; salary increase for all categories of civil servants, administrative employees, magistrates, parish priests, vicars; multiplication of jobs, pensions, chapels; formation of an imperial guard, with double loan, increased pay for the officers and non-commissioned officers of the line; at the moment there is talk of raising the fees of the members of the Institute to 6,000 francs. The Empire does not haggle, asks for nothing, makes no conditions; he pays what he thinks it is fair to pay: what happens? That the employees of the Government, venal souls, less occupied with service than with their prebend, see in the Emperor only the Host where they dine, and consider themselves, no longer as citizens of a free state, but as the most humble servants and subjects of His Majesty. What academician would have the courage to fight a Power which, the first, will have made him 6,000 pounds a year?...

Thus again, and this is what is the main object of this pamphlet, the Empire has, for the bourgeoisie, concessions, subsidies of all kinds, a deluge of actions and obligations more or less guaranteed, debt securities, treasury bonds, and, as far as it depends on him, the rise. For your

plebs, work without measure, true national workshops; an unofficial intervention, often effective, with the cities, the companions, the heads of factory and the owners; then relief funds, economic soups, workers' housing estates, parades and festivals. All this, in other times, would doubtless have been the result of a prudent policy, a sound economy, and a thoroughly Christian philanthropy. In abject hearts, it is pure venality: *Urbem venalem*.

As a guarantee of the system, finally, insurance against the risk of revolution, we have the general commissariats, the military commands, the conscription fixed at 100,000 men, the municipal authority annulled, the police in Paris, Lyon, reinforced, the gagged press, the tribune reduced to silence, finally, for penal sanction, the general security law and transportation to Cayenne. Here again the Imperial Government has no other motive, it is evident, than to provide energetically for the maintenance of order. He did not want to frighten decent people, forbid decent liberty, stifle the old Gallic frankness. Well! the imperial government plays with misfortune. He would like to be loved; we tremble, Those who have seen France for seven years have only one word to express the moral state of this country: *Flattering*.

Flattered in its instincts, stupid in its interests, indifferent to the public good, the *vile multitude* obeys the hand from which it expects, for its imagination, spectacles, for its stomach, the mash, asked for us a billion; Napoleon will give it to us. Is it calumniating the Empire to cite such anecdotes? That would rather justify it. — As for the bourgeoisie, as vile as the plebs, it no longer thought of anything but enriching itself: in what way the government favors it as best it can, in all good and honor, Bourgeoisie and plebs, it is ultimately by the coarsest of baits, the most ignoble of passions, the crudest of appetites, avarice, that the Empire holds this nation without love, as the fisherman holds the fish at the end of his line: *Omne animal capitur escâ*. Shall we accuse the Empire of the baseness of the Country? Ah! we pity him with all our soul. We will see, in the course of this writing, if our compassion is sincere.

What is now the result of this regime which the proletarian and the bourgeois have created by such perfect harmony? Have they found, in compensation for their sacrificed rights, their lost freedoms, wealth and glory?

Alas! should it be said? Instead of well-being, a growing discomfort; the increased public debt, more and heavier charges; for a year, a fictitious industrial movement, then stagnant, difficult, bad business; speculation erected into an institution, the country handed over to a gang; in the countryside, the soil abandoned, the population decreasing; for all glory, ostentation, ostentation; a war without principle, conducted without genius, ended without a solution. In addition, there is the depression of intelligence and character, the dissolution of morals, the decadence of letters and the arts. In perspective, the deficit and the war. A government does its best: it only collects what the nation it is called to command gives it, what the past has sown in it, and what circumstances have caused to germinate.

Corruption, flattening, terrorism: whether it is the effect of premeditation, necessity or chance, we will have experienced it. And we know what this can produce: since December 2, France has presented all the appearances of a retrograde march.

Serious anxiety, not only in France, but abroad, arises from this state of things.

One wonders if it is only a passing crisis, or if the disease has already become incurable; if a nation can thus beat a retreat, retrace the course of the ages, recommence the path traveled in the opposite direction, from the age of reason to fall back into childhood, from organic life to the inorganic state, in two words, to grow old and die.

One wonders whether, while the vulgar impute the decadence of societies to despotism, despotism is not simply its expression, often the scapegoat; in that case, what new revolution is France hatching, what catastrophe threatens the imperial dynasty?

Our intention is not to answer these high questions. We only want to lift a corner of the veil, tell an episode of contemporary life, and, placing ourselves exclusively on the terrain of business, big business, show how things happen there, and what fruits the Country and the Power collect.

Much was said during the first Revolution of the *Pact of Famine*, a coalition of speculators and capitalists for the grain trade. Great personages, prelates, ladies of the court, up to King Louis XV, had their share of profit in this coalition which was not revealed until very late, when the iron cupboard was discovered, and which had ended by producing, in Paris and in the provinces, a constant rise of one or two sous per pound on the price of bread.

The pact of famine was the last thought of the old regime: supreme effort of the aristocracy to preserve an opulence which its parasitism, its vices, and the progress of the ideas of common law, made it lose.

The feudal system thus reduced itself to its last and most infamous expression: To starve the people.

In recent years, affairs have taken such a turn in France that one is tempted to believe in a renewal, but this time under cover of legality and on a larger scale, of the famine pact.

It is no longer just bread that has become the object of speculation, it is public services, credit institutions, transport routes, everything that can be exploited or traded on a large scale: iron, fabrics, import and export goods, foodstuffs. Railway companies figure as leaders; who knows them, knows the rest.

As for the goal, avowed or unavowed, wanted or not wanted, of this coalition, if it is permitted to infer it from its economic effects, which are perfectly apparent, and from the set of measures that it has managed to wrest from power emerging from December 2, it would be, as in the last century, first of all to preserve for the enriched a fortune which ceaselessly eludes them; then, thanks to this capitalist consolidation, to gradually bring the country back under a regime outside of which, according to the Church and the Stock Exchange, there is no salvation.

The Empire, the unfortunate organ of a blind reaction; the Empire, which one would flatter far too much by attributing to it the power to terrify and corrupt a mass of thirty-six million souls, but on which it depends to change a disastrous legislation, above all to enforce the rights defined by the Revolution, does the Empire accept responsibility for the state of affairs?

This is the question we address to M. de Persigny.

CHAPTER I.

That the railways, handed over to finance companies, are necessarily businesses and centers of speculation.

The facts that we are about to relate, the situation full of perils that they create for France, the character that they would impose on the imperial government and its policy, are the immediate product of two influences, independent by nature of one another, but becoming, through their cooperation in railway undertakings, correlative and inseparable, as the means is from the end.

The first of these influences is *agiotage*. The second is the spirit of reaction that, no longer encountering any obstacle, has, since December 2, 1854, led the country well beyond the limits of prudent resistance.

Let us first say how *agiotage* has entered the railway business.

The railway system in France was established by the law of 1842.

The principle of this legislation is that the railways, built partly by anonymous companies, partly by the State, are operated by the former alone, as private property. It is this coupling of the public interest with private interest that characterizes above all the law of 1842.

Now, what are the concessionary companies?

Are they companies of metallurgists, mechanics, building and transport contractors, taking over or leasing, operating the railways, in the name of the State and on its behalf, or on their own account but always under the supervision of the Government?

Not in the least. The Companies to which the French network has been granted are, like the banking houses that serve as their pivot, nothing other than financial companies, foreign by nature to any kind of industry, which, in their operations follow banking practice in everything.

First of all, it is important for us to take into account what this practice consists of.

The banker, let us remember, is not a lender of money or a backer, any more than he is a commercial or industrial entrepreneur. The basis of his operations is the discounting of values.

For this discount, he gets paid, in addition to the legal interest: first, a commission, which is his salary; second, a premium, which varies according to the state of the market, the exchange of places, the risk of non-payment, and what is called *agio*. Often the *agio* is confused with the commission, which does not prevent it from being essentially distinguished from it.

The *agio*, by its nature, is a relation, not a reality. It is neither a product of nature nor of labor, therefore not an element of wealth, nor a fraction of wealth. It is the expression of the difference between two values deemed, at a given moment, to be equal, but which, being of different material, based on a different pledge, expressed in different currencies, and subject, for all these reasons, to unequal variations, therefore do not remain equal.

Add up the differences to which the comparison of all the securities of a country, both movable and immovable, may give rise to in the space of a year: it may happen that the sum of these differences equals, even exceeds the sum of the values produced in the same space of time. But it is

clear that these differences neither add nor take away an atom from wealth: they indicate mobility, the variable proportion of the elements that constitute it; by themselves, they are NOTHING.

We conceive from this that the agio, expression of the difference in nature between values, of their transformations, of their unequal immobility, plays a great role in commerce, each wanting to have for himself what is certain, and fleeing the uncertain; that, lawful in certain cases, the restraint to which this agio gives rise easily becomes fraudulent in many others. Between producer-consumers who, in the exchange of their respective products, seek the product itself, not the difference, common sense indicates that there is no reason to concern themselves with the agio. The products exchanged, after free haggling, are supposed to have been estimated at their true value, and are therefore delivered without restraint, product for product, agio for agio. But the banker, who, by discounting commercial paper, gives a certain value for an uncertain one, must take the premium into account; and as the agio is an unknown, the security of the banker, his interest, lead him to exaggerate it rather than weaken it.

Let us examine an example.

In 1847, the government of King Louis-Philippe announced its intention to contract a loan of 250 million, at 3 percent. On November 10, 1847, the Rothschild house tendered this loan, at the rate of 72 fr. 48 c. What does that mean? That the aforesaid firm is going to provide, out of its own funds, a sum of 250 millions, against titles representing a nominal value of 545 million, more or less, and producing an interest, at 3 percent, of 40 millions? Not at all: the Rothschild house does not make loans; it will find capitalists to whom it will deliver its bonds, after deduction of a premium, representing the difference between the rate of the subscription and that of the market. This difference being 4 fr. 56 c. on the day of the auction, if the prices do not fall until the time when the titles of rent have been entirely sold, the profit, premium or agio for the house of Rothschild, will be 15 million.

Thus the banker lives, to a large extent, from agiotage, that is to say from a kind of traffic in which the trafficker, in order to remain absolutely blameless, must constantly take sides against himself, dig in as much as possible, and, the operation completed, all checks made, submit, if necessary, to a restitution. Honesty in the banking business is the most difficult to maintain; for the same reason, it is the one that most needs tolerance.

Sought for its own sake, as an object of commerce and a basis for speculation, with the help of information and maneuvers that escape the public, agiotage is pure fraud, a variety of theft.

Let us now draw the consequence of these principles.

If there is a class of men who should have been excluded from the railway enterprises, and generally from all public service, it is evidently that of bankers. Here the incompatibility is manifest, the suspicion legitimate. Reason, experience, forbade delivering the public service of traffic, a thing in itself exclusive of any idea of agiotage, because it is public, to men whose job is systematically to seek agio.

What, in fact, is the concession, on a fixed price basis, to a company of bankers, of a railway? The exchange, or rather the discount of an unknown value (construction, operation, risks,

products, etc., of the railway), against a known value (share capital and bonds), which the said bankers undertake to procure: therefore, for them, material for agiotage.

Still if, the agio once collected, the operation resumed a regular march, such as a public service requires, the inconvenience would be slight; we would be cured of it, we would be consoled for it.

But no, the subscription made by the company in the hands of the State is only the first link in a long series of laborious operations:

Contracts and subcontracts for the purchase of land, for engineering and earthworks, for the laying of rails, the construction of machinery, for supplies, etc.: — agiotage;

Mergers of companies, authorized, even provoked by the Power, approved by the Council of State, but transactions by which the principle of free competition is violated, the value of the company exaggerated, all the relations confused: — agiotage;

Differential rates, prohibited but tolerated: — agiotage;

Issues, conversions and splitting of shares, anticipated, exaggerated dividends; bonuses, future discounts for the benefit of the present: — agiotage;

Bond issues: — agiotage;

Subsidies and guarantees of interest by the State, for reasons the discussion of which is prohibited to the public: — agiotage.

The worst of all this is that in the great business of banking, such as public loans and railroad concessions, the bankers are always sufficiently well informed, the power sufficiently complacent, the public sufficiently foolish, for the operation to be done without fail: in the event that there should be danger for the banker, the Government, through a multitude of considerations, each more political than the other, does not hesitate to relieve him of his commitment. Thus, when the revolution of February came to reduce the profit on the loan of 230 million of which we have spoken, the house of Rothschild, to which there remained, in the month of July 1848, 165 millions to be paid, faced a loss of more than 60 millions, when the Minister of Finance, M. Goudchaux, came to help it out of trouble. Instead of 10 million in 3 percent interest, the price agreed upon for the loan, the government of the Republic consented to pay 13 in 5 percent; which allowed the Rothschild house to earn another 11 million.

To sum up, a railway being a part of the public fortune, its exploitation a public service, which dominates all particular industries, if this service is delivered, property and monopoly, to a company of speculators, it is as if the State, guardian of the public domain and of the fairness of transactions, enemy by nature and destination of all speculation, put the public domain in a lottery, delivered the production, consumption and circulation of the country to agiotage.

The consequence is easy to foresee.

If the concessionary speculators know their job, and they will know it, be sure of it, better than the statesmen who made the concession knew theirs, even supposing that the speculators and the statesmen had not been in collusion, the concession will have the inevitable effect of exploiting, through speculation, not only the country served by the railway line, but all the small capitalists who receive shares from the direct concessionaires or original subscribers. From this arises a general pressure that generates a real deficit. Indeed, as we have seen above, the agio by

itself is neither an element of wealth nor a fraction of wealth; it represents a relationship, a difference, which, realized from man to man, has no influence on the general fortune, but which, perceived on an entire population, shareholder or client, becomes, for the speculating and parasitical class a source of illicit profits, for the masses a cause of impoverishment.

In theory, therefore, it has been demonstrated that the system of the law of 1842, which placed financial companies at the head of public circulation, that is to say of all the fortune and of all the public economy, resolves into a system of public corruption, into a legal organization of agiotage.

The point of view from which we consider here the railroads and the Concessionary Companies has hitherto been so little understood, especially by the courts, that we would be grateful if we could clarify it, at least by an example.

On September 20, 1845, the Northern Railway was awarded to MM. Rothschild *frères*, Hottinger, Ch. Laffitte and Blount, all bankers, for a term of 38 years. — Let us pass over the conditions of the concession.

On September 20 of the same year, the aforesaid dealers formed themselves into a public limited company, with a capital of 200 million divided into 400,000 shares of 500 francs. More than half of these shares were taken by the founders. (Later, the figure of the capital was reduced by 40 million, and the shares paid up to 400 francs.)

What does all this mean?

It means that MM. Rothschild *frères*, Hottinger, Ch. Laffitte and Blount have pledged to the State, not to become themselves, and directly, contractors and operators of the northern railway, but to form a limited company that will take, in their place, this commitment; that they stand surety for the existence of this company, that they guarantee the formation of its capital, and so on.

Naturally such a considerable operation, regarded as uncertain, requires, for the dealers, remuneration, commission, *agio*. Their business is not to commit their own capital to any industry, to sponsor any enterprise; is to procure sponsorship, is to be its go-between, and temporarily to bear the burden of it, until other capitalists, not bankers, carried away by their example, convinced of the goodness of placement, relieve them of it. The *agio*, let us use the technical word, the *premium* received by the founding bankers, will therefore be made up of part of the presumed capital gain between, on the one hand, the products of the road for thirty-eight years, increased by the sum to be reimbursed for this same road, at the end of the lease, by the taking company or by the State; And on the other hand, the capital of 2000 million, with interest, to which the costs of establishment are assessed from the outset.

How much will that premium be?

Such negotiations are undertaken only with great profit. Raise it only to 20 percent, it will be forty million for the bankers, even before having started the work; forty million that will not appear in the material of the road, and which will be taken from the assets of the country.

This premium of forty million, who will pay it?

The shareholders of the company, to whom the titles of 500 francs will be delivered against payment of 540, 560, 600 francs, according to whether the favor will be granted to the company; in other words, according to whether the Government, in awarding the concession, will have left

the margin more or less fine for the concessionaires, and whether these, people of the stock market and agiotage, will have maneuvered more or less skilfully. According to the report of the Board of Directors of the Northern Railway of January 31, 1846, in less than five months, the shares of this Company rose to the rate of 755 francs; and such had been the activity of speculation that 571,741 transfers had been effected. The premium received by subscribers at par, that is to say by MM. Rothschild frères, Hottinger, Ch. Laffitte, Blount and their friends, was therefore 102 million, 51 percent.

Is it not a monstrous thing, which revolts conscience as much as reason, that a nation, which is naturally composed of the totality of producers and capitalists, should be obliged, by the imbecility of its legislators and the routine of its government, to pay bankers an agio of 102 million to build a transport route that will cost it 400? Isn't it derisory that, to obtain credit from the multitude of lenders, the Treasury must submit to the surety of the Israelite speculator, and make the Country pay for this surety, which it then had to bail out itself, 60 million, reduced later, thanks to a revolution, to 11?...

We will not, for the present, make any other reflection.

Now what is illegal in all this? Nothing: everything is regular; everything is in order; everything happens according to the habits and customs of banking, which are, more or less, those of commerce. For what do we blame the government of the Emperor? Still nothing, if not for having executed too well a law of Louis-Philippe. But if it is a question of the morality of the transaction, considered from the point of view of public economy and the administration of the country, it is another matter. Between public faith and agiotage, no compromise is possible; there is incompatibility, contradiction. The same applies between public service and private interest: to abandon the first to the second is to conspire against the public fortune, and to betray the national mandate. We will not return to these considerations, all theoretical and legal: the facts, more powerful in the minds of men than reasoning, will soon be responsible for demonstrating its accuracy.

The story of the Chemin du Nord is that of the French network. All our railroads, without exception, have been handed over to the high bank; all have become the material and instruments of agiotage; and this is not yet the worst of the evils with which they threaten us. Behold, after having served to levy enormous bounties, they would be made into a means of despotism and counter-revolution. It is not enough for the people to be pressured, they must be tamed. No security for the aristocracy of capital, as long as the democracy of labor is not put under the yoke: speculation calls for serfdom, *Abyssus abyssum invocat*.

CHAPTER II.

**How, after the Revolution of February, the railways became the instruments of a feudal restoration. —
Project of redemption of the Provisional Government. — The Faith of Contracts.
— Advent of December 2: extensions. mergers.**

After the speculation, the reaction: they were made for each other.

In 1848, the Minister of Finance, an organ of the Provisional Government, submitted to the National Assembly a plan for the purchase of the railways.

What did the Provisional Government want? Why, barely installed, was its first thought to undo what had cost the legislators so much trouble in 1842? The famous question, whether the railways should be operated by companies or by the State, a question on which the most eminent patriots and the most learned economists had shown themselves equally perplexed, was it finally going to receive, from the Republic of February, a solution?

The Provisional Government could not have said so. Obeying the polemics of the party it represented, carried along by the current of the day, it went ahead of it, its eyes closed, not knowing if the democratic rut was more in the direction of progress than the royal road, unable to justify, in political economy and in right, its project of redemption, and incapable of rising above this invariable alternative: The State or the companies, the companies or the State.

But what individual reason penetrates only slowly, nevertheless has a deep meaning in collective thought, which is formed from the interplay of opinions and interests.

The reclaiming of the railways by the Provisional Government was nothing other than the return to this great principle of public economy, that things of general utility cannot be the object of a individual exploitation or appropriation, because instead of serving the country, they make it dependent on monopoly; instead of adding to its wealth, they become for it a cause of deficit.

It was capitalist divine right, deposited like a germ in the law of 1842, that the Provisional Government attacked, without knowing it, in the person of the Companies. While it claimed the help of the Church to bless its trees of liberty, to bury its dead, to obtain the islands of light from the Holy Spirit, it was going, like a new Herostratus, to blow up the last column of the old social edifice.

Those who make the laws, or who assist in their elaboration, rarely suspect what they contain; only time knows how to interpret them with dignity. This is what is happening today with the law of 1842, a doctrinaire conception, which, under the pretext of satisfying all interests, of reconciling all principles, uniting in an ambiguous combination Companies and the State, has in fact delivered the State, and the Country with it, to the Companies.

Let us go back to the time of the convocation of the Constituent Assembly.

To the demonstrations of the workers, to this explosion of utopias that signaled the appearance of the Republic, thereresponded a breath of reaction that was soon to become a hurricane. We had spoken of the emancipation of the proletariat: the proletariat, for a moment in power, not having known or not having been able to emancipate itself, more than ever some promised themselves to hold it in check. One of the first thoughts of the Republic had been to make the railroads serve this

emancipation: by virtue of the law of opposites, the thought of the reaction was to make them serve a more complete subalternization of the plebs.

Such things are never said, written, displayed anywhere: no one thinks of them. They emerge from the movement of facts; they dominate wills, and accomplish themselves by themselves. It is only later that reflection reaches them, and that they pass into the state of political maxims, good or bad.

On the one hand, then, the reaction of ideas following its course;

On the other hand, the railway companies taking over, under the law of private interest, the head of business;

This double movement of retreat, in ideas and in interests, developing in unison, although there was no concert;

Finally the network of railroads extending more and more, dominating all industry, all commerce, all property; the railway becoming both an instrument of power and the most effective agent of industrial centralization,

The conclusion was to be, and we can consider this conclusion as the starting point and the ARTICLE 1 of the tacit pact that today governs the destinies of the French people:

Since the railways, operated by workers' associations, could have become the means and the pledge of an economic revolution, and since the incompetence of the republicans and the prepotence of the reaction had prevented this from occurring, they had to become *the means, the pledge and the seal of a feudal restoration*.

And the combination was entirely found,

By the fact of the establishment of the railroads and their concession to financial companies, the whole nation was divided into three categories of citizens:

The first, made up of the founders and concessionaires, their friends, bosses, solicitors, henchmen; of all the notables who, in the administration, the magistracy, the police, the army, in the Senate, in the Council of State, at court, serve the companies with recommendations, intelligences and ensigns; plus contractors, builders and suppliers, treating, subcontracting works, materials, supplies: all together forming the world of premiums and bribes;

The second category, much more numerous than the first, is made up of stock and bond subscribers, mostly people of mediocre fortune and the petty bourgeoisie; an interesting class, even more interested, attached to order, precious to the Power, for which the latter could never have enough extensions, subsidies and guarantees;

Finally the third category, comprising the mass of the public who pay tribute to the Railway Companies, either in the form of rates, for the transport carried out, or in the form of taxes, for the subsidies and works at the expense of the State.

Thus came to unite, in a sort of pact, on the one hand the principle of speculation, introduced by the law of 1842; on the other, the reaction provoked by the February demonstrations: the first, a male element, the executive agent of the system; the second, female element, giving it its plastic form, and developing it in all its applications.

From their commerce was to be born, after a few years of gestation, the political idea, the soul, breathed into the new Empire, the organism, the body of which universal suffrage was soon to produce.

Suppress one or the other of these principles, agiotage or reaction, and most of the facts that we will have to account for become impossible. Never, for example, under Louis-Philippe, in a regime of free control, of the press free, of the free tribune, would the law of 1842 have ever produced these prorogations, these fusions, these guarantees of income which we are going to see the government of December 2 report: the reaction was needed, having imperial omnipotence at its service. Nor would the Empire, with all its strength and will, ever have extracted from the railways the effects that we observe today, without the intermediary of the financial companies, without agiotage.

Such, then, is the origin of the pact of iniquity of which we have just formulated the first article; an occult, mystical pact that no one admits, that no one has signed, of which we are not even aware; but which was only waiting for an opportunity to occur, which seized it in the *coup d'état*, and which we have seen develop for seven years with mathematical certainty and frightening rapidity. A little longer, of the great principles of 89, there will remain only a vain memory; contradicted by reality, by the very constitution of interests, it will only be necessary to make it disappear from official texts. To the railways will return the honor of this transformation: what no political power would have dared to undertake, the Companies, in a few years, without effort, without shock, will have accomplished it.

So, the murmurs were great, at the news of the project of redemption, in the councils of the high Bank. There, no one could have known exactly what was going on, any more than in the Provisional Government. But instinct responds to instinct, like speech to speech. Under the name of redemption, one felt that something serious, something revolutionary, was preparing against the aristocracy of bourgeois origin. We meet, we deliberate, we protest. The lawyers of the Companies were called, as four months ago those of the booksellers were called at the Congress on Intellectual Property; the newspapers cried plunder, rape. Catiline was at the gates.

The shareholders of Compagnie d'Orléans met three times during the year that has just ended. In the first assembly, it was a question for us of giving the annual account of the operations of the company. In the second, you have strengthened by your vote the protests of which the council had taken the initiative against the measure of sequestration. In the third, which took place under the influence of the strong apprehensions that had given rise to the projects of repurchase, all the owners of shares were called upon to organize with the council the means of ensuring the defense of their property. Let us hope that henceforth the concerns which caused these last two meetings will not be renewed. (*Compte rendu de la Compagnie d'Orléans* in 1849.)

"There is no doubt not one of you, gentlemen," said the rapporteur of the Compagnie de Strasbourg in 1848, "who has not been cognizant of the draft decree presented on May 47, and of the explanatory memorandum which accompanies, the Minister of Finance seeks to establish three main points:

1. The right and the necessity to buy back the railways;

2. The propriety of applying only one and the same condition of redemption to all the roads, without regard to the difference in their situation;

3. The formula for redemption, which, according to the draft decree, should be based on the price of the shares and the price of the annuity.

The public mind has been moved by these exorbitant claims, and public opinion is rising on all sides against a draft decree that tears up the contracts, and which, while seizing ownership, refuses to certify the value jointly.

However powerful the concurrence of public opinion, it is up to you, gentlemen, to defend your property. In principle and in fact, it is your interest as shareholders and as citizens; and for us, your representatives, it is a duty that we will carry out with energy.

"The companies that are concessionaires and contractors of the railway lines," say in their turn the administrators of the Bordeaux and Nantes roads, "believe it their duty to protest, as they protest, against the measure that would be taken by the government to make the railways pass into the hands of the state; considering this measure as an excess of the power, which would render it null and void, reserving the right to pursue this nullity by all legal means, by appealing to the justice of the country." (Meeting of April 25, 1848.)

The faith of contracts! Such was the battle cry of the new crusaders, at the very moment when the Republic consented, in such a generous way, to relieve the house of Rothschild of the supply of 250 millions. Do we not seem to hear the orators of the clergy and the nobility, pleading before the first Constituent Assembly for the preservation of their privileges? It is that indeed. The day when all the published services, now appropriated, will be organized according to the law of the Revolution, the greatest step will have been taken towards social equality: the system of privilege, with its antinomy of *Wealth-Poverty*, ARISTOCRACY-PROLETARIAT, will be definitively abolished.

The faith of contracts!... Well! Let us see, respectable financiers; the faith of contracts is the first article of both barbarian and civilized codes. There was no need of such a horrible clamor to recall this poor Republic, which perishes only from its own excess of innocence. The savages of the Orinoco, the blacks of the coast of Guinea, the islanders of Papua, the inhabitants of Tierra del Fuego, the Eskimos, the Patagonians, respect the sworn word without any penalty forcing them to do so: could the administrations of the railways say the same of themselves? Railway concessionaires, have you ever been loyal to the concession laws? Let us count a little.

On September 9, 1845, the chemin du Nord was conceded for a period of 38 years. On December 20, the same year, the branch line from Creil to Saint-Quentin was awarded for 24 years 335 days. The dyke of Amiens in Boulogne had been given, on October 15, 1844, in a lease of 98 years 11 months.

On February 19, 1852, all these concessions were extended to 99 years, to run from September 10, 1848.

In 1857, the entry into possession, fixed for September 10, 1848, was postponed to December 31, 1851.

What does this mean? Could it be that in the jurisprudence of the Companies, renewed from the ancient divine right, which is none other than that of force, the termination of contracts, with a view to improving the condition of the privileged, is always licit; but that the reciprocal is not

true, namely that it must also be permitted, when the general good is found to be impeded by privilege, to rescind the contracts?

If the legislator of 1849, foreseeing the retreat of 1848, had proposed:

The contracts may be modified, changed, terminated, ad libitum, in the interests of the Companies, and contrary to the rules of common right; they can never be in the common interest, and against the privilege of the Companies, everyone would have protested, the law would not pass.

This is however what we see, since the government of December 2, inspired by its double spirit, Agiotage and Reaction, became the interpreter of the law of 1842. The proposition that we have just read is nothing other than article 2 of the new feudal charter.

Chemin de Strasbourg, awarded on November 25, 1845 for 43 years 286 days; extended to 99 years with postponement of the date to November 26, 1853.

Ligne de Lyon, awarded on December 20, 1845 for a period of 42 years; taken over by the State on August 17, 1848, the business becoming bad: returned on January 5, 1852, the business becoming good again, to an operating company; term of the lease, 99 years.

Line from Lyon to Avignon, awarded on June 10, 1846 for 44 years 298 days; taken over by the State in 1848; returned on January 3, 1852 to a Company for a period of 99 years.

Line from Paris to Orléans, awarded on July 7, 1838 for 70 years; extended to 99 on July 15, 1840.

From Orléans to Bordeaux, awarded on October 9, 1844; duration of the lease, 27 years 278 days: first extension to 50 years on August 6, 1850.

From Tours to Nantes, awarded on November 25, 1845; concession of 34 years 15 days; first extension to 50 years on August 6, 1850.

Chemin du Centre, concession for 39 years 11 months on October 9, 1844.

Finally, March 27, 1852, fusion of the lines of Orleans, Bordeaux, Nantes, Center; new 99-year lease to run from 1852.

We only cite examples; we do not make a complete nomenclature.

It appears summarily from the aforementioned facts that the increases in leases were:

- 67 years on the Ligne du Nord;
- 80 years on that from Creil to Saint-Quentin ;
- 63 years on that of l'Est;
- 43 years on that of Orléans ;
- 67 years on that of Centre;
- 78 years on that from Tours to Nantes;
- 79 years on that from Orléans to Bordeaux.

We did nothing, they say, except by agreement with the state. — Should we remind them that the State, since the fall of the Provisional Government, an ephemeral and very pale expression of the Republic, the State is not the Country, it is them; the Government, them; the Empire, always them?

The Eastern and Central lines, from Orleans to Bordeaux, from Tours to Nantes, from Chartres, were built under the system of the law of June 14, 1842, that is land purchases, earthworks, engineering works at State expense, laying of the track and equipment at the expense

of the successful bidders. In the meantime, the Companies have obtained government loans, grants, interest guarantees, waiver of profit sharing.

August 9, 1846, loan of 3 million to the Montereau to Troyes company.

July 45, 1840, loan of 12,600,000 francs to that from Strasbourg to Basel.

January 5, 1852, guarantee by the State to the company from Paris to Lyons, for 56 years, of an interest of 4 percent on a capital of 200 million.

May 10, 1850, guarantee of 5 percent a loan of 30 million to be contracted by the company from Avignon to Marseille.

July 15, 1852, free transfer of the line from Nîmes to Montpellier, property of the State, to the company of the Mediterranean; guarantee to the same Company of an annual sum of 2,735,000 francs; 4 percent with a capital of 34 million; of 5 percent on a loan of 30 million.

August 1848, delay granted to the Compagnie du Nord for the repayment of sums due to the State; whereby the shares are paid up at 400 francs instead of 500, i.e. 49 million that will not be paid by the shareholders, and which will be reimbursed to them on depreciation.

July 15, 1840, guarantee of 4 percent interest to the company of Orleans.

March 27, 1852, extension to 150 million of the previous guarantee.

June 16, 1855, guarantee to the Compagnie de Ouest of an annual revenue of 19,624,000 francs.

Will we talk about mergers, divestitures, company reorganizations, network delimitations? Let us cite one example:

The Grand-Central is conceded April 21, 1853.

The following December 26, it bought the roads of Rhône-et-Loire.

On January 31, 1855, it resold them to the Lyon-Bourbonnais company.

On December 15, 1855, it obtained the Firminy junction.

On June 28, 1855, it bought the Moulins line.

The same year, it buys the mines of Aubin.

January 31, 1855, it enters the syndicate Lyon-Bourbonnais.

On the same date, it bought the section from Clermont to Saint-Germain-des-Fossés from the Orléans company.

In 1857, the Grand-Central is dismembered, liquidated, shared, active and passive, between the companies of Orléans and Paris à la Méditerranée.

This is, in fact, the system of corruption for which the *Bulletin français* attributed the insolent premeditation to M. de Persigny, and for which we ourselves would not hesitate to lay the entire responsibility on the Imperial Government, if we did not know, beyond doubt, that the cause of all these facts is in the interplay of situations, not in the will of the Power; and that, if it is permissible to consider Napoleon III as a sort of social reason for a speculative and reactionary France, his is not its guiding thought.

But the shareholders, how can they recognize themselves in this perpetual boiling of agreements? The shareholders are, like the rest, subject to the regime of grace, treated according to the pleasure of the high and powerful lords. Happy are the elect! Thus:

The shareholders of Montereau in Troyes are reimbursed at par, in cash.

Those from Saint-Dizier to Gray, on the basis of a use obligation of 500 fr. (25 fr. interest, repayable at 650) against 2 shares released from 250 francs.

Those from Strasbourg to Basle, by 3 bonds and a balance of 31 fr. 50 c. for 4 shares.

Those from Mulhouse to Thann, by a bond against one share.

LShareholders from Amiens to Boulogne, from Dijon to Besançon, from Avignon to Marseille, from Grand-Central, from Dieppe, from Versailles (left bank), etc., receive fixed income bonds in exchange for shares susceptible to *increase* or *decrease in value*.

The shareholders! They count as pigs to fatten, when not game, in the contracts. In the western fusion:

Chartres receives 4 new actions against 4 old ones:

Rouen, 19 for 12;

Le Havre, 6 against 7;

Caen and Cherbourg, 6 against 7 after release;

Saint-Germain, for *one* divided share, *one have*-share and *one half*-duty of 1,250 fr. bearing 50 francs interest.

In the Orleans merger, there was issued::

8 new shares against:

5 old shares from Orléans, all paid;

10 from the Centre, all paid;

13 from Orléans to Bordeaux, released from 275 fr.

20 from Tours to Nantes, releases from 425 fr.

Merger of the lines from Paris to Lyon and from Lyon to the Mediterranean:

The Compagnie de la Méditerranée receives 2 new shares for one old:

That of Paris to Lyon, 3 new against 2 old.

So that the capital of the two companies, represented by 355,000 shares of 500 francs, is increased to 577,500 shares, that is to say a bonus of 222,500 shares for which they have not paid a penny.

Ah! M. de Persigny!...

It goes without saying that these modifications are ratified by the general assemblies, and that they become obligatory for all the interested parties:

Those who came to the meeting and who voted *for*;

Those who voted *against*;

Those who did not come;

Those who did not have the right to come there, possessing less than 20 or 40 shares, according to the statutes.

Moreover, who would dare to complain, raise an observation, express a reservation, when on the herd of shareholders the rain of gold falls in gusts? Is it the proletarian people, exploitable, taxable and workable, who will make a claim heard? We no longer see ourselves through the drops; we only think of filling our wallets, our pockets; the machine turns, the rake goes back and forth; catch who can, like in roulette. While we are watching, everything has been decided, everything is voted on, signed, sealed, everything has become irrevocable..., until further merger or termination.

Such is business; such is the reason of things. A reaction does not stop halfway; It must exhaust its principle to the last consequence. After having handed over the railways to the speculating companies, then taking them back from them, subject to compensation of course, this could be understood under the Provisional Government, and still be conceived under the eclectic, doctrinaire reign of Louis-Philippe; after June 1848, after December 2, 1854, that would be absurd. Confirmation in perpetuity is inevitable. Napoleon III is fatalistic, they say, like his uncle: he must be. He is not the master of the events to which he lends his name: he is their servant.

What then, for the gentlemen who direct the Companies, is the faith of contracts?

As we have said, it is fidelity to the principle of their reactionary institution; it is the whole of the statutes, specifications, transfers, revisions, extensions, increases and decreases of layouts, conversions of titles, any changes, that it is appropriate for them to patronize, to solicit, to tear off, to discount, in the best of their interests. The constitution of the Republic had declared itself indefinitely perfectible; the feudal constitution is also so, and for the same reason: the whole difference is that they turn their backs on each other.

And the violation of contracts, what is it, in the language of these gentlemen? Any act of opposition to the invasions of the Companies, any inclination to disobey their injunctions. A Provisional Government talking about taking over the railways! Where was it coming from? Thank God, the world would never have seen such a scandal, and we soon brought it to its senses,

But that is another story, and we are going to sing alleluia. Privilege, precisely because it is privilege, is always threatened with perishing. It does not sustain itself; alone, it exhausts itself, annihilates itself. It needs, if it is not to die of starvation, the subsidy of slave labor, or what amounts to the same thing, from the public treasury. The Government may well prorogue and subsidize; the Companies nevertheless remain responsible for certain costs and risks of operation, repair, etc., which compromise their income. Without a deposit, they cannot advance. Consequently, the State will guarantee shareholders a *minimum* dividend.

CHAPTER III.

The new agreements. — Principle of guarantee of net product by the State.

It is not a question of a guarantee of dividend, says one, but of a guarantee of *gross product*; — a guarantee of *gross income*, says the other.

We must *rectify* the ideas that have spread regarding the conditions established for the Orléans company," wrote M. Lauvray in the *Presse* of July 12. It is not, as some newspapers suppose, a guarantee of a minimum dividend. The state authorizes the company to levy, from 1864, 25,000 fr. per kilometer, on all revenues from its old and new lines, to apply the net product to the shareholders. The excess of these 25,000 fr. will be used to pay the interest and amortization of the bonds, on which the government guarantees 4 percent interest, plus 65 centimes for depreciation, in the event that revenues are insufficient.

The phrase *guarantee of dividend* definitely strangles them; it seemed too cynical, and that is why we engage in this casuistic gymnastics. Let's get to the bottom of things.

The company takes 25,000 francs from its gross product. net income per kilometer; on the surplus it pays its debts, and if resources are insufficient, the State makes up the difference. — Lauvray's version.

Let's change the order of the details.

From its gross revenue, the company pays its debts; if the remainder does not give 25,000 francs net per kilometer, the State makes up the difference.

Have we reached the same goal? Was it really worth *rectifying* the widespread ideas?

Admire the innovation!

Given *any* gross product, the company first provides for the constitution of its *net income*. With the surplus, if any remains, we pay the creditors; if there is none, we send them to the Minister of Finance.

This is certainly an accounting system that would land the first person, trader, manufacturer, entrepreneur or manager, who applies it to their business straight to the criminal court. When it comes to railways, it's something else; the *gross* income or product must be guaranteed by the State, but in such a way that entrepreneurial companies remain with a NET income: it is with such profound combinations that we rise to the reputation of the world's leading financier. .

The following arrangement is worthy of the previous one.

The Eastern lines will be separated into two distinct networks. The proceeds from the old network will be applied to the interest and dividends on the 250 million shares and to the old loans amounting to 50 million. The revenue from the new lines will be applied to the interest and amortization of loans issued for the construction of the new network. In the event of an insufficiency, the deficit will appear as *costs of initial establishment* until 1863, when the interest guarantee at 4.65 percent granted by the State will begin. (*Presse* of July 27.)

Confusion of entries, postponement of the account for establishing operating expenses; there is no law for Companies. As long as they have guaranteed income, everything is legal.

Shareholders no longer have to fear seeing their income reduced during the duration of the work and the first years of operation of the new lines. The combination adopted for the separation of concessions into old and new networks establishes a *minimum dividend* below which shareholders' profits cannot fall. (*Presse* of August 8.)

The *Messenger de Paris* of August 9: completes this information on the new draft agreements:

The negotiations between the State and the Companies have come to an end; only those regarding the South remain to be signed. The principle of the changes made in the conditions of the railways is, as we have said, the division of concessions into two categories, under the title of old and new network, and the fixing of a minimum dividend in favor of shares. Concerning Orléans, the North, the Lyon, the East and the West, the State would give a guarantee: 4.65 percent interest for the construction of the new network. But before this guarantee can be invoked, the products of the old networks, which in 1856 and 1857 varied, according to the Companies, from 40 to 80 francs, must be reduced in a certain proportion, and that, in all in these cases, they also guarantee the additional interest paid on the bonds.

This interest on the bonds representing an annual charge of	5.75
and the State only guaranteeing	4.65
	—
there is a difference of	1 10

per year, which the surplus product of the old networks must cover.

The minimum dividend figures have been set as follows for each of the five Companies:

70 fr. per share of Orléans,	
50 — of the North.	
47 — of the Paris-Mediterranean, ¹	
38 — of the East,	
35 — of the West.	

In addition, that which could lower the dividends of these Companies to the figures indicated cannot be made before 1863 or 1864; it is also at the same time that the State guarantee could possibly function. Until then this guarantee remains in the state of a promise, and each Company retains all of the products of its old network, products even increased by those that will be provided by the lines or branches of the new network.

For the West, it was stipulated that further division into two networks. the line from Rennes to Brest would be executed under the conditions of the law of 1842, subject to the abandonment of certain subsidies that the Company was to receive. The State will expropriate the land, carry out the engineering and earthworks; the Company will build the stations, lay the track and provide the operating equipment.

The agreement with the Compagnie des Ardennes reduced the number of shares by 42,000, increased the figure for the interest guarantee and established the merger with the Compagnie de l'Est under conditions similar to those of Geneva.

The agreement with the Compagnie du Dauphiné abolishes the Valence line and establishes the merger with the Lyon and Méditerranée line: The Valence branch will be built by the latter Company after the merger has been completed. The number of Dauphiné shares was reduced from

¹ Being 94 francs for the split shares of Lyon-Mediterranean, and 70 francs 50 centimes for those of Paris-Lyon, exchanged at a rate of 3 for 2.

100,000 to 70,000, by the conversion of 40,000 shares into bonds; the 70,000 shares will be released at 250 francs.

The faith of the contracts!

An agreement has just been signed between the government and the Compagnie du chemin de fer du Midi. Here are the main provisions:

The Company abandons to the State the 28,000,600 subsidy previously granted for the Pyrenean network and for agricultural routes. On the other hand, the line that starts from Toulouse and which, via Saint-Gaudens, Tarbes and Pau, will end in Bayonne, is granted in accordance with the law of 1842, that is to say that all the earthworks and construction works will be carried out at public expense, a sort of subsidy obviously more considerable than that which is withdrawn. In addition, a branch from Perpignan to Port-Vendres is granted under the same conditions. The line from Bayonne to Bidasoa, intended to form the connection with the northern Spanish railway, is also granted, but without subsidy of any kind.

The enterprise is divided into two networks: the old network, made up of concessions prior to 1857, the line from Bordeaux to Bayonne and from Bordeaux to Cette and to Perpignan, with some accessory branches; the new network, composed of all the concessions subsequent to this date. Each of these networks will have its own separate account. Until the new network is completely completed, all expenses to which it will be subject, either for construction, or *for operation and servicing of obligations, will be charged to the first establishment account, and it will be provided for these various charges on capital.*

During this time, the Company will fully benefit from the net revenues of its former network. After the completion and commissioning of the new network, if the net products are not sufficient to serve the interest and the amortization of the capital employed, the Company may be obliged to apply part of the net income of its old network, but it will start by taking from the net income of the old network a sum large enough to provide 35 francs per year for the shares. This done, the government undertakes to provide, if necessary, for the shortfall in products from the new network up to 4.65 pc of the capital employed in the establishment.

This agreement, as well as those which have been signed for several months with the other Companies, are submitted to the Council of State. (*Courrier du dimanche*, December 26, 1858.)

Finally, the *Nord* of January 15 announces the publication, within a few days, of the decrees relating to these arrangements. We believe that the *Nord* is wrong: the Government would not dare to decree without a vote of the Legislative Body.

These are, according to doctors of financial sciences, the bases of the new arrangements. This is corruption, what do you say? Mass corruption. Now, the Emperor does not even suspect it.

— Is it possible, cries the candid reader, that such things are taken seriously, said without shame; that such a reversal of right, of economics, even of arithmetic, should be, so to speak, erected into a system? Guaranteed net income! But it is the *far niente*, the right to idleness, the opposite of the right to work, that we guarantee. There is something behind it.

Well! No, there is nothing, nothing but the idea widespread in the air, and pursued relentlessly for several years, of remaking modern society like the good old days. Companies follow their monopoly instinct; their administrators, bankers by profession, do their job, probably without looking beyond it. As for the Power, it does what all its predecessors did, turning its sail to the

wind, interesting the different classes of society as best it can in its preservation; to this end, occupying the proletariat, providing for the bourgeoisie, striving to satisfy everyone. To indict its intentions, to question its good faith, would be unfair. It is the last to understand the meaning of its own actions; it does not have in its mind a hundredth part of the malice that its policy would suggest. Only, analyze the new treaties, pose and reverse their terms, seek their quintessence, and you are sure to arrive at this insolent proposition, article 5 of the new feudal law:

IN PRINCIPLE, every country is required to house, feed, clothe, furnish, heat and entertain its aristocracy, whatever titles and qualities they take. — APPLICATION: A net income guarantee will be granted to the railway companies.

The railways, like the public debt, like the mines, insurance, etc., are part of the hereditary endowment of the very interesting class of middling and small capitalists, or, according to the old style, of the middle and lesser gentry. This endowment must not be compromised; the salvation of society, the existence of the Empire is at stake. Suppose for a moment that interest is no longer paid: it is social liquidation, it is democracy, the Republic. This doesn't need to be said, but it can be touched upon: you just need to have a stomach and put yourself in the place of the shareholders to understand it. Make another guess: admit that the state returns to the idea of 1848 and takes over the railways. One of two things must happen. Either it will have them exploited according to the principles of good administration and a healthy economy, as we will propose below: in this case, change of policy, retreat; the work of seven years is lost, the Revolution has won. Or it will put them under management, and become itself a carter, builder, trader; in this case it is communism by the State, industrial empire. Reprobate system, a hundred times more dangerous, for all conservative interests, than the Republic itself,

It is important to point out the difference that exists between the agreements currently submitted to the Council of State, and the guarantees of interest previously recognized by the State.

The Companies took out loans, most of them contracted under unfavorable conditions: we will give an account of them. According to the previous contracts, which fall within common right, the profits from exploitation belong, *by privilege*, to the bond lenders. The surplus, if any remains, forms the shareholders' dividend. The State guarantee should only take effect in the event that annual income is insufficient to pay, — what? The debts. Unsecured shares could thus receive nothing; those to which the government provides 4 percent would be reduced to this minimum. All these provisions are based on the principle, — universally accepted, but incompatible with aristocratic privilege, as we will demonstrate below, — of corporate *responsibility*.

Now it is something completely different.

The gentlemen of the Companies have judged it appropriate to increase their capital by issuing *fixed-income* shares, in order to increase the dividends of *variable-income shares*, but at the RISK of seeing these dividends fall to any rate, even to zero. It is now a question of making the government guarantee *effective*, as soon as the shares fall from 7 or 18 percent, depending on the Companies,

and of covering the companies from the risk that they have incurred or will incur, by a compromising issue of 'borrowings.

In return, the Lords of the Railways recommend themselves to public recognition by accepting a network whose products are undoubtedly problematic, but whose expenses will have been made, partly by free subsidies from the budget, partly by loans guaranteed at 4.65 percent on tax. One is not more generous, nor more noble.

The new conventions must be submitted to the Council of State, to the Legislative Body. They have been acclaimed in banking journalism — there is no other — and advocated as the salvation of the nation. The democrats of the *Presse* and of the *Siècle*, so-called organs of the petty bourgeoisie and the proletariat, defenders of public morality and liberty, knights of progress and of the free woman, wearing mourning for the Republic, have given the accolade on this subject to the money handlers of the *Constitutionnel*, of the *Patrie*, of the *Pays*; we had never seen such a touching union.

The matter seemed important enough to us to be discussed in depth. It was not necessary to think of presenting objections through the newspapers, completely and without exception subservient to the Companies, which keep at the disposal of the editors bonus shares, pleasure trains, first class passes, even buffets garnished like at the wedding of Gamache. We still had the resource of a brochure; we use it, without however hiding how weak the influence of a writing published abroad must be, which will undoubtedly not be allowed into France by the minister responsible for ensuring the security of the State and morality. public, against the league of a periodical press that has the right to speak every day, on the same subject, in the same tone, with a ensemble of which the annals of journalism do not offer two examples.

But, before entering into this discussion, we must bring to light other, no less significant, facts.

CHAPTER IV.

Why we continue to build railways everywhere, railways anyhow, railways always? — The waterways; the crisis.

The public has been so well warned that the simplest doubt about the appropriateness and usefulness of certain lines will make them shout “barbarian!” at us. Is it not assured, proven, that the railway is the elimination of distances, the fusion of races, civilization imported into the most stationary countries, the vehicle of ideas, progress with a speed of 40 kilometers an hour? Have we rehashed enough nonsense about the subject? Too much no doubt, because there is no longer any room for reason. Any skepticism with regard to the railways is doomed in advance; so we do not hope to prevent new creations. We only want to discover the reasons, very different from those imagined by the public, for the phenomenon.

Let us pose some principles of basic economics:

1. The vehicle, horse, carriage, ship, locomotive, is used to transport products; it does not create them.
2. It is the demand for labor that gives rise to the machine, not the machine that generates the labor.
3. In each locality of a country, as well as in the whole of this country and in the universality of the globe, labor, capital, vehicles, machines, products, population, land, tend to be constantly proportionate to each other.
4. You can, as the proverb says, eat your wheat when it is budding, but you cannot eat the grass before the wheat has sprouted. In more abstract terms, we only consume what is already produced; we do not anticipate what is to be produced.
5. At least two products are required to make an exchange,
6. Where a pin is enough, a sword is not used.

These truths, and many others of similar self-evidence, are articles of faith for the railway administrations, and for the Government that protects them, as for everyone: however we will see that in practice, and in particular with regard to railways, these same truths are no longer accepted.

The Compagnie du Midi built a line from Bordeaux to Cette, parallel to the Garonne and a canal. The report does not give the state of the special expenses of each section, and we do not know what capital was invested in this part of the network. We only know that the Government has allocated 35 million in subsidies.

Well! We realized, once the work was done, that it was useless; that the canal was sufficient for the transport service; that there was no traffic to supply two companies of this importance. Let the Company's rapporteur speak:

The section of our road from Toulouse to Cette, which runs parallel to the Canal du Midi, was opened on April 22, 1857. A few days later, on May 1, the canal reduced its rates in very large proportions. Our operation found itself almost completely paralyzed...

The merchandise took the water route without profit for the company, which diverted it from its natural direction by exceptional reductions. The maritime and land connections, which we had established at the extreme points and intermediate points of our line, were thus disrupted, and our receipts were depreciating day by day, even along the portion not directly in competition with the Canal du Midi, because the efforts that were made to keep the goods on the waterway between Cette and Toulouse had the effect of keeping them on the canal lateral to the Garonne or on the river between Toulouse and Bordeaux...

We have, on November 17, that is to say seven months after the price reductions made by the canal, applied reduced prices on our entire line from Bordeaux to Cette. This reduction, despite the commercial crisis that was raging at its greatest intensity, at the time when we were obliged to adopt it, gave us back some transport, but only modified our revenue in small proportions. (*Report for 1858.*)

In a word, more than 100 million had been spent ruining the canal industry, and creating a railway without traffic, without income. This is what the Report notes, with some embarrassment. A remedy was needed for such serious disorders. What will it be? Follow the rapporteur's reasoning:

It will result from this experience, very dearly paid for, this proof that, if it is right that the agricultural and manufacturing industry, as well as commerce,² reap the fruit of their labors and their speculations, it is no less so that the capital employed in works of *public utility* (thus called public ruin), and that the transport industry, which occupies such an important place in the movement of production and exchange, receive fair remuneration.

For these purposes, the Compagnie du Midi leases the canal for a period of 40 years:

We firmly hope, gentlemen, that by means of the simultaneous operation of the railway and the two canals between the two seas, and by means of *equitably remunerative rates*, we will be able to establish a classification of transport that must naturally be allocated to both routes. We will be sure to leave the heavy materials to the canal and to transfer safely to the railway the goods that, by their nature, require more speed and the care that this route can more easily provide .

This is how we believe we can be assured of being able to reconcile your interests with those of commerce and shipping.

The struggle with the Canal du Midi will cease, and the *rates* for the waterway, like those for the railway, can be *immediately raised*.

The reconciliation is summarized:

1. In a subsidy of 35 million;
2. In an immediate and permanent increase in transport prices;
3. In the prospect of still paying, on tax, interest or dividends to shareholders.

This is what is called Turkish reasoning. The canal, providing transport at lower prices, prevents, through its competition, the railway company from surviving. Others would say: So the company must reduce its operating expenses, in order to also be able to reduce its price; which would enter into common right, in agreement, here as in everything, with the laws of social

² Commerce and industry, M. Rapporteur, are responsible for their miscalculations.

economy. But this is precisely what MM. the administrators do not want. They conclude: Therefore we must eliminate competition, seize the canal, raise prices; this done, the shareholders will receive their dividends, we will have our bonuses, and there will be justice. Whereas, as the farmer and the manufacturer collect the fruit of their labor, the trader the fruit of his speculations, so the industry of transport, which occupies such an important rank in the movement of production and exchange, has the right to fair remuneration. It is only the canal that is not entitled, before the company, to remuneration.

Destroying an instrument of labor, a wealth created, a value made, in order to make pillaging more convenient, this seems iniquitous, monstrous, destructive of all public morality and all order. Think about it, and you will find that the companies, faithful to the project of exploiting the country and taming the Revolution by the concentration of the large carriage industry, are not at all absurd; that after all they are infinitely gentler than the feudal lords of the Middle Ages, who from their eagle's nests, descending on the countryside, plundered, mistreated the peasant under the pretext of order and hierarchy, robbed the merchant, robbed the traveler, levied a tribute on wheat, wine, oil, cattle, poultry, on the arms of men and the virtue of women. Perhaps we will return to that; for the moment, we respect the forms.

The test of common right has been passed, it is thought in certain places; we know what it is capable of producing. The Revolution has lived: it is time to raise Society from its ruins. For this, we must create a new aristocracy, ensure its subsistence, its enjoyments, its inviolability. Beyond that, there is no authority, no order in the nation, no respect for the Church, no obedience among the masses. The Country would govern itself; labor would advance without parasites; and fortune, like justice, becoming equal for all, the world would turn upside down.

What was done for the Canal du Midi, we have been thinking for several years of doing for all the canals, by means of a general lease. And if we have not already done it for the Rhône, the Saône and all navigable rivers, water circulation is not much better, discouraged by unfair competition, abandoned by the government. Ask the once vibrant, now desolate towns of Gray and Chälön-sur-Saône.

Here the secret thought that directs, — without their knowledge, we like to believe, — the Power and the Companies. This thought bursts out like lightning; it arises from the same principle of conservation which determines the income guarantee, and can thus be formulated:

Art. 4 of the occult pact: *Centralization of transport in the hands of the Companies, through the subjugation or suppression of competing routes.*

It is a nasty joke, we will be told: it is you, harsh critic, who is dreaming. — Let us be mistaken: the principle of coalitions, with a view to maintaining prices, is on the agenda in all the Companies; it is an essential part of the vast plan, definitively adopted since December 2, for the salvation of the people:

... A system was produced before the committee on railways that consisted of a third main line, heading towards the Mediterranean and the lines of the South, and interposed between those from Paris to Marseille and from Paris to Bordeaux. This line, made up of the Bourbonnais and the

Grand-Central, was to extend to Alais and connect to the West with the Southern network. The promoters of this combination *thus openly displayed the flag of competition!*

Rejected by the committee, the intermediary line system was not considered defeated; it was reproduced before the government, and for a moment we had reason to fear that it would prevail. Fortunately the new combination was fraught with difficulties. To achieve it, it was necessary to return to the Bourbonnais with the Companies of Orléans and Lyon, who were not prepared to abandon, *without resistance* (the faith of the contracts!) a line of defense that it was proposed to take from them only in order to make it *an instrument of competition*. It was necessary to return to the thought, the only practicable one, of a dismemberment and sharing of the Grand Central. (Always the faith of the contracts.) — (*Rapport de la Compagnie de Lyon à la Méditerranée*, 1857.)

Are you edified now, dear reader?

Now, such serious resolutions require serious reasons. To know them, let us turn, as usual, to the logic of facts, to the reason of things.

Without doubt, said the anonymous, impersonal thought that today leads the *pays welche*, the idle nation, without doubt the confiscation of the canals and the paralysis of river navigation, joined to the coalition of the railways, are an offense against freedom of trade and common right. Without doubt, the railways, from the point of view of net income, are generally poor operations, contrary to the principles of industrial economy. But what vulgar justice would forbid everywhere else, what the law of public utility would advise against, the reasons of state, the peace of the country, the progress of civilization, command it here. Faced with these considerations, all iniquity disappears.

We have learned well enough, over the last seventy years, through a long chain of revolutions, what to think of this so-called equality before the law, which it would be better to call by its true name, anarchy. Society is in dust; it is up to us to raise it on its venerable foundations. The railways, by centralizing transport, offer us the means of reconstituting the ancient hierarchy, the old corporations, and of recreating a nobility. Let us seize the means offered to us by Providence, before the Democracy is established there as in an impregnable fortress. As a financial result, many lines will only give a loss; from the point of view of social renovation and the domination of the masses, the benefit will be incalculable. Through the railways, which have become so many strategic vehicles, we will have the rapid transport of armies, the depletion of the provinces for the benefit of the population centers, to the great benefit of the proprietors, the centralization of agriculture, the suzerainty of commerce and of industry, the immobility of the multitude. A wonderful thing is that these powerful instruments of locomotion are at the same time, for the moving masses, a chain that they can no longer break. To accomplish this work, local pain and partial ruins are inevitable; there will be cries of arbitrariness, of privilege, of squandering, of waste. Let us say, let us shout: it is better that one accuses our integrity than to suspect our projects. These fortunes that envy reproaches us are the first foundation of the great Restoration of the 19th century, and the just price of our sacrifices. But no, no one will complain, no one will say a word. No small town, no village, which does not cry out for its line; and we have, like the Provisional Government, a few hundred thousand workers on our hands!...

Let us reduce all this to one formula, article 5 of the counter-revolutionary charter:

The railways alone are capable of taming the Revolution. It is therefore necessary, and at all costs, despite the canals, the rivers and the channels; above all, it is necessary that the lines be coordinated and centralized, that their prices, as high as possible, are in agreement, that the Companies merge, that their interests are united: this should, in perpetuity, result in the high cost of transport.

Everything is explained by this, and nothing can be explained except by this: the systematically exaggerated extent of the railways, the speed of their execution, the coalition of Companies, the obstacles placed on competing routes, the hindrances of all kind that afflict the Country.

At the end of 1851, the number of kilometers operated was approximately 3,400, and at the end of 1857, 7,460; increase, 4,000,

That is to say that in six years, 4,000 kilometers of railway lines were dug up, leveled, backfilled, cleared, masoned and fenced. However, railway workers are not recruited from the industry that is burdened with unemployment. These are peasants accustomed to harsh agricultural labor, handling the spade, the pickaxe, the hone, the flail, the scythe, the plow... Then we complain about the desertion of agriculture, the lack of hands, the high cost of labor!

Add to this dominant cause of the downgrading of agricultural workers the major works in the cities. The crossing of Lyon by railway, so important for the closure of the Rhône and the Saône, will alone cost more than forty million. The workers, called from all over Paris by the gigantic companies that the deployment of the railways gave rise to, emigrated from the main towns to the capital; those from the towns flocked back to the capitals, and in the countryside new apprentices were made. If mechanics had not come to the aid of farmers, the harvests would not have been possible on time.

The great public works have not created a new surge in production: neither the Government nor the large Companies themselves think so. What we are looking for, through the movement of fortunes and positions, through the reclassification of industries and the concentration of all the driving forces, it is, once again, to bring back society, supposedly disorganized by the Revolution, to the traditions, formulas and practices of the feudal age. We have worked so well for seven years to realize this fixed idea, the divine order, the hierarchy, Clergy, Nobility, Bourgeoisie and Plebs, by steam and railways, that we went so far as to build paths in deserts, paths that cost, per kilometer, 500,000 francs, and do not give 8,000 francs in revenue. Let us always build, say the clever: if the railway does not create the goods, its presence will bring them!

Obviously there is a plan, a drawing, an idea, a tendency, an intention, which, if it is not in the hearts of men, which are always a little timid, is in the implacable series of things. Let us therefore be logical as things are, and when the fact catches our eye, let us not hesitate to relate it to its idea. So much the worse for those who govern, if the acts of public authority have the appearance of a conspiracy: just as well, there are subordinates who do not hesitate to say out loud what the leaders would not dare to admit.

We need railways, says statute no. 6 of the Reaction, *all business ceasing, railways nonetheless, railways before any other instrument of labor, before any other product, before wheat, wine, oil, cattle, before the land, the sea, and the sky!...*

Ah! it said to itself, this virtuous Reaction, if the old French society had been based, as the new one would soon be, on a network of railway tracks, there would have been no Revolution in 1789.

Let us talk about the financial crisis.

The capital from all sources, involved in the railways, was, at the end of 1856, 3,080,194,973 francs. (*Moniteur*, November 30, 1856.) Since then, more than 700 million have been spent. Let's say, in round numbers, 3 billion and 800 million.

Of these 3,800 million, it should be noted that the share capital has tripled or quadrupled in price in certain companies; that all these shares have been sold; that the first takers realized a *billion* in premiums or differences (we will give the account), which increases the capital invested accordingly.

Now, the sum of a premium, the capital gain, is not created instantly, as we seem to believe, and as we seem to practice on the stock market. We create it, like the capital of which it is a part, little by little, through labor: until then, it is only a simple forecast. Anyone who wishes is allowed to buy this forecast, as in 1821-22 we negotiated, before the canals were built, the shares of enjoyment. The operation, in abstract right, can be considered lawful; by its nature and in practice, it is subversive and immoral, because it tends to make the seller of shares consume capital or produce before it existed, which constitutes an anticipation to be taken on the present, and because any anticipation is ruinous.

With a withdrawal of 10 percent, it takes ten years to reconstitute the capital: if the securities were sold at triple their issue, it will take thirty. We will indicate elsewhere a simpler, and above all more fruitful, way of *reproducing the capital*. The system of *realizations* therefore took away from collective savings a billion in addition to the needs of the company; a billion of which the present, already not too rich, has been deprived; and for which the future, if it cannot return it, will be bankrupt.

In a country, the *committable* capital is made up of the savings made each year on consumption or advances; there is no resource other than that. Money, the instrument of exchange, is only the sign: in reality it has nothing to do with it.

Now, if we consider that in the same period of time when the railways absorbed 4 and a half billion (realizations included), the nation had to provide an annual budget of 1,800 million, borrowing 1,500 million for the Crimean War, the municipal and departmental loans, the doubling of the capital of the Bank, the founding of the *Crédit Foncier*, the *Crédit Mobilier*, all eminently unproductive expenditures, profitable only to parasitism; and the Austrian, Roman, Russian railways, built in part with French funds, with the thousand sponsorships that came to flourish in the sun of the rise, it will be easy to explain the cause of the crisis.

Society, by taking its money to the Stock Exchange, has effectively *immobilized its working capital*. And as, by this immobilization and by the other causes that we have listed, the cash

service has worsened beyond measure, the Crisis caused by a false use of savings has been joined by the crisis of money, double embarrassment, double difficulty.

Well! Truly, we are in permanent crisis: cholera crisis, subsistence crisis, war crisis, American crisis, crisis of circulating capital or cash, crisis of working capital. We could say: *The Empire is the crisis*. The point at which it is felt varies; the fact remains the same.

At the moment when the nation was creating industries beyond what was available, a monstrous stock market demanded money, an instrument of exchange, which by its nature never stands still, although it represents any consolidation as it represents any product, a quadruple service, tenfold more than it was before.

The brokerage fees of stockbrokers reach 50 million per year those behind the scenes as much: together 60 million which, at the rate of 1/8 percent, represents 48 billion stock market transactions.

Guérin, office boy at Chemin du Nord, 1,200 francs. salary, 280 fr. rent at La Chapelle, made, under his real name and his real domicile, 43 million transactions in ten months with his stockbroker.

The fact was noted during the debates on the Carpentier affair.

This is what cash had become. And the Power, the great Companies, with an innocent air, were surprised by the crisis! All they had to do was beat their chest; they would have found, in their reactionary consciousness, the explanation:

Art. 7 of the pact of iniquity: *Railways or death, for seven years and seven times seven years, all transactions must be struck by atony; yhe country had to spend its last man and its last crown on these enormous constructions; even if we didn't even have transports for our wagons!*

What! Would this series of invasions, extortions, maneuvers, on the part of the Companies... What! This inexhaustible complacency of Power, not betray a preoccupation of mind, an obsession, a fixed idea, to which everyone obeys without realizing it; something that greed and extortion alone do not explain, which is neither chance nor madness, which is not yet reflection, but which is more than instinct, and which conscience already condemns?

What! To be convinced that a great retrogradation is taking place, we would need to read the decree in the *Moniteur!* The rest of the facts mean nothing to us; we need words, plain letters! As if politics did not have the principle of doing things without saying them. After seventy years of revolutionary education, polemics, discussions, accusations, oppositions, controversies, we have this naivety!

High price, you say, an implacable, stubborn high price, an endless, universal unhappiness, would be the result. — So much the better: the dearness of products, well understood, well established, ensures the obedience of those who have nothing, doubles the enjoyment of those who have.

See how the publication lends itself to it. The public, which finds a way to take from its poverty 10 centimes a week to buy the *Omnibus*, the *Journal pour tous*, the *Dimanche*, swoons with joy reading the reports of the columnists who have traveled, coddled, banqueted and awarded

with the directors of the Companies. Where a stagecoach and haulage industry, with a capital of 400,000 francs, does not find a living, we will create a network of 400 million: because first of all it is good to plan everything; because then every year 30,000 travelers, belonging to the aristocracy, to the annuity, to bohemia, will travel, for their business, affairs of state, for their pleasures, in first class carriages, and it is good for the people to see them; because finally luxury wins everywhere, which is an excellent symptom for the success of the conspiracy, and everyone wants to be as magnificent, as sumptuous as Louis XIV.

The public will pay the Companies a billion, two if necessary; then it will pay them the interest, 50 or 100 millions per year; in exchange for which we will charge it the maximum rates. It will be happy and proud in its rags: it will have railways everywhere, lords to travel them, and historiographers to tell it about their wonders.

CHAPTER V.

Retrospective look at the financial situation of the Companies. — Progress of the system.

Since it is absolutely necessary to build these new paths, the question is to find resources. On this the Companies say to the Government:

“You gave us a network worth 7 to 15 pc of income: we keep it. You now want lines that will produce nothing: do them yourself, or give us the money to do them, if better not like to guarantee to the capital a rate of depreciation and interest which keeps our income on the foot of 7 to 15 pc”

How to respond to this? In terms of form, the financiers are right. Only the public does not know that the same thought which makes the answer here also made the request.

And this is how, after having spent a billion on the old network in subsidies, for which he claims neither interest, nor dividend, nor reimbursement; after having guaranteed the loans formed by the concessionary companies of this network; after granting extensions to 99 years; after having authorized the mergers and the price increases, the Government will take more from the budget and make annuities to the Companies, without prejudice to the new subsidies granted free of charge.

The budget, however, is taxes, everyone's money. It is the producing people who paid for this rich gift of a billion in subsidies; as he pays maximum rates in order to increase dividends to 15 pc; as he will pay maintenance at the above-mentioned rate of the same dividends.

Let's stop for a moment: take a little inventory of the Companies; let us know what they brought of their own, and what the Country did for them. What are the costs to France at this time of the chains with which she so blandly covers herself?

Here is the statement, as of the month of 1838, of the subscribed capital *shares*:

	Actions.	Par.	Capital received.	To be reimbursed.
Orleans	300,000	500	150,000,000	150,000,000
Nord, old line	400,000	400	160,000,000	200,000,000
— new line	125,000	375	71,875,000	62,300,000
Ouest	300,007	500	150,000,000	150,000,000
Est	500,000	500	250,000,000	250,000,000
Paris-Mediterranean; merger:	577,300	»	177,500,000	288,750,000
— new	115,500	735	84,892,500	57,750,000
— To be issued	107,000	»	»	»
Midi, first issue	134,000	500	67,000,000	67,000,000
— second issue	89,334	700	62,533,800	44,667,000
Geneva	80,000	700	40,000,000	40,000,000
Dauphin	50,000	500	25,000,000	25,000,000
Béziers	36,000	500	18,000,000	18,000,000
Ardennes, old line	42,000	500	21,000,000	21,000,000
— new line	84,000	500	42,000,000	42,000,000
Bességes-Alais	12,000	500	6,000,000	6,000,000
La Teste	15,000	500	7,500,000	7,500,000
TOTALS.	2,967,334	»	1,333,301,300	1,430,167,000

[This table can be considered definitive. If some additional issues must be made, a number of shares of small lines must, on the other hand, be converted into bonds, following the planned mergers and repurchases; others must be released at 250 francs. So that our total *capital received* will rather be reduced than increased — The mergers of the Est and Orléans, valued at 150 million each, do not exactly represent the sums paid; but the difference is not significant. It would have been much more serious on the merger of Lyon and the Mediterranean; we therefore counted the 222,500 bonus shares, which paid nothing. — We counted all shares as paid up.]

Well, out of the capital of 3 and a half billion invested in the railways, the shareholders therefore paid 1,333,301,300 francs, that is to say approximately one third. The excess expenses to be incurred will be taken, partly from free State subsidies, partly from bonds issued or to be issued under its guarantee. Before ten years, the shareholders' investment will not be one-fifth of the capital invested.

Such is the contributing part of this elite of capitalists who, in their manifestos, declare themselves the sole and unique proprietor of the network, ready to *defend their property against excesses of the power* which would aim at a takeover of the railways, and to which we are going to now guarantee dividends on the budget.

The budget, here is its contribution in the form of free subsidies, according to the statement drawn up on May 1, 1857:

To the Compagnie de l'Est	126,000,000
“ de l'Ouest	173,000,000
“ d'Orléans	264,000,000
“ de Lyon	60,000,000
“ du Grand-Central	98,000,000
“ du Bourbonnais	36,000,000
“ de la Méditerranée	125,000,000
“ du Midi	51,500,000
“ de Genève	17,000,000
“ du Dauphiné	7,000,000
“ d'Orsay;	2,900,000
Total.	960,400,000

[It is appropriate to add to this sum around ten million provided by the departments and communes to the Compagnies du Nord and d'Orléans.]

The participation of shareholders is one third, that of the State a quarter. The new network will give rise to new charges; a considerable part will be executed within the system of the law of 1842. Before ten years, the Government's investment will greatly exceed that of the shareholders. No matter; the shareholders are the sole owners. The contracts are formal... — Never, you say, good-natured reader, have we seen an example of co-ownership administered in this way. — But you forget that in the question of railways, the State, by its restoration policy no longer represents the Country, public wealth, common right; it marches with the Companies, it is their leader, their superior, the representative of the new feudalism. The State is the Companies; the Companies are the State. We will therefore guarantee a minimum dividend to the shares, without prejudice to the following guarantees already acquired for fifty years:

	Guaranteed annual income
Paris-Lyon	9,219,000
Bourbonnais	3,628,000
Méditerranée	6,975,000
Genève	1,500,000
Dauphiné	750,000
Orléans	6,000,000
Grand-Central	8,760,000
Midi	4,720,000
Orsay	168,000
Ouest	19,624,000
Pyrenean network	4,480,000
Total.	65,824,000

When it was decided to build railways in France, two systems were proposed: execution by the Companies or execution by the State. The first prevailed for the excellent reason that the Government could not find the necessary capital, which needed the lure of a dividend. However, almost half of the funds were provided by bond holders, who are content with a fixed income, guaranteed for the most part by the State. Let's count again:

CAPITAL OF BONDS (including the issue of July 1858)

	Capital received	To reimburse	Revenue
Nord 3%	175,000,000	262,500,000	7,875,000
Lyon 3%	84,000,000	100,000,000	4,000,000
— 3%	29,000,000	50,000,000	4,500,000
Méditerranée 5%	64,200,000	73,000,000	3,000,000
— 3%	86,933,050	132,499,500	3,974,985
Lyon et Méditerranée 3%	17,520,000	32,000,000	960,000
Bourbonnais 3%	53,010,000	93,000,000	2,790,000
Est 5%	121,914,000	158,488,200	6,095,700
— 3%	35,098,750	101,500,000	3,045,000
Ouest 5%	32,986,000	41,252,500	1,649,300
— 3%	243,982,750	456,500,000	13,095,000
Orléans 5%	19,998,750	27,276,250	1,111,050
— 3%	192,675,000	328,500,000	9,855,000
Grand-Central 3%	93,362,100	153,603,500	4,668,105
Rhône-et-Loire 5%	51,257,000	64,071,250	2,562,850
— 3%	19,092,900	51,821,500	254,645
Midi 3%	42,689,580	74,804,000	2,246,820
Genève 3%	39,999,790	71,132,000	2,133,960
Alais 3%	3,866,800	6,903,000	207,150
Béziers 3%	9,050,000	16,125,000	483,750
Ardennes 3%	11,200,000	20,000,000	600,000
Dauphine 3%	7,665,000	14,000,000	420,000
Rachat du Grand-Central	112,000,000	261,351,840	7,840,000
Totals	1,566,511,450	2,554,380,510	71,068,315

We will come back to this invasive debt of the railways, which must receive *one billion in premiums* at repayment. Let us first summarize our accounts:

By the State	960,400,000
By obligations	1,566,511,450
	<hr/>
Together	2,526,911,450
By shares	1,333,304,300
	<hr/>
Total	3,860,212,750

The capital shares, as we have said, is only a third; Funds for the new network will be requested from the government and *state-guaranteed* bondholders. This will reduce to a fifth, perhaps to a sixth, the contributory share of the shareholders, the *sole and unique proprietors* of the old and new lines, as required by the faith of the contracts.

The Companies have already obtained, in addition to compensation for less successful branches, extensions of leases to 99 years, i.e. increases of 49, 59, 66, 67 and 80 years on lines built partly at the expense of the budget, under the system of the law of 1842. The oldest of these improvements date back six years. And now new largesse is necessary; and surely this will not be the last time.

In Belgium, the primary network was established by the government; in England and the United States, the lines are the special work of the companies. In France, we have adopted a bastard, monstrous system, which leaves all the profits to the Companies, all the risks to the budget: we know the mystery of it. But if the State must constantly intervene through subsidies in the works, through money, through guarantees of dividends, depreciation, interest, through extensions of leases, through authorizations to increase prices, it is clear, in common right, that it is the true owner, that the regime of the Companies is disastrous, a despoiler of the public fortune. Is it to generate income of 20 percent for an elite of capitalists that the nation paid this endowment of a billion? And what right do the Companies have to raid this capital for their own benefit?

After all of the above, we would not have the bad taste to address such questions to the Companies; we know what they respond *in petto*, and what thought inspires them. But there remains the public, the good public, who imagine itself still living under the regime of 89, who regard the Emperor as its agent, and the Companies as its tenants; it is to this public that we will ask: Did you intend, by asking that railways be built for you, to organize spoliation and servitude against yourself?

The railway, as experience has shown, cannot, in a country of common right, constitute private appropriation; it belongs to the public domain, like rivers, highways, local roads, It is a sort of expenditure whose benefit must be found, not in a net product, but in the general results of circulation, through the low price of transports.

But what are we saying here? As much as the people need cheapness to survive, privilege needs dearness. The people and the aristocracy are two opposing temperaments, subject to opposing regimes. Now, as hierarchy has become our social law, it follows that the people must, to satisfy their lords and masters, live a little, give a lot, and complain about nothing. The people themselves understands it in this way, moreover: in 1855, during the Crimean campaign, when the State was negotiating its national loans, we saw the common people exclaim with naive admiration, looking at the line of subscribers: "The Republic that would not have given us income like that!..." The people think they are rich when they pay high taxes; when their masters have eaten, they are longer hungry. Why would Companies reduce their prices?

We have cited on this subject the reports from the Midi and the Méditerranée; the others are in unison. *The flag of competition* is denounced everywhere as the flag of anarchy and dispossession. Facts live up to principles; let us rather judge.

The *Statistical Documents* published by the Ministry of Commerce give the following results for fourteen closed years of railway operation, 1841-1854:

Gross receipts	1,074,971,409
Expenses	503,531,280
	<hr/>
Net product	571,440,280

We say, *five hundred and seventy-one million, four hundred and forty thousand, two hundred and eighty francs.*

A pretty penny, isn't it, reader? But don't stand contemplating this line of figures, like a beggar at a money changer's counter: reason a bit.

What does this net income exceeding expenses mean? It means that the railways would have amply covered their costs by cutting their rates *in half*. Reduction in rates and increase in traffic, increase in well-being for all. The System does not want it: and the reason — must we constantly repeat it to you? — would be the democratic and social Revolution. Do you now understand why the public only paid a billion in subsidies in order to end up paying another five hundred and seventy-one million in surcharges over fourteen years? We promised to indicate a simple and fruitful means of *reproducing capital*. That means is this: by reducing rates, to leave to the nation these 571 and a half million collected as net product by the Companies. They would have come to fertilize industry, agriculture, to create new lines, since we still want them anyway. It was savings in the hands of everyone. Utopia! invention of dreamers, of demagogues, from which the regime of privileged companies, subsidized and paid by the government, will never cure us soon enough.

CHAPTER VI.

Irresponsibility of the Companies and their administrations, — Scandalous affairs of Graissessac in Béziers, of Avignon, of Hautmont in Mons, of the Grand-Central, of the Aubin mines, etc., covered by the guarantee of the State. — History of Roman roads.

Let us now return to the question we raised above, in Chapter II, page 42, of the non-responsibility of the Companies.

The system of subsidies, interest guarantees and amortization by the budget has created for the benefit of the railway companies a new fact in commercial matters, namely that the said companies are not responsible for their actions. Whatever they do, their foolishness is not imputed to them: they must never lose.

Where does this come from?

The number of bankruptcies in the Seine department was 947 in 1856, 760 in 1857. What would the Government say to the bankrupts who came to ask for interest, a reconstitution of their lost capital?

The Companies themselves rigorously apply the principle of responsibility to their contractors and suppliers. They do not hesitate to put under management, on behalf of the successful bidder, works which are not progressing quickly enough and which could not be delivered at the time fixed by the specifications. It is strictly legal.

But when they find themselves compromised, they go to the ministers: Let us tear up our primitive conventions, and rely on new data. We are losing: the contract no longer binds us.

How can we explain and justify such exorbitant claims? Historically, limited partnership companies, authorized and protected by the Government, had assumed responsibility for their companies: neither the status of being anonymous, nor the approval given to their statutes by the Power, relieved them of this. The Mississippi company, led by Law, patronized by the Regent, is an illustrious example. Why, by an unprecedented exception, should the railway companies escape from the common condition? Are they not bound here by their own constitution, by their organism, by their life? They have statutes, councils, leaders, assemblies; they deliberate, they vote, they give mandates, they compromise, they perform all the acts of a free subject, consequently of a responsible subject.

Approvals of accounts, treaties, mergers, issuance of loans, capital increases, are subject to the sanction of shareholders: How could they not bring out their full and complete effect, disastrous or favorable?

We are not unaware of the accusations that have been made against the formation of the general assemblies, the vices, the frauds that have been denounced there... The assessment of these facts is not within our competence; it is neither the Country nor the State that suffers from them: let the imperial prosecutor do his duty. What we know, and what the shareholders must repeat, is that the meeting is sovereign, and that its decisions bind the company: who could take responsibility for it? In the event of fraudulent maneuvers, duly noted, shareholders retain their recourse, not against the State, but against the offenders.

These principles are irrefutable: with railway companies, things happen differently. Everyone can read in the *Droit* of April 27, 1858 the following story:

“The line from Graissessac to Béziers was granted on March 27, 1852. The concessionaires pretended to provide their concession free of charge: but they lost nothing for this. Two of them, Messrs. Orsi and Delfosse had a fixed price contract to run the line, for 46 million. They subcontracted with MM. a, Briau and Labrousse, for 14 million, or 2 million profit. These in turn subcontracted with Mr. Gandell at 42 million; a second profit of 2 million, together 4 million taken from the poor shareholders. » (Pleading of Me Tournadre.)

This revelation, produced incidentally in a commercial trial, has not, as far as we know, provoked an investigation. These are facts that have become accepted as legitimate facts. Still, the shareholders approved this account of 12 million in actual labor paid 16, that is to say with an increase of one third. The line, which was to cost 16 million, absorbed 27 million, plus a loan of 940,000 francs from the State. What are the shares of the company, awarded with 64,500 bonds redeemable at 16,125,000 francs, worth? They were priced at 190 francs at the end of August.

Now, there is talk of having the company bought by a more prosperous company. The shareholders of Béziers would thus be safeguarded. But who will guarantee the purchasing company? Parbleu, the State, the taxpayers, you and me, who will be responsible for providing a minimum dividend to shareholders.

This is the arcana of conjuration, which we will reveal in a few words:

Art. 8. — *The Companies are irresponsible.*

The salvation of the Empire requires it, logic demands it.

Irresponsibility, in fact, infallibility, inviolability, attributed at all times to the pope, to the bishop, to the council, to the king, to the prince, to the baron, to the patriarch, to the owner, *jus utendi et abutendi*, it is the prerogative of the sovereign, who can neither do wrong nor say wrong, the essential, sublime attribute of authority. Let us be consistent: Either no hierarchy, no authority, no religion, no Empire, no vassalage, in their place democracy, anarchy, equality, the Revolution; or the irresponsibility of the Companies....

The line from Avignon to Marseille cost around 925,000 francs per kilometer. (The average cost per kilometer in France is 474,000 francs, according to Mr. Perdonnet.) Of the 112 million committed to the company, the shareholders paid only 20 million. Despite a subsidy of 42 million, it was impossible to expect profits. How had the cost per mile exceeded the average by half? We do not know whether the shareholders inquired about this before voting to approve the accounts: the fact remains that they found themselves completely ruined.

The Empire came to extend a helping hand to them: the merger of 1852 lifted them up. The company from Lyon to the Mediterranean took the 40,000 shares of Avignon at the price of 40,000 bonds redeemable at 625 francs, producing 25 francs of interest from 1864, 15 and 20 francs before this time, plus debts, are guaranteed interest by the Government. The shareholders of the Mediterranean have ratified the convention; they completely cover those of Avignon. But who

will cover them themselves? The guarantee of 47 francs of income by the State. No risk for the railway companies.

The shareholders of the Nord, gathered in an extraordinary general meeting on July 20, 1858, ratified the lease of the line from Hautmont to Mons, in return for an annuity of 1,200,000 francs, which will be reduced to 1,100,000 francs during the first three years. The main section, 27 kilometers long, linking the Saint-Quentin line to the Belgian network, may be of some importance for the Compagnie du Nord. But what does it need from the industrial lines of Frameries, Élouges, Thulin, Saint-Ghislain, specially assigned to serving the mines, on which they form a natural dependency?

The Report shows a total development of 60 kilometers and a committed capital of 20,500,000 francs, which will thus receive 5.85 percent per year. We only have one piece of information apart from that which we have just cited: that the shares of the main section from Hautmont to Mons were priced in April 1857 at 575 francs, and in August 1858, after the treaty, at 737 1/2.

The Grand-Central network, mountainous, rugged, poorly favored as traffic, was conceded on April 24, 1853, with a guarantee of 4 percent interest by the State. What will it be worth one day? The experiment is not done. In 1835, it was liquidated, shared two-thirds with the Orléans company, one-third with the Paris-Mediterranean company. The dismembered company applauds this solution as an excellent deal:

This result allows us to give you 35 francs annuity today for 500 francs, which represents an interest of 7 percent, in bonds 3 percent with nominal capital of 1,166 francs. 66 c., realizable, at the current rate, at 650 fr.

If the deal is good for the liquidated company, is it also good for the acquiring companies, responsible for reimbursing the 112 million shares of Grand-Central at 261,331,840 francs, or a premium of 149,331,840 francs? To ask the question is to show its absurdity. In any case, the shareholders of Grand-Central are protected by the companies of Orléans and Paris-Mediterranean, and if the latter have had a disastrous bargain, the minimum dividend from the State will cover their loss.

In the succession of the Grand-Central, the Aubin mines fell to the Orléans company, burdened by this head of service with 44,200 bonds of 300 francs 3 percent, or 22,100,000 francs.

Here is the information on these bountiful mines that we find in the *Gazette des Tribunaux* of January 24, 1856:

In November 1854, the mines and factories of Aubin were publicly auctioned for the sum of 500,000 francs. A few months later, MM. de Séraincourt and others secretly entered into co-ownership with the successful bidder

On July 7, 1852, at the time when the railway project from Aubin to Montauban was being carried out, these same factories were, by notarial deed, put under the name of Mr. de Pourtalès at a price of 1,500,000 francs.

On the 10th of the same month, they were presented to constitute a limited company, on an valuation of 3,200,000 francs.

Since then, the Grand-Central concession having been made and the company definitively constituted, an advance of 5 millions has been stipulated in favor of the Aubin establishments.

Finally these same factories are about to be acquired by the shareholders of Grand-Central for a price *enormously higher* than all successive valuations. (Pleading of Me. Berryer.)

This *enormously higher* price is revealed to us by the Report of the Grand-Central administration of May 3, 1856: 44,200 bonds of 300 francs, or 22,100,000 francs; difference on the auction of November 1851, 21,600,000 francs.

It is fair to say that these 44,200 bonds, being in 3 percent, could only be discounted, at the capitalization rate of 5, at 13,260,000 francs.

The shareholders of Grand-Central accepted the price of 22,100,000 francs without haggling; after them the shareholders of Orléans; after these the State, which knows everything, but which covers everything with its imperial mantle.

Here is a story that contains all the varieties of the genre, and in which the whole science of agiotage is summarized. We will see how, despite their skill, the agioteurs are only capable of piling up ruins around themselves and on themselves, unless, by a secret clause between them and the State, they are recognized as irresponsible.

The concession of the Roman railways had originally been made to a Casavaldès Company, composed of MM. the Marquis de Casavaldès, the Count of Quinto, the Count of Castillo, Pascal Mugnoz and Manzi. All of these names, except perhaps the last, are Spanish.

First of all, we wonder what the railways and the Pope have in common. How did the papal government decide, or rather resign itself, to this exorbitant concession to the spirit of progress? The profane already see only too clearly into the mysteries of the Church; we did not need this system of locomotion which will bring indiscreet visitors, critics, spies, to Rome, by the myriads.

So it is not the fault of the Holy See, nor a lack of good will on its part, if the concession, despite love of the *status quo*, was finally granted. According to the rumors that have circulated, the sovereign pontiff, in his paternal solicitude for the afflicted church of Spain, would have only responded to the exhortations of the famous Mr. Mugnoz, duke of Rianzarès and Monimorot, currently president of the board of directors of the company, who, in return for concession of an iron line from Civita-Vecchia to Rome, and from Rome to Ancona and Bologna, would have committed himself, with other great people of Spain, his friends and colleagues, to obtain the suspension of the sale of the property of the clergy, which the government of Isabel II, in an access of liberalism, or a moment of shortage, had begun to execute. Saving ecclesiastical property in Spain by means of a railway concession in Galicia, such would be, according to the most accepted opinion, the origin of the famous Romans.

Whatever the case, the enterprise, antipathetic to the spirit of the Church, had to be carried out according to good principles; and this is a proof to us of the personal innocence of the Holy Father.

We first note that prior to the formation of the current company, M. the Count de Quinto had obtained from his co-associates a fixed price contract for the execution of the lines. The *Rapport* of the Board of Directors of Roman Roads to the meeting of January 10, 1858 expresses itself as follows on this subject, page 45:

It results from the research of the engineer Petit that an *economy* of 17 million could be made for the company on the price of the fixed price agreement concluded between the Count of Quinto and the former concessionaires, and this, even by increasing and aggravating the conditions of execution of labor and equipment.

And this deal was not even the first: it was stipulated between M. the Count of Quinto and his co-founders, that he took charge of the previous agreements, treaties less respectable than his own and designed in the same spirit.

So the company is not yet formed for the dealers to share the millions, and what dealers! Men who had no quality for the future, strangers to finance, having no capital, incapable at least of taking on, as bankers, the responsibility of such an operation. So MM. Mirès and Co., upon entering the company, demanded as a first condition the termination of all these agreements. However, this termination cannot be read without compensation (the word is fortunate), and M. the Count de Quinto received for his part, instead of 17 million

	4,500,000
Mr. Sarti	2,800,000
Mr. Janti	2,000,000
Mr. Feld-Japping	500,000
	<hr/>
Together	9,800,000

This is how Mr. Mirès announced his arrival in the administration of Roman roads.

Now to the banker.

On August 16, 1836, the Roman railway company was established with a capital of 85 million, represented by 170,000 shares of 500 francs, with the ability to issue 90 million bonds: together 175 million. — 560 kilometers of track; tariffs 80 pc higher than those in France; guarantee of an annual gross income of 40 million by the Pontifical Government; — 5 pc of interest to shareholders during the works.

At the same time as they took over the management of the Company, MM. Mirès and C*, bankers in Paris, took charge at fixed price:

1. Of the subscription of all the share capital;
2. Of reimbursing the concessionaires for the costs incurred until the concessions were obtained;
3. Of providing, during the duration of the work, for interest on capital and loans, as well as administrative costs;
4. Of taking commissions, bank charges and all others of the same nature at their own risk;
5. Of making up the difference between the price of rails originally set at 32 kilos, which were to be increased to 35.

All for a commission of THIRTY-FIVE MILLION. (*Report to the assembly of January 40, 1858.*)

Let us note this: MM. Mirès and Co., bankers, are not content, for the Roman roads, like MM. Rothschild brothers, Hottinger, Ch. Lafitte, and Blount, for the Chemin du Nord, with the possible proceeds from the sale of shares. They consider this sale to be unsafe, and they are allocated, in

advance, a commission of 30 million, to be debited to the Company, that is to say to future shareholders.

As for the obligations contracted by MM. Mirès and C°, leaving aside the subscription of the capital for which they assume responsibility, we can estimate the importance at five or six million: if we are denied, we ask for the documents.

Now let us recap:

Indemnity to Quinto	4,500,000
Indemnities to Sarti, Janti, etc.	5,300,000
Commission to Mirès	30,000,000
	<hr/>
Together	39,800,000

Around forty million, bribes and agio, out of a total expenditure of 175 million, almost a quarter; and that before having given a strike of the pickaxe. That's what is called leading things!

Let us agree, however, that, as for the Mirès bank, the obligation to subscribe for 85 million shares could become a difficult task. According to a formula that can be considered as a law regarding railways: Any railway whose establishment, track and equipment, costs per kilometer more than 200,000 francs, and whose gross product, per kilometer per year, is less than 26,000, produced zero for the shareholder. Would the 360 kilometers of the Roman network cost only 250,000 francs, as the administrators flattered themselves, or 300,000, or more? Who knows?... Would they produce, gross, 26,000, 30,000 or 20,000, 15,000, 10,000 francs? Who would dare to say? What is already certain, established by the enterprise, is that the Holy Father, by granting rates 80 percent higher than those of France, did not dare to guarantee a gross product of more than 10 million per year, an average of 18,000 francs.

But M. Mirès, — it is a word from him that we have been told, — holds the principle that his status as a banker prohibits him from worrying about the real value of companies; that doesn't concern him. His job is to place shares and obtain the highest possible premium. He had calculated, therefore, that a railway that interested all of Christendom, with regard to which one could move all consciences, free all Catholic purses, must end up finding shareholders. M. Mirès would have moreover, to place his actions, in addition to the support of the press, the moral support of the papal government, the Spanish government, and why not even the French government? Are we not the most Christian Emperor? And when we guarantee so many millions in agiotage, will we allow a Christian enterprise to collapse?... Or lift mountains with such levers.

Mr. Mirès was disappointed in his calculation: the shares found few subscribers. Capital has no faith.

On August 25, 1858, a general meeting of shareholders authorized the reduction in the number of shares from 170,000 to 85,000, redeemable at 400 francs, enjoying 6 1/4 percent interest: being 34 million, instead of 85, to be provided by the shareholders.

Was it not at this meeting, more or less fictitious, of August 25, that a highly comical scene was performed, in which we saw M. Mirès, challenged by furious shareholders, protest, with

tearful eyes, his devotion, accuse the ingratitude of men, offer his resignation, and be asked, with joined hands, to take it back?... Only he could save the company.

So what happened when, after two years in existence, the company reduced its capital by almost two thirds? How, with 34 million, did it expect to service 85, then, on this mortgage, still find lenders for 90 million?

The authors of the *Consultation for several shareholders of the Roman Railway Company against MM, J. Mirès and Co.*, MM. Hébert, former minister, Berryer, de la Salle, de Sèze, de Vatimesnil, former minister, lawyers at the imperial court of Paris, thus explain the reasons for this upheaval of the statutory contract, which they describe as abusive, illegal, immoral:

It is obvious that the 85 million shares, for which MM. J. Mirès and Co. had taken responsibility, far exceeded the power of their financial credit and, after having said that the capital was completely subscribed, they were unable to realize even a mediocre portion of it.

Here, it is asserted, is how the announcement that all the shares were subscribed was found to be false and true at the same time. When the shares were issued, to appeal to small subscribers in large numbers, the shares delivered to them in M. Mirès' offices at 510 were listed at 530 on the stock exchange, including 10 francs commission for the banker.

This appearance of an increased price being able to be sustained only by means of the trades that M. Mirès was obliged to operate on the stock exchange, he soon found stopped by the large number of shares that the company brought onto the market the speculation that had taken hold of the matter. He then attempted to reduce the large subscriptions (those of buyers for resale) to minimal proportions, leaving the small ones that are made to keep to survive almost intact; but a trial closed this path to him, and left him in the embarrassment he had found himself in. It was then that the reduction of the capital was imagined. (Page 44.)

Let's get this completely straight.

The first payment of the shares, subscribed or not subscribed, but of the subscription of which MM. Mirès et C° had taken charge, had been three tenths, or, for 170,000 shares of 500 fr., 25,500,000 fr.

The shares were not placed with the ease that had been hoped for, and the Mirès bank found itself in a critical position. It could not list shares on the Stock Exchange, the law prohibiting the listing of foreign securities which have not paid *seven-tenths* of their capital. It could not issue bonds or take out loans, the law prohibiting Railway companies from taking out any loan before having provided the TOTALITY of the social capital. It did not dare to make a new appeal for funds from more or less fictitious shareholders: this would have led to a drop in shares, the ruin of the Mirès bank, and the liquidation of the Roman railway company.

What then did M. Mirès do?

By a modification of the statutes, agreed upon in the so-called general meeting of August 25, 1858: 1. he reduced by half the number of securities issued, by transferring to a single security the payment made by two, so that the shareholder who had paid 150 fr. per share, was found to have paid 300; — 2. he reduced the share price to 400 francs, so that the same shareholder, who had only paid 3 tenths, 150 francs, would have paid seven and a half: — 3. that done, M. Mirès called

the remaining two and a half tenths, issued new shares, opened his loan, all in perfect conformity with the law, or at least with the letter of the law.

This way of escaping the shackles of legality is a stroke of genius. But the operation is nonetheless rejected by consulting lawyers as illicit:

Without focusing on intrinsic formal defects, such as the very composition of the meeting in which MM Mirès and Co., holders of a mass of bearer shares, could at their discretion, through fictitious distributions of these shares, simulate a majority; such as the irregularity of the summons, the deliberation of August 25, 1858 is affected by a more radical vice, namely, incompetence and excess of power. (Page 16.)

What particularly outrages the complainants is that since the reduction of the share capital to 34 million, MM. Mirès and Co., bankers of the Roman road company, nevertheless continue to keep their commission of 35 million. In our opinion, the plaintiffs are wrong.

Let us first observe that these 35 million were reduced to 32,500,000, following the discharge granted to MM. Mirès and C* of the obligation to cover administration costs, and to make up the difference between the price of the rails at 32 kilos. and that of the rails at 35. — Which proves, by the way, that by raising the costs of the Ce Mirès to 5 million just now, we were right.

But the subscription has not been made: who knows if the Mirès bank will not be forced to provide it on its own? Who knows if his entire fund of cash won't go there? Who does not therefore see that the commission of 35 million could well, in the final analysis, and unless a powerful hand comes to relieve M. Mirès of his crazy bid, become, for him, a total ruin? We see examples of this, and the times could not be more unfavorable. A few weeks ago shares in the Lord in Spain were trading at a premium of 60 percent; on January 12, they were offered at 2 francs below par. The Crédit Monilier, which took charge of the matter, finds itself in the same situation here as M. Mirès. We said it from the beginning: The railways are in the hands of the financial companies only a material for agiotage; and that is precisely what we are complaining about. The instruments of public circulation thrown to the bankers! This would be considered a fraud if contemporary society had the slightest understanding of the principles of public economy and the duties of Government.

This explains yet another fact revealed by the *Consultation*:

“We cannot help but point out here a serious infraction by MM. Mirès and Co. of their commitments, with a view to considerable and illicit gain. They demanded from the subscribers, as announced in their publications, 10 francs commission on each share of 500 francs, in addition to the first payment which was only 150; and they would have realized for their singular benefit a commission of 1,700,000 francs, although 35 million had already been allocated to them to cover them from all commissions and other expenses. (Page 5.)

It is clear that the commission of 1,700,000 francs, like the sale of the 170,000 original shares at the rate of 510 francs in the offices of M. Mirès, and their resale on the Stock Exchange at the price of 530, all this is pure fiction. It is the work of the agioteur banker that is revealed: as things unfold before his eyes, he makes greater efforts to obtain influence, which induces him to multiply his commissions accordingly. It is safe to bet that the Mirès Bank is up to now for its costs: but the

day will come when the Roman Road Company will have formed its capital, issued its bonds, constructed its lines, the commission of 1,700,000 francs, entered in the books to the credit of J. Mirès and Co., as well as that of 32,500,000 francs, must be paid, unless the Commercial Court has already decided otherwise.

This is how business is handled in a society given over to agiotage, the rulers of which have undertaken, *per fas et nefas*, to make retreat. MM.J. Will Mirès and Co. bear responsibility for their commitment until the end? Will the pontifical government, those of France and Spain, devoted to the High Bank as much as to the Church, refuse to come to the aid of this unfortunate bank? In truth, this would be unjust. M. Mirès, as much as MM. Rothschild and Péreire, is only the practitioner of an idea that surpasses him, however keen his intelligence may be. What they do in France, in Lombardy, in the North of Spain, by means of the railways, he does in the Papal States: colleague of the Duke of Riançarès, father-in-law of the Queen of Spain, protected by the Holy See, he is one of the linchpins of the counter-revolution. He cannot perish. The public conscience revolts at the story of such scandals, and it is right, because it considers the facts from the point of view of public interest and social economy, which condemns them. But there legality justifies them, the tendency of power excuses them; a very poor philosopher would be the one who thinks he has said everything by denouncing the *Manieures d'argent* or the *Jews, Kings of the Era*. The system of public safety, imperial initiative and feudal reconstitution, which has governed us for seven years and two months, being given, the responsibility of the financial companies would be an anomaly; it would even become disastrous, impossible. Better to win back, in whole or in part, 30 million for a bank of agiotage, than to make the public lose 60 and shake the State. M. Mirès must be relieved of his commitment to the Pope, as M. Rothschild was in 1848 of his obligations to the Republic: it is justice.

From all these facts, taken from hundreds of the same kind, it appears that the Companies have more than one reason to ask the State for guarantees of dividends. Whether you like it or not, the value of shares is linked to the success of the agiotage; the shareholders, therefore, are united with the destiny of the bankers their overlords. Both must be guaranteed by the State; otherwise you have to abandon the system. But then it is a revolution in the social economy; and we made, accepted the events of December 2, precisely to prevent the social revolution.

Statistics have estimated the nation's capital at 150 billion. In this account, the share of railway shareholders appears for a sum of 1,300 million, approximately 1/115. This one hundred and fifteenth claims to be covered by the rest of the blunders, the miscalculations, the waste of which it is the occasion, and of which each bearer of action is more or less the accomplice and the beneficiary. And if we analyze the spirit of the new institutions, the scope of the law that created them, the tendencies of the Power, the spirit of reaction that carries everything along, it turns out that this monstrous claim is justified. Let us therefore accept, for a moment, this justification, and continue our investigation.

Alas! We are not at the end. From the path of agiotage, a first infraction of principles is erased only by a second, and we arrive by a continuous slope to infidelity, to fraud, to brigandage.

CHAPTER VII

Value of the old network, — Exaggeration of profits; false writings. — Philosophy of obligations.
— The state guarantee covers everything.

After the overloading of the account for establishment, the prestige of the operating account. Already, in Chapter II, by reporting the burlesque way in which the Companies justify the guarantee of income, net or gross, that they claim, we have had the opportunity to point out the good faith of their accounting. We are going to see something else.

We do not dispute the figures, gentlemen from the Companies will say. The revenues from the lines operated were, in 1858:

Orléans	fr. 90 00
North	60 00
East	40 65
West	37 50
Paris-Mediterranean	53 00, i.e. 106 fr

on the old split shares of Lyon-Mediterranean, and 79 50 on those of Paris-Lyon, exchanged at the rate of 2 old for 3 new.

Nothing could be more exact; but it is no less true to say that this income could only be obtained on the condition:

1. That the State receives neither interest, nor dividend, nor amortization for its 960 million in subsidies;
2. That the bond holders are satisfied with an income of 5 to 5 1/2.

From which it follows that the public has paid, since the origin of the railways, *maximum* rents to the Companies, 1. as taxpayers, 2. as senders and travelers: two ways in one of ransoming them.

But this point of view is only an accessory in our section. Let's get straight to the main thing. Are these incomes, as well as the previous ones, legitimately and legally acquired in the *net product* account? Experts have expressed doubts in this regard.

The average cost per kilometer in France is 474,000 francs, we said. In Belgium, it is only 270,000 francs. Belgium has coal and iron on hand, at 40 percent cheaper than us; its population is denser; its specific traffic more considerable. And the income of the Belgian railways varies from 2 to 5 1/2, while those of our lines are from 7 to 20 percent.

The system's eulogists attribute this difference in performance to the skill of our administrators. They do not fail to recommend them in this way to the admiration and recognition of their fellow citizens.

However, some indiscretions are committed. The *Journal des Chemins de fer*, which will not be suspected of hostility against the financiers, wrote on July 18, 1857:

Since the creation of the railways, there has been a general tendency in all companies: to *exaggerate the dividends* by an accounting system that was indeed equitable, but which also had the serious disadvantages of attracting the jealousies of real estate ownership to the shareholders by the

great *apparent* prosperity of the Companies, and then worsening their situation as soon as a financial crisis broke out. This system has had its day, and *it has been so disastrous for industry* that no one has been tempted to continue it.

At current prices, the revenue figure makes it possible to largely remunerate the shares, while devoting part of the operating income *to the maintenance of the track and the equipment, even when renewing one or both of them.*

It is useful for the establishment account to be permanently closed for each section delivered to circulation. Until now, we have *so easily* applied to the account expenses which, *in good conscience*, should have appeared in the operating account, that we have seen the strange fact of a line producing 20 percent less for the shareholders than the previous year, although the receipts were more considerable.

A financier, M. Grosjean-Bérard (from Geneva), said about the 1855 loan:

The railways, however well maintained they may be, are deteriorating; the locomotives and equipment, despite repairs, are weakening, and there comes a time when capital expenditure is necessary. If then we were not careful to build up strong reserves, *as is all too ordinarily the case*, we are forced to resort to a process *that already has several antecedents*, WE BORROW. Half of the expenditure is transferred to the general construction account; and it is necessary to provide for the interest and amortization of this half throughout the duration of the concession. The other half is put into a special account which is extinguished in ten or twelve years by means of a deduction from the profits.

Future profits are therefore burdened with part of the expense as long as the concession lasts, and another part for a certain number of years.

But this last charge will not have reached its end, before *others, having the same origin*, will be added to it; because it will be necessary to successively renew the entire lines, starting with the oldest and most worn out parts.

Everything that we have just said was said or anticipated by serious people. But speculation and the public in general are not concerned about a future that seems distant, *and everyone promises not to wait to carry out their actions.*

The fact is so well known, the anomaly so patent, it has been denounced so many times and so early, that it is impossible for the Companies to claim omission or ignorance. We must therefore look for the cause in a thought that is fixed, but which we do not admit.

The accounting system adopted with a view to exaggerating dividends, observes M. Mirès, did indeed have an *equitable character*. He means, and this is in fact the reason alleged by the railway administrations, that it is not fair to let the burden of these companies weigh with all its weight on the present alone, that it was appropriate to push back part of it for the future; that to act otherwise would have been bad policy; that share subscribers, most of them not very rich and relying on their income, would have been discouraged; that we could consequently, since moreover the product of the railways was certain, even guaranteed, allow ourselves an anticipation that would satisfy respectable needs, without compromising any interest.

This is what was said, and printed, with great ostentation of foresight and tenderness for the poor subscribers. If you want to make a good move, turn to feeling. Will the father who builds a palace for his children sleep under the stars?

But, — and it is M. Mirès who teaches it to us, — this so-called *equity* was nothing but an abominable trick. Nothing prevented us, since we wanted to, from anticipating the product of the lines by a few years: but why falsify the writings? Why include in the establishment account what should appear in the operating account? Why not indicate, from the first year, with this simple word *memoir*, the place of the reserve fund necessary for the maintenance of the tracks? Why not announce each year, at general meetings, in the reports, and repeat in the newspapers, that the formation of this reserve fund would begin at such a time, that it would follow a certain progression, so that anticipation would go first by decreasing, then would cease altogether, to then give way to an increasingly strong restraint? Why, again, were none of these precautions taken? Why, on the contrary, was the embezzlement carefully concealed, hidden from public knowledge, kept under a bushel, dismissed as a malevolent criticism?

Ah! It was because they wanted a raise, because they wanted bonuses: they had fortunes to make, lives to rebuild, let's cut the word, they had the aristocracy of the Second Empire to restore and equip. This is why we have silenced conscience, *good conscience*, says M. Mirès, and why for fifteen years, twenty years, we have included in the establishment account expenses that should appear in the operating account. The government knew it, and it allowed it; it made no objections, it showed solidarity with the mismanagement, all the more guilty as not a cent entered its coffers: on the contrary, it is the government that still guarantees the loans that today this embezzlement requires.

When a system unfolds smoothly, when all the parts agree with this harmony, and converge with this precision, it is quite excusable to see it as a conspiracy against the liberty and life of the people. Let us therefore also include, among the secret clauses of the railway coalition, the following two articles:

Art. 9. — *It will be optional for directors, in view of the increase in shares and the discounting of bonuses, to exaggerate profits.*

To this end,

Art. 10. — *Nothing will be charged to the equipment renewal account.*

Thus, for the restoration of this precious feudalism, the free concessions from the State, the subsidies from the budget, the arbitrary elevation of tariffs, the confiscation of canals and the suppression of competing routes, the coalition of the Companies, the irresponsibility which is assured to them, the extortionate practices of their establishment — all of this is not enough; and here are again the shameful practices, stigmatized by the penal code, art. 419:

All those who, by any fraudulent way or means, have caused the increase or decrease in the price of foodstuffs or merchandise or of public papers and effects above or below the prices that would have been determined by natural competition and free from trade...

But what is the law for Companies? The end justifies the means. The goal they pursue places them outside common right, and if Desdemona's lie is sublime, their fraud becomes heroic.

The Belgian roads, which only give 2 to 5 1/2, are administered quite differently, as evidenced by the following passages, which we borrow from the 1856 report:

It should be remembered that the administration was cowardly in only charging the actual construction and extension expenses to the loans. Expenses for *renewal, replacement and even improvement* were charged to *maintenance*, that is to say to the annual budget.

It should be noted that this method of operating, in accordance with the law and the prescriptions of the Court of Auditors, *is the only true one*, since it has the consequence of not indefinitely increasing the capital or first establishment account.

This is how the annual budgets provided for the replacement of a quantity of weak rails with strong rails, and for considerable improvements to the rolling stock.

But Belgium is a revolutionary state. The kingdom of Leopold I will not survive; it will perish by the common right, which tends to develop there more and more, and by the probity of its bookkeepers, unless the Emperor of the French, with an army of 100,000 men, intervenes there, as in Rome, to save religion, family and property.

Let us cite again on this important subject an authority that no one will challenge. M. Ad. Jullien, the engineer of our most important lines, sent the following warning to the Companies in 1845, when the network was barely being sketched out:

It remains for us to address a question that has perhaps been a little neglected until now, and which nevertheless is of great importance: we want to talk about the depreciation of the road, and in particular the deterioration of the sleepers, the renewal of which, after a small number of years, will significantly increase the annual costs relating to the maintenance of the track

All the reports we have consulted are more or less silent on this subject. The English Railways Committee points out the importance of the question, but declares that it cannot answer it with any precise document; it admits as a hypothesis that it does not seek to explain, a sum of 0 fr. 00 585 per passenger and kilometer to cover this depreciation.

Mr. Perrot establishes, by considerations that appear incontestable to us, that the seal renewal of the oak sleepers will require on the Belgian Roads, within a few years, an annual expenditure of one million.³ However, the total annual expenditure on the same roads is today only around 5,400,000 francs. The renewal of the sleepers will therefore result in an excess expense of 19 percent, per year: and if traffic does not increase, this renewal will produce an increase of 0 fr 00513 on the average transport price per traveler per 1 kilometer, and will bring the current price from 0.027 to 0.032.

But there won't just be sleepers to replace; there will also be: in the line, rails, shoes, corners, pegs; in the works of art, frameworks; in rolling stock, machines and cars to be renewed. We would believe that we are rather below than above the truth, by giving, for this depreciation, a figure of 1 cent per passenger transported 1 kilometer.

But it seems to us that this is an item of expenditure almost independent of the traffic that is established on each road. It is above all the weather that gradually causes the sleepers to deteriorate, and obliges them to be renewed. Now time will act in much the same way on very frequented paths

³ According to the report on the operation of the state railway in Belgium during the financial year 1837, the average duration of the rails removed from the track, from 1855 until January 1, 1858, was twelve years old.

As for the sleepers, there were replaced, on the same road, during the same year 1857, 118,869, the average duration of which was twelve years and one month. The average price of these balls was 5 francs.

The length of the state-built path is 567 kilometers.

The extent of lines built by 944 companies.

as on those that are less frequented; and if, to cover this expense, we added a supplement to the average price of a passenger per kilometer, we would risk arriving at a figure that is too high for roads where traffic is active, too low for those where there is traffic is low.

“We believe that it would be appropriate, to cover this item of expenditure, to create a reserve fund that would be composed by means of a deduction made each year from the net products of the company, a deduction that would decrease, it is true, the dividends to be distributed annually to the shareholders; but which would not expose a company to finding itself, after a certain time, burdened with a quite extraordinary maintenance expense, an expense that could be high enough to absorb the entire income of its company for the three or four years during which the renewal of the materials used in the composition of the tracks must take place.

This reserve fund, which I estimate here somewhat arbitrarily, would seem to me to have to be set annually at around 4,000 francs per kilometer of double track; that is to say that in twenty years, we would thus pay a sum representing the price of the double track, estimated at 80,000 francs per kilometer.

Now if the rails last more than twenty years, which is doubtful, the sleepers will hardly last, according to M. Perrot, — and we share in this regard the opinion that he expressed in his writing, — that ten to twelve years, and the 4,000 fr. that we carry per kilometer of double track and per year will be *rather weak than strong* when it comes to covering all the expenses required to renew the tracks and their accessories, the framework of the structures and part of the rolling stock; because this material, despite the annual expenses allocated to its maintenance and conservation, will from time to time require that some of its parts be refurbished. (*Notes diverses sur les chemins de fer*, by AD. JULLIEN.)

We have gone through the reports published by the administrations, and nowhere have we found any trace of the reserve recommended by the *Journal des Chemins de fer*, by M. Grosjean-Bérard, practiced by the Belgian administration, prescribed by M. Jullien and by all the principles of accounting.

The Companies that have distributed dividends gave the following results for the financial year 1857:

	Gross revenue.	Distribution to shares.
Nord.	50,291,167	24,000,000
Paris-Méditerranée	76,610,255	30,607,500
Est	47,255,155	20,325,000
Ouest	40,008,316	11,250,000
Orléans.	58,755,859	27,000,000
Totals.	272,920,752	113,182,500

With the reserve of 4,000 francs per kilometer, *rather weak than strong*, the net product would have been modified as follows:

	Average kilometers worked	Reserve	Adjusted revenue
Nord	815	3,260,000	20,740,000
Paris-Méditerranée.	1,624	6,496,000	24,111,000
Est	1,256	5,024,000	15,301,000

Quest	925	3,700,000	7,550,000
Orléans.	1,342	5,368,000	21,632,000
Totals	5,962	848,000	89,334,000

So that the shares would have reached, in the 1857 financial year alone, 23,848,000 francs, almost a quarter, in excess. However, if the dividend is too high by a quarter, the share price, official rating, is also too high by a quarter: this quarter just expresses the margin left for skimming.

But the assessments of M. Jullien in 1845 have since undergone the test of experience. The route from Paris to Orléans, opened on March 1, 1843, was completely renewed in 1856. It had lasted 13 years, not 20. How long will the new last under the influence of the enormous traffic brought there by the lines from the Centre, Nantes and Bordeaux? We must count on a ten-year repair, despite the increase of 7 kilos per running meter of the weight of the rails.

The Nord route lasted even less; in 1856, 509 kilometers of single track had already been rebuilt. The administration claims, it is true, that this is not a normal condition; that it was a question of replacing insufficient rather than worn rails, and of carrying the weight from 30 to 37 kilos. per meter. But it forgets to say that at the same time as it increased its rails by 7 kilos, a little more than a quarter, it increased the load of the wagons from 6 tons to 10, two fifths more, and the weight of the locomotives from 18 and 20 tons to 64, triple. The Nord has machines that load up to 15,000 kilos. per axle and convoys of 45 wagons at 10 tonnes each. So that the rails of 37 kilos are in conditions of much more considerable depreciation than the old ones at 30 kilos, which did not last nine years, — without prejudice to the progressive deterioration of the works of art, under the effect of these crushing convoys.

The renewal operation cost, in francs	24,450,268
To be deducted, value of discarded materials	11,870,268
Remaining, in francs	12,580,000

The old materials, valued at 11,870,268 francs, are used in sidings and earthworks on the branches under construction, an outlet that we will not always have; which cannot allow this estimate of 5/12 of their value of scrap parts to be considered normal.

In any case, the sum of 12,580,000 francs has been imputed:

1. On five annual payments of 360,000 francs, taken from the operation, i.e. 4,800,000 francs;
2. On the depreciation reserves as it had been constituted before the extension, i.e. 4,600,000 francs;
3. The surplus, approximately 6 million, to the first establishment account. (*Report for 1857.*)

This is indeed the application of the errors that we have pointed out. Reserve for financial years prior to 1856, *none*. Charge of 1,800,000 francs over five operating years, burdened with past failures. Possible bonus of 4,600,000 francs from the extension, which allows the amortization that was to be carried out in 38 annual installments to be spread over 99 years: proof that the lease

increase had the immediate aim of making up for the deficit of previous years. Does the company hope for a further extension within ten years? Finally, allocation to the first establishment account of a sum of 6 million, the loan.

And the depreciation of rolling stock, which we are not talking about!

Thus our table of *adjusted revenues* would still be a quarter too high. The Companies, like Panurge, would be feeding on their green wheat; and these dividends of 7 to 20 percent, which the State is asked to guarantee at the same rate for the future, would have been obtained until now only by anticipation of this same compromised future. Finally, as we said in the previous chapter, the Companies would have more than one reason to request income guarantees from the Government.

The accounting tricks of the high administrations surprise us; we read in the report of the Nord for 1856:

The Company does not shy away from the sacrifices necessary for the maintenance of the rolling stock, which in 1855 gave rise to an expense of 4,067,812 francs. 83 c., exclusively levied on operating products. Maintenance includes not only ordinary minor repairs, but also major repairs which may become necessary in any kind of case; so that the equipment is, as far as possible, *constantly maintained in new condition*. It is only large orders for locomotives, tenders, cars or wagons, and complete tools for the new workshops intended for the service of the new lines, which can give rise to imputations, which you authorize moreover, on the first establishment account. Expenditures made in this capacity therefore always place in the hands of the Company *a wealth that increases in proportion to these expenditures*, the value of which is recorded in annual inventories, and *which depreciates all the less* as more care is given to maintenance.

That is to say, to use a trivial but fair comparison, that boots, bought new for 30 francs, *constantly maintained in new condition* by a series of resolings and reassemblies, would represent, at the end of two years, *a wealth that would have increased in proportion to these expenses*, something like 45 fr.

Such accounting would be enough to worry serious shareholders, who believed they were investing their money with good family men, but who, while they rest on the solidity of their investment, find themselves, in fact, engaged in bankruptcy. But, with the principle of the irresponsibility of the Companies and the guarantee of the Government, there is nothing to fear, at least for a few years; and shareholders are allowed to believe that it is the case with the railway companies as with the State itself, which, according to certain ministers, the more it gets into debt, the richer it gets.

Here, from this point of view, is the balance of shareholders' *liabilities* and *assets* at the moment.

	Paid-up capital	To be repaid	Premium or difference
Actions.	1,333,301,300	1,430,167,000	96,865,700
Preferred bonds	1,566,511,450	2,554,380,540	987,868,000
TOTALS	2,899,812,750	3,984,547,340	1,084,754,790

These figures are frightening. We would not want to disturb the security of so many honest owners of shares, who do not intend finesse or malice in it; but let us suppose that, by one of these sudden reversals which, since 1789, shake the political world every twelve or fifteen years, common right regains the upper hand over feudal right, that the depositary of power changes, and that the first act of the new government is to restore everyone to responsibility for their works; a liquidation of the Railway Companies is inevitable; for shareholders, it would be disastrous. Are you so sure, unhappy people, that one of these mornings the Power, forced into the impossible, will not seize bankruptcy as an anchor of salvation, even making it a means of popularity? Your four billion is sitting on the tip of a needle.

Let's move on to a combination of another species.

The philosophy of the financial means of bonds has been made accessible to all minds by an *Explanatory note to the shareholders of Orléans*:

Given, for example, a capital of 100 million, a product of 10 percent, or 10 million, everyone understands that if this product must be shared between 200,000 shares of 500 francs, each share will receive 10 percent, or 50 francs; but if half of this capital, 50 million, was provided by bond lenders at the rate of 5 percent, these lenders would only take from the	10,000,000 fr.
A sum of	2,500,000

would leave the shareholders with	<hr/> 7,500,000
that is to say 75 francs. per share or 15 percent.	

This is what happens for the Chemin d'Orléans: the Company, with a capital of 60 million, has not 120,000 shares, but only 80,000, the surplus, or 20 million, being provided by lenders on bonds.

If the net product, which in 1854 was	6,205,865 fr.
had had to be divided between 120,000 shares, each of them would have had only 32 francs. 46 tbsp. But the 20 million borrowed only took	1,217,450
leaving, for the 80,000 shares,	<hr/> 5,087,415
or 63 francs per chic share. 50c.	

Between these two situations, the difference was over the last financial year and for each action of 11 fr. 4 c.

It couldn't be clearer. The presentation would be incomplete, however, if we did not add a few words of commentary.

Why, in the face of the higher Reason that leads us, this division of the capitalists into two categories, the holders of shares and the holders of bonds? We are told that this is in the interest, at least apparent, of the former: but there must exist, in the System, a more general reason, and it is the one that is especially important for us to know. Why this privilege within privilege, if indeed there is privilege?

It is proven, by the figures, that the railways, if they had been undertaken by the companies alone, made up of a single class of capitalists, namely the shareholders, would produce, on average, at most 5 percent. This was not enough for the goal to be achieved: the State therefore took charge

of part of the funds, which it delivered to the Companies free of charge, in return for which it was possible to attempt the enterprise.

But the profit offered by the government, in the form of works and land, was taken almost entirely by the concessionaires; then we saw the need to provide, in advance, an annuity to the subscribers: two causes that would make subsequent operations difficult. The anticipation would have been too strong, therefore impractical, if it had been necessary to make it for 200,000 shareholders in the same proportion as for 100,000: — it would have been too weak, therefore insufficient, if we had had to be satisfied with that provided by the elimination of the reserve fund for track maintenance. Capitalism was therefore forced to form into two bands, unequally divided in appearance, actually enjoying approximately equivalent advantages. It is according to this same principle that the State, in order to arrive at the perception of tax, is obliged to divide it, to establish it on several categories of objects. It would be impossible to ask for 1,800 million for land ownership, much less for registration, or customs, or tobacco.

Feudalism, in fact, like the tax system, is a pump of exhaustion; it reasons like the taxman:

Art. 11. — *At the banquet of dividends, there would not be room for all the capitalists. To satisfy all demands, without compromising operations, and without crushing the public, only part of the capital will be formed by shares, the rest by borrowing.*

The one is worth the other, in fact. Earlier the excellence of the shares was demonstrated to us; now we are going to demonstrate the superiority of bonds. Let us listen: It is the rapporteur of the Strasbourg company who has the floor:

Everyone knows that railway bonds can only be traded under two conditions: the first, to *be preferred over shares*; the second to offer an advantage to the lenders of capital, either in the form of an increase in capital or in the form of an increase in interest.

The capital to be amortized is more considerable than the capital received (*a billion in premiums* today, without prejudice to the future). It strictly follows that the social fund is increased to the profit of lenders and to the detriment of shareholders.

There are two titles there, bonds and stocks. Bonds take precedence over shares and are preferred throughout the concession. They receive a fixed interest *and are free of any risk*. Shares, on the contrary, only receive contingent interest and *run all the risks* of the enterprise. (*Report for 1851.*)

If we made an exact balance of the assets and liabilities of each company, who knows what these 1,500 million shares would be worth, rewarded by a debt of 2 and a half billion, and for which we request income guarantees at 7 and 15 percents?

A debt of 25 on a mortgage of 15? Who will explain this new miracle to us?

Let us not be frightened: MM. the directors of the Companies are not in trouble. Don't they have their cash cow, the State?

Art. 12. — *The Companies will raise their loans under the guarantee of the Government.*

Most of the bonds could only be placed under interest and amortization guarantee by the State. Do you understand now? Are you beginning to convince yourself that chance has nothing to do with this chaos, from which a marvelous order must emerge, like light from the heart of darkness?

Without this magical guarantee from the State, dividends would decrease by three quarters, since the Companies would have to devote half to the depreciation of their equipment, and distribute the rest between a double number of shareholders, in the absence of voluntary lenders.

Currently the *total debt*, stocks and bonds, is FOUR BILLION, give or take 15 million: is the network worth it? And if the State, suddenly changing its mind, as in 1848, also demanded reimbursement of its subsidies, where would the Companies be?

But, for great ills there are great remedies. The case is foreseen, and the solution is ready:

Art. 13. — *When the State has guaranteed everything, when everything has been devoured, when the waste will be at its height, when all that will remain, of this flood of titles guaranteed by the State, will be action against the State, the State will replace stocks and bonds with entries in the ledger and take over the railways.*

The trick will be played, the operation completed, France saved, the Restoration completed: all that will remain is to consolidate the work, by good laws of colonate, mortmain, primogeniture, maîtrises, jurandes, inalienability, etc.

Mr. Grosjean-Bérard, speaking of the possible repurchase of the roads by the government, said again in 1855, — we note the date clearly:

There will be no shortage of promoters of this measure. In a few years, the owners of bonds will be much more numerous than the owners of shares, and the capital of bonds will have left that of shares far behind it.

The sympathies of the government will certainly be with the lenders, and it will endeavor above all to safeguard their interests. As for these lenders, they will quite naturally be in favor of the redemption at the earliest possible time, because they will become rentiers of the State, and will no longer run the chance of seeing the Companies, in embarrassment, forced to resort to new loans, or suspend the payment of interest on their obligations.

It is probable that before fifteen years the shareholders, seeing their income decline and seriously threatened, will request this measure themselves, in order to ensure a fixed income.

The faith of contracts! Here we are; but the author of course did not foresee that we would ask for revenues fixed at 15 percent.

CHAPTER VIII.

Why do the shareholders, against their interests and against their rights, accept solidarity with the actions of their administrations. — Feudal hierarchy.

The two previous chapters should lead to this one, in which we will complete what we said in the first chapter, concerning the interference of the banks in public utility companies.

It is clear, if we reason from the point of view of the legal principles of sponsorship, that it is not the shareholders who had an interest in paying 16 million for 12 million of actual labor; 925,000 francs per kilometer on the Avignon line; 22,100,000 francs for mines sold four years previously 500,000. These simple facts are enough to show the less clairvoyant that there exists, within the Companies themselves, apart from the distinction that we have made of capitalists co-engaged as shareholders and lenders, a duality of another order, a quasi-conflict of interests. Why this duality? How do the general assemblies suffer such a conflict?

Mr. Mirès, defending himself against Mr. Oscar de Vallée, who had had the inconvenience of advancing above, wrote in the *Constitutionnel* of September 7, 1857:

“Of all the railway shares, the shares of the Méditerranée are those that have reached the highest price: we have seen them rise from 500 francs to 2,200 francs, and this is understandable, since they have successively returned up to 110 francs dividend for a single year. Their high cost is therefore explained by the figure of their income. Besides, this high cost is only apparent. In reality, a share of 2,200 francs which brings in 110, is no more expensive than a share of 300 francs which brings in 25. It is still 5 percent. This is the situation of 1857.

Conversely, we will tell Mr. Mirès, incomes of 110 francs purchased at 2,200 are not more advantageous than income of 25 francs purchased at 500. It's still capitalization at 5 percent. But that's precisely the question.

There were shares subscribed at par at 500 francs; but the public shareholders only know about it through hearsay. We cited (page 19) the example of the Nord, whose 400,000 shares were barely issued, with payment of 125 francs, when they matured at 755. We borrow from the *Manual of the Speculator*, 5th edition, the account of the operation: *Ab uno disce omnes*.

From October 28, 1845 to January 31, 1846 (three months), 571,741 shares were transferred, that is to say a number equal to one and a half times the total number of shares issued.

These transfers presented the favorable circumstance that the shares, when classified, were constantly divided, and that, for the same quantity sold, the number of buyers was regularly twice as considerable as that of the sellers. Thus the 571,741 shares transferred were sold by 8,884 people, and purchased by 17,469 new shareholders.

The 400,000 shares were, on January 31, 1846, possessed by 18,000 shareholders: which represents on average 22 shares per each holder. (Report of the Conseil d'administration.)

It is easy to account for this operation. The number of shares in the Nord is 400,000 liquidated at 400 francs. They sold at the end of January 1846 for 755 francs; we had still only paid 125 francs. Since 571,741 shares had been transferred, the premium of 255 francs by each security had been distributed among several buyers having bought and sold at various rates between par and 755. As

for the first subscribers, high finance and its clients, hoarders of all shares at par, here is the gross profit option reserved for them:

The first payment of 125 francs constituted an outlay of 50 million.

The collection of the premium of 255 francs made a profit of 102 million.

In other words, the 17,469 new shareholders bought from the skimmers, for 102 million, not the dividend-bearing share; but the right to continue subsequent payments.

The shares only received 4 percent of the capital paid during the labors; it was, for the buyers, 755 fr. 2.65 percent of income for four years while waiting for the dividends.

There is no company whose securities have not been negotiated under similar conditions. Thus there are two classes of capitalists: one that pays premiums, the other that collects them; a common shareholder for whom dividends of 15 and 20 percent are still only an investment at 5 or 5 1/2; a financial aristocracy that pushes the increase through its newspapers, through its advertisements, through its prospectuses, through its dividends, and which, once the business is launched, hastens to realize, to liquidate, discounting the future at the expense of whom he will belong, in order to run to a new feast.

We ask what this stockpiling aristocracy is doing there, and how the common shareholders are not thinking of eliminating it? Why, at least, instead of degraded shares, do they not prefer to take out bonds, which would assure them an equal income without any chance of depreciation?

But, first of all, for there to exist obligations, shares must first have been subscribed; it is therefore necessary that someone dedicate themselves: this seems to be understood very well by the agioteuse rabble, After all, they said to themselves, equality is not of this world, no more among the aristocracy than among the rabble; so much the worse for the damned, so much the better for the elect!... Then, is there not the irresistible seduction of the game, of this lottery that makes them feel their existence, and which will always attract more voluntary victims than the Shylocks of finance will be able to skin?

After the attack of January 14, there was a decline in all values. We agreed that, if Orsini had not missed his shot, if Pierri had not been so clumsy as to be caught, the Emperor killed, the bankocratic edifice would crumble, France would go into liquidation, and Europe would follow. It was necessary to raise public morale: then the voyage to Brittany was organized. The clergy got involved and the ovations multiplied; in six weeks, the Crédit Mobilier increases by 540 francs, to 1,030. Whoever had a hundred of these titles doubled his fortune: what is the way to resist such influence?

Everything is anomaly, immorality in this business world, if you judge it from the point of view of right, of science, of common sense; everything is in order, if you look at things from the point of view of hierarchy and the reason of the feudal state.

A new and strange theory has emerged in stock-market journalism: that the increase in share prices is an increase in value from which the nation benefits. The nation! you cry: it is through the billion in endowment that it allowed the increase; should this billion be attributed to its profit? It is through *maximum* rates that it has given the Companies the ability to increase their revenues; should we count among its assets the 571 million in net proceeds that it has paid over fourteen

years? The nation is then the band of skimmers who, having subscribed at 500 francs, sold, realized, pocketed at 800, 1,500 and 2,000. It is easy to establish your account based on the share price at the end of September 1858:

	Price.	Capital subsidy.	Capital paid.	Profit
Orleans	1430	429,000,000	150,000,000	279,000,000
Nord, old line	990	396,000,000	160,000,000	236,000,000
— new line	830	103,750,000	71,875,000	51,873,000
Est	750	375,000,000	250,000,000	125,000,000
Ouest	640	192,000,000	150,000,000	42,000,000
Paris-Méditerranée	885	615,305,000	262,392,500	350,912,500
Genève	650	52,000,000	40,000,000	12,000,000
Midi	600	134,000,000	129,533,800	1,166,200
TOTALS		2,293,053,000	1,213,801,500	1,081,253,700

Let's say a billion in premiums, as a round number.

Well! yes: the stock market journalism is right. All this is wealth, in the sense of the trading world: because wealth is not only composed of the material creation of values, it also consists of their proper distribution. Rendering to each person what is due to him, according to whatever principle governs society, is wealth. Just as a democratic society enjoys more well-being, simply because education, labor, products are distributed equally among all; in the same way a society organized according to the law of hierarchy is stronger, more powerful, richer, when the products are distributed there, no longer according to labor, but according to rank. All this, we say, is in order: it is only a matter of understanding, and of knowing once and for all that what, in the aristocratic system, is legitimate property, in the system of common right becomes theft.

From this inequality of position between the big concessionary bankers, founders and first subscribers of the Companies, and the common shareholders, results, in the financial aristocracy, another distinction: that of employers and clientele. Out of fifteen or twenty members who make up the administration of a railway, there is a predominant director, two at most; the others are flunkies, creatures of the master, docile executioners of his wishes. Mr. Péreire formerly participated in the administration of the Nord with Mr. de Rothschild. As long as he occupied a subordinate position, not the slightest conflict arose. But from the day he became a power capable of counterbalancing his former leader, he had to step aside, and following this revolution all the employees who had entered the service of the line under his patronage were expelled. They did not even offer to let them rally and swear an oath to the winner; the new lord thought it more prudent to build a new house. According to Jewish and Mohammedan customs, every new sultan has his brothers massacred: this is a principle of Eastern politics. M. de Rothschild does not degenerate. The administration of the Nord did not include two preponderant influences, capable of balancing

each other, Above the Angels, the Archangels; above the Principalities, the Dominations; higher still, the Virtues, the Thrones; at the very top in the solitude of glory, the god SABAOTH.

If we count carefully, we would find that our network is in the hands of thirty or forty large feudatories, having as their own property this property of 3 and a half billion, where they do not personally have 10 million committed. Let us cite only as examples of accumulation, the following names, according to the *Annuaire de la Bourse*:

M. E. André administers: The Chemins du Midi, that from Paris to Lyon, the French Crédit Mobilier, the Spanish Crédit Mobilier, the Nationale Insurance Company, the omnibuses, the Austrian railways.

Mr. Biesta shines his light on: The Comptoir d'Escompte, the Crédit Mobilier, the Gas Company, the buildings on the Rue Rivoli, the Midi Saltworks, the Huelva Copper Company, the Maritime Company, the Company of Vieille-Montagne.

Mr. Blount governs: The Belt Road, those of the Mediterranean, from Lyon to Geneva, of the West, the sous-comptoir of the railways, the Water Company, the mines of Grand' Combe, the metallurgical Phénix:

Mr. Bartholony is regent of: The Crédit Foncier, the French Lloyd, the Quatre-Canaux, the Orléans lines and extensions, of Lyon-Bourbonnais, from Lyon to Geneva, of the Mediterranean.

Mr. Benoist d'Azy directs: The companies of the West, of the Mediterranean, of Lyon to Geneva, of Lyon-Bourbonnais, of Orléans, of Grand'Combe, of the forges and foundries of Alais, the Crédit Foncier.

Mr. Dassier assists with his advice: The Belt Road, those of the North, from Paris to Lyon, from Lyon-Bourbonnais, the Gas Company, the insurance companies of Réunion and the Nationale.

Mr. d'Eichtal embraces: The Eastern and Southern roads, the Austrian roads, the Crédit Mobilier, the Ebro canal, the Rivoli buildings, the South saltworks, the Maritime Company, the Union, the Réunion.

Mr. Lehon figures: At the Grand-Central, at the Spanish Crédit Mobilier, at the mines of the Loire, at the salt mines of the Midi, at the Zinc mines of Silesia, at the Vieille-Montagne, at the docks of Saint-Ouen.

Mr. Mallet has control over: The Bank of France, the Chemins du Nord, from Paris to Lyon, of Lyon-Bourbonnais, the Crédit Mobilier, the Maritime Company, the docks of Le Havre, the coal mines of Épinac, the insurance companies General, the Union, Reunion, the Austrian roads.

The activity of Mr. Emile Péreire is sufficient to administer: The Eastern, Saint-Rambert, Midi, Western railways, Crédit Foncier, Mobilier, the railway sub-counter, the Spanish Mobilier, the Ebro canal, Gas, Rivoli buildings, asphalts, the Shipping Company, Austrian roads and Russian roads.

MM. Isaac and Eugène Péreire follow him from a little further away.

The Rothschilds form a whole tribe: James de Rothschild, administrator of the Eastern and Northern lines, from Paris to Lyon, of the Sclessin coal mines, of the Nationale; — Alphonse de Rothschild, administrator of the East, of the Decazeville forges, regent of the Bank; — Nathaniel

de Rothschild, in the North; — Ad. de Rothschild, general insurance; — Salomon de Rothschild, — Gustave de Rothschild, at Grand'Combe; —Ant. de Rothschild, representative of French interests abroad.

None of these gentlemen is, to our knowledge at least, part of the Senate, nor of the Council of State, nor of the Legislative Body: in the field of pure politics, they fade into the background. They know that the reality of power is not there. But calculate the thousands of kilometers and the billions over which these great feudatories have their hands; count the innumerable army of small makers gravitating in their orbit, of shareholders subservient to their fortune, of clerks, of entrepreneurs, of laborers, whose existence depends on a furrowing of their brows; the cities and provinces where they create abundance and scarcity at will, and say what the powers of the State are, as vain as they are useless, in the face of this occult federation, all the more terrible as it is discharged from any responsibility?

These are the people who trim, who cut corners, at will, in agreements and statutes, who decide on buyouts, mergers, division and conversions of shares, extensions of leases, dividends and rates. These are those whose prudence dominates the rise and fall, because they alone are in a position to foresee the causes, when they do not create them, The ministers secretaries of State are their humble servants; the Emperor is happy when His Majesty Rothschild deigns to smile at him:

At the Tuileries ball the day before yesterday, the Emperor spoke at length with Baron James de Rothschild, and the famous banker appeared quite satisfied. (*Le Nord*, January 15, 1858.)

As for the meetings of shareholders, deemed sovereign, it is understood that they are only consulted for formal purposes.

“We persisted in saying that the repurchase of the shares of Dauphiné was a *fait accompli*, for which all that was missing was the sanction of the general assemblies,” wrote Mr. Lauvray in the *Presse* dated July 20.

It is indeed unheard of that an assembly has thwarted the initiative of the directors. So these gentlemen have the ability to anticipate the influence that the decisions secretly taken in their meetings must produce on the courts. The agreements that motivate this brochure have yet to undergo the test of the Council of State, the Legislative Body, the Senate, the shareholders' assemblies, the promulgation, and they are already expected. Prices have risen in view of this eventuality.

The high banks seem to have taken advantage of the high prices to achieve this. (*Presse* of August 24.)

The rise was not as rapid in railway shares as in annuities; these values had taken the lead, and had obtained, *over the past two months*, an improvement of 50 to 100 francs on their lowest prices. (*Presse* of August 29.)

But as we have said, the squires of the new feudalism find it quite simple: they like this regime. It is through their channel that the high aristocracy pumps the substance of the nation: if, on one side, they touch the people, on the other, they hold on to the flower of the nobility. The agreements, if they pass, will only take effect in five or six years; they know that. This very

deadline is only an uncertainty: has a railway convention ever lasted six years without modifications? They are not unaware of it. But whatever the future holds, within six years there will have been rises and falls, sellers and buyers, fortunes made and executions. Are they of the number of the called: who knows if they will not be among the ELECT?

The most powerful demonstrations cannot shake them. For example, railway shares were distributed into the hands of a crowd of small capitalists who invested the majority of their savings in them. All or almost all of them live both from labor work and their income, especially from their labor. As shareholders, they made investments at 3 percent; as travelers, consumers, shippers of goods, they pay surcharges of at least 20 percent, that is to say that their 20 has been taken in order to give them back 5. All this is absolutely obvious.

But the apologists for the system prove that this is their interest, that this is the basis of general prosperity; they believe it to be firm and solid, and their reasoning is simple. They do not say to themselves, as an economist statesman would do, that in a well-ordered country public services must, on the one hand only be paid for what they cost, and on the other hand render to the country all that they bring back, otherwise there would be embezzlement and infidelity among the administrators. They consider, on the contrary, that the paying public is one thing, while the State from which the concessions emanate is another thing, the entrepreneurial Companies something else, and the shareholders called upon to sponsor the Companies something else again. From this essentially feudal point of view, is it not clear that the condition of those who can invest their small savings on the railways, even with some risk, at 5 or 5 1/2 percent, is better than the condition of the multitude who, paying the tax all the way through, do not receive the slightest dividend in compensation?

Such a system, you will say, is therefore organized pillaging. — Well, yes! It is plunder, with the privilege of the Government and the blessing of the Church; it is by means of this plunder that the bankocracy raises millions by the hundreds, in exchange for a paper which, on the day of Justice, will be worth what the shares of Mississippi were worth, at the discomfiture of Law.

This reasoning can be applied to all branches of finance, banking, canals, mines, forges, couriers, insurance, public debt. This would be the subject of an interesting work; we thought about writing it: the example of the railways will be enough, we hope, to make our thoughts and our goal understood.

CHAPTER IX.

The Railway Companies and the Public. — Feudal Trinity.

By paying a billion in subsidy, without prejudice to the current and the future, the public had the right to count on cheap transport. The net product of 574 millions in fourteen years, out of a receipt of one billion, did justice to this pretension.

This first period of fourteen years corresponds to the beginnings of the railways, and cannot constitute an average. In 1858, the income from the shares amounted to 113,182,500 francs. It is therefore an annual tribute of 110 to 120 million to be taken by the Companies from the public. When the traffic will not suffice, the tax will make up the difference.

Let us study a little the effects of this system on public mores.

Paying always and excessively does not even give the right to respect. The high barons fix a rate and refer for the application to the subordinates. You protest, and the employee answers you stoically: My orders!... You are indignant, you make noise; they throw you out, if they don't prefer to lock you up.

The Paris suburb service on the Western lines has no third class; its Sunday rate is a quarter more expensive than that for the week. It is *for the benefit* of the worker, if we are to believe the famous maxim of the *Constitutionnel*: *The more a nation pays, the richer it is.*

In 1855, on the day of the Fête des Loges, the Saint-Germain line, which had a fare of 1 franc on weekdays, 1 fr. 25 cents. on Sunday, raised the price of tickets to 1 fr. 60 cent. from Paris, 3 francs after midnight from Saint-Germain. We are not saying that it did not do the same thing the following years; we weren't there, and we only certify what we are sure of.

On September 22, 1855, there was a great crowd at the Orleans station for the seven o'clock morning train, only one office was open for issuing tickets: although the distribution had begun half an hour before departure, it was easy to see that the employee could not suffice. Travelers lined up in long queues like the curious at the doors of theaters on the days of free performances, and the receiver was not idle for a moment. In accordance with his instructions, he closed the counter at five minutes to seven. About fifteen people, who arrived well in time, could not get a seat. — "You will take the eight o'clock train," they were told. — Now, this train, being direct, did not serve all the stations; then it only had first class seats, 80 percent more expensive than the third. Anger, protests and intervention by the sergeant of the city against the discontented. We had come to bring a friend. We asked to speak to the station master. He told us that the administration was in the wrong, but that there was nothing they could do about it, adding that it was unfair to accuse the subordinates.

This throws a new light on the morality of the system. The goal of financial feudalism is not just to enrich its personnel; aristocratic opulence is even, to consider the matter well, only a means. The real object is to reteach the people obedience, by proving to them that the railway companies, representatives of the new order of things, are not at their service, but that they are at their service.

Who has not experienced insults like this?

A traveler arrives at Blois station, carrying a child in his arms. This was before the half-place system. — I'm not taking a ticket for the child, he said. — That is your right, replies the employee, after looking at the toddler. Our man has his luggage registered; he had to pay the excess. In the waiting room, another employee: — The child must pay for his place; go get a second ticket. — The receiver decided that there was no need. — I think otherwise; you will not pass. No explanations; clear the door. — The train was entering the station. What to do? Execute. The traveler takes a second tickets. With two tickets, he no longer had excess baggage; he goes to the office to claim the reimbursement that was due to him. — What is written is written; you will claim it in Paris.

The control in Paris is done before entering the station. Our claimant asks to keep his two slips in order to justify his right to baggage allowance. —Impossible resumes the controller; but you can call me in testimony. Complaint at the station: — It is to the central administration that you must address yourself, in the Chaussée-d'Antin. — Response from the central administration: — Your complaint is perfectly founded; only it is necessary to prove your statement; return to the station (why not to Blois?) and have the certificate issued. There was reason to be impatient. — Here, said the clerk with a paternal air, believe me, leave the matter at that; you would be wasting more time than it is worth.

Passengers on long-distance trains change wagons about every thirty leagues. In some stations, the precaution is taken to display — assuming everyone can read — the destination of the train; in others, employees can't even tell where it's going. One traveler going to Nantes arrives at Bordeaux; another disembarks at Le Havre, thinking he is in Dieppe; another wakes up in Limoges, having left for Clermont.

Trains with seats in three classes at the start are relayed, thirty leagues further on, by an express train that has only first classes. The travelers in the second and third classes cool their heels brat for three and four hours, often in the middle of the night, while waiting for the omnibus train.

But these are the trifles of the door: let's talk about serious things.

Commerce has been deeply affected, especially in recent years, by a question that has taken different names: *preferential treaties, differential rates, diversionary rates.*

The old specifications were imperative:

“The collection of taxes will take place by ton and kilometer, *indiscriminately and without any favor.*”

Despite such a precise text, the Companies granted certain shippers considerable reductions which they refused to others. They invented a distinction between *distance by rail* and *distance of application*. They have favored large houses to the detriment of small commerce, upset business, downgraded the centers of production, and cast a ruinous disturbance into industry.

Offended interests addressed all the powers of the country, the administration, the judiciary, the Senate. The Companies have been condemned on almost every point. What does it matter? They are above the judgments of justice, above the law. A new set of specifications has been

drafted, imposed. We understood that it was only corroborating the former with regard to rates; because we read there:

“Art 48, The collection of taxes will be done indiscriminately and without any favor. Any special agreement that would have the effect of granting one or more shippers a reduction on the approved rates remains strictly prohibited.”

The Compagnie du Nord interprets this text as follows:

"The principle of *differential rates and conditional price reductions*," says the 1858 Report, "has been recognized, both in the specifications and in the discussions that have taken place, since its adoption, in the presence of the delegates of the superior administration."

In accordance with this opinion, the Compagnie du Nord has established rates from which we note the following figures (*July 1858*). We only take the price of goods from one series, the fourth.

	DISTANCES		RATE
	by rail	application.	4 th series
From Paris to Lille	267	267	fr. 23 50
— to Hazebrouck	308	267	23 50
— to Dunkerque	349	267	23 50
— to Calais	310	267	33 50
From Dunkerque to Boulogne.	332	165	45 60
From Valenciennes to Paris.	266	266	23 40
— to Boulogne	249	158	45 “
From Calais to Boulogne.	354	165	15 60

There are distances that pay for the entire course, others that enjoy a deduction of more than half. The goods of the 4th series are priced at 8 centimes 8 tenths, approximately, per kilometer and per ton. The collection is entirely from Paris to Lille, to Valenciennes, and to most direct line stations. But from Calais to Boulogne, for example, for 354 kilometers covered, there are only 165; which reduces the price per tonne-kilometre to around 4 centimes.

We know that for the roughly forty kilometers that separate Boulogne from Calais, the goods must be brought back to Amiens, at the junction, and thus travel 9 times more distance than by sea. Well, either the company pays 4 pennies 4; which makes the price of 8 centimes 8 usurious; or it transports at a loss, with the aim of ruining the coastal trade, the haulage; with the main aim of increasing the gross receipts, the bulletin of which, published each week, acts on the Stock Exchange. We call this detail to the attention of the shareholders.

And here is another that relates to the same order of facts; it is the same company.

“Navigation by ordinary boats is done with great economy on the northern canals. Freight there is at very low prices, and in order to share in the transport of coal, our Company necessarily had to give up applying its rate of 10 centimes per ton and kilometer, and even consent, below this limit, to considerable reductions.

“After very in-depth studies, we decided to have wagons built with a capacity of 10 tonnes and a relatively low dead weight. At the same time, we ordered powerful locomotives, so as to significantly reduce the cost price of these transports carried out by full load. We have applied, from

the month of August, 1852, a rate for coal and coke, combined in such a way as to assure us of transportation in summer without exposing ourselves to being encumbered in winter. It is on the condition of a subscription for the duration of one year that we have granted prices of 3 1/3 centimes per ton and kilometer between the border and Paris." (Report of the administration of the Nord in 1856.)

This passage of the report was written to serve as a reply to the objections which we had echoed in the *Reform of the Railways*, published as early as 1854, and which we reproduced in the *Handbook of the Stock-Market Speculator*, February 1857. What is true in these allegations?

The coal transport equipment makes two journeys for a single receipt; one calculates, in traction expenditure, two empty wagons for a full one; which reduces the rate from 3 centimes 33 to 2 centimes 22. If the company pays for itself at this price, why does it not apply it to cereals and goods of the same nature?

But you have to count. According to the statistics of M. E. Grangez, head of the navigation office, the cost of transporting a ton of coal by water from Mons to Paris (350 kilometres) is 9 fr. 63 c., or 2 cents 7 per ton kilometer, about the price of the railroad. Now:

The cost per kilometer of the canals is on average 138,000 fr.; that of the railway exceeds 400,000 fr.

The boat is a body in equilibrium; wagons and locomotives crush the tracks.

Navigation equipment is inexpensive: with the price of a 64-tonne machine, 30 coal-powered boats would be built.

Traction on water requires six times less effort than on rails.

So the Compagnie du Nord transports mineral fuels at a loss, with a view to ruining the inland waterways and increasing the gross receipts.

The northern canals annually load 1,700,000 tons of coal; the railway about 1 million, at the risk of ruining its track and causing congestion, a perpetual source of accidents. It is impossible to dream of transporting 3 million tons by railway. We deliver these figures to the appreciation of people who have not been completely stupefied by the craze for the railways, and to that of the higher administration, which seems to have believed up to now that navigation would become useless.

We are for the cheapness of transport as much as for speed, and this is why we ask that the Companies renounce these disastrous traffics:

1. In the interest of the railroads, a national property, which crushes;
2. In the interest of the inland navigation, which the country cannot do without, and which these fiddlings tend to ruin;
3. In the interest of the public, which pays on the other transport an excess in order to cover this deficit, and to which one will apply the rate of 10 centimes the day when the shipping is low.

They won't listen to us, we know that. The new feudalism does not want it; the Empire, which is permitted to transport the democrats by the hundreds to Cayenne, would not dare to do so. Reactions, like revolutions, must take place; and this one does not seem to have reached its apogee yet.

Let us, for further information, give the floor to the petitioners for whom Baron Ch. Dupin spoke before the Senate, in his Report of May 16, 1856:

In order to ruin the navigation of the lower Seine, the Compagnie de l'Ouest grants shippers reduced prices, against the commitment made by them "not to use under any pretext, either indirectly or directly, a other way than the railway." That is to say, for example, that merchants and manufacturers who, at any time, send down any part of their products by way of the Seine, would be by this fact alone excluded from the favor of operating at reduced prices any transport on the railways of a quarter of the empire. They would pay the highest prices under all circumstances. So the navigation of the river is affected, it is disadvantaged: a host of collateral interests are used to overwhelm it.:

In 1844, 213,712 tons.

In 1844, 682,494 — increase of 468,782 tons.

In 1854, 459,241 — decrease of 223,253 tons.

Recently the Compagnie de l'Ouest argued before the Commercial Court of Rouen that it has the right to claim from a builder in Le Havre a transport price that the regular rate brings to 10 fr. 50 c. between this port and Rouen, while it required of another manufacturer of the same city, at the same time, for the same course, for goods of the same nature and the same class, only 4 fr. 55 c. (Petition from 110 manufacturers in Seine-Inférieure.)

200 petitioners from the Moselle allege the following grievances against the Compagnie de l'Est:

The Companies establish differential rates by means of which they artificially bridge the distances, and make navigation and haulage a ruinous competition.

By favoring the wealthy trader at will to the detriment of those whose business is more limited, the Companies do the most serious damage to small trade, certain that by ruining the traffic and shipping, they remove from such and such a country the advantages that its geographical position seemed to ensure it.

A large quantity of French merchandise pays on our own railways transport prices much higher than their foreign counterparts: such are crystals, glassware, silk toys, worked leathers, boilermaking, furskin, drapery, hardware, etc. These products of our industry, departing from Metz and intended to be embarked at Le Havre, pay 83 fr. 30 c. per ton to this city, while the same goods, sent direct from Germany, pay only 62 fr. 20 c. for the same route.

Isn't this fact alone a flagrant injustice? How can we compete, on the transatlantic markets, with our foreign competitors, when our products arrive in England and America overloaded with transport costs 34 percent higher than those paid by our rivals? Must we go and establish ourselves abroad to enjoy the favors of a railway *to the construction of which we have contributed through our taxes?*...

Ardennes ironwork, taken at Reims, at Châlons, at Bar-le-Duc, pays only 40 cents per ton and kilometer, while that of the Moselle or any other source is taxed at 145 c. Wool loaded in Strasbourg pays 10 c., while wool taken elsewhere is priced at 15 c.

730 merchants from Loiret petitioned in these terms on March 1, 1856:

The vinegar factories of Orléans have been a leading industry until recently. The reputation enjoyed by their products, the awards they have obtained in all public exhibitions confirm their superiority.

Well, the Orléans railroad does not like that this industry exists in Orléans; the railway has condemned it to perish, and indeed it is dying.

For that the railroad had only to decree, by a differential rate, that the white wines of Nantes, intended for the manufacture of vinegar, would pay less to go to Paris than to stop at Orleans. The vinegar manufacturer in Paris, who thus obtains the raw material more cheaply, easily excludes from the market that of Orleans, which finds itself, in addition to this difference, encumbered with transport of 120 kilometres, say at the rate of 4 fr. per piece of vinegar, according to the price of the ordinary rate.

The same is true of particular contracts.

A house obtained, for the transport of salts, a discount on the ordinary rate so considerable, that it assures it the monopoly of the sale of salt on all the littoral of the Loire, from Nantes to Nevers.

Similar agreements exist for the transport of grain; and it is thus that, with the stroke of a pen, the railway company displaces geographical positions and ruins by the thousands honest people who pay the government a duty.

Up to now we had spoken well of the prodigies of speed and precision of the railways; we had not been taught that under the regime of predestination and grace that they enthroned, entire populations could be moved, the void and the full created, at will, on the surface of the earth. We transport industries and cities, which is much stronger than transporting mountains; nature is upset; we change the reason and the order of things.

You strike and heal, you ruin and resuscitate,

we can say to the railroad, as the high priest, in *Athaliah*, says to Jehovah..

What cannot be allowed and attempted against a nation thus entwined, held in respect by 500,000 bayonets, preached to by 80,000 monks and priests?

These complaints, by their subject, by their seriousness and their sadness, as well as by their form, recall the notebooks of the Estates-General of 89. It is because the new feudalism has become, in less than twenty years, worse than the old one, which was centuries old; it is that not content with seizing our wealth, our means, our freedoms, it attacks what goes beyond labor itself and liberty, what no longer depends on will and power of man. It attacks nature.

Ah! If we left the word to all the interests affected by the railway, to the workmen, to the employees, to the guards of the line, to the men on the crew! But the administrators alone have access to the meetings, to the councils of the government, to the newspapers. There has not been an organ in the Parisian press to echo the complaints of commerce against the Companies: does commerce have premium shares, pleasure trains, galas to offer to journalists? *Haro sur le baudet!* Who would dare to be the organ of employees and subordinates?

The administrative worker is subject to the regime of the barracks. Here are some sample agendas:

Service order no. 8.

From May 1 to September 1, the installers are on the road continuously from five in the morning until seven in the evening; the rest of the year, from sunrise to sunset. They take their meals there at the times fixed by a special service order. The duration of meals does not exceed two hours: during hot weather, it can be extended to three hours.

The workers are present on the road in a continuous manner, even during meals and bad weather.

« G. SIMON, chief engineer.

Any dismissed worker and employee will never be admitted to the Company's worksites.

All workers must present a certificate stating that they have never meddled in politics. In 1848, after the June Days, the Compagnie du Nord denounced its workers as socialists and insurgents.

The workers undergo an examination like recruits arriving at the Corps; those who refuse to do so are not approved.

A measure taken by the railway companies prescribes that they no longer accept employees over thirty years of age. We could cite some who were fired for the sole reason that they had passed their forties.

Bordeaux, April 7, 1857.

Please prevent workers from smoking while working. The care of filling the pipe, of lighting it, of not breaking it, of keeping up the fire, wastes a lot of time and causes disturbances harmful to the work.

It is of the greatest importance to ascertain very closely and frequently the quantity and quality of the work done. We must wage war against softness and nonchalance, the too common fault of men whose salary is assured and who are not supported by a sense of duty.

J. CHARLET.

The principle of enterprise and piecework would remove all the embarrassments of nonchalance, the pipe and the call of the bell; but that would be independence, and better still a deficit on labor. We could cite a workshop that has seventeen supervisors for a hundred workers.

The regulators know no bounds. In the form of fines, they do not hesitate to get their hands on the salary, a property as sacred as any other. This is the house rule, take it or leave it; as for the claimants, they are denounced as instigators or accomplices of coalition.

This regime, decorated with the name *administrative*, prevails everywhere, in the factories, in the forges, even in the printing works. The police are organized in the workshops as in the cities: no more trust between employees, no more communication. The walls have ears! Under this regime, the French workman becomes the the *lazzarone*, and has no more concern than to do as little as possible.

As a final courtesy, the worker from the big cities who wants to go to the suburbs on Sundays enjoys the privilege of paying a quarter in addition to the fare on most railways: *Sic vos non vobis*.

We end this sketch here. But it will not be up to us if the investigation is not carried out thoroughly. Since society is in a state of war, let us wage war; let's make it rough, in order to make it short; above all, let us not lose sight of the fact that our best weapon is light.

CHAPTER X.

The railway companies and the press.

Six months ago, prosecuted for a work, in three volumes, on justice, we could not have printed in Paris the *Memoir* in response to the indictments directed against us by the public prosecutor. Despite the law of 1819, which protects the written defense, we were forced to come to Brussels for this printing. But printing is not enough: to neutralize the effect of a publication abroad, the Government still has customs, the intimidation of booksellers, the law on peddling. Since the *Memoir* in question appeared, the Government has refused to authorize its introduction: despite the law of 1819, which favors the written defense, it does not want the oral defense to be prepared by means of a written supplement.

Today it is something else. Having decided to appeal to public opinion against the new draft agreement, we are forced to address ourselves again to the Belgian press. Will the interior police be more favorable to us this time? We fear otherwise.

Everything is held together in the Society. The indisputable character of the acts of the Government has as its corollary the indisputable character of the acts and gestures of the Privileged; the pressure that the big companies exert on newspapers and even on the typographic industry, stems from the system of warnings, unofficial and official, to which the Power has subjected the press.

A word first on the position taken by the administrative police on the printers.

Title 1 of the law of October 21, 1814 established censorship of manuscripts intended for printing. Its provisions were repealed, and neither the Constitution of January 16, 1852 nor the organic decree of February 17 and the *Sénatus-consulte* of November 7 of the same year have restored them. We have knowledge that in 1854 a printer, having referred to the public prosecutor's office the proofs of a work that was to be printed at his place, received for answer: We cannot give you a preliminary opinion; it would be unconstitutional; there is no censorship. In 1858, those managing the booksellers thought it necessary to seize the manuscript of a work in the course of publication. The author protested, in the name of the Constitution and the organic laws, against this excess of power, and his request was immediately granted.

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But, on the one hand, the same law of 1814, maintained for all the rest, says:

Art. 11. No one will be a printer or bookseller unless he is licensed and sworn.

Art. 12. The patent may be withdrawn from any printer or bookseller who has been convicted, by a judgment, of *contravention* of the laws and regulations.

Is there in France a printer or a bookseller who has not incurred, by forgetting some formalities, a condemnation for contravention? The fact is that all of them, or nearly all of them, are subject to withdrawal of patent, that is to say, to complete ruin.

On the other hand, the seizure of an incriminated work has never failed to bring before the courts the printers and publishers responsible for the industrial and commercial part of the work, even when the author was a serious respondent. According to the judgment of the Court recently rendered in the Montalembert case, the true respondent of a writing would not even be the writer, who, in supplying the manuscript, claimed the service of the printer; it is the printer himself: the AUTHOR is considered only as an *accomplice*.

The printing and bookselling privileges have been maintained by considerations of public order that we do not have to discuss here. Notaries, attorneys, bailiffs, stockbrokers are subject to the same regime. With regard to the latter, the law declares their ministry *compulsory*, that is to say that they cannot refuse their office to whoever claims it, subject to payment. The legislator thus wanted to provide for the case, which is unlikely, moreover, where a coalition of ministerial officers would prevent a citizen from seeking justice, from making a contract, or from making a transaction. But printers and booksellers, by judicial liability (fine and prison), by the administrative risk (withdrawal of patent) that they incur, cannot be summoned to lend their assistance to a publication, that rightly or wrongly they consider dangerous. And the power, which naturally does not like the press, instead of lending a hand to citizens who demand publicity for their opinions, applauds the refusal. Everything therefore contributes, the police and industry, to restraining this mania for writing that Solomon, king of the Jews by the grace of God, denounced a thousand years before Christ. We could quote honorable industrialists who refused works whose circulation, thanks to the less timorous, has never been impeded. Also, when it is known that a bookseller and a printer have, out of prudence, rejected a book, it is a watchword. The coalition of fear produces the effect of the coalition of malice that the law wanted to prevent among ministerial officers: the author is banned from the press and from advertising. Before the constitution there is no censorship; in fact, there is a suppression of the constitutional right to publish.

Well! Such is precisely the position which, today as six months ago, is made for us. The prudence of the holders strikes us as forbidden, and we have the right to set up neither a printing press nor a bookstore. Go to Brussels!

What was so frightening for printers in our pamphlet? It speaks ill neither of the Emperor, nor of his family, nor of the constitution, nor of the Church, nor of the University, nor of the magistracy, nor of the army, nor of the navy, nor of any political figure or body. It deals with a question, the darkest of the time, that of the railways; of the past and future of the Companies, of their financial administration, of their traffic, of their present situation, of their disasters, of the disappointments of the public. It lists the gratuities already granted by the State, those that are requested of it by the projects under study, those that will be requested later. It reveals the occult

tendency which, in this as in all the rest, leads the country, corrupts public mores, drives society to bankruptcy and the Government to war. It concludes, finally, with the rejection of the dividend guarantees that the new arrangements have in view, and proposes in their place, in the interest of the Country and the State, the balance of interests and the peace of the world, a more rational system of operation, more in conformity especially with common right. How could such work arouse the animadversion of the Government? The agreements in question must, moreover, be submitted to the examination of the Council of State, of the Legislative Body, of the Senate; they are far from being a law of the Empire: they are not sacred and inviolable texts.

— All that is well and good, said a bookseller to us; but the ministry, by undertaking to present these agreements, has given them the beginning of adhesion; it would be dangerous to contradict it, especially for us who are subject to a patent withdrawal.

Another: The danger of your publication is precisely that in the name of the law it cannot be prohibited; it does not even seem possible to me to enter a correctional or civil lawsuit there. This is why we receive a black mark at the ministry and be taken up on something else...

What a good opinion these gentlemen have of the government!

Still another: You conclude against the Railway Companies; and the administrators are all-powerful!...

Here we are.

The fact is that these gentlemen, through their credit, their influence, by the processes that everyone knows, have monopolized journalism in its entirety; they succeeded in imposing silence on the numerous injured interests, navigation, commerce, the public, as well as on their workers. What! The railway administrations would by chance be a power superior to the State, against which the slightest attack is a crime of *lèse-majesté*? Perhaps.

The *Indépendance Belge* of November 1858 contained in Brussels first an article from which it resulted that, on the complaint of the high lords of finance, patrons of the railways and of all the possible Companies, a deliberation had taken place at the Tuileries, in the council of the ministers, in order to prevent malicious criticism, harmful to the public credit, which occurred through the channel of the press. The article has not been denied, and the content has since been verbally confirmed to us by the editor.

The mute put by the administration on the scandals resounding from time to time in the criminal and commercial courts is also a fact of public notoriety. Who knows the background of the Docks affair, the Carpentier affair, the last trial of Mr. Mirès?

M. Mirès published in *Le Siècle* of November 30, 1858, the following letter addressed to the Director of the *Nord*:

Monsieur, you announce in your issue of November 8 that the Commercial Court of the Seine has sentenced M. Mirès to pay the sum of 2 million to MM. Roblin and Janty, and that, by the same judgment, M. Mirès was condemned to pay 200,000 fr. to Mr. Larpent, engineer, whom he made lose the position that he occupied at the western railroad.

The court did not pronounce any sentence against Mr. Mirès in the Roblin and Janty case. As for Mr. Larpent, his name is revealed to us for the first time by your article.

It is unfortunate that such formal assertions appear so completely unfounded.

There was therefore, around November 8, 1858, a Roblin-Janty-Mirès affair and a debate before the Commercial Court of the Seine. It is the aforementioned letter that tells us, no Paris newspaper having spoken of it. Where does this silence come from? Why not respond to the assertion of the Nord, and to all the rumors spread about the trial, with the very publication of the proceedings and of the consular sentence? And then to accuse the so-called slander! Is it the fault of the so-called people if, in this impenetrable darkness, they attributed to M. Mirès ardent steps to obtain from the Government the gagging of the press; if it is said that at the hearing Mr. Mirès, objecting to Roblin-Janty that a market of 48 million was exaggerated by at least 18, the advocate of the latter replied that Mirès himself had wasted 40 million; that at this word the aforementioned Mirès would have jumped at the throat of the approved, shouting: *You lied!* — that then frightened by the scandal, he would have run to the Pope's nuncio, to ask him to request, from the Minister of the Interior, M. Delangle, the prohibition on newspapers from reporting on a debate so compromising for the dignity of the Holy See, the probity of concessionaires, contractors and subcontractors; and that from there came the silence of the French press and the uncertainty of the foreign versions?...

You don't want regular publicity: therefore submit to hyperbole and all the fancies of the papers. You shut yourself up in catacombs: do not complain of calumny. For your first accuser, your denouncer, your quantifier, whose testimony you cannot reject, It is you yourselves, you who, by hiding from the light and making everything believable, assume the responsibility for the calumnies on your own heads.

The masterpiece of sold, speculating journalism, Its greatest crime, in the year that has just ended, is the *affair* of the piercing of the Isthmus of Suez. If there is a monument of international utility that must be shielded from speculative agiotage at all costs, it is certainly this one. A transport route, which interests in such a degree the nations bordering the Mediterranean, the Black Sea, the Red Sea, the Indian Ocean, was to be carried out by the united governments of these nations by means of a proportional contribution, and the passage offered to ships of all countries *gratuitously*, that is to say for a small toll representing the cost of service and maintenance. But there was a prospect of premiums to be realized: the great geniuses who, in connection with the piercing of the isthmus, announce a revolution in the commercial relations of the globe analogous to that which followed the discovery of the Cape of Good Hope, could not fail to consider the matter also from this side. The Saint-Simonerie, which seems to have taken Egypt under its protection since it sought there, without finding her, the *femme libre*, began the fire of all its advertisements: 6,000 ships a year; 3,000,000 tons; FORTY percent dividend: that is what the agio newspapers made shine in the eyes of the philanthropic subscribers. Instead of the concurrence of the States, a joint-stock company was therefore formed; the Suez Canal has become a means of excitement against England; before the discussion could establish itself freely on the *financial* merit of the operation, the capital of 200 million was subscribed; Paris got, for its part, 90,000 shares; the departments, 117,000; and very badly advised, more badly welcomed, would have been the one who allowed himself to raise the slightest doubt about the excellence of the

investment. No authorized sheet would have opened its columns to him; public reprobation would have struck him; he will be seen to be treated as a bad citizen; the police reportedly shut his mouth. There was more than seduction in the Suez affair; intimidation was mixed in; the INTERNATIONAL COMMISSION did not dare to say everything: this is at least what results from the revelations made by M. de Coninck in his reply to the newspaper of the company.

Now that all this turmoil is beginning to calm down, instead of 6,000 ships passing through, one hardly thinks one can count on 600, a simple error of a zero; — instead of 3,000,000 tons paying 10 fr. passing, we hope not more than 300,000, simple error of a zero; — instead of 30 million revenue, we would settle for 3 million, simple error of a zero. The lands of the Company instead of producing 250 francs per hectare — *will be worth* at most this sum; simple misunderstanding of advertisers who have mistakenly taken CAPITAL for *revenue!* As a result, it is more than doubtful that the Company for the Perforation of the Isthmus of Suez pays 1 1/2 percent to its shareholders; it is even doubtful that the execution of the canal is successful. The shares are at 20 fr. below par; as for the Imperial Government, which has *laissé faire* and *laissé écrire*, we begin to realize that what interested it the most in the operation was not the commercial route, but the strategic route: *Trahit sua quemque voluptas*. In the meantime, more than a hundred million of French money will be swallowed up in the desert: great. well they do to the Pasha, and let it be our last madness.

How can we not see that the suppression of oversight is precisely what makes everything believable; that there is no calumny whose blackness equals the gravity of such a fact? Someone wrote to us from Paris five or six weeks ago:

Here is a completely contemporary story, which goes back a fortnight. M. de Rothschild makes the Lombard-Venetian lines: he intends to issue shares of 500 fr. at 625 or 650 and earn forty million on the issue. He was thwarted by two articles in the stock market bulletin of the *Charivari*, the only serious one. 15,000 francs were offered to the editors PATON and Taxile DELORD, to end the war. The negotiation having failed, the nabob of the Rue Laffitte sent 35 shares to the Director of the Salles bookstore, and the latter immediately summoned Delord to the ministry to tell him that the government viewed with displeasure the attacks on the part of the *Charivari* of which the Rothschild enterprise was the object. Similar notice had been sent to M. Darimon (today representative of the people), in connection with the Russian roads sponsored by E. Pereire.

Our correspondent adds that *he does not guarantee the accuracy of these details*; and of course, we don't guarantee it either. For us, it is high financial poetry, inaccessible to our cold reason of criticism. We even declare very frankly that as far as the Director of the bookstore, M. Salles, is concerned, we are singularly loathe to believe him guilty, which leads us to think that what has not been done for him has not been attempted on others, and that consequently the criticisms of MM. Delord and Darimon have provoked, on the part of MM. Rothschild and Péreire, only their disdain.

But again, if there is slander, whose fault is it? Whose responsibility? Why must the public be constantly defending themselves from the most painful impressions in these clouds with which the great companies surround themselves; that it has more concern for the good repute of MM. Mirès,

Rothschild, Péreire and others, that it suits them to take? Does anyone, apart from the directors of the Companies, know the truth about the Lombard-Venetians or the Romans? No. Well! That itself is a misdeed, born of the specious practice, for which we reproach MM. Rothschild and Mirès with the equal of all the frauds and embezzlements imputed to them, inasmuch as it makes them possible, consequently credible.

According to another *rumor*, it is said, at the last distribution of shares made to the newspapers, in return for their good offices, only two were excluded from the distribution, the *Charivari* and the *Débats*. Do we know a word of these things? Can we therefore believe in anything? Have we become, with regard to gossip, as much suckers as the multitude of fools on whose ineptitude the great geniuses of finance base the success of their speculations? God forbid! What worries us is to see that public reason is reduced to such extremes; it is that it can no longer express itself except through stories. Why are the police so stingy with newspaper permits? More than once we asked to publish one: always this permission was refused to us. They feared, no doubt, to give an auxiliary to the *Charivari*. Is it true, yes or no, that administrative pressure is exercised for the stock market as well as for politics, on the periodical press? Is it true, yes or no, that as far as the Companies are concerned, this same press is compensated for its silence as well as for its advertisements? We know more than one feature, which we do not want to quote. Come on, gentlemen of the *Siècle*, of the *Presse*, of the *Constitutionnel*, of the *Pays*, of the *Patrie*, subservient journalists, stand up. Let us have the pleasure of hearing you respond to these infamous *rumors*, like Mr. Mirès to the attorney of his opposing party: *You have lied about it!*

The correctional police, we readily agree, makes up for the silence of the press as best it can, by the vigor of its repression. The Public Prosecutor's Office seems to be telling us: The march of the Power, the great industrial affairs, order within, dignity and influence without, require discretion, silence. Every system has its drawbacks, but rest assured that the Government keeps watch and the courts are not idle. Those who misappropriate will be punished.

For *eighteen* months, said the Advocate General Ducreux in his indictment against Prost, MORE THAN FORTY COMPANIES have had to account to your legitimate severity for more than FORTY-EIGHT MILLION cast and lost in the abyss of guilty speculation. Today again you have to strike a man who has squandered more than *eight million*, and sown ruin around him. (*Droit* of September 17, 1858.)

Wonderful, Advocate General. But beware: your justice itself is one more mystification. The Cunins, the Legendres, the Orsis, the Prosts, just like the Pellaprats in the past, cry out to you from the depths of their affliction: they have done nothing other than what is allowed every day, to the applause of the public and of power, to the most considerable, the most recommendable men in financial France. It is by following the errors of financial practice, by applying, as far as it was in them, the principle of the *agio* to disproportionate enterprises, to public utility services, as the law of 1842 gave the disastrous example, that they ended in illegality and ruin. The railway administrations are engaged in the path where the Docks, the Glassworks, the Gas Union, the Caisses de report et d'agiotage, which came to be liquidated by the correctional police. And it is not a question this time of *eight million*, nor even of *eighty million*; it is FOUR BILLION. Why then were

you not informed? Why this judicial ostentation towards some, this reserve in favor of others? The Carpentier trial did not satisfy the public, and its conscience remained perplexed. There exists in Sainte-Pélagie a certain Crémieux, ex-director or manager of the Compagnie des petites voitures, fully disposed, we are told, to make the most edifying revelations to the public, on the waste of the millions of his Compagnie. You will let him speak, no doubt? Ah! Recognize it in good faith: the big Companies, better advised than the poachers of speculation, their first and most miserable dupes, do not themselves believe in the solidity of their system, any more than in the regularity of their writings; they are perfectly convinced of the vices of their administration: only, they intend to charge the State with the deficit created by their waste. Happy, once again, are the elect! It is by the grace of the public treasury that these predestined Companies are saved. When we cry out to them: Give an account, the State, budget in hand, immediately appears to absolve them.

As for the rest, we declare it frankly: when we see the judiciary interpret the principle of the responsibility of writings as it did in the Montalembert trial; when we see it applying the law on peddling as the Colmar criminal court has just done; when we remember in what preambles the Court of Cassation pronounced in the affair of the electoral ballots, and consecrated the pretended right of the police to violate the secrecy of letters; when we reflect on this multitude of judgments, in civil, commercial, political, criminal matters, where the discretionary appreciation of the facts constantly manages to elude the law, it is impossible for us not to conclude that since December 2 the meaning of right has been perverted in France, and that the hypocrisy of Justice is the last trait of the feudal conspiracy.

This is why we will not stop demanding this freedom of inspection without which the freedom to write remains derisory, the action of the courts partial, consequently powerless.

Let the prudence of printers and publishers in our country keep our mouths shut: we will publish no less, anywhere, and for the education of foreigners if not for that of our compatriots, our protest. According to articles 1 and 2 of the decree of March 1-20, 1852, we will present our brochure to customs, offering to pay, in accordance with the law, the import and stamp duties. We will see if the Government, which has taken it upon itself to suppress our treatise *Of Justice*, then to prevent the introduction of our *Memoir*, will push complacency so far as to cover with its imperial cloak the practices of the new feudalism, after having avenged, at the request of the Church, the so-called morality.

CHAPTER XI.

The last word of financial feudalism.

As we said at the beginning, two influences preside at this moment over the destinies of the French people: first, the principle of agiotage, inherent in the banking business, introduced by the law of 1842 into the railway enterprises, and now, by the example of the privileged companies, universally practice; — second, the thought of reaction, the cause or pretext of which is in the social demonstrations of February.

We have not had to concern ourselves with reaction and its doctrines, except to explain the development of agiotage. Let us therefore follow its progress, and recall its sad campaigns.

First of all, and leaving aside the incompatibility that exists between the management of a public service and an individual company, acting with a view to a private interest, it is established that the initiative of financial companies could have nothing serious about it. Such companies do not pursue a goal of creation, production, work, industry; their practice and their law oppose it.

A banker is not a lender of money, a corporate sponsor, even less an industrialist: he is quite simply a go-between, a discounter. Deliver to him the greatest affairs in the world, he will appropriate them to his trade; that is to say, he will undertake to procure sponsors for them, he will discount the capital, even the profits, presumed or real, it matters little: he himself will not change the nature of his profession; he would compromise himself.

So do the big companies. It is avowed among them it is principle that the large bank, like the small one, has no mission to follow a long-term business. The leaders decorate themselves with the title of *initiators of credit*, more modestly, in stock market argot, of *launchers of business*. The business thus launched, that is to say, discounted, they withdraw, leaving the rabble of the shareholders to the risks of the enterprise. If they remain at the head of the administration, it is because this position affords them further discounts, constantly furnishes them with new means of agiotage. But they take care to shelter themselves; the achievements they have made put them well above the risk of a few shares that the statutes of the Companies require them to keep. They play with gambling money.

The spirit of the banker, in other words of the discounter, essentially geared towards agiotage, is therefore all that one can imagine that is most contrary to the spirit of enterprise. Applied to creations of public utility, it could only produce detestable fruits, backward progress, immorality, misery.

The first period of the railways dates from the law of June 14, 1842 and ends in 1852. It is the organization of the large network, already qualified as *old*; these are the primitive concessions, the setting in motion. Finance has found sustenance there for ten full years.

The second period embraces the uniform extensions to 99 years, the concentration of lines with a view to raising prices, the mergers, the purchase of secondary sections, the splitting of shares. It begins with the merger of Orleans, April 1832, and ends with the merger of Paris-Méditerranée, April 1857. In five years, finance has drawn from these new conditions all that they

can produce. It was thinking, we are told, of retiring, when wise men imagined the guarantee by the State of a minimum dividend.

The financiers are not shy. The prorogations and mergers being discounted in 1837, from April 1838, the Stock Exchange newspapers inaugurated the economy of the new treaties. Whatever happens, the benefit of these treaties is realized at the time; that would have been for six months.

And afterwards?

The current arrangements should not show their effect until 1863 or 64. Next year we will ask that they become effective from 1860 or 61: trifles, misery, enough to live on for four months.

And afterwards?

Alienation in perpetuity of the network granted for 99 years. This measure will make it possible to eliminate the amortization of shares, to distribute the repayment of loans over two or three hundred years. It will make necessary the conversion into an *omnium*, of the same nature in capital and interest, of the various bonds 5 and 3 percent at 500 fr., 625 fr. and 1,250 fr. This vast reorganization will provide food for three years.

And afterwards?

Merger in a syndicate, fusion of the six big companies, more and more entangled by the connections. Reorganization of shares, exchange of old titles for new ones, taking into account differences in income; speculation for another three years.

And afterwards?

The companies, masters of the entire transport industry in France, will not need to invent new combinations in order to arrive at the final solution: the past of the canals answers for us the future of the railways.

“The Canal Companies undertook to oblige the government to reimburse their shares of enjoyment. and they armed themselves for this purpose with their right to set rates. The aim of the increase in rates was no longer to increase revenue, but to impose an absolute ban on navigation. They imposed on the government the ordinance of April 17, 1843, which increased the rights of construction timber tenfold and tripled those of coal on the Rhône-Rhine canal. The claims of commerce were, according to this calculation, to force the hand of the ministry and oblige it to *give back the use of the canals to the public, in return for compensation to the Companies*. They therefore requested 40 million of their profit shares. The ministry accepted the figure, etc. (*Handbook of the Stock Market Speculator*.)

We know the rest.

One day, therefore, there will rise from one end of France to the other an immense clamor in unison: Let us pay, if necessary, but let's get it over with, let's get it over with, no matter the cost.

And the redemption of the network, under conditions of which the canal affair would barely give a foretaste, will be the last act in the financial drama of the railways.

And afterwards?

The railroad network redeemed, we will have a public debt of 15 to 18 billion, or an annual rent to be paid of 750 to 900 million, the consolidated dowry of the new aristocracy, But the railroads, put in management or on lease, will be nonetheless, under the influence of the reigning

thought, a means of pressuring, haggling and corrupting, in perpetuity. The well-being of the producers following an inverse progression of the fortune of the parasites and of the budget, soon brought to two billion, two and a half billion, a rupture of equilibrium becomes inevitable, imminent; it is the suspension of all payments, a general and forced liquidation.

What amazes us is to see with what docility, with what bravery, all Governments follow this rut, assume responsibility for the deficit dug under their feet by agiotage.

The demands of finance are the barrel of the Danaïdes; all the Governments! tried to fill it, all are worn out with difficulty. The financiers discount the empire, as they discounted the royalty of July, the restoration and the former regimes. As long as the quarry is lavish, they never cease to amaze the power of their protestations of devotion. They have something for all Governments who know how to pay the price.

Will the Empire follow them in the way of which we have just marked the last stages? We will be at the end within ten years.

And afterwards?

But why are we talking about *afterwards*? — The Empire is at its end. While the Companies were plying their trade of agiotage, it fulfilled its own so well as a counter-revolutionary power, as a restorer of feudal ideas and divine right, at the same time as budget eater and debt maker, that it can now regard its career as almost over. The bankocratic evolution accomplished, one wonders what the Empire still means, what this Empire can still want, which until now has only been its corporate name. The Empire, one says to oneself, must be exhausted of resources, out of credit. On the one hand, for the capitalist aristocracy, no more concessions to distribute, no more subsidies, no guarantees; the guarantee of the State is so well engaged that, if only charged, it becomes purely nominal, an assignat. On the other hand, for the Country, no more hope of better being, no more illusions. The taxable matter is exhausted, and the expenses always increase; the floating debt reached an unavowable figure, which was blamed on previous administrations: for a moment there was thought of seizing the property of the hospices, so poignant was the shortage; it was necessary to recoil in the face of public condemnation. The discounters, who realize that there is nothing more to be done, begin to withdraw; the satisfied isolate themselves; the bourgeois worries about his business, about his returns, about his income; the people about their labor and their bread. Public opinion becomes day by day, according to an expression of Napoleon I, more *execrable*; the elections promise to be threatening: while England is preparing for an electoral reform, we are thinking in Paris of getting rid of universal suffrage, unless they find the secret of making it sing, as on December 2.

The situation is *tense*, as the stockbrokers say. It is clear that the existence of the Empire is at stake. What will fortune decide about it?

There are those who say: France is an inexhaustible mine of wealth. Napoleon III showed it in 1852: where the government of Louis-Philippe had been burdened, where the Republic was dying of hunger, he only had to stamp the ground with his foot to make treasure spring out of it. Don't worry: he will never lack money, any more than men.

And onlookers repeat: France must indeed be inexhaustible to provide for so much prodigality. We have even seen very intelligent people, bewildered by all this din of railways, docks, banks, stocks, bonds, loans, asking for an explanation of this phenomenon, of which they understand nothing.

A last look at this so-called wealth will show us in its dark horror the abyss it covers.

France is inexhaustible! Say rather that France possesses means of exhausting herself, of bleeding herself, which function in her country better than in any other country: but do not believe that she is better off for it; on the contrary.

These machines of exhaustion are four in number:

Taxation;

The multitude of small rentiers and proprietors;

The mass of cash in circulation;

The so-called *institutions* of credit.

The *tax*, stolen without observation, is paid without resistance, but not without pain, you can believe us. Its official figure today reaches 1,800 million, about the sixth of national production. We complain about high rents, and we are right: as soon as the rent takes more than one-seventh of the income, it is excessive; there is embarrassment in the household. But a tax that takes one sixth from you!... We won't insist. Let those who want to know how a country is exhausted, without causing too much shouting, by taxation, study the French system, and let them not lose sight of the fact that under the economic and political regime that the Empire has given us, every taxpayer, for a host of imperious and imperative reasons, must for security, if not for honor, pay his contributions exactly.

The *multitude*, very respectable moreover, *of small rentiers and proprietors*, acts like a tax, in such varied forms. There is not a corner of the national workshop where the net product, carefully extracted from the gross product, by one of the thousand means available to speculation, usury, property, etc., is not then removed by the entitled, who, lured by the hope of a quick fortune, hastens to convert it into a savings account book, a mortgage loan, an annuity certificate, shares and company bonds. In this way, a considerable part of the national product flows continually towards these great centers, to the detriment of the increasingly emaciated people, but to the benefit of the System.

Do we mean by this that the division of property is an evil, the division of the net product an evil, the centralization of savings an evil? Not at all: we are among those who would like everyone to be a landowner and an annuitant, that is to say, to have their share of initiative, to provide their share of labor, and collect, with their wages, their share of income. We are only saying that, by the mode of distribution of property and net income, then by the use made of them, there is an exhaustion of the nation, and that this exhaustion is by reason of the number and exiguity of rentiers and owners. Apart from the fact that large fortunes are rare, they do not exert such complete pressurization, and generally they are good to live around. The small entrepreneur, owner or rentier, half producer, half parasite, in immediate contact with the employee, acts like a capillary tube: the slightest humidity is sucked up by it, while to power a pump you need a lake.

The *circulating cash*. We ask how coined gold and silver, such a precious material, sign, instrument of wealth, can be a cause of impoverishment; how, moreover, this cause acts so much the better as the coinage is more abundant, as the metallic wealth is greater. This seems contradictory, and indeed requires a bit of explanation.

Every individual lives on his salary or his income.

Generally this salary or income is represented by cash. From this point of view, it is quite correct to say that the more money a private individual has, the richer he is; that his cashbox is empty, he has nothing left. His money is his fortune; take it away, and he is poor. He must, in order to subsist, procure other money by labor, or wait in abstinence, unless he finds means of discounting it, his income.

In the social collectivity, things should no longer be considered in the same way. Cash, passing from hand to hand, is never lost for the masses: it circulates, and precisely because it circulates, it is always present. What is its function here? It is no longer only, as before, to serve as a medium of exchange, it is to divide and distribute the wealth, which it increases still more, by giving to each product, with the help of this distribution, all the utility, all the value that it can have.

Whence it also follows that in society, money is not wealth, is not even capital; — as material, it is a portion of wealth; as money, it is only the sign of public faith, a completely moral thing, like the signature affixed to a note; commercially speaking, nothing.

Now, we are going to see this function of cash, so precious, so fruitful, so social, being transformed into a subversive and devastating function. It is with money like railroads, like all machines: it can be used indifferently to create good and evil: everything depends on the way in which it is used.

Money, which however cannot be consumed, is sought after in preference to any other product. The manufacturer, the tradesman, the owner, believe themselves rich only insofar as they have converted, or have the faculty of converting, at will, one his service, another his merchandise, the third his right of use, habitation or property, into cash. The State itself does not collect the tax in kind, but in money; the mining, gas, and railroad companies get paid in money, and in turn distribute their dividends in money. Everyone wants this money, which is often refused, but to which nothing is refused.

If everyone were simply producer and consumer, if there were in Society neither a State that demanded its contributions — 1,800 million francs — in money; nor landlords who demand the payment of their rents, nor the capitalist lenders and sponsors whose dividends, interests or rents must also be paid to them in money, the preference given to money would not have much inconvenience. From producer to producer the preferences would swing; soon even labor, the principle of production, taking precedence over money, the simple agent of distribution, there would be a tendency everywhere to put an end to the favor accorded to cash.

But, on the one hand, the State, capitalism and property imposing themselves, willy-nilly, on production and giving preference to money, it happens that cash, always more sought after, tends to constantly return and accumulate in the same hands, namely, those of the taxman, of the capitalists and owners: first serious inconvenience, first anomaly. On the other hand, nothing

refusing itself money, the State which disposes of 1,800 millions, the big companies, which centralize the capital, which attract to it all the savings, can devote itself to the most exaggerated and the most unproductive expenses: from which results for the Country a real deficit, a real exhaustion.

In short, the incessant absorption of cash, effected by the State and by the organization as such of capital and property, entails a proportional consumption of subsistence; and as, in the present state of things, this consumption is not, cannot be reproductive, it follows that there is, in proportion to the mass of money in action, a destruction of living force, exhaustion. The peoples who envy us this metallic wealth are far from suspecting that it is just what produces among us this consumption, this slump, that has developed especially since December 2.

Thus cash, instrument of exchange, agent of the distribution of wealth, cash functions today, thanks to an abnormal circulation, to the poor constitution of the State, of capital and of property, as a machine of exhaustion. And this exhaustion is proportional at the same time, first to the mass of cash circulating, secondly to the rapidity of the circulation.

This brings us to the fourth cause that we have assigned to the exhaustion of the Country, the *Institutions of Credit*.

In France there are at least seven kinds: the Finance Administration, with its general receivers and tax collectors; Crédit Foncier, Crédit Mobilier, Financial Companies, Banque de France and its branches, Comptoirs d'escompte, Caisses and private banks, Monts-de-piété, the multitude of pawnbrokers and mortgage lenders, usurers, etc.

What is the purpose of all these establishments, of all this trade in metal? To provide for the insufficiency of cash, to multiply its power and action, by means of discount and credit. So when, in a single year, with a float of 500 million, the Banque de France has a cash movement of 20 billions, in which specie figures only for 2 billions, we can say that cash has acquired in its hands a power ten times greater than that which it has naturally. And since this power is directed in the direction of the absorption of the forces of the Country by the capitalist aristocracy and by the State, it is fair to conclude that the Banks, like the budget, like the Stock Exchange, are today today a cause of pauperism and an instrument of servitude.

After all that we have just said, it is easy to understand how, with the help of all these combined causes, namely, the tax, the multitude of rentiers and proprietors, the large companies, the mass of cash in circulation, the speed of this circulation, how, we say, France, or any other country, can, at a given moment, show evidence of incredible wealth, engage in speculations, extraordinary enterprises, contract loans, maintaining armies, sustaining wars, displaying mad luxury, spending in seven years more than she had previously done in forty, all this with an ease, a nimbleness, a liveliness of movement that no one would have expected.

But all this prosperity is only apparent, this wealth is artificial, this luxury covers hideous wounds. Far from having gained by this display, the Country has become impoverished: it has done like the manufacturer who wears himself out to send a masterpiece to the Exhibition, and who, after having received the medal, deposits his balance sheet. The middle class is in trouble, the working class miserable. An employee of the pawnshop told us, six months ago, that the number of

watches deposited was more than three hundred thousand; he added, that in view of the impossibility in which most of the depositors are to withdraw their silverware, their laces, their jewels, the administration of the pawnshop had begun to engage in a new kind of traffic, which was to rent, for an evening, for a ball, a visit, to those depositaries who offer some guarantee, the same objects that they have pawned, and which stubborn distress does not allow them to withdraw.

This is what is happening in Paris, in the capital... of capital. Let us judge, according to this sample, the prosperity of France.

A deficit of 10 million hectoliters of wheat, out of the 120 million of which the average harvest in France is composed, is sufficient to produce scarcity; 15 million hectoliters of deficit lead to famine. This is the image of what has been happening for seven years, through the prodigalities of the Power and the overflowing of enterprises of which it has given the signal and the example. Only the deficit, instead of existing on a single type of product, wheat, is felt on all consumer goods, absorbed by these expenses that are as unproductive as they are prestigious.

This is our condition. The more the system advances, the more it exhausts us; and, in universal ignorance, there would be no reason for this exhaustion to have an end, if it were not to stop soon before two insurmountable obstacles to speculation as well as to the force of bayonets: the first is the decline of the population, which begins to decrease, and which threatens by this decrease to leave capital, houses and land without income either net or gross; the second is the impossibility of paying either dividends or interest to this appalling mass of capital which the comings and goings of cash has precipitated into enterprises, guaranteed, if you will, by the Government, but whose exorbitance cannot take long to reveal itself.

All this can be summed up in this way: The Government, by pressing the taxpayer beyond measure; Property, Industry, Commerce, Great Companies, Money-Capital, by absorbing the net product down to its last atom, by the continuous rise of rents, commodities, money, public services and by the reduction of wages; the Bank and the Stock Exchange, by diverting species from their natural function to make them serve unproductive speculations, out of proportion to the resources of the Country; the credit institutions, by multiplying to infinity the specter of artificial wealth, and raising speculation to its highest power, have led the whole of France to BANKRUPTCY.

Yes, bankruptcy: let the light dawn, and the rent falls to 40 francs; the State and the Country file for bankruptcy. At the moment, it is the Rothschild, Péreire, Mirès triumvirate that, overloaded with its titles of Lombard, Roman and Spanish lines, is maintaining the course alone: for some time, good words from above, peaceful news, the silence imposed on the press, can come to their aid; a stroke of the political rudder, encouraging petty speculation, will allow the high bank to lighten the burden that crushes it. But sooner or later, the torrent will have to resume its course, and that which must mathematically be accomplished will be accomplished.

Faced with this prospect of a bankruptcy of the Country and the State, what will the Emperor's government do? This is a question that arises, and which he cannot escape. Will he withstand the shock? With what?

When, in a trading house, the assets are swallowed up, when bankruptcy is imminent, the rule is to assemble the creditors, to examine the accounts, and, if necessary, to start operations over

again, but on other errors. Is it, instead of a trading house, a state like France? This is called a convocation of the estates-general. Is the Emperor disposed to make this summons?

The bankruptcy with which we are threatened is only the reduction to absurdity, to infamy, of the economico-political system followed for seven years: this system abolished, another must replace it, based on a different idea, formulated by a new constitution. Is the Emperor in a position to change the system? Can he? Does he want it? Does he have an idea, a constitution ready?

Will the Emperor try, for example, as we predicted two years ago, to establish in place of this industrial feudalism, recognized as powerless, immoral, and bankrupt, the Industrial Empire? The first step has just been taken by the creation of the *Caisse générale des assurances agricoles*,⁴ a project abandoned last year on the advice of the Council of State, and now achieved, after amendment. Someone has written, regarding this subject:

It is Prince Joachim Murat who is the president of the Company. His presence on the board, the *free* foundation of the institution, is proof that the Government wants to make this insurance business a moral company, a model company. The capital only figures there to meet the installation costs, the shareholders will only ever receive interest at 5 percent of the payments that will be made. Insurance will be at fixed premiums until profit, after which it will be reduced in proportion to said profit. Already the princes of the Church have spoken of it in their pastoral letters, and all the pulpits will resound with it.

Better late than never. If the shame of the Docks and the Small Carriages were to bring us free insurance, free canals and railways, free credit, we would be able to applaud the characters, whoever they were, who, after having drunk shame, would be the first to inflict this salutary medication on themselves.

But is it not very late for the Emperor to begin again, on the business field, even with the blessing of the princes of the Church, another species of industrialists, a new career, and to attempt a revolution in the Social Economy? On the part of Napoleon III, this would imply a contradiction. The private man can always mend his ways; the public man, never. The fate of dynasties and princes is intimately linked to the system they had to swear to defend on the day of their accession; this system ruined, they must disappear. Besides, and we are intimately convinced that on this point the Emperor shares our opinion, he must personally have had enough of the Bank, the Stock Exchange, the Limited Companies, the Jews, the extensions, mergers, subsidies, guarantees of interest, railway undertakings, gas companies, docks, small carriages, land credit, personal property credit, Banque Bonnard, Banque Saint-Pol, Hôtel Rivoli, Palais de l'Industrie, insurance companies, agricultural and transatlantic companies. None of this corresponds to his personal thought, to his avuncular tradition.

Napoleon III must, at the risk of crown and life, at the end of his resources, triumph over the difficulty that oppresses him as Napoleon I triumphed; he must take up again the work of his uncle, the idea, the real Napoleonic idea.

That idea is WAR.

⁴ General Fund for Agricultural Insurance. — Translator's note.

Now, War or Bankruptcy, we will see that it is absolutely the same thing.

CHAPTER XII.

WAR.

The Empire is driven to war. What do you mean? What is the relationship between the economic situation that we have just described and this terrible extremity to which a government, peaceful until now, would appeal, at the risk of its own independence and the happiness of the people?

Over all this reign so few clear ideas; diplomacy, entirely concerned with forms and details, cares so little about letting the public see the bottom of things; the newspapers, we speak of those that have preserved their independence, occupied night and day with analyzing, comparing and commenting on the news, have so little time to go back to principles; the Christian spirit, which relates everything to Providence, the philosophy that almost always puts the reason of words in the place of the reason of facts, find their purpose here so well, in bowing before the mystery, that the public has come to consider war as a meteor of the supernatural order, when it does not have its cause in a pure princely fancy.

Perhaps one would be grateful if we recall to a philosophical reason a whole order of facts that seem to derive directly only from passion and force. We will see there once more how little the will of heads of state counts in the councils of destiny.

To form principles, from a single case of war, that allow us to judge, by analogy, all possible wars, that would really be philosophizing.

§I.—Fantasy, political pretexts, fatalism: none of this explains the war that is preparing.

Napoleon III, just as much as Napoleon I, likes the war, it is known. His passion, the passion of youth, would have been to command an army: he proved it by his books, by his reviews, by his camps at Chilon, Saint-Omer, and Boulogne, if not by his campaigns. He deeply regretted not having been able to take command of the Crimean expedition, and having left to another the glory of the capture of Sebastopol. He would welcome being given an opportunity to apply his ideas as a tactician and gunner; and we have heard well-informed people say that if ever there is war, we would see Napoleon III, become a general, with means of destruction which would leave little to the skill of the generals and the courage of the soldier, make war with a violence of which the world has no conception. He himself wrote somewhere:

It (the Napoleonic Idea) does not play a children's game; but, giantess itself, when it fights, it is a war of Titans. Its armies are entire peoples: and its triumphs are for the world the sign of slavery or liberty.

Certainly, it won't be good...

Fantasy has its place in the resolutions of princes, but they must not take pride in it. When they think they are following their whim, they are often only instruments. The man with fantasies is he who, incapable by himself of conceiving a just idea, of forming a useful project, proceeds in everything by the imitation of a past that obsesses him, and while he dreams of remaking some things he admires and thinks he understands, does some things he doesn't understand at all. The unhinged reason of the fantastic thus merges with the reason of things, of which it is no longer anything but an echo.

Let's talk straight. Napoleon III wants to have his Austerlitz: such is his fantasy. However, this fantasy would not have occurred to him if, more than 50 years earlier, the First Consul and Emperor had not won the famous battles of Marengo and Austerlitz: that is obvious. But why was there, at the beginning of this century, a battle of Austerlitz and one of Marengo? In other words, what do these repeated campaigns of France in Italy mean, these redoubled wars with Austria? The whole question is there. The idea which had suddenly taken hold of the Emperor of waging war on Austria dated from before his birth: but he did not understand it. If he understood it, he wouldn't have the inclination to fight. Confining himself to his egoism and taking seriously the passages of his last speech where he speaks of the pledges he has given to peace, he would say to himself: If it is too late to begin an economic revolution, it is too late also to campaign, and he would commit an act for liberty by doing nothing at all. He is fifty-one years old; heaven, which rescued him from a prison to make him a dynast, favored him with an heir; a king's daughter, of ancient and genuine blood, a true princess, has just entered his family; restorer of the Bonaparte dynasty, but delicate, moreover unaccustomed to soldiers, what could he wish better than to age in a bourgeois manner on his throne, going from Saint-Cloud to Biarritz, from Biarritz to Plombières, finally accepted by the nation, even if he had to give it back little by little, in exchange for this irrevocable acceptance, the freedoms for which he professes so little esteem, but which it regrets? The care of his repose, of his race, everything comes together, in spite of his warlike regrets, to advise him, as it did Louis-Philippe, a peaceful policy in his relations with the other powers.

Be that as it may, if the *Casus belli* is declared, it may be that the fanciful character of the Emperor counts for something when it comes to operations: beyond that, and with regard to the decision which will be taken, this fancy is only the unanimous echo of the deep causes that agitate the Empire and embrace it.

There is, it is said, the *Italian* question... This is the pretext.

What is meant by the *Italian question*?

It is, in the first place, for the entirety of the Italians, the government of the Peninsula by itself alone, the annihilation of all foreign domination from Sicily to the Alps. The Pope himself and the King of Piedmont, as well as Mazzini, understood it in this way — Then, and as a more or less direct consequence of that liberation, it is for some the secularization of the Roman government, in other words, the unity, or at least the confederation of the states of Italy; for many, finally, the Revolution, more or less democratic and social.

Here, we return to reality: it is a question of knowing if the facts alleged are sufficient to motivate a belligerent determination.

The Italian question posed in the truth of its principle and its consequences, freed from the ambiguous, so-called legal forms, in which the advocates of war produced it, not only is not presentable before European public law, it is wanted by no one. There is not a government in Europe that would dare to lay down as a principle Austria's renunciation of her possessions in Italy, much less still the Revolution; there are very few who support the abdication of the Papacies and the political centralization of Italy.

On the first point, on which, moreover, all the others depend, the emancipation of Italy, let us first consult the imperial tradition.

Napoleon I, receiving the Italian deputation that brought him the crown, replied in public to M. de Melzi:

I have always intended to create a free and independent Italian nation. I accept the crown. I will keep it, but only as long as my interests require it .

Thus, as far as Italian nationality is concerned, Napoleon the Great, master of its recognition, of its coming into existence, had only *intentions* to offer;—by his own admission, he had driven out the Austrians only to take their place; and how long did he think he would stick to it? As long as his interests required! We will see below what duration this requirement implies.

Napoleon III, commenting on the words of his uncle, adds:

He had united Piedmont, as well as Rome and Florence, with the great empire, with the aim of accustoming these peoples to a government made by men, citizens and soldiers. Once the wars were over, he would have returned them to the mother country..., whereas if this great reorganization had been more hasty, these peoples, whom French action would not have prepared for a common nationality, would undoubtedly have regretted their former political individualities.

Let us reduce this phraseology to a simple expression:

To restore their nationality to the Italians, it is necessary, according to the two emperors: 1st, that the interests of France permit it, and that the wars be ended; 2nd, that the Italians learned, under French action, centralization; that they stripped themselves of their political individualism, that is to say, of what is at the bottom of their character and what they hold most dear. Such is the thesis, taken from the complete works of Louis-Napoleon Bonaparte, which M. de Guéronnière recently undertook to explain to the public. This is how , adds M. de Guéronnière, again according to its author L.-N. Bonaparte, the Emperor Napoleon I intended to use the peoples of Europe; he wanted to *conquer* them only to nationalize them. Well! What do you say to that? Austria would perhaps be satisfied with material domination in Lombardy, leaving the Italians to their individualism; the Bonapartes address themselves to the spirit: they want to change the Italian soul. Which of these two despotisms seems to you the most hostile to nationality?

The political life of Italy, the diplomats of Vienna might say, had as its essential condition the absolute independence of each city. This is at least what the history, now well understood, of this country attests. This independence not having been able, after ten centuries of agitation, to be realized, no matter by what cause, Italy could not fail to fall under a foreign domination: this domination, guaranteed moreover by treaties, entered into right. — Italy has deceived herself, reply the Bonapartes; **this error** cannot give title. To give political life to Italy, it is necessary to depersonalize the Italian city, to form it in the image of the French city; that done, Italy wil live, will advance the equal of the greatest monarchies,

This is the state of the *Italian question*. Subordination, the Austrian system; or depersonalization, the Bonapartist system: choose, Italians.

The Imperial Government knows it better than anyone: the political evolution of Italy ended in 1530 with the capture of Florence: in the following section we will explain the causes. Since that

time Italy has been waiting for Europe to arrive in unison, for it to have finished unraveling its political skein: then it will obtain, with full rights, in a single bound, without opposition, without war, with everyone, that which is demanded today, in a very untimely manner for her, which is not only the expulsion of the Austrians, which is not at all Bonapartist centralization, the constitutional monarchy of Piedmont or the suzerainty of the Country; it will have the Economic Revolution proclaimed simultaneously in Paris, Vienna, Berlin and London, as well as in Rome, Naples and Milan.

Thus, under the phrase emancipation from Italy, Napoleon III simply meant the application to Italy of a political regime that would cause the Italians to lose, after a certain number of generations, the monomania for independence, Utopia! A fantasy always. Frankly, it is not for chimeras that nations go to war and, whatever His Majesty says, we still suppose him to be too cold-blooded to believe that the emancipation of Italy is the real motive which precipitates him.

Would we, by any chance, want Revolution in Italy?

But, while Austria has no other concern than to ward off the Revolution from her Lombard provinces; while it is solely for this purpose that it gives military protection to other Italian states, as the French army occupies Rome: the great grievance of Piedmont vis-à-vis Austria is that, through its despotic government, through its system of cutbacks, it stirs up the revolutionary spirit among the Italian people. And all the newspapers, in France and elsewhere, that support the claim of the Sardinian government say, following its example, that Austria compromises the tranquility of Europe, by exciting, provoking the Revolution!

Everything we have read in the French newspapers on the Italian question can be reduced to this dialogue:

— You, Napoleon III, say those of Vienna, attack us about Italy! What does that mean? Are you then a revolutionary government?

— God forbid, replies the Tuileries. It is, on the contrary, because we want to put an end, once and for all, to the Revolution, that we ask to take charge of the education of the Italians in your place.

— Why don't we agree then, if it's only a question of repressing the Revolution? Keep your protectorate over the states of the Pope: leave us ours over Tuscany; let us both stretch out our hands to the King of Naples, and above all talk no more of abandoning Lombardy.

— Impossible: your education system is not ours. You cannot strike without shouting, and provided you are given money and conscripts, you will leave your subjects to be Italians at their ease. Besides, we cannot serve as your second; that would doom us in the eyes of the people.

Thus, among the reasons that the declaration of war will contain, one will read: That it is in order to repress the Revolution provoked by Austria that the French descend on Italy. The Roman expedition will have its counterpart in the Lombard expedition. Austria contented herself with holding the bull secured by the nostrils; Imperial France is about to emasculate it.

Napoleon III, moreover, never had other feelings: on the article of the Revolution, he proved himself. If he has fantasies it is not of that kind.

With regard to Europe, whose public right is fixed by the treaties of 1815, Napoleon III, like Louis-Philippe, stood as surety against the Revolution; he recognized the treaties; during the Crimean

War, he guaranteed Austria her possessions in Italy. If he has sometimes threatened Belgium, it was because he found her infected with Revolution. The only reparation that the Emperor, on his accession, asked of the signatory powers of the treaties of 1815, was that they would recognize him. Here is how he expressed himself in his message to the Senate of November 4, 1852:

“In the reestablishment of the Empire, the people find a guarantee for their interests, and a satisfaction for their just pride. This reestablishment guarantees its interests by assuring the future, by *closing the era of revolutions*, by further consecrating the conquests of '89. It satisfies the people's just pride, because, taking up with liberty and with reflection, what thirty-seven years the whole of Europe had overthrown by force of arms, in the midst of the disasters of the fatherland, the people *nobly avenge their reverses*, without causing any victims, *without threatening any independence, without disturbing the peace of the world.*”

This is all the revenge that Napoleon III ever claimed to derive from the treaties of 1815; vengeance *without victims*, very trivial, that it cost the self-esteem of the powers no more to satisfy than it had cost them before to recognize the Republic of February, after having recognized the Royalty of July.

It is useless to recall, moreover, that it was he who was the principal author of the expedition to Rome and of the reestablishment of papal power. It was he who, President of the Republic, in agreement with his ministers and some of the representatives, diverted the expedition from its original purpose, and who provoked this unfortunate day of June 15, about which he dropped this phrase that the revolutionaries have no doubt not forgotten: *It is time for the good to be reassured, and for the wicked to tremble.*

If the Emperor wanted to serve the revolutionary interests in Italy, he would have to, before crossing the mountains, first proclaim the Republic in Rome, recall the soldiers assigned to guard the Holy Father, extend his hand to Mazzini, as he extended it one day to General Cavaignac, to rehabilitate Orsini and company, and, finally, to give the Revolution some guarantees. Will Napoleon III deny the thought of his entire reign? Will he yield, after having suffered their fire, to the injunctions of the regicides?... Ah! let him make war on Austria as long as he wants: Europe can be sure of one thing, that in Italy as in the East, the Emperor Napoleon has only one thought, one goal, to destroy the Revolution.

Finally, in snatching Italy from the hands of Austria, did the Emperor intend to prepare France for its own emancipation? Some publicists seem to believe so:

“If we were mistaken in this hope (that peace will not be disturbed), we would believe that we had the right to expect, in the increased liberties of our country, compensation for the sacrifices that would be asked of us in favor of the freedoms of Italy.” (*Revue des Deux-Mondes*, January 15, 1859.)

Nothing could be fairer: *Well-ordered charity begins with oneself*. The first act of a liberating intervention beyond the Alps would be the filing of an *Additional Act*, the transformation of the despotic Empire into a parliamentary monarchy. For if there is no greater misfortune for a nation than to submit to a foreign yoke, there is no greater shame than to suffer a domestic tyranny. It is

then that the Italians would have the right to say to us: Physicians of servitude, heal yourselves; Italy has nothing to do with your assistance. *Italia fara de se.*

But the Emperor:

"France," he said, "is no more ripe for liberty than Italy is for nationality."

This is the Emperor's last word. We know by what narrative he proposes to make the Italians mature; would he deign to tell us what operation he is keeping for us?

We shall return to this famous pretext of the liberty of Italy.

Where then to find the true cause of the war! For, of all the political arguments offered by the imperial press, there is none which will sustain a minute's examination. There is no more reason today to make war on Austria over Italy than there was yesterday to make war on her over Serbia, than there was some six months ago to make war on England over the Isthmus of Suez.

Some say, and these will take us one step closer to the truth:

War is in the imperial destiny, in the very meaning of this word, Empire. The Emperor was above all a military leader: if there was no war, no army; no army, no emperor. Once already, after the attack of January 14, the Emperor disavowed the belligerent demonstrations of the colonels; he cannot continue this game; he would fall into the contempt of the army. March! March! Conquest or death! Italy or the Rhine, it doesn't matter: do you, Caesar, lack disasters to repair, injuries to avenge? The lion of Waterloo is over there defying us: do you lack motives for declaring war?

This is getting almost frightening. Here we are far from that fantastic humor, to which we had thought we could first attribute the power, in a head of state, to make or not to make war.

Yes, fatality drives the empire, *fata trahunt*; but we must know in what this fatality consists, and that is what is not said. To claim that the Empire must make war, because it is the Empire, is to answer the question with the question, a battology.

Why, if the Empire is war, if war results from the necessity of its nature, why was the Emperor so applauded when, as a simple candidate for the purple, he pronounced this now famous phrase: *The Empire is peace*? It is rare that fatality does not find its echo in the thoughts of the multitude: how did the idea of a peaceful empire make the nation leap for joy? What weight then, in the presence of the opinion of the country, was given to the opinion of the army? How then, for seven years, did the Empire get on so well with the policy of peace, which it seemed to have inherited from Louis-Philippe? Why, when the Eastern Question had arisen, did the Emperor take so long to declare war? Why, when war was declared, did he abstain from commanding the army in person? Why this excessive attention to confining the Crimean War to the terrain of pure politics, to removing from it all revolutionary ferment, all thought of aggrandizement? The Empire, then, while fighting Russia, seemed the executor of the wishes of the Holy Alliance: a new imitation of the policy of Louis-Philippe. Why, with the southern half of Sevastopol destroyed, was there this haste to bring the army back? Why this Peace Congress, meeting in Paris, in order to resume through diplomacy what the war had been powerless to decide, that question of the East, which is still far from being resolved? Why, since the return of the allied powers, this unofficial mediation in the troubles of Naples and the revolution of Neuchâtel? Why this exemplary renunciation in the affair of the the *Royal-George*?

If war is a natural fatality for the Empire, how does the country that gave the Emperor seven million votes decide against war today? We learned this from the Emperor's speech to the Legislative Body: between France and its leader, as well as between the latter and foreign powers, there is, on the project of an intervention army in Italy, disagreement! During the Crimean expedition, the opinion of Europe was with the Emperor; in an invasion of Italy, it would be against him. The Emperor feels abandoned: hence the tone of complaint that dominates his speech. Is it he who spurns his people, or his people who spurn him? Where does this reversal come from? What is a fatality that could be reduced to a word, Empire, and against which the immense majority of minds would protest?

It must be admitted that fatality here would not be sure of itself, or that it is other than what is supposed. For seven years and more the Empire would have mistaken the necessity of its nature: who prevents it from mistaking it for another seven years? This is proof, in our opinion, that the fatality that presses it is not in its organic, constitutive conditions, in what one could call its subjectivity; it is in its objectivity, which means, in the economic circumstances that surround it.

Thus, to discover, apart from the allegations of an obscure diplomacy, the declamations of a complacent journalism, the cause that, at this moment, impels the Empire to war, we have to inquire what is, in general, the influence of the economic movement of a country on the foreign policy of its government; in other words, we must show that the antagonism that is produced without, between States, has its principle in the disorder within.

Pardon us for this digression: without it, our work would remain incomplete.

§II. — General theory of war: its principle, its progress, its end. — General tendency of peoples towards their absorption or reciprocal subalternization. — Geographical and strategic position of France: the line of the Rhine. — Reason of existence of the Empire of Austria. — End of the antagonism of the States announced by the Revolution, confirmed by the treaties of 1815.

The first cause of any war, in a nation that attacks, is the same as that which leads it to swarm, to form colonies, to seek new outlets: it is the lack of subsistence; in more philosophical language, it is the disruption of the economic balance.

The invasion of the barbarians, from the 3rd to the 5th century of our era; before Christ, the interminable wars of the Romans, pushed out of their territory by patrician exploitation, are examples.

In a nation under attack, war needs no explanation: everyone wants to keep what belongs to them, and defends it.

One cause of war engenders another: the territory conquered, the outlets obtained, the alliances formed, the treaties signed, demand protection. It is necessary to round off, to occupy certain positions, to secure passages, to erect fortresses. Hence the complications to which war often gives rise: basically, the cause remains the same; it is always the lack of balance in the public economy, the lack of subsistence and outlets. Then come ambition, fantasy, fanaticism and whatever else you like: distant, weakened echoes of that hollow voice that ceaselessly cries out to heads of state, I'm hungry!

Thus war is the expression of internal agitation: an extreme means for a government to escape a civil war, to dodge a revolution.

A state does not make war for the pleasure of war, like the knights of Ariosto, to satisfy a vain thirst for glory, to please the beautiful eyes of a Dulcinea. It will not even do it to deliver a brother, a friend, a co-religionist, who has fallen into affliction. This is the avowed principle of English policy; it is that which France herself, chivalrous France, has followed and had to follow, until now, with regard to Italy and Poland. A state makes war for itself, for its needs, to satisfy its own, pressing, immediate interest. Glory, respect for nationalities, and other pretexts are the veneer with which one colors, in the eyes of the people, more real motives, unfortunately hardly avowable.

Once the primary cause of the war has been found, it is important to follow its progress among the peoples: without this we would still understand nothing of war, nor even of history.

One fact which dominates everything is that, from the origin of societies down to the modern era, economic anarchy reigns over the whole face of the globe. Everywhere the balance is lacking; consequently everywhere the exploitation of the masses, by a warlike aristocracy, sacerdotal, capitalist or landlord, widens the deficit, by reason of the agglomerated population.

Hence a universal antagonism of nations, or, to speak more correctly, of the exploiters of nations, as a result of a tendency of states to reciprocal absorption. The formation of the great empires, from the earliest antiquity, had no other cause. Now, in this universality of conflict, who will be the victors? Naturally, those who will show up for battle in deeper masses, with the advantage of a more advanced civilization and a more formidable geographical position.

This explains the preponderance obtained alternately, in Asia, by the Egyptians, the Assyrians, the Persians and the Greeks. A little later, the fight begins again, for the domination of the known world, between Greece, Carthage and Rome: the advantage remains with the children of Romulus, who have become, after the centralization of all Italy, the strongest.

And the goal of war is always the spoils. The vanquished populations are made tributaries, reduced to servitude, or simply expelled. Later, when the Gospel has softened mores, victorious exploitation will be exercised in another way: by the subjugation of the territory, by commercial privileges, by usury, etc., etc. The mode varies, the substance remains the same: it is always the right of conquest, spoliation, absorption.

In the Christian era, a new phenomenon presents itself.

The sovereignty of the world conquered, Italy, cut off on all sides from her possessions by the sea and the Alps, found herself in an unfavorable situation. The Empire is therefore divided, taking as centers in the East, Antioch, Nicomedia and Constantinople; in the West, Milan, Trier and Paris. By this division, the nationalities absorbed tend to reform. So many triumphs, from Romulus to the Antonines, were inevitably bound, by geographical reason, to lead to the forfeiture of the Eternal City.

After the invasion of the Barbarians, new states were founded in the West: immediately the work of centralization, subalternization and absorption began again. How far will this new movement go? What will come of it? This is what we have above all to explore.

Consider, among other things, the position of France.

France, a warlike, agricultural, industrial, maritime, learned, civilizing nation, the principal center of Christianity, of such an easy agglomeration that governmental unity is the first feeling, the first political idea of its peoples; France, from the economic, political and military point of view, is placed in the finest situation in Europe. On a simple inspection of the map, without knowing either the history or the races, without knowing anything about civilization, one says to oneself that if war must remain, as in the past, the condition of humanity, sooner or later France will be sovereign. Either a great monarchy, of which Paris will be the capital; or a hierarchy of states, under the suzerainty of the Emperor of the French.

Germany, more central, is less favored in other respects: its territory, from sea to sea, is too extensive; its ports, in the Baltic and the Adriatic, too far from the ocean; the populations that inhabit it less homogeneous: its confederation, the result of its geographical constitution and of the genius of the races, deprives it of the rapidity of movement.

Russia, more eccentric, more backward, is, in spite of its mass, in even worse conditions than Germany.

For England, if the protection of the strait already seems to guarantee her independence, the same reason prevents her from aspiring to the domination of the continent. It is therefore in England's interest to maintain the separation between the states, to prevent by all means the formation of a unity that would make her a mere branch, transporter and manufacturer, of the great Empire. This policy of England will be infallible as long as she holds the empire of the sea: hence the maritime rivalry between France and Great Britain, which was never keener than today.

As for Italy and Spain, their role is clearly indicated: they are the two satellites, to put it better, the two wings of the French army.

All this, we suppose, has been said before us: but it is good to say it again, in order to properly form the opinion of the people on this point. The restlessness that torments us is nothing new; its cause is always, at bottom, the same that has governed history for forty centuries: in the economic order, lack of balance; consequently, in the political order, a tendency to universal domination.

The thought of dominating that France is reproached for cannot in any way be imputed to her. It is found the same among all peoples: Devour or be devoured! It results from the nature of things; it has been taught to us by the Bible, by religion; we have received from it the tradition of the emperors or pretenders to empire who, from the time of the first Caesars, chose our country for residence and where some even have been born. It is common to us, this same thought, with the *Holy Germanic Empire*, of which the two most famous title-holders, Charlemagne and Charles V, openly aspired, as much as Louis XIV and Napoleon, to universal domination; finally with the Tsar, whose pan-Slavism has just been so rudely struck by us in Crimea.

Pedants reproach, as racial vices, our pride, our fighting spirit, our mania for assimilation. They would like to see France humiliated, dismembered, struck off the list of nations. They do not perceive that France is more to be pitied here than blamed; that its pretensions with regard to its neighbors are the result of fatal causes of which it has not yet made itself mistress, but which no people has fought as much as it.

Undoubtedly the principle of the unification of States no longer has the same intensity today as it had in ancient societies: this is due to the discoveries of modern navigators. Since the end of the Middle Ages, the movement of expansion of the Caucasian race has been directed towards distant points of the globe: Holland has its Sunda Islands; England owns India, Australia, etc.; Spain and Portugal have Mexico, Peru, Brazil; France also had her colonies in America and the Indies, which she lost; today it holds Africa, of which it has made, it is true, for 30 years, only a military school, but which sooner or later will provide its population with a precious outlet. Until the globe is exploited and populated, a war of supremacy between the states of Europe may seem premature: Europe being given with its economic anarchy, the competition of the states for the suzerainty thus follows inevitably. In this competition, France is in the front line: its course is traced. On the one hand, it must secure the support of Italy and Spain; on the other, it must carry its northern frontier to the Rhine; in the third place, it must balance, dominate, if possible, the maritime power of England.

All this has passed into the state of popular tradition in France: our kings, at the same time that they are disputing the ocean with the English, that they are defeating Germany by their opposition to Protestantism, do not stop attacking Italy and the Netherlands. Invasions of Italy by Charles of Anjou, Charles VIII, Louis XI, François I; wars of Flanders, under Philippe-Auguste, Philippe le Bel, Louis XIV, Louis XV. Napoleon only resumed the policy of the great king: he placed one of his brothers in Spain, another in Italy, a third in Holland, and kept for himself, with France before 89, Belgium and the kingdom of Italy. When the Empire had fallen, the Bourbons timidly got back to work, first by intervening in Spain, then by taking Algiers: everyone, including Louis-Philippe, was forced, despite his ardent desire for peace, to support the separation of Belgium, to take Antwerp, to occupy Ancona, and to keep afoot, for 18 years, in all eventualities, an army of 100,000 men. Is it possible, in good philosophy, to admit that this stubborn struggle had no other cause than the ambition of the princes, the warlike mood of the nation, or, what would be even more puerile, the reasons given by the diplomats of each era? This would be making the effects greater than the causes, explaining a perfectly intelligible natural phenomenon by follies and miracles.

But there is a point on the map that plays a great role in the history of the French monarchy, and the only one that gives the key to it: it is the line of the Rhine. A look back will show what fatality this line makes weigh on France and on Europe.

Originally, the peoples who inhabited the Rhenish country, that is to say present-day Belgium, Luxembourg, Treves, a part of Holland up to and including Utrecht and Leyden, appear to have all been of Celtic race. Race and language would therefore have originally agreed with geography to form the mass of a Gallic empire.

Several centuries before the Christian era, tribes descended by the Rhine, coming along the sea, came to settle in present-day Friesland, and little by little between the arms of the Rhine. The Batavians, the main occupants of the delta, were a colony of the Chatti. In Caesar's time, part of the Belgian nation was already of foreign origin. A sort of instinct drove the Germanic-speaking

peoples to come and put up a barrier at this point to the invasion of the Gauls, and, better than that, to drive them back on themselves.

After the Roman conquest, the importance of the line of the Rhine took shape clearly: the limit of Gaul was transferred to the old Rhine. By restoring to the Celts their ancient line, Caesar promised them the empire of Europe: so all the effort of the wars comes after him to concentrate on this point.

Germania understood the danger: around the year 241, under the empire of young Gordian, the Franks made their first appearance in history. Who are they? It is neither a tribe, nor a nation or a race; it is a confederation of peoples from central Germany, inhabitants of the banks of the Mein and the Saale, who league together for independence, which is indicated by their name of Franks; and, to this end, set about taking from Gaul, which had become the boulevard of the empire, the line of the Rhine. In this respect, the tactics of the Franks are invariable: descending from their mountains, they constantly move north, towards the mouths of the Rhine, where they are sure to meet auxiliaries, old relatives; from there they advance little by little towards the south, always removing, either by force or by treaties, some plot of this fateful soil.

In 276, Probus allows them to settle in the *Batavia*, between the arms of the Rhine; in 291, Maximien-Hercule grants them land around Trier and Cambrai and incorporates them into the empire. Under Julian things are more advanced: they have, as their own domain, recognized by the emperor, Batavia and Toxandria (Northern Brabant). Sometimes enemies of the Romans, sometimes their allies against the other barbarians, they had from the end of the third century become so important that we see one of their chiefs aspire to the empire; a century later, they are better than emperors, they dispose of emperors. Under the name of Gratien, of young Valentinian, it is Arbogaste, frank, who reigns and governs. In 395, Arcadius, emperor of the East, asks for and obtains the hand of Eudoxie, daughter of Count Bauton, franc. From 428 to 435, there was, under General Aetius, an offensive return of the Romans, or better said of the Gauls, against the Frankish invasion; the line of the Rhine was recaptured for a moment: it all ended with a treaty of friendship, that is to say by a formal abandonment of part of Belgium. From the year 409, the Belgians of the Germanic race had entered the league of the Franks: the land seemed to get along with the foreigner and the Rhine was lost without resource. In 445, Clodien had his capital at Diest, in southern Brabant: around 465, we find Childeric at Courtray.

The friendship of the Franks and the Romans—read, the union of Gaul and Rome—was glorious: in 451, Attila and Merovée are victorious over Attila; in 463, the Franks, who had taken the Roman general Egidius as their leader, defeated the Visigoths, seized Cologne, Friesland, the island of the Batavians; in 471, they defeated the Saxons who had come to the Loire. It is the empire of Rhenish Gaul that is reformed with the help of the Franks themselves, on the plan designed by Julius Caesar.

The hour is solemn: the Western Empire has vanished; it will be called the Frankish monarchy. All the Gallic authorities, ecclesiastical, civil, military, seem animated by the same thought: the Empire has fallen, *Cecidit Babylon magna*. Well, good! Let the king of the Franks reign over Gaul and remake the empire! As soon as it is said, Clovis, at 22, attacks Syagrius, that is to say the

Roman protest, and defeats him. But the Latin institutions are preserved; there is only one title changed: we no longer say, *Hail, César!* they shout, *Long live the King!* In 491, Clovis got rid of all the petty kings or chiefs of the Frankish confederation, and united their estates. A serious breach of the principle of independence and Germanic fragmentation. Apart from Clovis and his companions there are no more Franks; that is to say that the old league is dissolved for the benefit of the dynasty of the Marwinges or Salian Franks, and that Gaul reaffirms its property in the Rhine, and its autocracy over the Germanic multitude. Indeed, Clovis begins a new series of operations against his old compatriots; he became a Gaul; the Frankish league (Swabians, Bavarians, Franconians) is broken by him at Tolbiac. Then, following the example of Constantine, he embraced Christianity; he wins the battle of Vouillé, in Poitou, over the Visigoths, and receives from the emperor of the East the title and emblems of consul.

In a sense, we can say that the French monarchy begins in the year 241, with the confederation of the Franks; in another sense, which is the one we are following, it begins at 486, with the defeat of Syagrius. It is absurd to count as kings of France, of Frenchified Gaul, a Childeric, a Merovée, a Clodion, a Pharamond, a Mellobaude. This monarchy had as its principle the restitution, by means of an about-face, of the line of the Rhine, which had been taken from imperial Gaul by the confederation of the Franks.

Will time consecrate this restitution? Will the Frankish kings be able to keep what cost them so much to obtain, and which would have guaranteed them forever the inheritance of the emperors?

No: the Frankish kings are betrayed by fortune, as were the Caesars; a superior will seems to stand between them and the Rhine. In vain Clovis protects on one side the institutions of Rome, adopts its cult, wears its livery, follows its strategy against the rest of Germany; on the other, to settle on the decisive point, near the Rhine, at Tongres, as Charlemagne will settle later at Aix-la-Chapelle: he can only prevent the Rhineland, Eastern France (Austrasia) from tending violently to separate, and that it does not separate. On the death of Clovis, the Franks, obeying the principle of their origin, independence, divided the monarchy into four lots and ruined the work so skilfully elaborated by Clovis, Egidius, Aëtius and Merovée.

Three times under the first race Austrasia separates, and three times she returns to the bosom; in 687, the battle of Testry, won over Ebroïn, mayor of Neustria, by the duke of Austrasia brought Frankish unity to his advantage, and the same thought which, in 486, had formed the Franco-Gallic monarchy of Clovis, forms the monarchy of Charlemagne. It is always the Rhine that the princes, the clergy, all of old Gaul have in view: the proof is that it was over it that Charlemagne overcame the Saxons, and was proclaimed Emperor of the West. But Charlemagne will do no more than Clovis: his successor, Louis-le-Débonnaire, is forced, from the third year of his reign, to proceed to the partition: and immediately there emerges, opposite the France of the Seine and the Garonne, the France of the Rhine, Lotharingia, named after its first holder.

From this moment, the Germanic movement prevails: feudalism is established in all directions; the unity of Gaul will be reformed little by little, and the King of France, Philippe-Auguste, will come to tell Bouvine, the new Confederate Franks, the Emperor of Germany, the King of England, the

Duke of Brunswick and the count of Flanders that Gaul does not lose sight of the line of the Rhine.

Later the succession of Burgundy brings Austria, and consequently Spain, into the Netherlands: it was the occasion of the glorious, but fruitless campaigns of Louis XIV.

Thus, neither Celtic Gaul, nor Imperial Gaul, nor Gallicized Gaul, nor what amounts to the same thing, the Franks who had become Romans, could realize the idea of preserving the line of the Rhine for our country. We have just seen what causes prevented the success of this project in the past; we will see what prevents it today.

It is here above all that the modern world is profoundly distinguished from the ancient world. To the state that all the natural conditions of geography and race seemed to predestine to empire, will be opposed another, formed by artifice, which, the more it is beaten, the more indestructible it will appear: we mean Austria.

They speak of Austrian marriages as the sole or principal cause of the enlargements of this state: it is not serious. Marriages and princely inheritances, in Austria and everywhere, are almost always the symbol of the political alliances and territorial additions that have become indispensable, and consequently natural. The formation of the Austrian Empire, its reason for existence, is in France itself.

The Christian world, impelled to governmental unity by the fanaticism of its economic anarchy, is repugnant to it because of its religion. Since the Gospel has placed a certain level among peoples, especially since spiritual power has been definitively separated from temporal power, and the Reformation has consummated this separation, the absorption of states into one has become more difficult than ever, not to say definitively impossible. Equal in Christ, the peoples have tended to become so in Caesar, that is to say in sovereignty: such is the reason, still so little understood, that prevents the fusion of Italian cities, constantly calling one against the other sometimes the sovereign pontiff, sometimes the Emperor of Germany. Italy has been consumed, politically speaking, in this struggle against unity; she did not realize her ideal of a reigning and non-governing emperor; but his spirit passed to the nations, all of which, with the exception of Italy, in establishing the communes, laid the foundations of the future Republic; all of which, from the free cities of the Rhine and the Baltic to France and Spain, have asserted and defended to the best of their ability their sovereign inviolability.

However, the fragmentation of states had to have its limits.

France, through the constitution of its territory, forms a natural group, which, centralized first, would have quickly got the better of the rest, if it had met before it only small states, united only by a bond federal. A counterweight became necessary: the German character, as much as the Italian spirit, opposing a vast monarchical centralization, the power of balance, impossible to create in the North, as we have seen by the example of the Franks, was formed in the South. What is this southern agglomeration made up of? Of a crowd of small nationalities that political life had already abandoned, or which it had not yet received, most of them less advanced in civilization than Germany: Bohemia, Slavonia, Dalmatia, etc. For a moment Austria possessed the Netherlands, just as Prussia has today and for the same reason the Rhine provinces. Could she

better reveal her mission of antagonism toward France? It seems that at the first shock this amalgam of heterogeneous elements will dissolve; that at the first cry of nationality and independence, all these tribes will break apart and rise in insurrection. Rest assured: the Austrian monarchy is sitting on solid foundations. She really has only one thing to fear and that is that she misses France, her rival. all these tribes are going to break their beam and put themselves in insurrection. Rest assured: the Austrian monarchy is sitting on solid foundations. She really has only one thing to fear, and that is that she misses France, her rival.

Things thus arranged, France, of all states the one whose nationalities must most fear incursion, finds herself reduced to impotence. The subalternization of Europe, or universal monarchy, becomes for her, unless the governments are willing, a problem as insoluble as squaring the circle. At the slightest gesture that she makes, Austria runs to arms (she has just thrown 150,000 men into Italy as a provision); the Germanic body is moved in its entirety, and places itself as a sentinel on the Rhine; Holland and Belgium, peoples of German origin, are preparing their contingents; England blocks us by sea, containing Spain by Gibraltar, Italy by Malta. A hundred million souls against thirty-six: behind Russia with 60 million Slavs.

Certainly, we would be glorious, as French people, to see such a powerful league forming against us for centuries. But what! In this distrust of nations that testifies so well to our strength, philosophy allows us to discover only the need for balance, the law of justice, which alone must reign over men, and to entry of which into affairs the French nation has contributed more than any other.

Thus the line of the Rhine, without which France can undertake nothing, with which, on the contrary, she would be invincible, is the principal key to politics and history in Europe; and the true guardian of this line is Austria. Give France the Rhine as far as the Yssel; let Antwerp and Amsterdam become French ports, and the coalition is broken, England lost. France reigns over both hemispheres. Sooner or later, the world will have to obey it. Make Austria a group of ten or twelve independent states, and the Rhine, badly guarded by the natives, becomes in 48 hours the prey of the French regiments. So the effort of the struggle has always been directed in this direction; the campaigns of Italy are for France only strategic marches; if she crosses the mountains to fight Austria, it is always in view of the Netherlands. Neither the Po nor the Tiber are for her military lines; her belt of strength is the Rhine: it is by the Rhine that she would have conquered long ago, *hoc signo vinces*, if she had succeeded in possessing it, if the Rhine populations, if Holland, Flanders, could be faithful to France, if only they could not hate her...

Let us summarize in a few words this lesson of the past. Under the pressure of economic anarchy, which is still universal today, the tendency of states to push back their frontiers and absorb each other; tendency of France, resistance of Austria and England, supported by the whole Germanic body.

Are we condemned, now, to turn eternally in this circle, to live always on the alert, and to play from time to time, as if to maintain the energy of some, the vigilance of others, this horrible lottery, which we call war? Did the Revolution, which changed so many things, which modified so

many ideas, which indicated so many solutions, leave us nothing on this subject? What is she saying?

The Revolution could not be clearer, but there is a conspiracy not to hear it. It tells us that once divine, feudal, and military law has been abolished, once equality before the law has become the basis of public and civil law, nothing stands in the way of economic equilibrium; that if this equilibrium exists at home, in a country such as France, it cannot be long in being achieved abroad between the governments; that this achievement is irresistible, that it needs neither diplomacy nor battles, that it necessarily results from simple neighborhood and from the free trade relations that peoples maintain with respect to each other; that such must to be the French initiative on the civilized world, and that there is for our nation no other preponderance, let us say it better, no other mediation, no other glory. The Revolution as a whole did not itself have any other object: by abolishing the law, mores, customs and institutions of feudalism, by creating civil and political equality, it wanted, it could have wanted only one thing, to put an end to economic anarchy, then to the antagonism of nations, to the state of war.

The conquering policy of the first empire obscured, for a time, in the minds of the French people, this great principle of the Revolution. This temporary aberration cost us two million soldiers and a narrower border than before. It is a sad thing to say, but one that is nevertheless true, that we have been restored to the truth of our principle by the grand coalition of 1813 and the treaties of 1815. The Holy Alliance, which, according to the letter of its manifestos, seemed to incur the reprobation of the French; the Holy Alliance, which one could take for a coalition of kings against peoples, is, in fact, only a call for balance against the old state of war, the spirit of conquest and the idea of a universal monarchy. State selfishness has had its share in these famous treaties, the first thought of which belongs to Henry IV, just as the prejudices of emigration had their share in the Charter. The delimitation that has been made of the sovereignties leaves much to be desired; since 1815, many offences, many faults have been committed: all in all, these treaties that a minister in antitheses prescribed us to detest while respecting, are the only monument of public law in Europe, the only guarantee of the independence of states, the cornerstone of the happiness of peoples. Democracy may want to tear up these treaties, but only to change the text: if they did not exist, it would invent them. What does it matter if they begin with the Christian profession of faith, In the name of the Father, and of the Son, and of the Holy Spirit? Translated into the language and logic of France, they mean: That in the future each of the signature powers must seek within itself, in the freedom of its citizens, in the development and harmony of their economic faculties, the conditions of its equilibrium; that any state which, under whatever pretext, would seek, at the expense of another, an extension of territory, an increase in influence, an increase in outlets, *a fortiori* which would interfere in its administration would declare itself, *ipso facto*, bankrupt; that the others will have to unite to resist it, and, if necessary, constrain it by force.

Oh! Let the kings of Europe do honor to their signatures; let them respect their contract of mutual insurance, and we will fear nothing for the liberty of the world. Let Justice set foot on a corner of the earth; it reigns everywhere. Since the famous declarations of '89, nothing greater has been

proposed to the world: so we are not afraid to say that, apart from the style, the intention also perhaps, the Revolution can claim the thought of these treaties that we are talking about tearing up.

§III.—Application of the principles developed in the preceding paragraph to present circumstances.—Examination of the grievances alleged by the Imperial Press.—Enumeration of the motives that impel the Empire to war.

What do the advisers of the Empire claim now, with their Italian question?

It is said (we copy from the dynastic papers):

“That there is no question of tearing up the treaties, but of obtaining their modification;

“That the situation in Italy has become, by the presence of the Austrians, intolerable, and that it must end;

“That no one dreams of seizing Italy, much less of conquering Europe; that it is simply a question, if Austria persists, of an expropriation for reasons of international utility, of a military execution.”

Against this background of impertinent banalities, the Emperor's speech to the Legislative Corps, interpreted by a circular from Minister Delangle, came to extend the phraseology of the chauvinists, honor, patriotism, danger of leaving minds too inclined towards material interests.

Bankrupt language, the terms of which demonstrate that the zeal for Italian freedom has absolutely nothing to do with the war that is preparing, and that, if the situation has become intolerable to anyone, it is because of the government of the Emperor.

Certainly, the cause of Italy enjoys general sympathy, and we make wishes for it that are all the more sincere in that they merge with those that we never cease to make for France. But if it happens that the policy for which we are going to strive to obtain a semblance of adhesion from the Country, through all the advertisements of the speculative press, implies: 1) in form, the negation of all European public rights, thus a threat to the liberty of other states; 2) in content, that is to say, as far as Italy is concerned, a pure Bonapartist utopia;—if the attempt to carry out such a project were to inevitably bring back all the previous adventures, push France to a war of aggrandizement, with the prospect, in the event of victory, of increased oppression, in the case of the failure of a third invasion and perhaps of a dismemberment; if it were established, on the other hand, that the cause that the Empire makes speak and act, as one sees it at the moment, with regard to Italy, is the imminence of filing its Additional Act, which means, its balance sheet: is there a single man, we are not saying in Germany, Belgium and England, but in Italy and France, who would give his vote to such an expedition?

We say that, in form, the intervention of France in the affairs of Italy is a violation of public law.

The *Casus belli*, in the event of Austria's refusal to evacuate Lombardy, supposes that the sovereignty of each state in Europe is subordinated to the control and sanction of a superior Sovereignty; and, if this Sovereign does not appear, that it is up to the Emperor of the French to present himself, from now on, as its representative and, if need be, its executor. Now, this itself is the affirmation of a monarchy, at least of a European confederation. The great question is to know if the established sovereignties should subscribe to it: we are strongly repugnant to it for our part, but let us accept the hypothesis.

The political unity of Europe posed by the sole fact of the *Casus belli*, there can be no question, in particular, of Italian nationality, any more than of any other nationality. It is necessary to begin by regulating this new unitary or federative right, by virtue of which one claims to act, since apart from it the petition of the Emperor with regard to Austria would remain, from the legal point of view, without foundation. And here is what would be the consequence of this new law of nations: The same admonitions and adjurations that the French government allows itself to address to the Austrian government, with the threat of correction if the latter turns a deaf ear, can be addressed by the Austrian government in turn to the government of Napoleon III. Do we, in France, lack grievances against the despotism of December 2?... Moreover, there is not a citizen, subject, or serf in Europe who does not have the right to file a complaint with the suzerain authority against its natural government, and to invoke against this one the intervention of the federates. Is that what you hear at the Tuileries? Ah! Sire, allow us to tell you: You speak so much today of Italy's liberty, only to dispense with giving us back our own; whoever argues otherwise has lied like a base flatterer and an apostate.

We add that the victory of France would basically have no useful effect for Italy. This thesis would almost require a complete review of the history of the Peninsula: let us confine ourselves to summarizing the propositions that we have extracted from our readings.

Italy has been confessed in recent years by scholars and illustrious writers: what have they taught us about the fact that today worries Europe so much, the loss of Italian nationality? Is it through their fault, through their cowardice and their softness, that the Italians have become what we see them today; or through the fault of their political and religious prejudices; or finally by the effect of an invincible fatality that, after a thousand years of struggle, having suddenly made them lose heart, delivered them up, divided, powerless, to foreign domination?

Without pronouncing ourselves for or against any of these systems, around which each writer has not failed to gather the entire mass of facts collected by history, we simply believe that what happened to Italy in the sixteenth century is the same thing as what is being done right now throughout Europe.

A thousand years of political revolutions without result were to lead Italy to political skepticism: this is the state in which it finds itself in the sixteenth century. Now, among a nation surrounded by peoples less advanced in political experience, and much stronger, skepticism was to lead to the loss of nationality: this is the state in which we have seen Italy for three hundred years.

Can you therefore render to Italy today, in the absence of a social faith that would be the Revolution, a political law? Where will you find it? Does France have a political faith? Does Germany, which stirs up so many ideas, have one? Do people believe in politics in London, St. Petersburg and Vienna? Politics, that so-called science whose object is to make order reign among nations by way of government or reason of state; politics showed itself to the Italians, towards the end of the fifteenth century, in the horror of its lies, and the Italian people preferred to it the joys of material life, the pleasures of art and, up to a certain extent, philosophical liberty. So did the rest of Europe at this time. The peoples are still moved for their national rights or privileges. There are, one would think, royalists and democrats. Look closely, and you find under these

denominations of the old days only the antagonism of interests; as for politics, there is the deepest skepticism. The French Revolution, studied in its legal and economic reason, the Revolution is the death of Politics.

Now, the national spirit, patriotism, follows the political faith in everything: where it cannot be called Liberty, Justice, Welfare, it is extinguished. Do we believe that nationality is much stronger at this time in France than in Italy? The opposite would instead be true. In Italy, the presence of foreigners, aided by the gradual forgetting of previous events, seems to have revived national feeling. But the illusion would quickly vanish on contact with new mores. There is no nationality more ardent than the one that feels thwarted by the acts of others; there is nothing more fragile than that which has been reduced, by the successive abandonment, voluntary or forced, of its political forms, to a simple relationship of neighborhood and interest. The interests are all over Europe in full anarchy. As a result of this, what can public spirit and national feeling be in the various parts of Europe? There is one man among us who deserves the title of creator of nationality: it is the Tsar Alexander. To give liberty to 25 or 30 million serfs: this is what is called founding a nationality. For the same reason, any development of liberty and justice must be judged in the same way. William of Orange coming to deliver England from the tyranny of James II; Louis XVIII restoring parliamentary liberties to France, must be placed in the same category as Alexander, Rome would have called them *Father of the Fatherland*. But those who solicit the nations by vanity to make them serve ambitious aims; those who take them by selfishness, who chain them by self-interest, except to reproach them afterwards for sacrificing everything to interest; those who deprive nations of the dignity of the free man, and abolish in them even *jusqu'au deux moral*, those are the destroyers of nations, the eaters of nationality, *demoboroi*, as the Greek energetically puts it.

The Emperor Napoleon III will give back to the Italians their nationality? Look at what he has done, in seven years and a few months of despotism, to the French nationality!... On this ground, the discussion would be too easy for us, and we do not want to draw up at this moment the act of accusation of the Empire. Let us be in good faith: the intervention of France in Italian affairs can only have today, as it had in the past, one object: it is to change the obedience to which this unhappy country seems condemned, until the final Revolution, to displace, for the profit of the Empire, the center of political gravity in Europe. It is French prepotency that is at issue here, not the emancipation of the Italians. The Austrian regime is not tender; we know that. But which is preferable for the security of Europe, that two or three women receive the whip in Milan, or that the sterile epic of 1804 to 1814 begins again? As for Italy, left to herself, she could take only one or the other of these two courses: to reengage according to its genius in the obsolete ways of politics and to give the world a new representation of the tragedies of the Middle Ages, or organize itself according to the law of the Revolution. The first would bring new interventions, a new protectorate; the second is rejected by everyone, by the Italians themselves; by politics and history, Italy is condemned to wait, at the risk of declining again. It had better wait.

We maintain, finally, that a war between France and Austria, over Italy, however circumscribed, however moderate it was desired, would inevitably entail, on pain of a shameful and mortal failure

for the Empire, a war for political preponderance in Europe. What is the use of talking about intentions? It is the sequence of facts that must be considered.

At the moment, they are working to isolate Austria: it is the first battle to be won. Will this occur? It is permissible to doubt it: but let us swear to nothing.

Since 1815, great wrongs have been committed against the spirit of the treaties, to the great damage of the peoples and of general security; new and more disastrous offenses may still be committed.

The split of the Dutch-Belgian kingdom was a mistake: it is clear that we are reasoning here only from the point of view of the balance of states. Far from regretting the independence of Belgium, we would like each village to be sovereign. But it is since the separation of Belgium that the thought of recovering the frontier of the Rhine has awakened more keenly than ever in France; if Louis-Philippe, as bold as Louis XIV, had accepted for his son the crown which was offered to him, he would have been supported by the nation, and England might have paid dearly for its policy. Here the fault was general: fault of King William, who alienated the Belgians by treating them as a conquered people; fault of the Belgian clergy who, in the interests of the sacristy, prepared the split; fault of the English government, which improperly practiced the *Divide ut imperes*; fault of the other powers, who let it all happen.

The hostility of the English government towards Louis-Philippe, and the encouragement it gave to the pretender Louis-Napoleon, was another fault. The statesmen of England, blinded by pride and selfishness, stupidly avenged themselves on the king for the peril that the situation alone had caused: this situation given, it was a hundred times better for England than the constitutional monarchy of an Orleans, than the absolutist empire of a Bonaparte. A war, whatever it may be, of France, under a parliamentary government, will never cause Europe to run the slightest danger. May Napoleon III not try to teach it to the English, and thus avenge, with the injury of Saint Helena, the injury of Claremont!

Lord Palmerston's eagerness to recognize the government of December 2 was immoral and wrong. No doubt this minister, so careless regarding rights, wanted to verify the proverb, Birds of a feather flock together. But any power that despises right mystifies itself: what does England think at this hour of her magnanimous ally?

What a fault again, when the English ministry, in order to escape the possibility of a war with the new emperor, betrayed the confidence of Nicholas! The Tsar, confiding his projects to Lord Seymour and soliciting the assistance of Great Britain, was not to be feared. The English people pay dearly for the disloyalty of their statesmen.

These facts, and many others, by showing the bad instincts of governments, would make one think that in courts and chancelleries one is more prone than elsewhere to lose sight of the bases of things. Everyone wants to enlarge his plot, to fish in troubled waters; but everyone is duped, and the peoples, as in the time of Homer, suffer alone from the madness of sovereigns. Will the same faults be repeated today? Why not? Is there nothing that tempts the greed of England and Russia and that the Emperor of the French, in return for their neutrality, can promise them? We expect

all the defections of the governments. We are in their hand exploitable flesh and cannon fodder; and history proves that kings learn only when they have their heads on the chopping block.

"What!" exclaims an honest little newspaper, "there are three great powers in Europe, England, Russia and Prussia, not to mention the bundle of secondary states, which are interested in keeping the peace and to which it would be enough to say, No! to prevent war, and these powers are silent! They will let the scourge unleash, they will let the fire ignite, and it is only when it has set half the world ablaze that they will think of uniting to put it out." (*L'Economiste belge*, February 1, 1859.)

Alas! yes, the three great powers, we greatly fear, will look before they act: it is the great wisdom of potentates.

Let us therefore suppose war declared, non-intervention laid down in principle, and let us follow, guided by the law of things, the course of events.

France, assisted by Piedmont, supported by the insurrection of the Italians, possessing an army whose victories in the East have doubled their value, France seems to have the greatest chances of victory. But to destroy the armies of Austria, to take her strongholds, to force her to the abandonment of Lombardy, to force the fortified gorges of the Tyrol, without the occupation of which nothing will ever be done: all that will cost dearly. The campaign will not be over until the Italians have suffered more misery than they had experienced since 1814. But, one must make the best of things. The Austrians expelled, the peace signed, the dynasty of the Bourbons of Naples lives: this is acknowledged in advance, people say loudly. Naples is still Austria; because it is protected by Austria. We proceed to the *organization*, that is to the partition of the emancipated Peninsula; France is reimbursed for its sacrifices. It will no doubt not have spent, as in the Crimea, 150 or 200,000 men, plus three or four billion, for nothing: the imperialist papers, despite the disinterestedness they display, are in agreement. By inviting England to take part in the struggle, if she wants to share in the spoils, they recognize that victory must be worth to France, justice and liberator, an increase in advantages, which means an increase in territory and of influence. Now, by this very fact, the treaties of 1815, which it was only a question of modifying, are torn in spirit as well as in letter; France is recognized as the preponderant power, the map of Europe needs to be redrawn. Because, what does it matter to France to give itself three or four departments on the other side of the Alps, or to create a small Franco-Italian state, exposed, like present-day Lombardy, to the solicitations of Piedmont, soon impatient with the French protectorate and, as a consequence, of a more than doubtful fidelity? A substitution becomes necessary, and everyone guesses it: it is on the Rhine that it would take place. The emancipation of Italy by the French army has as its inevitable consequence, and more or less forthcoming, the absorption of Belgium and of the whole of the Rhineland: one must be blind or a traitor to deny it. Here the resistance would be more lively: but, first of all, if England cooperated in the downfall of Austria, and were allowed to take Sicily, which she covets, what would she have to say? If, on the contrary, she kept neutrality, what would she get involved in so late? Once accomplished, the fact with regard to which she would have declared herself neutral, becomes with regard to her all the more legitimate because she herself, by her unofficial admonitions at the court of Vienna and her

injunctions at the court of Naples, would have recognized its morality. What! England sends notes to Vienna to beg the Austrian government to change its policy towards its Lombard subjects, and it would later be justified in complaining of the violation of treaties and of the supremacy of France! No no: the fall of Austria accomplished on the other side of the mountains must produce on this side all of its consequences. As for Prussia, seeing that, without intervening in a direct manner, she would have maintained a hostile attitude, France would immediately turn her victorious arms against her, calling to her aid the other suffering nationalities: Hungary, Bohemia, Poland and—who knows?—perhaps Ireland. May fortune smile, in this new Jena campaign, on the Emperor and the Gordian knot of French supremacy is once again cut, if not resolved: France recovers its natural limit, namely the entire line of the Rhine; the King of Prussia will be good enough to withdraw to the other side of the Elbe, and England, then opening, but a little late, her eyelids, keeps quiet, not risking a decline and, provisionally, a continental blockade.

All this seems like a Pyrrhic dream: but we have seen this dream come true in a few years; today, the Austrian mass dislocated, it could be carried out in still less time.

And look, the world is already half beaten, because it is afraid. Do you not hear, from morning till night, the world of Interests exclaim: that war has become impossible, that it would mean the suspension of trade and industry, Europe put on strike, the annihilation of all values? As if the conquerors cared about interests! Haven't we already done for Belgium, the account of the workshops struck by unemployment, the counters closed, the exploitations in arrears, the shopkeepers close to filing for bankruptcy, the towns and villages where suddenly production, life is suddenly halted? Interests, we no longer understand more than that; we're not talking about anything else. Eh! Well, he whose heart will be firm enough to contemplate with cold blood the distress of these stupid and so little respectable Interests, will be the master of them; and the same motive that will have brought about the submission of the interests maintaining their resignation, the great Empire, reformed, guarded, without as well as within, by the egoism of interests, supported by political skepticism, would only crumble in a terrible disaster.

Let no one say: It's madness, fury. Napoleon III, so distinguished to this day by his moderation, by his phlegm, is incapable of conceiving atrocious projects!

It is indeed a question of what the Emperor is capable of conceiving or not conceiving! Intentions and intelligence are irrelevant here; the Emperor doesn't even care to have an idea: things think for him! they command him. Did Napoleon I, genius as he was, ever know the first word of his own destiny? The die is cast, he said in defenses of his campaigns: let the destinies be fulfilled.

Napoleon III needed to go to war, first to recover the arrears of the campaign in the East... In this respect, the fatality that appealed to Napoleon should attract the attention of the powers all the more, since it takes on the appearance of right. We are surprised that the supporters of the war did not impose this consideration. Is it not to maintain the European balance that he made this expedition? Everyone admits it. Now, two things have been demonstrated by the taking of Sebastopol: one, that it could happen, at a given moment, that France was alone in resisting the invasions of the Russian Empire; the second, consequence of the first, that there would be no security for Europe if France were not given sufficient scope to re-establish, if necessary, against

Russia, the counter-balance. Now, what did France gain from her sacrifices? It has been said that Russia has lost its prestige. But England also lost some of its own: in fact, neither of these two powers lost anything. While France, which brought back only one laurel from the Black Sea, finds itself today, whatever may be said, in a state of flagrant inferiority. France, locked up in her straitjacket, only appearing, despite the glory of her arms, after a campaign made for the service of Europe with the approval of Europe, in the fourth rank; it is a contradiction, an injustice. So much the worse for Austria, so much the worse for Prussia, so much the worse for the other States, which, summoned to declare themselves by the very terms of the treaties of 1815, had only sterile wishes to offer. After the Eastern War, European balance is no longer based on the rivalry between France and Austria; its condition is the equality of France and Russia. The French people keenly felt the anomaly of their position: the Emperor had only two means of appeasing them, an extension of territory or the restoration of freedoms.

Napoleon III needs to go to war, secondly, to ensure in his family, the transmission of the crown. He has aged; he had already had to give himself, for the exercise of his power, an energetic auxiliary, the very one whom the *senatus-consultum* of 1852 called, in the event of a sinister event, to the regency. Napoleon III reigns, Napoleon IV governs. The quick seized the quick: but this referral is not enough; the transition must be gain renown. Perhaps His Imperial Highness, in charge of the Ministry of Algeria and the Colonies, does not carry his thoughts beyond a major renovation of the Peninsula; perhaps following the example of Louis-Philippe, opening his reign with the siege of Antwerp and the occupation of Ancona, the prince and his friends only thought of introducing into the treaties of 1815, as regards the distribution of territories, one more modification. England by its notes; the sympathies everywhere acquired with the Italians, furnish a superb opportunity: the future regent takes advantage of it. After that, who will live will see. All that we will say on this subject is that the Napoleonic tradition revives much better and much stronger in the person of the prince than in that of the Emperor; lastly, that the imperial government, into whatever hands it falls, will not recoil before this consequences of its conquest.

Napoleon III needs to go to war, finally, because after having given everything to the Companies, he is at the end of his wiles and resources; because he no longer has any concessions or guarantees to offer; because he needs, for the jobless caste of which he is the prince, new provinces to exploit and squeeze; for the officers of his army, accustomed to luxury and burdened, money; for his family, which must be established, endowed, money; finally for himself, whose civil list is said to be heavily indebted, money; because already the expenses of the war are made in part, guns, rifles, citadels, men; because in the presence of hostile elections, it is necessary to deceive people's minds, to prevent, by considerations of public safety, impatience from appearing, to thin out a population already in decline, but still too copious, too restless; because finally, as Barnave said, the war will give the government the handling of immense subsidies—we are already talking about a loan of 750 million, which will increase its authority, silence all resistance. An old policy, renewed by the Romans, the Greeks, all the Eastern and Western despotisms, which we heard professed, in 1848, by honest republicans, demanding with loud cries that the superfluity of the population be thrown

on the battlefields. Ah! What a great genius the Emperor Napoleon III must seem to them, what a great man!

It is strange that of all governments the one that seems to enjoy the most absolute initiative, the most complete freedom of action, despotism, should on the contrary be the most subject to fatal causes, the most exposed to the blows of fortune, and this precisely because it encounters fewer obstacles to its will, because it acts without opposition and without control. It took eighteen years for financial feudalism to dry up the parliamentary royalty of July; seven years sufficed to ruin the Empire and drive it to war. Let the Imperial Government allow its accounts to be audited; that the civil list return its own; and if it is not true that the scarcity of money has become as acute as it was in '89, we are ready to retract our words.

Against this fatality of bankruptcy, which weighs on the country and forces the Emperor to draw his sword, it would be necessary to take a great resolution: it would be to turn around, to pass on the body to the great Companies, to create industrial democracy, in other words, to usher in the Economic Revolution. The Empire will do nothing about it: it was born in reaction and it will die in reaction. It has faith only in its star, the will-o'-the-wisp which carries it, like the traveler in the night, through the swamp of the old politics and will end by throwing it into the abyss.

The Allied Powers—this is only a forecast on our part—will not stand in its way, will not shout: Reckless! They have no other ideas than the Emperor, no more understanding of history, no more respect for the law than him. The populations, on the other hand, are too little enlightened, dare we say it, too little virtuous, to compel the sovereigns to advance. The bourgeois says: What do I care who commands, as long as I receive my income? And the employee: What do I care who I serve, if my condition does not change?...

The world, we believe, by its very imbecility, by its vices, is destined to see yet more great events take place, we mean, immense and absurd calamities. History is never better nourished than by periods of dissolution, better served than by the madness of princes, the selfishness of aristocracies and the stupidity of the masses. For us, before hostilities are declared, we believe in our right and our duty to protest, with all the strength of our conscience, against the campaign that is preparing. We do not believe in the emancipation of Italy by the imperial armies, any more than we believed, in 1848, in the independence of the Holy Father or in the secularization of the Roman government by the intervention of the French Republic ; we do not admit that in the 19th century, after the French Revolution, in the presence of the economic movement, it suffices to give a people a government of its own to restore to it its public spirit, its nationality; we are convinced that it would rather be the way to generalize and consolidate servitude; we consider this enterprise, supposedly nationalist, as an insult to the enchained freedoms of France; we deny that the war, once begun, can and must stop, like that of Spain in 1823, or Belgium in 1831, at a simple restitution of Italian autonomy, be reduced to a pure dynastic interest, to a palace intrigue; we maintain that out of inconsistency, idiocy, ignominy, the expedition must sooner or later receive its true character and become the starting point of an effective supremacy of France over the rest from Europe, not to say of a monarchy of all the West. And we swear by the Revolution that such are not the ideas, such is not the mission of the new France; that the greatness and the happiness

of our nation have nothing to gain from this proud supremacy, acquired at the cost of torrents of blood and immense treasures, which could only be maintained, for a very short time, by corruption and terror.

Some will accuse us of failing in our duties towards the fatherland, of being men from abroad, because, in a question where France may find itself in the presence of a European coalition, we would have prejudged the wrong of France. Right must be silent, they say, before the fatherland...

For us, who certainly will not bear arms against our own country, we say on the contrary that there is no fatherland against the right; that such a country is that of brigands and pirates, a country from which every honest soul must make it a point of honor to exile itself, which it would be the right of other countries to fight to the death. But, thank heaven, France has never professed such maxims: at this moment, the darkness of despotism, accumulated over her head, alone prevents her from seeing it. Since, within the precincts of the Empire, the truth can no longer come to light, since writings unfavorable to the war are referred to the courts, it is up to the French in exile to speak for their compatriots; it is up to the neighboring peoples to warn, through their unanimous clamor, the enslaved nation.

Within, bankruptcy,

Outside, War:

This is the last word of the situation that the adventurers of limited partnership, the filibusters of agiotage, have made for you. French, do you accept this solidarity?...

CHAPTER XIII.

Counterproposal.

This regime cannot last. It is the shame of the era. Without being allowed, up to now, to impute it in particular to anyone, we can say that it constitutes a sale of the Country, to a privileged class, by the Government. It is the insolent exploitation of the producing people by a parasitic aristocracy; the systematic violation of all rights and morals; the overthrow of all economy; the contempt for humanity erected into a religion.

A reform, the most energetic and the most prompt, is necessary: we would like to lay the groundwork for it.

First of all, does the state have the right to reconsider the alienations granted by it, in particular to take over the railways?

To whoever would deny it, we would reply that the State has the right to do much more: it has the right to intervene in the administration of the Companies, to be accountable for everything; to make, in the name of morality, and by virtue of the penal code, administrations, supervisory boards, managements, general assemblies, overseers, and to bring them to trial.

The capital invested in the railways has been furnished: 1st, by the State; 2nd, by the shareholders; 3rd, by bondholders under the guarantee of the budget.

The part contributed by the shareholders is not the largest; in a few years it will be the smallest. It is about a third, it will go down to a quarter, a fifth, a sixth. As co-owner, as surety, double surety, as guardian of the law and of the interests of the country, finally, the State has the right to have its say in the matter, and if necessary, to pronounce the dissolution of the companies.

Is it the time to pronounce this dissolution?

To those who would cry slander, we would reply: By the official history of contemporary bankocracy;—by the raids carried out on public and private wealth (in hatred of the *partageux*) for the benefit of a few hundred croupiers;—by the billion in state subsidies, which only served to provide the said croupiers with a billion in bonuses;—by the markets from Graissessac to Béziers, from Avignon to Marseilles, of Aubin;—by differential rates;—by unfair competition with shipping;—by fraudulent charging of equipment renewal expenses to the capital account;—by fictitious meetings of shareholders, etc., etc.

It is true that the state can be reproached for having long tolerated these embezzlements: but the state purges itself by changing ministers and indicting the wrongdoers, which only confirms its right. So,

First article. — The State, in the name and in the interest of the Country, by virtue of its prerogative, and in order to return to true principles, enters into the possession of the railways, and provides for their exploitation.

The liquidation of the Companies is begun.

What will be the indemnity paid to the companies by the State? Should this indemnity be calculated according to the quotations of the Stock Exchange, or established, according to inventory, on the real value of the network?

It is here that we expect a torrent of complaints. These poor shareholders, is it their fault if their shares are only worth 50, when the Stock Exchange tells them 100? Did they not subscribe under the guarantee of the State and of the laws, carried away by their confidence in the administrations in which they saw appear all that the Country counts as most honourable, over which moreover the Government was supposed to exercise a careful surveillance and strict control? The ignorance of the buyers, their good faith, the dividends paid over the financial periods that have closed... What titles to leniency! Ah! Lord Government, do not make them responsible, when they have only been fooled.

And why should shareholders escape responsibility? The State is the Country, which has suffered more than them from the management of the Companies; it is the victim, for the spoils of which dupes and rogues had come together. Address yourself, benign shareholders, to the founders, administrators, subscribers at par and other skimmers who, thanks to you, have collected a billion in premiums. You have your recourse; we ask nothing better than to make you exercise it.

In 1855, in Paris, capital of civilization, of enlightenment, of intelligence, a company was founded, with a capital of forty millions, for the operation of about 3,000 coaches and carriages. The price of each carriage, horse included, came out thus at 13,333 fr. 33 cent. Now, not only have shareholders been found to buy the Company's old and new crates at this rate; but, in the month of August of the same year, the shares were quoted at 210 fr., which put the horse and carriage at 28,000 fr. And there were takers! Is it necessary, because the Government had authorized the Company, because it was formed under the patronage of the Prefecture of Police, because they had gone so far as to allow it to raise its rates, that the State relieves these inept capitalists for their foolishness?

The de facto irresponsibility that the Companies have enjoyed has made them easy on onerous mergers, disastrous takeovers, exaggerated dividends. To each his share: if there were embezzlement, it was the business of the imperial prosecutor; if the accounts balance in a shortfall, it is that of the shareholders: in this scandalous debate, the country must intervene only on the appeal of the courts of assizes, as a jury.

Art. 2. — An exact, sincere and truthful inventory of the assets and liabilities of each Company shall be drawn up. The obligations will be recovered at par; the shares at their mutually established value.

Art. 3. — All railroad titles will be converted into state annuity titles.

But can the State become a transport contractor, commission agent, merchant, builder of roads, bridges, cars, machines? In other words, can the State reconcile the exercise of an industrial function with the collectivity of its nature?

From the first Chapter, we noted that the anomaly of the system in force came from the incompatibility of the terms on which the Companies were established: organization and exploitation of a public service by a private industry. Will the anomaly be less when, instead of handing over the public service to private industry, private industry will have been handed over to the public service, that is to say, to the State? Absorption for absorption, won't it fall out of the frying pan and into the fire?

We know the ineptitude of the state in business, and the deplorable results of the systems of governance. It is not that the Companies have done better: they have adopted the administrative system with its hierarchy, its servility, its spirit of espionage, its paperwork, its useless cogs, its slowness, its arrogance; they have added to it their embezzlement, their speculation, their favoritism, their arbitrariness; to the vices of private cupidity, they joined those of the Government. But what would happen if the opposite took place, if the power of the State served to protect the abuses of industrialism, speculation, monopoly against the country?...

Such is the difficulty before which the legislator of 1842 came to fail, and which all the efforts of republican criticism have left unsolved.

There was nothing extraordinary about the problem, however: instead of absorbing private industry and the State into one another, it was only a question of having them treated together, according to the rules of the contract of hiring of work and the contract of commission, and according to the principle of the division of labor.

The State is the representative of the general interests.

As such, it cannot, must not, under any pretext, divest itself of its domain, nor encroach on the rights of citizens.

Let it therefore deal, by direct adjudication or auction, and separately, with each of the industrial specialties for which the public service requires assistance, so as to reserve only the supervision of the whole: and the question, which has proved so troubling, is resolved.

The financial companies practice it in this way themselves: does the State need their intermediary?

The establishment of lines, earthworks, works of art, the construction and repairs of equipment, supplies, to special contractors;

The operation of the lines, to leaseholding companies;

Reception, shipping, trucking of goods, to hauling companies: all without any intervention from the bankocrates.

The financial system has proven itself: it has given us, in the present and in the past, the extent of its means: the high bank must be kept out of the competition, as it was during the subscription of the three loans of the Eastern War. Custom contractors, who subcontract with the Companies; engineers, drivers, mechanics, the workers themselves, are they a force to be despised, an inert mass eternally destined to wage labor, which receives its intelligence and its employment from the caste of which we have said, in a small proportion, exploits them?

Art. 4. — The operation of the railway lines, as well as the execution of earthworks and works of art, the construction of equipment, will take place in sections, which will be determined according to the natural law of the division of labor and the political principle of decentralization, so as to multiply as much as possible, in the country the entrepreneurs, and with regard to the State, the sponsors.

Art. 5. — The transport service will be awarded by ten-year leases, to leaseholding companies. — A schedule of conditions will stipulate the conditions of rate, security, delay, the number of trains, the departure times, the penalty. — The maintenance of the lines and the equipment, the supplies, will be diverted from the carrier administrations, which will have, for this purpose, to deal with special and free contractors.

Art. 6. — The service of goods, or of low speed, when it comes to the receipt, dispatch and delivery of the goods, will be returned to free industry, to haulage. Leaseholding Companies may take responsibility for receiving the shipment of courier items, but without privilege. The commissionaires-entrepreneurs will have the right to establish an office and stores in the stations at their own expense, if it is better not to create a system of docks completely independent of the railways. Responsibility for transport will fall to the leaseholding Companies during the route, to haulage contractors before loading and after unloading.

Art. 7. — The State has its rates, uniform and without favor, per head and ton-kilometre, according to the place, the nature of the objects and the speed. It fixes the departure times and the number of trains, for the service of goods as well as for passengers.

Art. 8. — In the calculation of the cost price used for the establishment of the rates, will appear, beside the expenses of maintenance of the material, those of the renewal. On the other hand, nothing will be counted as interest on the sums provided by the State.

Art. 9. — The price paid to the leaseholding Companies for the transport services for which they are responsible will be a percentage of each category of receipts, so that they remain interested in the development of the service and its improvement.

Art. 10. — The leaseholding Companies will choose their personnel, organize their service, determine the conditions of salary, benefit, advancement, under their exclusive responsibility.

Art. 11. — Creation of a Bureau of Statistics, and publication of records.

Here then, we will be told, the railways have become a category of taxation? — Certainly, if it were to be so, it would hardly be worth changing the system. Taxation is one thing; the public service of the railways is another. The first consists of what each producer must deduct from his income to meet the expenses of the State; the second is an integral part of its production costs. Under no pretext is it permissible to confuse them.

The complement of the Reform proposed by us is the permanent reduction of rates. The net product of 574 millions out of a receipt of a billion in fourteen years incurred a surcharge of one-half. The dividends have been exaggerated, no doubt; but the squanderings, the bad administration cover this exaggeration. A reduction of one-half won't be too much on the totality of the rates.

Art. 12. — The railways will be operated according to the law of the best price, that is to say the progressive lowering of the selling price to the level of the cost price. Consequently, the rates will be reduced immediately in the proportion of half, on a trial basis.—The excess of the price paid to the leaseholding companies will be paid into the State coffers. When this surplus reaches 4% of the capital committed, a new reduction will be made.

All this, it will be said, can go with the old network, the product of which is certain. But for the new lines, so fortunate, and already so decried, will the State, with the publicity of control that this new system demands, dare to burden with such considerable expenses a budget already so heavy? Will it find lenders, and on what terms? Assuming the lines built, will it find leaseholding companies?

To this we respond firmly:

We don't want railways anyway; roads that rob the country of precious ground; that rob labor of the arms that it needs; that rob agriculture and industry of the capital that they lack;—and which, after all these sacrifices, forced to compete with the old means of transport, do not cover their costs. We say that all this is detestable administration, a ruin for individuals and for the State, a national disgrace. And we conclude that the best lesson in political economy to give to the citizens, in the matter of railways, canals, machines, monuments and public works, is this:

Art. 13. — New lines or branch lines will only be established where, according to the most exact studies, their operation will make it possible to obtain an economy on the old means of transport.

Art. 14. — When this economy will have been duly established, the expenses of the new establishment will be provided for by means of the combined resources of taxes and loans. For the first three years, the leasing will be done under the guarantee of a minimum revenue by the State.

This is, in essence, our counter-project:

To the State, emancipation from despotism and the growing demands of corporations, recovery of the unduly alienated public domain; :

To the shareholders, a liquidation all the less disastrous that it will be closer, and that it will be done with the applause and the satisfaction of the Country;

To the public, cheap transport;

To free industry, a new career;

To employees, workers and serfs of the financial and administrative gleebe, freedom, security, dignity, responsibility, participation in profits.

Is this socialism, communism, utopia?

We have known in Lyons former entrepreneurs in land and water transport, whose fortunes were made under the worst conditions of their industry. They could not groan enough about the incessant improvements in locomotion. The straightening of the roads, the widening of the canals, the dredging of the rivers, the cheapness of the steamers, filled them with sadness. With these facilities, they said, there was no longer any means of earning money; the first comer can become a broker: the prices are spoiled; the trade is lost!

That's pretty much what the financial companies say: Follow the principles of sound economics; take for rules the general interest, the common right, the best price; prohibit public services, government enterprises, exploitation of the domain, transactions with the State, the ancient fashion of gratuities, subsidies, concessions, bribes; and you fall into a democratism without limits. No more great lives, no more aristocratic families; no more luxury, no more elegance, no more civilization.

Ah! Bourgeois, wealthy class, enlightened class, formerly liberal class, you are no more fooled than we are by the system that made you, in part, what you are. You know that if, thanks to it, a few fortunes are still made, thanks to it all are also driven to bankruptcy. But the remedy seems worse to you than the disease: your eyes are wounded by this light of economics and justice; your egoism is alarmed by the emancipation of the worker; since you have been shown the consequences, you no longer want equality before the law, you reject the common right.

Die then, since such is your destiny: but know it well, you will not take society with you. A regular liquidation would have made you the initiators, the leaders of the common people; it would have preserved for you, for three or four more generations, that superiority of well-being which for you is more than life, for it is more than conscience. Your bankruptcy will strike only yourself; the people, without further transition, will find there fortune and liberty.

EPILOGUE.

France is suffering; it is visible. Business there is not brilliant; this is well known. She is ashamed and her heart is heavy; you can see it. We would like to get out of this situation, but how?

Imperial France is struggling. What! You wouldn't suspect it, seeing her so pompous. She is poor.

False maxims seduced her; absurd terrors have perverted her reason. She has lost what distinguished her among nations, the sentiment of moderation.

In this country where the spirit abounds, where the ridiculous does not have time to be born before the comedy seizes it; where manners are frugal, genius is moderate, language is simple and correct; where one generally reasons correctly, where style flees hyperbole, where the public hates, so to speak in unison, excesses and extremes, where everyone professes to seek the middle in everything; in this country of moderation par excellence and of order, it happened that one day everyone abandoned themselves to the exaggeration of the idea, to the intemperance of the phrase, to the violence of the appetites, to the fury of speculation, to the exorbitance of calculations. We only wanted the gigantic; we only have prodigies; we had esteem only for monsters, faith only in the impossible.

It began from above: fine minds claimed that pomp is the true economy of princes; that a well-administered State must have a large debt; that tax is wealth; that whatever parasitism devours benefits the worker; that without an aristocracy the people would die of hunger; that a nation lives above all on ideals, on glory, and that glory can never be paid too much. And the Power, in spite of the warnings, the oppositions, the threats even, the Power attracting everything to itself, aiming at glory, resolved, at all costs, to save the Country from the scourge of equality, ended up taking a development out of proportion to its resources. We wanted to get back, and we had, a big budget, a big civil list, a large staff, a formidable army, and a superb debt. People laughed at republican modesty: in its place, a splendid court, high dignitaries, high commands, large salaries, quadruple the police, and strong power. The state works and the bids, everything was designed on this outsized pattern; vast barracks, great strategic roads, Babylonian monuments, Neronian palaces, titanic constructions. In Paris, a city of marble and gold, the streets have been changed into boulevards, the boulevards into public squares. Clearings have been made that push back the laboring population to the line of the detached forts, which have just now become guardhouses for the barriers. A tributary Europe is needed for such a capital: otherwise the Empire—we no longer say the Monarchy—crumbles on its frames. So hold on tight, old Austria; take care, Albion! The Rhine and the Zwyderzee are ours; to us the Alps to the Po; the Pyrenean mountains up to the Ebro are ours. The rest to our great vassals, kings, princes, dukes, counts, barons, margraves and burgraves.

This system of political economy in the style of Louis XIV has swept everything along: mores, ideas, feelings. Everyone has raised their point of view, broadened their horizons, stretched their ambition, doubled, tripled, multiplied their investment tenfold, enlarged their existence accordingly. Big fare, big expense, unheard-of luxury, fury of pleasure; the bureau chief leads a minister's train; the wife of the employee at 800 francs carries baskets. Selfishness exalts itself to ferocity, skepticism to impudence; speculation drives out work; dignity in man, chastity in woman, unproductive virtues, are ruined in a common prostitution.

To satisfy such energetic appetites, it was necessary to mount business on a higher ladder than that of Jacob: we no longer dreamed of anything but millions and billions, large companies, concessions of ninety-nine years, big subsidies, big monopolies, big dividends, big salaries, big pensions, big and especially rapid fortunes.

What have we achieved?

Something easy to predict, but which no one foresaw, so strong was the passion, was that, everyone feeling the need to win big and fast, and men remaining what they were, the population and the soil remaining the same, the value produced could not be in proportion to the value incurred, and everything rose in price at once. So we had high rates, high rents, expensive bread and wine, expensive meat; work itself, by the desertion of so many speculators, inventors, creators, founders, organizers, discounters, speculators, brokers, work has become insufficient, poor quality and expensive. We have thus arrived, by the general increase, at the deficit, at scarcity, at general penury.

Also see the upper middle classes, while gorging themselves, grow thinner, struck by dropsy; the middle class goes into debt, goes, in one continuous movement, to the state of bankruptcy; the people become demoralized and wither away. In spite of the excitements of the Stock Exchange and the examples of the governmental power, the people remain eternally *calm*, an honest word, coined by the speculative press, to say "miserable." Paris saw, on January 1, springing up on its boulevards thirty thousand shops to sell it... New Year's gifts. The biggest article of the Parisian trade in the last two years has been crinolines, first in horsehair, then in string, then in steel, all patented, medal-winning, protected from counterfeiting, if not from competition. Orders came in 300 dozen at a time. What a century when the main occupation of men is to enlarge the buttocks of women! It is clear that for seven years the Country, like the Government has had eyes bigger than its stomach: in this consists its illness.

.....The puny bumpkin

Puffed herself up so much that she burst. [A]

We have spoken the principle, described the phases, indicated the treatment. This may be called the *Mystification of Cupidity*, which begins with speculation erected into an institution (law of 1842); continues with fraud, which has become, with the help of an accomplice press, inviolable; is supported by state subsidies and guarantees, lease extensions, mergers, etc.; is concealed by war, and ends in bankruptcy, unless we turn from it in time by Right and Liberty.

[A] From La Fontaine's fable, "La Grenouille qui veut se faire aussi grosse que le Bœuf."

Our goal is to teach the people, in a series of publications of which we give today the specimen, to know, through the observation of phenomena and with the help of the light that every man carries in his consciousness, the reason and unreason of things; to form thus, regarding all the objects of nature and of society that interest him the most, a set of correct ideas and, for all the circumstances where freedom intervenes, principles of action that do not mislead it: all philosophy is contained in these.

In a future installment, we will seek the reason for the existence of the Empire and its end, after the lesson in political economy, the lesson in history.

We will say at the same time what we mean by *popular philosophy*.