

Class Struggle Rightly Conceived

*“Against the Lords and the Great
Proprietors of the Soil . . .”*

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KARL MARX IS FAMOUS FOR DRAWING ATTENTION to the idea of class struggle. Yet remarkably in 1852, historian David Hart recounts, Marx wrote, “[A]s far as I am concerned, the credit for having discovered the existence and the conflict of classes in modern society does not belong to me. Bourgeois historians presented the historical development of this class struggle, and the economists showed its economic anatomy long before I did.”†

By bourgeois historians and economists Marx meant laissez-faire liberals such as Charles Comte, Charles Dunoyer, and other early nineteenth-century French writers. According to Hart, “Marx plundered what he could from their work to assist him in this project, or . . . apparently misread them in his haste to move onto more important matters.”

In light of Marx’s words, it’s worth exploring the historical development of this class struggle as seen from the perspective of the classical liberals. At first this analysis of class may seem paradoxical. Free-market advocates have long emphasized that trade brings increasingly elaborate forms social cooperation through the division of labor and free exchange. As Ludwig von Mises pointed out, the realization that specialization and trade allow unlimited mutual benefits induces people to put aside their differences and to cooperate in the productive process. How

† Hart (2003), *The Radical Liberalism of Charles Comte and Charles Dunoyer*. tinyurl.com/n87myef

could the classical liberals of the early nineteenth century have been interested in class struggle?

Comte and Dunoyer, along with Augustin Thierry, whose publication, *Le Censeur européen*, was a hotbed of radical free-market thought, were influenced by the important, but underappreciated, French free-market economist Jean-Baptiste Say, whom Murray Rothbard lauded as “brilliantly innovative and the superior of Adam Smith.” The seeds of early classical-liberal class theory can be found in the second and subsequent editions of Say’s *Treatise on Political Economy* (first published in 1803), which reflected his response to Napoleon’s military spending and intervention in the French economy. For Say, government’s power to tax the fruits of labor and to distribute largess and jobs is the source of class division and exploitation. As he wrote in another work, “The huge rewards and the advantages which are generally attached to public employment greatly excite ambition and cupidity. They create a violent struggle between those who possess positions and those who want them.” Of course someone has to provide the largess.

Comte and Dunoyer took that seed and nurtured it into a full-blown class analysis. At issue was who, exactly, comprises the classes. Say’s view that services provided in the marketplace are immaterial goods and that the entrepreneur, like the laborer, is a *producer* made an impression on Comte and Dunoyer. Hart writes, “A consequence of Say’s view is that there were many productive contributors to the new industrialism, including factory owners, entrepreneurs, engineers and other technologists as well as those in the knowledge industry such as teachers, scientists and other ‘savants’ or intellectuals.”

Exploiter and Exploited

Getting the members of the classes straight is important if we are to accurately distinguish the exploiters and exploited. Marx thought only members of the proletariat were creators of value, with owners of capital belonging to the exploiting class (and the state as its “executive committee”). He placed owners of capital among the exploiters because of his labor theory of value (inherited from Adam Smith and David Ricardo): since the value of goods was equivalent to the socially necessary labor required to produce them, the profit and interest collected by “capitalists” must be extracted from workers’ just rewards – hence their exploitation. (N.B: For Marx this was true whether or not an owner of capital received favors from government.) But if Marx’s labor theory of value falls and if exchange is fully voluntary and void of state privilege, then no exploitation occurs. (Marx’s exploitation theory was later systematically refuted by the Austrian economist Eugen von Bohm-Bawerk, who showed that some of what we call profit is in fact *interest* arising from employers’ *advancing* wages to workers before the final product is sold.)

So the theorists whom Marx credits with teaching him class analysis placed in the productive class *all* who create value through the transformation of resources and voluntary exchange. The “capitalist” (meaning in this context the owner of capital goods who is unconnected to the state) belongs in the industrious class along with workers. Marx didn’t learn this part of the lesson.

Who are the exploiters? All who live off of the industrious class. Besides common crime, there is only one way to do that: state privilege financed by taxation. The conclus-

ions drawn from this by Comte and Dunoyer (and Thierry) is that there existed an “expanded class of ‘industrials’ (which included manual labourers and the above mentioned entrepreneurs and savants) who struggled against others who wished to hinder their activity or live unproductively off it,” Hart writes. “The theorists of industrialism concluded from their theory of production that it was the state and the privileged classes allied to or making up the state . . . which were essentially nonproductive. They also believed that throughout history there had been conflict between these two antagonistic classes which could only be brought to end with the *radical separation* of peaceful and productive civil society from the inefficiencies and privileges of the state and its favourites” (emphasis added).

In this view, political-economic history is the record of conflict between producers, no matter their station, and the parasitic and predatory political class, both inside and outside of government. Or to use terms of a later, British subscriber to this view, John Bright, it was a clash between the tax-payers and tax-eaters.

Comte and Dunoyer’s work advanced Say’s analysis in important respects, Hart notes. “Where Say regarded economics and politics as separate disciplines, with the latter having little effect on the former, the liberal class analysts saw that Say’s own work had more radical implications. The science of political economy was ‘value laden’ as we might say and implied quite specific policies on property, government intervention in the economy and individual liberty, something Say did not appreciate but which Dunoyer and Comte incorporated into their work,” Hart writes.

As both Hart and historian Ralph Raico[†] point out, Comte and Dunoyer also absorbed much from another great liberal, Benjamin Constant, who had penned important essays showing that an era of commerce had replaced the era of war and that the modern notion of liberty – centering on personal freedom and private property– is poles apart from the ancient notion of liberty – which exclusively meant participation in politics. As Hart puts it, “Dunoyer was interested in [Constant's] sentence ‘[t]he unique end of modern nations is peace (*repos*), and with peace comes comfort (*aisance*), and the source of comfort is industry,’ which nicely summed up his own thoughts on the true aim of social organisation.”

Liberal class analysis is also to be found in the writings of the Manchester peace and free-trade activists Richard Cobden and John Bright and of Herbert Spencer, as Raico points out. He quotes Bright on the struggle against the Corn Laws (grain import tariffs): “I doubt that it can have any other character [than that of] ... a war of classes. I believe this to be a movement of the commercial and industrial classes against the Lords and the great proprietors of the soil.”

War and Big-Power Politics

Raico emphasizes that the Manchester school understood that war and big-power politics were key elements of the political class’s quest for more unearned wealth. Nothing was better at quieting a population tired of taxes

† Raico (1977), “Classical Liberal Exploitation Theory: A Comment on Professor Liggio’s Paper,” *Journal of Libertarian Studies* 1.3, 179-183. mises.org/journals/jls/1_3/1_3_2.pdf

than a foreign threat. Similar ideas were present among other liberal thinkers, including Thomas Paine, John Taylor of Caroline, John C. Calhoun, Albert Jay Nock, and Ludwig von Mises. (See Mises's "The Clash of Group Interests."[†] For more on liberal class analysis, see Hart and Walter Grinder's "The Basic Tenets of Classical Liberalism."[‡]) I can't resist quoting Paine, from *The Rights of Man*:

War is the common harvest of all those who participate in the division and expenditure of public money, in all countries. It is the art of conquering at home; the object of it is an increase of revenue; and as revenue cannot be increased without taxes, a pretence must be made for expenditure. In reviewing the history of the English Government, its wars and its taxes, a bystander, not blinded by prejudice nor warped by interest, would declare that *taxes were not raised to carry on wars, but that wars were raised to carry on taxes.*^{*}

In summary, the taxing power necessarily produces two classes: those who create wealth and those who take and receive it. The producers of wealth naturally want to keep it and use it for their own purposes. Those who wish to expropriate it look for clever ways to get it without unduly upsetting its creators. One way is to teach people that *they are* the state and that paying ever-more in taxes benefits themselves. The public schools have been particularly useful in that mission.

† Mises (1945), "The Clash of Group Interests," in *Money, Method and Market Process* (1990). mises.org/mmmp/mmmp15.asp

‡ Hart and Grinder (1986), "The Basic Tenets of Classical Liberalism," in *Humane Studies Review* 3.1. tinyurl.com/nplmt7r

• Paine (1792), *The Rights of Man, Being an Answer to Mr. Burke's Attack on the French Revolution*. Emphasis added. ushistory.org/Paine/rights/c1-015.htm

As long as government is in the wealth-transfer business, class conflict will persist. Class in this sense is an important tool of political analysis. It's time that advocates of individual liberty and free markets reclaimed it from the Marxists.

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