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► **To cite this version:**

Alain Raybaut. Money and banking in the French Liberal School: Wolowski and the debates on banking regulation in the 1860s. XXIII ESHET Annual Conference, May 2019, Lille, France. halshs-03504232

HAL Id: halshs-03504232

<https://shs.hal.science/halshs-03504232>

Submitted on 28 Dec 2021

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Money and banking in the French Liberal School : Wolowski and the debates on banking regulation in the 1860s

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XXIIIrd ESHET Annual Conference Money, Banks and Finance in Economic Thought

Lille 23-25 May 2019

Introduction

This contribution focuses on the debates on banking regulation within the French Liberal school in the 1860's. France emerged from the 1848 political crisis with a centralized, single and monopoly bank of issue. At the same time, the country lacked banks and credit institutions. So some criticisms were voiced asking for the development of banks, and this led to a free-banking controversy.

In the 1860's, the debate started again with regard to the extension of the charter of the Bank of France beyond 1867, together with the discussion concerning the Bank de France's policy. In their majority, the experts that were heard supported the monopoly of issue of the Bank de France and its policy of varying the discount rate. Although the debate was closed within professional circles, it continued for a few more years within academic circles, in particular within the *Société d'économie politique*, until bimetallism became the main subject of debate.

Concerning money and banking regulation, the French Liberal tradition is mainly partisan of the freedom of banking. Moreover, the view that the freedom of issuing banknote provides efficiency and stability is also largely dominant in the period. This is in particular the position of Coquelin, Garnier or du Puynode and Courcelle-Seneuil adamant partisan of free banking. Michel Chevalier's contribution to the debate is sometimes more balanced. In theory, Chevalier is in favor of free banking, but in practice, his own position varied over time. He first considered in 1857 that free banking institutions were not adapted to the French case, whereas he suggested ten years later that it was. Within the liberal school, Wolowski's position is in the minority. *La question des banques*, published in 1864, is a virulent attack against

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free banking and provides, in sharp contrast, an ardent endorsement of the monopoly of the issue of banknotes and banking regulation, supported by historical arguments and experience from abroad such as the United States, but also Scotland, Germany, Belgium and England.

Louis Wolowski was born in Warsaw in 1810 in a francophile family. His father was a jurist, specialized in Polish and French law. Wolowski quickly developed a marked taste for history. After having attended a classical secondary school in Paris, he continued his studies in Warsaw where he took up law. His involvement in the abortive revolution of 1830 caused him to flee to Paris in exile. After graduating in law, he entered the practice of Maître Dalloz, a famous lawyer at the Council of State where he began building a network of relations that would serve him throughout his career. With three other young lawyers, he founded in 1834 the *Revue de la législation et de la jurisprudence* that opened the way to the study of the relations between history and the philosophy of the law, administrative law and political economy.

The quick expansion of business and the speculation that followed the establishment of the July monarchy led to the appearance of many unsound ventures and to a series of scams. This business climate stimulated a reflection on the insufficiencies of the French legislation on associations which Wolowski echoed in his review. He published an article on joint-stock companies that attracted attention in which he based his main argument on a fundamental idea that he was to always defend, namely that the true foundations of industrial legislation must rest on the principles of political economy. Upon the recommendation of Dalloz, the ministry entrusted him in 1839 with the creation at the *Conservatoire des arts et métiers* of the chair of industrial legislation that he would occupy for the next thirty-two years.²

Throughout his career, Wolowski was more a man of action than a theoretician. As noted by Emile Levasseur, "he always had in mind some practical goal; when he wrote an article, he thought most of the time of a reform or a new institution, a lesson to prepare, he had in view some defect to remedy or some prejudice to eradicate" (Levasseur, 1877, p. 14). He was thus elected in 1848 as a moderate republican representative of Paris first to the Constituent Assembly and then to the Legislative Assembly, where

2. A. Blanqui had been teaching political and industrial economy at the *Conservatoire des arts et métiers* since the death of J.B. Say in 1832. He was not immediately succeeded when he died in 1854. It was necessary to wait till 1864 and the liberalization of the regime for the teaching of political economy to be officially reestablished at the *Conservatoire*. The chair of Wolowski, who had never ceased to officially spread its doctrine, became the chair of Political Economy and Industrial Legislation. Wolowski was also elected to the *Academy of Moral and Political Sciences* in the chair of Blanqui in 1855.

he tried to fight with conviction and energy, according to the teachings of the political economy, "against the excesses of false ideas that frightened France in those days" (ibid. p. 15). A convinced liberal, he advocated on the contrary the reduction of poverty and the improvement of the living conditions of the working class, the increase in the demand for labour by the accumulation of capital, the development of science, education and the different institutions that protect the free play of individual forces such as voluntary association or the protection for the weak. Hostile to the coup of 2 December he remained a moderate republican, voluntarily outside politics during the Second Empire until July 1871, when he was once again elected deputy, then appointed irremovable senator in the year of his death in 1876. This nine-year interruption in his political life was the most fertile period of his academic career. Returning to his teaching activities, he visited and actively corresponded with the main statisticians and European economists and participated in the meetings and debates within the *Société d'économie politique*, the *Société de statistique*, the *Conseil supérieur du commerce* and the *Institute*.

Among the numerous questions on which Wolowski focused during this period, the most important are first of all his strong involvement in the debates in France related to real-estate credit, which led to the creation in 1852 of the *Banque foncière de Paris* of which he became the director. Under his influence, the prerogatives of the bank were broadened, resulting in the founding in 1854 of the *Credit foncier de France*. Wolowski was also interested in the problem of the foreign exchange regime. As opposed to most French economists, who were partisans, after the instability created by the discoveries of gold in California and Australia and the flight of silver, of the establishment of a monometallic system based on gold, Wolowski defended with energy, on the basis of the interdependence and the clearing at the world level between the two of types of currencies, the maintenance of the bimetallic system founded on both gold and silver.³ The debates related to free trade were also an important part of his preoccupations. The position of Wolowski who opposed protective custom tariffs was not very original but rather in conformity with that of the French economists who were proponents of free trade⁴.

The other major contribution of Wolowski in the debates of the period concerns the question of the banks on which this paper will focus. The second section will briefly describe Wolowski's historical method. Section three

3. On this point, see C. Silvant "La controverse française sur le bimétallisme (1865-1885) : les raisons de la querelle"

4. Wolowski participated in 1846 in the creation of the *Association pour la liberté des échanges* and commended from this viewpoint the role played by Michel Chevalier and the free trade treaty with England of 1860.

will consist in a short reminder of the historical context surrounding the debates in which Wolowski was involved. The fourth section is a summary of Wolowski's conception of money and banking, whereas the fifth section is devoted to the debate that opposed Wolowski to Chevalier with regard to banking. Section six contains a few concluding remarks.

Wolowski's Method

La question des banques (QB) opens with the following statement :

"One of our former jurisconsults, François Beaudoin, said that *Caeca sine historia jurisprudentia*. We believe that in both political economy and law the historical element must play a great role. There is no difficulty on which the serious study of factual evidence does not throw some strong light and lead to a clearer assessment of the issue. History is not only a loyal witness of the past, it also serves as a guide to the future." (Wolowski 1864, p.1). Wolowski was a French liberal, strongly in favour of the historical method in political economy. In QB, in particular, he keenly refers to Horace Say, noting that, although in political economy one cannot make experiments at will, it is however on experience that science must be built in order to move forward assuredly, and that is an additional reason for studying thoroughly and scrupulously economic facts.⁵

Wolowski goes on, arguing that he has tried to put into practice this wise advice when examining the question of banking. In a way, "we have let facts speak for themselves, instead of letting ourselves be constrained by abstract formulas. The conclusion, which has arisen on its own, is all the more significant" (Wolowski 1864, QB. p.258). Thus, Wolowski recommends the reliance on the historical method for the study of political economy but also for the study of law. This conception appears in the German tradition initiated by Roscher that Wolowski is one of the first to introduce in France, as he is the translator of Roscher's *Principles of Political Economy*⁶. The translation was not published until 1857, although it had been completed earlier, as Wolowski wished to take into account the second German edition. It contains an introduction and numerous notes where he expounds his main ideas with regard to general and methodological issues.

Emile Levasseur, Wolowski's successor at the *Conservatoire des arts et métiers* at the chair of political economy and industrial legislation, underscores

5. H. Say, "La crise financière et la Banque de France", *Journal des Economistes*, XVI, p.204, quoted by Wolowski (1864), QB. p. 257).

6. On this point see Breton (1988)

in his introductory lesson of 1877, dedicated to life and works of Wolowski, that our author never changed course : "At his chair, as in his Review,⁷. He remained what he had always been, an economist and a jurist, applying to industrial and commercial law the insights of political economy" (Levasseur 1877, p. 12).

The unity of his contributions is to be found in his analysis of the relations between institutions and political economy. Whether in his approach to the legislation of labour, commercial law, banking, central banks, the regime of foreign exchanges or the freedom of trade, his method is always based on a meticulous survey of past and present facts and on a reliance on raw statistical data. Accordingly, for Wolowski "he who only sees in economic history a succession of un related facts (...) and he who believes that the same inflexible rules can apply at all times and to all countries would both lose their way" (ibid., p. 20). There are certainly unchanging laws that impose themselves on both the human mind and human activity, in particular the natural conditions and the principle of freedom. Nevertheless, his goal is not to build on such bases a general and far-reaching abstract system, but instead to insist on the need to take into account the particular conditions that govern the development, the working and the modifications of the various economic institutions⁸

The General Setting

The *Bank of France* was founded by Napoleon in 1800. In 1803, the 24 Germinal An XI law granted the *Bank of France* the exclusive privilege of issuing banknotes in Paris. Complete centralization of banknote issue was achieved as a result of the political crisis of 1848, which led to the Bank's note being given cours forcé. As the Bank de France's notes were legal tender all over the country, the decree of 1848 led to the departmental banks merging with the Bank of France. The decree set a limit to the amount of banknote issue. This amount was increased in order to face the borrowings from the government. By the end of 1949, the metal reserve had recovered a strong level and the Bank resumed the redemption of its notes and returned to its former charter in 1850. Hence, France emerged from the 1848 political crisis

7. Levasseur is referring here to the *Revue de législation et de jurisprudence* founded by Wolowski in 1834 at the time of the Restoration and devoted to the history of French law, administrative law and to the relations between institutions and political economy. It merged with the *Revue critique* in 1853 and became the *Revue critique de législation et de jurisprudence*.

8. Indeed, Levasseur (1877) emphasizes Wolowski's inclination for economic history, as exemplified by his lessons on the History of Industrial Legislation before Colbert, his lecture at the Institute on Henry IV, the Economist, and the outlays of unfinished books devoted to the History of industrial legislation in France and the History of commercial relations between France and England.

with a centralized, single and monopoly bank of issue. At the same time, the country lacked banks and credit institutions. So some criticisms were voiced asking for the development of banks, and this led to a free-banking controversy in France. In parallel, the Bank of France was starting to use the discount rate as an instrument of monetary policy.

Moreover, with the annexation of Savoy by France (1860-1864), the Bank of Savoy became a potential competitor of the Bank of France, whereas the monopoly of note issue that had been granted in 1848 had created a "unity of the circulation" through the circulation of single class of banknotes. At the same time, the Pereire brothers were seeking a way of providing the *Crédit Mobilier*, the investment bank they had founded, with the opportunity of entering the business of note issue. The problem was solved as the *Bank of France* generously compensated the owners of the Bank of Savoy.

At the same moment, a debate was going on, in particular within the *Société d'économie politique*, with regard to the extension of the charter of the Bank of France beyond 1867. Together with the discussion concerning the Bank de France's policy of varying the discount rate, this led to the opening of an enquiry, *l'Enquête sur les principes et les faits généraux qui régissent la circulation monétaire et fiduciaire, 1865-66*. In their majority, the experts that were heard supported the monopoly of issue of the Bank de France and its policy of varying the discount rate. Although the debate was closed within professional circles, it continued for a few more years within academic circles, until bimetallism became the main subject of debate. It is in this general context that Wolowski's *La question des banques* (QB) was published, in 1864.

Wolowski's Conception of Money and Banking

The Forward to QB, its introductory and first two chapters provide the reader with the basic elements as to Wolowski's conception of money and banking. In his Forward, Wolowski explains what he considers as the main contribution of Sir Robert Peel, namely the separation between the two main functions of banks : 1° the issue of notes that serve as money, which belongs to the realm of the exercise of public power ; 2° banking operations, which are part of the domain of private industry. In this regard, Wolowski insists that the economic progress accomplished in England is due to the banks that do not issue notes.

In contrast, referring to the example of the American banking system, he emphasizes the disorder created by the "fallacious application of freedom to issue banknotes" (Wolowski 1864, p. 5). For Wolowski money plays two roles : it is an instrument of exchange and a common evaluator. With regard

to prices, money "behaves like weight and with regard to quantity is behaves like measurement. The banknote that replaces metallic money contributes, as the latter does, to exercise this supreme influence on transactions : this suffices to remove it from the realm of ordinary industry, which is subject to competition. The so-called freedom of issue (...) derives from a fallacious application of the great principle of freedom of industry and trade" (ibid. p. 7). Consequently, Law must intervene and oppose the diversity of monetary symbols, which would cause havoc to the market. From the moment the banknote performs the role of money on a daily basis, "it must obey the rules whose purpose is to guarantee its fineness and to maintain its unity." (ibid.)

Hence, the activity of note issue is within the area of competence of the government, but "the industry of banking should be open to all, and the right of issue reserved to a single institution" (ibid. p. 7).

Then, in the introductory chapter, Wolowski complains about "the confusion of the broad and important mission of the great banking institutions with the secondary function of creation of a paper that serves as currency" (ibid. pp.9-10). Among the three main shortcomings he finds in his contemporaries, he stresses more especially the misunderstanding of the relationship there is between individual freedom and the action of the government. These are two complementary principles. They are not antagonistic, but each has its area of competence. He begins by recalling, in line with J. B. Say's teaching, the government's attributions (legislation, the police, the army, diplomacy, the administration, public works, finances) that that are indisputably part of its domain. The role of the government is indeed to promote the development of industrial activity by ensuring the reign of justice and public security. But, the government cannot remain extraneous to the issue of notes that serve as money, as what we have here is not an industry proper, but an element of order. This function clearly refers to "collective interests", like means of communication, ports and education that belong to the 'province of government', a phrase that Wolowski borrows from Stuart Mill, an ardent advocate of freedom.

Indeed, Chapter one begins with the statement that "The magic word of freedom exerts an ascendancy that is so legitimate that pronouncing it suffices to pronounce it to rally keen sympathies" (ibid. p. 13). Wolowski goes on indicating the need to separate "freedom of all" (ibid. p.13), from private interest a separation that, unfortunately, has not always been respected. To the contrary : "Distinguished and sincere writers, economists whose serious merit we are pleased to recognize, have been driven to a radically fallacious solution, because they have only seen in the problem of banking, in the way they have raised it, a question of freedom" (ibid. p.14). In sharp contrast, for

Wolowski, the faculty of coining money or of creating the fiduciary instrument is not inscribed in the Declaration of the Rights of Mankind. Furthermore, it is not contrary to principles of freedom to state that the freedom of banking should not be mistaken for the freedom of issuing banknote that perform the role of money.

Wolowski insists that the freedom of banking covers a much larger scope than the mere issuing of banknotes. He also stresses that the steadiness of the measurement of value is more important than the weak contribution of fiduciary money to the development of credit. The most important role played by banks is in serving as a reservoir for capital seeking employment. They perform this role better by economizing on currency, whether metallic or fiduciary, by substituting the sophisticated methods of current accounts (based on cheques, clearing, drafts, etc.) for ordinary payments than by focusing their efforts on the perilous and deceptive resource formed by the note payable to the bearer. At this point, Wolowski refers to examples drawn from history and by considering the example of other countries such as England, Germany, Belgium, Holland and Austria. All these countries, he observes, have moved towards unity with regard to the issued of notes payable to the bearer and at sight.

Are banknotes money? This question is dealt with by Wolowski in Chapter two, where he explains that banknotes, i.e. fiduciary money, play an important role as long as their use is restricted. They need not serve as a basis for the credit operations. Credit is a much broader phenomenon than the mere issue of the notes that serve as currency. The main force of banking and credit lies in the energy and activity of the individual who borrows, but it is important for banking not to encroach on the domain of the government. The role of banks is not to create money. The role of the government is to maintain "the unity, the fixity and the authenticity of the common measure of value, of the universal sign of exchanges" (ibid. p.30-31). Anything that tends to stand for money, to replicate its mode of action, to replace it, enters the domain of competence of the government, because the safety and the convenience of transactions depend on it.

In sum, Wolowski is in favour of the freedom of banking, insofar as banking is an industry. As such it comes under the principle of the freedom of industry and trade. However, Wolowski restricts the activity of banking to the provision of credit, which he distinguishes from the issuing of money. Indeed, according to Wolowski, the freedom of banking requires a single currency, a single measurement of value, and the unity of the circulation can only be ensured by the government. The role of the government is in fact to create the conditions for the freedom of industry and commerce, and the freedom banking in particular, to prevail. To provide credit, banks do not need to

issue banknotes. On the other hand, banknotes play an important role in that they can serve as a complement to metallic money, but as such they must circulate everywhere, they must be accepted everywhere, throughout the country.

As Wolowski's position will be interpreted as contrary to the principle of the freedom of banking, it will be disputed as the debate with Michel Chevalier will now show.

The Debate between Wolowski and Chevalier

Although Wolowski alludes very early in QB to Michel Chevalier (1806-1879), only in Chapter 31 and in his discussion of free banking does he provide more direct criticism of Chevalier's position. In the "Forward" of QB, Wolowski writes that he would have wished to respond more completely to the observations made by Michel Chevalier. He says, however, that before doing so, he will wait for the publication of a forthcoming book by Chevalier, as he does not want to leave aside any of the reasons that the latter might put forward. Nevertheless Wolowski denies that Chevalier is authorized to base his argument on the great principles of freedom and equality. For Wolowski, the latter have nothing to do with the debate, which he seeks to demonstrate in his work. There is then no further reference to Chevalier before Chapter 30. This chapter is devoted to the situation in England and to the debates that took place there. At the end of the chapter, Wolowski indicates that he does not understand the criticism that Chevalier addresses the Banks of France and of England with regard to the way their capital is invested in government bonds, whereas this is what is observed in the United States. Wolowski ends by saying that "it is with great regret that he is obliged to fight the ideas of so learned a colleague". (ibid. p. 384) Chapter 31 is devoted to free banking and to the American banking system. Here, Wolowski indicates that Chevalier considers that free banking should be applied to France and goes on to indicate that Condé Raguet considers that the system adopted in the State of New York is best capable of ensuring stability to the circulation.⁹ According to Wolowski, this is also the position defended by Chevalier.

Wolowski then refers to the debate that took place in 1857 within the *Société d'économie politique* of which the minutes were published in the *Journal des économistes*. Wolowski notices that Chevalier is not actually entirely in

9. Raguet, Condé (1840) *A Treatise on Currency and Banking*, 2nd Edition, Grigg and Elliot, Philadelphia. Raguet's book was translated into French by Lemaître, which is the reason why it is often referred to.

favour of complete freedom for institutions of credit and of issue, quoting him for writing : "In the same way that unsanitary institutions must be regulated, so must credit institutions" (ibid. p. 392).

As a matter of fact, Chevalier chaired that session of the *Société* of 5 May 1957. Joseph Garnier had placed on the agenda the following question : "Is there a need to extend the privilege of the Banque de France that expires in 1867" ? Garnier opens the discussion, specifying that the underlying issue concerns the freedom and regulation of banks. Garnier declares he himself is in favour of free banking, namely "the elimination of all interventions of the authority, of all forms of administrative surveillance, of all privileges granted to some institutions, and especially the privilege of issuing notes payable to bearer, with which privileged banks monopolize discount operations, dominate the circulation and provoke crises by restricting their issues at untimely moments" (p.303). He goes on, asserting that the freedom of credit operations is one of the aspects of the freedom of commerce and industry.¹⁰ According to Garnier, free banking raises no inconvenience elsewhere, in the countries where it prevails.

In contrast, Michel Chevalier's contribution to the debate is rather balanced. Overall, he shows that the reign of free banking the United States has been quite limited. One instance of free banking occurred in 1836, when President Jackson, for political motives and because of personal resentment, fought for the suppression of the privilege of the central Bank. Congress voted for the extension of the privilege, but the president vetoed the vote, after which the central bank entered a period of immoderate speculation, leading to a financial crisis that lasted four years. Looking at the situation in the United States in 1857, Chevalier considers that free banking does not prevail in the United States. Actually, there were only a handful of states that were accustomed to the practice of freedom and self-government.¹¹ Banks in the US were thus more or less regulated.

There is afterwards a discussion with du Puynode , an adamant partisan of free banking, according to the writer of the minutes. He considers that the experience of the American banks proves the superiority of free banking. He adds that so is the experience of the Scottish banks and expresses his criticism against the Act of 1844.

10. Actually the phrase that is used by all the authors here is "liberté du travail". The Allarde decree (2 and 17 March 1791) established the fundamental principle of the "freedom of labour", with reference to the practice of a trade : "Any person will be free to enter any trade or practice any profession, art or trade that he will find suitable". Whereas the decree applied to the freedom of independent labour, it also concerned dependent labour. Nowadays, the first is referred to as "freedom of commerce and industry", whereas only the second as "freedom of labour"

11. In English in the text

Chevalier responds to du Puynode. He says he is in favour of improving the charter of the Bank of France. He also expresses his admiration for the Scottish system and for the system prevailing in the northeast of the United States. However, he is of the opinion that free banking is suitable for countries inhabited by "the race of puritans (...) among whom the practice of free will is the most developed", whereas it would not be feasible in countries where "men do not have the same character, the same spirit, the same aptitude". There a spontaneous organization and a system of mutual surveillance that offsets the disadvantages of freedom. "Progress goes along with freedom but freedom has its limits; in the same way that we regulate insanitary institutions, we must regulate credit institutions, because it is still unfortunately true that the lawmaker in France, as in other countries, has to deal with immature peoples from the point of view of credit, with peoples that do not know how to practice self government to the same extent as those of the anglo-saxon race" (pp. 307-08). To sum up, in theory, Chevalier is in favour of free banking. In practice, he considers that France is not ready for it. So the account that Wolowski gives of Chevalier's position in 1864 is quite accurate.

However, three years after the publication of QB, Chevalier writes an open letter to Wolowski, published in the *Journal des économistes* in February.

The ton used by Chevalier in the letter's 36 pages is vehement and polemical. The bulk of the letter is its third section, a 20 page virulent attack of what he considers to be Wolowski's main arguments, which he sums up in seven points.¹² Step by step, he applies himself to destroy them. The last section contains several disparaging remarks. Chevalier notes that within the Société, Wolowski is alone in supporting the constitution of the Bank of France, its monopoly with regard to the issuance of banknotes. Furthermore, he blames Wolowski for seeking support from well-known authors and other "authorities". More precisely, he criticizes him for citing Smith, Tooke, Rossi, MacLeod and Newmarch, whereas none of these authors were in favour of the system of banking advocated by Wolowski.

On 8 April 1867, Wolowski addresses a letter to Joseph Garnier. Visibly offended, Wolowski begins his letter by writing that he refuses to respond to Chevalier, whom he reproaches the distortion of his opinions and wording. So, in the letter's two pages, he takes up a small number of points, to show that Chevalier's critiques are not founded and to point to their main points

12. Le billet de banque est de la monnaie, et par conséquent l'émission est une attribution qui appartient à l'Etat; mais il convient que, dans chaque pays, l'Etat la confère par privilège exclusif) une banque unique, et ceux qui ne pensent pas comme vous sont les disciples de Law

of disagreement. Indeed, whereas Chevalier repeats several times that Wolowski's opinions have changed over time and that he finds contradictions in his works, he claims that his positions have never varied.

At the same time, he raises a contradiction in Chevalier, who considers that there should be a regulation applicable to banknotes but not to bills of exchange, whereas there is supposedly no difference between the two instruments. Obviously, pleased, Wolowski punctuates triumphantly : *habemus confitem reum*.

More seriously, Wolowski accuses Chevalier of painting in glowing colours the freedom of banking, confused with the free issue of banknotes. For Wolowski, Chevalier cannot use the Scottish banks as an example without examining their organization in detail and taking into consideration the huge deposits that they take and by only pointing to their small size of their issues.

He does agree with Chevalier that the extension of credit would be highly beneficial, as would be the freedom of banks. However, the latter consists not in coining sham money but in collecting and distributing capital. He blames Chevalier for saying that he has abused the words of Tooke, whereas it suffices to check his words to see he has not. Accordingly, he refers the reader to a forthcoming book (Wolowski, 1867b) where he has brought together several of his works, as well as the critiques of Chevalier. He leaves it to the reader to check whether his contradictor has reproduced his ideas faithfully.

Now, in response to Chevalier's critique that he has sought the support of great writers, Wolowski writes : "If my dear and honoured colleague continues to blame me for invoking authorities, let him permit me to say that not everyone is so strongly confident in his own opinion that he considers it beneath him to seek the assistance of more authorized thinkers. Conceivably, if he did not find it so difficult to apply an analogous method, he would not look down on it." (ibid. pp. 73-4)

With regard to the distortion of his words, Wolowski cites a letter to the director of the *Journal des économistes*, published in the above mentioned book (Wolowski 1867b), by Nicholson (1867), whom he says he does not know, and who indicates that in two places Chevalier has not quoted Wolowski accurately.

All this raises the question as to the reason for such vehemence on the part of Chevalier. Actually, the debates between Wolowski and Chevalier left a strong mark on the Academy of Moral and Political Sciences. As witnessed by J. Simon, "Chevalier had lost the light and brilliant vivacity of his youth ; however Wolowski, although a learned and well-intended scholar, had never

been light or brilliant (...) The board was sometimes obliged to intervene between the two opponents and bring back peace" (J. Simon, 1889, p. 216). Other contemporaries also report that Chevalier, who, in daily conversation and every-day life was full of simple good-heartedness, regained in public discussion something of "his apostle-like bearing", an allusion to the important role he played in his youth in the Saint-Simonian sect. As a matter of fact, at the time of the lawsuit of 1832, which put an end to the activities of the group, Chevalier's curt and haughty demeanour weighed heavily in the case. So it seems that "Wolowski experienced its last outbursts" (ibid.). The two adversaries were however reunited in other sessions to defend free trade against Victor Cousin, the philosopher, who for the sake of patriotism was a convinced partisan of protectionism.

Concluding Remarks

Wolowski was not trained as an economist, but as a jurist. As a result the arguments he develops are not founded on a theoretical construct. To provide support to his positions, he makes numerous references to authors and "authorities". Understandingly, this raises scorn on the part of Chevalier, all the more as, within the liberal school, Wolowski's position was in the minority, thereby providing Chevalier with a unique battlefield. On the other hand, Chevalier does not seriously take up the juridical arguments put forward by Wolowski. Actually, he does not take the necessary pains to develop them in order to convince the reader. He prefers to seek support in historical arguments and in experience from abroad. The disadvantage of this method is that it invites criticism as when Chevalier undermines Wolowski's reference to Rossi, by noting that Rossi would have probably not held the same view in the 1860s as in the 1840s, considering that "liberal" ideas in France were not widespread in the latter period. On the other hand, Chevalier blames Wolowski for his lack of consistency and for having changed his mind over time. This criticism does not hold as Chevalier never provides definite proof of such inconsistencies. Moreover, Chevalier's own position varied over time as the comparison between his contribution to the discussion of the *Société* in 1857 and the peremptory stance he takes in his Letter of 1867. In 1857 Chevalier considered that free banking institutions were not adapted to the French case, whereas he suggested ten years later that it was. Interestingly, Wolowski does not take up this criticism, himself considering that the historical context mattered.

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