# JUGLAR (1853) AND ALGERIA: THE THREE PILLARS OF A MODERN ANTI-COLONIAL CRITICISM

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"We will not argue the opportunity of the conservation or the abandon of Algeria, the answer will apparent in our analysis." (Juglar, 1853, JE, T.36, n°148 p. 215).

**Abstract:**

*The objective of this article is to recall the forgotten views of Juglar (1853) against the colonization of Algeria, the originality of his approach and, notably, his contribution to the genesis of the analysis of colonial institutions. Juglar (1853) appears not a theoretician of colonialism but a liberal economist who denies the validity of colonization in light of economic arguments. We provide evidence that conventional wisdom on French colonialism is indebted towards Juglar (1853): the assessment of French colonialism as mercantilism and protectionism, the issue of investments' profitability in colonies, the role of colonial institutions in economic development are already present in Juglar's liberal economic thought. In many aspects, this author who places the issue of property rights and colonial institutions at the center of his explanation of the predictable failure of colonialism, appears as a forerunner of the modern economic analysis of colonialism.*

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## Introduction

The debate about its colonial past has been very vivid in France in recent years. Indeed many books have been published recently in France by historians about the *fracture coloniale* and the remembrance duty. The book of Pétré-Grenouilleau *Traites négrières* (2004) led to several controversies since it assessed slavery from the "supply-side" and dealt with the deep inequalities of African and Arab political regimes over the 19th century. Meanwhile, we are facing here the paradox that economic contributions to the French debate are very rare since Marseille's book entitled *Empire colonial et capitalisme français* (1984) and since the contribution of Fitzgerald (1988).

Our topic focuses on colonial Algeria through three authors, Juglar (1853), Marseille (1984), Fitzgerald (1988) and a field of research, the colonial studies, initiated by Acemoglu (2001) and extended by the so called "Law and Finance" current of institutional economics. All this may seem disparate and unfocused: it is not. This article is an invitation to "go back in time" and aims to show that economic arguments found in recent literature to support the condemnation of colonialism are already present in Juglar (1853), only 23 years after the beginning of the conquest of Algeria. For this reason, his work has more strength and is almost prescient. The most singular part of our demonstration is that what makes the strength of Juglar's speech is its extreme simplicity. Juglar (1853) applies the principles of economic liberalism of his time to demonstrate the futility of colonization and announce its failure. In this sense, as we shall see, he is not a theoretician of colonialism, he is a liberal economist who denies the validity of the settlement. The most extraordinary part of his speech may be his ex-ante analysis of colonization in Algeria, while "modern" economists, engaged in an ex-post analysis, claiming currents of economic thought distinct from liberalism, Marxism for Marseille (1984), Law and Finance for La Porta (1997, 1998), reach the same conclusions than Juglar (1853), one century and a half ago. Therefore, Juglar's

assessment appears an astonishing modernity and suggests, at least the way he expresses it, that the liberal discourse may refute better the colonization, than other theoretical frameworks, yet conceived and designed to analyze (and deconstruct) the colonial past (think, for instance, to Hilferding's Marxism and to "colonial studies"). On the colonial issue, if the frames of thought differ, the conclusions are those of Juglar:

(i) Fitzgerald (1988) wondered whether France's colonial Empire made economic sense. Aggregate trade data of the French balance of payments appear to support the mercantilist position that colonial markets were very important for the French economy. Fitzgerald (1988) concluded that the economic utility of the empire to France was in fact more spurious than real. Fitzgerald's idea of the French colonial financial burden has already been first highlighted by Juglar (1853) from a balance of payments' analysis. The main thesis of Marseille (1984) is that the French colonial market was a protected market for French declining industries. Marseille (1984) equates colonialism and protectionism under the name of "autarchic system". Juglar (1853) reaches the same conclusion by mobilizing the theory of producer surplus, developed by one of his contemporaries, Augustin Cournot.

(ii) Marseille (1984) considered whether French investors had benefited from colonial investment and whether this export of capital had positive effects. Marseille (1984) using Marxist vocabulary contends that the colonial empire was the French capital "crutch". On the issue of capital invested by France in Algeria, which is the issue still unresolved of the debate Marseille ( 1984) *versus* Aron (1962), Juglar (1853) lays the premise of this debate in pre-modern terms, condemning the impossible presence of figures of entrepreneur-innovator in Algeria.

(iii) In the recent economic literature, the topic of colonization has mainly dealt with the issue of the impact of colonial institutions on economic development of former colonized countries in the tradition of the school of *Law and Finance*. What was the effect of institutions on economic performance of old colonies? Did colonial institutions exert a profound influence on economic

development? Very amazingly, the greatest originality of Juglar (1853) concerns the central place it gives to the analysis of property rights: in colonial Algeria, the absence of clearly defined property rights contains the seeds for the foreseeable failure of any settlement. The unknown contribution of Juglar (1853) to the institutionalist analysis deserves to be restored here.

Our purpose in this article is to develop these three points and to show how modern conventional wisdom on French colonialism is indebted towards Juglar (1853): as a first step of our analysis, in a perspective of the history of economic ideas, we try to situate in section 1 what makes the singularity of Juglar among his contemporaries liberal economists; in section 2, we discuss conventional wisdom on French colonialism as mercantilism and protectionism in light of Juglar's analysis; in section 3, following Juglar (1853), we wonder whether French colonial investment could pay off in Algeria; in section 4, we assess the role of colonial institutions in Juglar's economic thought.

We base our demonstration on the observations of a noteworthy traveler in colonial Algeria: Juglar "On the Colonization in Algeria from 1830 to 1850" (1853) (published in the *Journal des économistes*, t. 34, n° 141 and 144; t. 36, n°147 and n° 148). Juglar does not favor the pursuit of colonization and is very harsh in his depiction of the characteristic traits of a colonial economy. Colonization, in his view, is essentially a form of military occupation where imports are proportionate to the number of soldiers, an economy marked by the absence of domestic market, an economy of protection and controlled trade. The interesting point is that this author arrives at this conclusion on the basis of the lack of clearly defined property rights and faulty institutions. He condemned Saint-Simonian colonization projects as they deny private property rights. This author can rightly be regarded as one of the the founding fathers of the property right analysis and therefore one of the unacknowledged ancestors of Coase and North and the tradition of colonial studies. Indeed, he described property rights as the foundation of any economic development. For Juglar, in a particularly premonitory thesis, the failure of colonization is due to the absence of

clearly defined property rights. The attempts of the French government to reform property rights hindered the establishment of large agricultural and industrial properties, penalizing investment and innovation and discouraging the development of entrepreneurship. Juglar (1853), who places the issue of property rights at the center of his explanation of economic success, appears as the forerunner of economic analysis of property rights, and from it delivers a premonitory condemnation of colonialism.

Since the primary objective of this article is to bring to light the forgotten texts of this author relative to colonialism, while highlighting how original and modern his thought is, this article to a large extent cites the texts directly. Since the texts themselves speak largely for themselves, our commentary will be voluntarily limited to leave place for the depth of the analysis of this author himself[2]. This parallel with the views of modern writers on colonialism will highlight the modernity of Juglar, a liberal economist who condemns colonization in Algeria on behalf of the lack of property rights, the failure of colonial institutions and a system of inappropriate subsidies.

## Section 1. Juglar and his liberal contemporaries

Characterizing Juglar's economic thought on colonialism among his liberal contemporaries is the first step of our analysis. In this section we try to identify whether he developed singular ideas or followed the herd of his liberal contemporaries on the topic of colonization. Note that this perspective is a prerequisite for our study but does not constitute the heart of our article, since this topic is already well documented in the literature, with the contribution of Clément (2013) who draws a picture of French economic liberalism and the colonial issue at the beginning of the second colonial empire, and that our purpose is rather to highlight Juglar's contribution to modern economic thought on French colonization.

[2] It has to be noted that all the citations extracted from Juglar are here translated into English for the first time.

It is well known that under the *Second Empire*, the Saint-Simonians strongly supported the colonization of Algeria, as illustrated by Zouache (2009). Clément (2013) notes that liberal economists were rather divided on this issue. He contends that "*presenting the economic liberalism of this period as being opposed to all forms of colonialism would be entirely inaccurate and simplistic because… the positions of liberal economists had, in general, evolved along with the new forms of colonization*" (p. 50). The rejection of the old colonial pact by anti-colonialists liberal authors was not a "*rejection of all forms of colonization*" (Clément, 2013, p. 51). The views expressed by Molinari, Blanqui, Duval among others, turned around the question of whether colonialism was compatible with liberalism, assimilated to free-trade. Beyond the "*unanimous rejection of the 'old colonial model' by liberal economists pre-1860*" (p. 54), Clément (2013, p. 59) underlines the emergence of "*new motives and conditions for colonization under the Second Empire*" and a barrier increasingly blurred between Saint-Simonians and liberals. This view, shared by Le Van-Lemesle (2004, pp. 145-147) and already underscored by Palmade (1962), stresses that Saint-Simonian ideas had won the Liberal side. This agreement in the literature about the evolution of the liberal discourse in favor of colonization further highlights what makes the originality of Juglar (1853): clearly, Juglar departs from his liberal contemporaries since he did not follow this trend. He remained a fierce opponent to colonialism, using strictly liberal economic arguments (as illustrated in next sections). In this perspective, our reading of Juglar (1853) will be that Juglar is not only very modern through the constancy of his reasoning and firmness against colonialism, but also that he stood out from his liberal contemporaries: he did not compromise with the zeitgeist, as Blanqui (1840), Molinari (1853), Duval (1857) and Leroy-Beaulieu (1874) did[3]. We shall provide further in this article quotations from Juglar (1853) proving that he firmly rejects any Saint-

[3] Blanqui (1840): "Settlement of the colonies is necessary in order for colonisation to have positive effects, but the only acceptable undertaking is voluntary and based on purely individual interests – "colonies must be free and voluntary", (p 71). Molinari (1853) explained the success of colonization of California as follows: "the settlers were led there solely by the lure of profits greater than those attainable through other investments" (p. 401). Duval (1857): "If colonies of Anglo-Saxon, Protestant and Northern origin are more prosperous than those of neo-Latin, Catholic and Southern origin, one of the main reasons for this is the free development of individual initiative in the former, whereas official initiative is imposed upon and contains the latter" (n° 15, p. 371). Paul Leroy-Beaulieu (1874) with the publication of his "On colonization among modern nations" will become the figurehead in liberal "accommodating" with the colonial idea.

Simonian influence regarding the presumed benefits of planned colonization guided by the authorities. According to him, State intervention can only serve to disrupt and distort the choices of individuals. Nor does he claim more institutions and more public investments; he merely highlights they are misguided and imply distortive effects. He turns out to be the opposite of moderate liberals who claim for more public investment to improve infrastructure in the colonies, as for instance, Duval (1866) who supports that "*In a new, growing country, there is tremendous work to be done in the building of civil structures like bridges and roads*" (p. 130).

Following the distinction introduced by Clément (2013, p. 68) between moderate liberals (open to colonial ideas) and ultra-liberals to characterize the French liberal movement, Juglar should definitely be placed in the side of the "ultra-liberals", along with Bastiat, these two authors remaining constantly hostile to colonization. The idea that we stand for is that if one wants to situate Juglar in the French liberal tradition, it is clear that Bastiat is the closest to him in his condemnation of colonialism. An obvious parallel can be established between the quotation of Juglar reproduced in the header of this article (*"We will not argue the opportunity of the conservation or the abandon of Algeria, the answer will apparent in our analysis"*, Juglar, 1853, JE, T.36, n°148 p. 215) and the the anti-colonialist plea of Bastiat, reported below:

"*It can be said that a people whose existence relies on the colonial system and on distant possession can only enjoy precarious prosperity, always under threat, as is true of all things based on injustice… When a nation has recourse to violence in order to create prospects for itself, it should not be blind to the fact that … it must be prepared to be the strongest, at all times and in all places, because when a day comes when there is the slightest doubt as to its superiority, that will be the day of reaction*". (Bastiat 1862, I, [1844], 367).

It has to be clear that we are not trying in this section a new history of colonial ideas in the French liberal thought in the mid-19th Century; this work has already been done and we can at best make

some additions to the rich work of Clément (2013). We strive to highlight the singularity of Juglar. In this respect, the singularity of Juglar is twofold:

On the one hand, we contend that his positions against colonialism are those of a pure liberal economist. Regarding his liberal contemporaries, Bastiat is certainly the closest to him.

On the other hand, we argue in section 3 that a core element of Juglar's demonstration of the futility of the French colonial Empire relied on the issue of the profitability of colonial investment. By that way, it seems that Juglar (1853) differed quite markedly from his French counterparts. In his concluding remarks, Clément (2013) notes that: "*The theoretical debate in France was undoubtedly less rich at the time than the one in Great Britain. With authors the likes of Torrens and Wakefield, the colonial debate focused on new investment opportunities and an improved rate of profit, aspects that were not covered in France or if so, very little. The question being: is the overall rate of profit enhanced by investing in colonial possessions? In France, the economic debate did not address this key point* (p. 73)". We give evidence at section 3 that this topic constituted actually one of the cornerstones of Juglar's analysis of the failure of the French colonialism, and that Juglar expressed it in extremely modern terms that prefigure the statement of the Lucas paradox (admittedly very distant from Torrens and Wakefield proposals). It seems that his analysis of the return on capital in Algeria has not received enough attention hitherto. This article seeks to restore this oversight and to contribute by that way to the history of French liberal economic ideas on the colonial issue.

## Section 2. French colonialism as protectionism and mercantilism: anything new under the sun since Juglar's seminal analysis?

The equation colonialism = protectionism and mercantilism is the dominant view on French colonialism, notably defended by Marseille (1984) and Fitzgerald (1988). In this section we recall the cornerstones of this conventional wisdom and illustrate that its origin should be traced back to Juglar (1853). Marseille pinpoints in his book two series of factors that made the Great Depression

a crucial period for the French colonial strategy: economic motives and political debates. This period supposedly illustrates the essence of colonialism, the equation colonialism = protectionism.

In a sub-title of chapter 6, Marseille qualifies the 1929 crisis as a "Great overproduction crisis" (p. 230). Then, the colonial market is assessed as a substitute for the domestic market that enabled to absorb the metropolitan output and to limit the decrease in the domestic profit rate. The main idea developed in this chapter is that the empire acted as a form of replacement market for metropolitan activities harmed by the Great Depression. Marseille provides at chapter 2 of his book some statistics of the commercial trade between the metropolitan area and the French colonies; it comes that over the interwar period, "the colonial empire became a crucial commercial partner" (p. 59): "in 1924, the empire conquered the second rank in terms of commercial trade and reached the first one in 1928 (12,7% of total imports from France and 17,3% of total exports of France); it will never abandon this top position prior to the end of the colonial period"[4]. "The crisis that harmed French exports in the rest of the world did not affect the colonial outlet that fully played its role of shock absorber. Whereas between 1927 and 1936 French exports fell down from 66%, exports to the colonies remained nearly unchanged" (-1,67%)" (p. 63).

Marseille (1984) multiplies the examples of the gain that the colonial protected market engendered for the metropolitan industries: "This colonial market was notably a privileged market for cotton, sugar, iron and steel industries" (p. 69). "The empire was an essential reservoir for agriculture. Sectors like wool, silk turned at that time to the colonial market. Car industries and chemistry sell in this second half of colonial history at least a third of their total exports (p. 75)". "During the interwar period, the empire became the first commercial partner of France; it furnished France with the totality of its imported agricultural goods; it absorbed the main part of cotton, soap, sugar

[4] This assertion is highly debatable since Marseille aggregated all data from the colonies considered as a whole and compared them with data of bilateral commercial trade of single foreign countries with France. For instance he never took into account the "Europe area" which made the comparison with other countries fallacious and obviously biased his ranking.

French exports. It enabled the French car industry and steel and iron industry to maintain their export capacities (p. 77)".

The interwar period also reveals political conflicts about the development of colonies: "Facing the contraction of foreign and domestic markets from 1929, the colonial outlet became a challenge that opposed different sectors of French capitalism looking for replacement markets" (p. 245).
"On the 3rd December of 1934, opening the economic conference of Metropolitan France, Albert Sarraut described as follows what he called the *stratégie 'autarchique'* (ie. Protectionist): to settle a privileged regime that enabled the metropolitan area to export its products and absorb the colonial production" (pp. 246-247). "The driving force of the *'autarchique'* strategy was to facilitate the French-colonial block to perform out of international commercial flows (p. 273)". "The leading sector of this protectionist strategy was the cotton industry" (p. 273); "the automobile sector harmed by the dramatic decline of its exports was the auxiliary of this cotton industry strategy" (p. 261). According to Marseille, the *'autarchique'* strategy defending a protected colonial area won against two alternative strategies: "one heir to liberalism which claimed for diminishing customs dues and artificially high prices; and another one which insisted on the necessity for industrializing the empire and developing the colonial market (a way suggested by Paul Bernard in 1938)" (p. 209). Ultimately, Marseille (1984) qualified as follows this protectionist episode of the interwar period: "The *'autarchique'* strategy was nothing but the *ligne Maginot* of some old French industrial sectors frightened by the bleed that could provoke restructuring (p. 256)".

The core idea developed by Fitzgerald (1988) is that the French colonial empire was a considerable political construction along with a spurious economic utility. Nevertheless, according to his view, the empire seemed to be something else than a simple political asset; taking for granted Marseille's data, Fitzgerald (1988) emphasized that, in the 1930s, the colonies became France's principal trading partner. This author underlined the captive nature of colonial markets which allowed the

least competitive French exporters (small scale, high costs export firms) to maintain profit levels. Symmetrically, French consumers paid higher than world prices for colonial imports. France always ran trade surpluses with its colonies from the 1930s until the decolonization. How could colonies continually run trade deficits with the mother country? According to Fitzgerald (1988), the outflows of metropolitan capital offset the colonies' payments deficit with France and made the continued imbalance in colonial trade possible. Fitzgerald qualified this as a "mercantilist regulation". Meanwhile, as French colonies had a constantly negative trade balance with the rest of the world, France was supposed to make no profit from this mercantilist regulation. According to Fitzgerald, "The metropolitan economy had no choice but to pour subventions into colonial budgets to cover the imperial upkeep (p. 383)". Fitzgerald (1988) concluded that "the utility of colonial markets to metropolitan exporters was more than offset by the Empire's negative influence on France's overall payments position" (p380). Ultimately, this author considered the French colonial empire as a financial burden that France could no longer afford in the 1960s, what Juglar (1853) announced more than a century ago.

Thus, Fitzgerald's thesis is that French colonialism was politically driven and economically inefficient. This constitutes a first pillar of the conventional wisdom on the topic. As illustrated above, Fitzgerald's assessment relied merely on a balance of payment argument (the public short term capital movements supposedly financing the trade deficit)

Fitzgerald's thesis of economic inconsistency of French colonialism is already present as one of the core explanation delivered by Juglar (1853) of the predictable failure of the colonization of Algeria. Juglar's uniquevocal condemnation of colonization is also based on the rejection of the mercantilist nature inherent in the French colonial system set up in Algeria. His analysis is driven in terms of balance of payments, short term official capital movements financing the upper balance (the trade of goods):

"*Finally, for a nation to pay cash, it must first posses some. Yet, since 1830, Algeria has only the money that we have sent there. […] We must therefore admit that, since 1830, it is the French money that we have sent there with one hand that comes back to us in the other. France thus pays directly for the exports made to Africa. France is the one who sells and who pays, fulfilling this double role. However, whereas everyone in France contributes to the expense, only a small number of Europeans set up in Africa take part in the profits. The difference between imports and exports is paid for with funds taken from the State budget, to maintain our colony.*

*If this is what one calls a favorable and prosperous position, we have only to set up more like it all over*." (p. 222)

In the passage above, marked by its severe and ironic conclusion, Juglar produces not only one of the first analyses of colonialism in terms of rent seeking, but also one of the first analyses of the balance of payments between Algeria and mainland France – in 1853. Fitzgerald (1988) will only take up the same analysis to deplore the trade imbalance between mainland France and its colony. He will revel in this "economic" explanation of the failure of French colonialism. But Juglar's economic analysis, a century prior, by far surpasses this simple accounting.

Finally, the colonial system in Algeria can be associated with a perverted system of incentives with harmful side-effects. Mercantilism, coupled with protectionism, produces according to Juglar an economy of rents that benefits only a minority. Juglar's treatment of the system of incentives is therefore twofold: subsidies are poorly directed and produce undesirable side-effects that harm economic growth. One can only be struck by the lucidity of this contemporary liberal analysis of colonialism:

"*This is how we would have lent arms by supplying capital so that subsidized Algerian farms compete with unsubsidized French farms. We must not blame this measure, but simply point out everything that is strange, ill conceived, and contrary to our own interests in all these inconsiderate*

*decrees promulgated to protect our trade, increase our exports, always starting by taxing the revenue of the nation, skimming off the capital necessary to make these improvements, as if, not knowing how best to use them, it was necessary for the greatest good and the highest glory, spend them in Algeria.*" (p. 223)

In this passage, Juglar points out the distortions in consumption and production brought on by the subsidies. One can only be struck by the simplicity with which he transposes here the theory of producer and consumer surplus outlined by Cournot (a contemporary of Juglar). This analysis is here designed to affirm the superiority of anti-mercantilist and anti-protectionist liberalism.

**Section 3: The issue of French colonial investment in Algeria: Juglar and the Lucas paradox**

What was the profitability of colonial investment? Marseille (1984) raised this issue wondering which sectors did these capital flows invest: were they directed to raw materials exploitation, land, or industrial sector? "What were the rates of profit of colonial companies? Were they significantly higher than the metropolitan ones? (p. 47)".

Marseille (1984) exhibits some very high "rates of profit" frequently reaching 30% or sometimes 50% for colonial firms, notably in the mining sector in Algeria. Marseille's arguments are too often based on few examples of extreme rates of return at punctual dates. Tests on a large sample of colonial firms should be necessary.

Marseille (1984) measured the evolution of the return on French colonial firms out of a ratio called by him "rate of profit" also used by Bouvier and al. (1965). In a footnote (p. 148) he explicated how this rate of profit was calculated: "to take into account the dramatic movements in prices at that time, we have first corrected the distributed dividends by the index of retail prices, basis 100, in 1914. Then we have constructed a series of capital in constant francs of 1914 by adding to the stock of 1914 each annual issue corrected for inflation. Then we have calculated for each year the ratio of the distributed dividends corrected for inflation to the deflated stock of capital. By that way, we

manage to identify a financial profitability that compares the distributed dividends to the 'fresh' money brought by shareholders".

Marseille (1984) provided a table of evolution of this profit rate, on three years average, for six sectors in two sub-periods 1920-22 and 1927-29. This author concluded that the mining and industrial firms realized the highest profit rate and that the trade, plantation and transport firms realized the lowest ones (p. 149). Lastly he added that "even when the profit rate decreased slightly, the colonial firms continued to offer to their shareholders very acceptable rates of return".

From a Methodological point of view, these arguments are far from being convincing: why not using more conventional indicators such as return on equity? The statement of "good" colonial performance during the interwar period is illustrated on too short and not significant periods of time. Moreover, this author never compared his results with a reference sample including firms operating in metropolitan or foreign territories. Apparently, it seems that Marseille (1984) wanted to give evidence (perhaps to corroborate the Marxist view of extractive colonisation) of the prominence of the mining sector in French colonial investment, notably in Algeria. To strengthen this kind of argument, he gave as an example the classification of the ten most important net benefits in 1929 at the Paris Stock-Exchange: only colonial firms were represented mainly from Indochinese and North Africa (Algeria), all firms belonging either to the banking sector or the mining sector (page 149).

From a theoretical point of view, Marseille's argumentation suffers from many imperfections. The main limit to Marseille's work is that it does not take into account the development of modern portfolio theory, in terms of risk-return analysis. Notably, he never mentions the risk supported by investors which is a component of the investment performance. The compromise between return and risk was an intuitive notion already in mind of French investors as soon as the end of the 19$^{th}$ century (see, Edlinger – Parent, 2014). Marseille's indicators do not permit to assess whether

colonial assets were riskier than the foreign and metropolitan ones and whether they exhibited higher returns.

Ultimately, Marseille (1984) ignores the strategy of optimal portfolio consisting in limiting the specific risk of each asset by diversification (see, Edlinger – Merli – Parent, 2013).

Since the issue of the comparative performance between metropolitan, colonial and foreign firms ought to be carried out within a portfolio framework, Marseille's outcomes need to be taken with the most extreme caution.

Indeed, data on French outstanding stocks seem very contradictory with the data exhibited by Marseille (chapter 4 entitled "The empire: a privileged outlet for French capital exports"). Parent and Rault (2004) using data from Feis (1930) and Cameron (1961) estimated that French colonial assets represented only 5% of all French foreign assets in 1892 and 8% in 1913. Despite a slight increase, these figures do not corroborate Marseille's analysis according to which, from the beginning of the 20$^{th}$ century, and especially over the interwar period, the French colonial empire was a "privileged outlet for capital exports". The core issue is: if French investors expected high returns on colonial investments why did they invest so little in this part of the world? The philosopher Raymond Aron already mentioned this point in his book *Paix et guerre entre les nations* (1962): "Why should France have conquered North Africa and black Africa because of capital surpluses since France did not invest them in this area?".

The most fascinating thing is that Juglar (1853) provides an explanation for the lack of capital invested in colonial Algeria: the cause is a poorly targeted legislation that penalizes capital and hence economic takeoff.

Juglar ends his last article with a paragraph entitled "On the obstacles of colonization". In this passage, the underlying theme is the absence of capital invested in Algeria due to the inefficiency of tax regulation from France. In this chapter, Juglar concentrates especially on the French government's attempts to reform property rights which he considers counterproductive. Supposedly to limit speculation, they made it impossible to set up large agricultural and industrial properties,

penalized investment and discouraged the development of notable innovators-entrepreneurs in Algeria, which prevented the economic development of this country.

"*The ordinance of 21 July 1846 obliges the buyers to pay to the State an annual and perpetual rent […] Moreover, for every 20 hectares, the buyer has to erect a house of at least 5000 francs in the first 6 months, set up a European family within a year and plant 30 trees per hectare. After such an ordinance, the demand for such purchases, as one can well imagine, rapidly diminished, at least from those with the capital to exploit the land. Come risk one's fortune in a forever unstable enterprise, and expose oneself to all these suspensive clauses which depend on the whim of the administration: this is what explains the absence of serious settlers. […] By obliging buyers to establish a European family and to construct a house for every 20 hectares, the administration settled the greatest question of colonization, to wit, what type of exploitation was best for Algeria: large, middle or small. By deciding a priori that it was the middle sized property, and by obliging all potential purchasers to accept this, the government prevented all those who possessed large funds from trying their luck in Algeria. […] When they decided on smaller landholders, they did not realize that they were those who were the least likely to come, the most fearful, lacking knowledge, the least open to innovation, careful enough to avoid dubious business, where the potential profit was always minimal relative to the risk. For them, there was only ruin or a slight improvement to their lot.*" (pp. 225-226)

Juglar continues by developing an argument by which risk aversion diminishes relative to the level of wealth and offers an explanation for the failure of colonization in terms that predate the economic analysis of risk.

"*Whereas large capital, exposed to the same unfavorable chances, first has greater resources to survive the first failure. What drives these investors is the hope of a much larger reward, gain, or*

*profit. In both cases, the investor could be wiped out, but whereas the first, in the most favorable circumstances, can only expect to increase his capital by at most a quarter or a half, the second can double it. It is this latter hope that allows the large investor to close his eyes to the expected loss; the fear of ruin does not stop him, because a potentially brilliant reward awaits him, a reward that the small cultivator cannot expect to achieve. […] This middling class of cultivators, that we must encourage in France because they are an honest and moral population, for which the traditions of family life are best perpetuated, has no adventurous spirit, the raw desire for profit that drives you to furthest regions with the hope of easy fortune […] By attempting to summon this class of cultivators, we might just as well have predicted that they would not respond; for, in addition to the trip, the emigration, the abandon of their native land, which they would have to accept, they would not want to risk the capital that they have painstakingly amassed.*" (p. 226)

"*There was another class that could have been attracted to Africa, the capitalists. The Ordinance of 21 July 1846 put an end to the very desirable development of industrial activity by imposing impossible constraints on whoever wanted to set up a large estate. By rejecting their support, the French deprived themselves of the greatest and the most indispensible means of colonization. It is the capital, the necessary outlay that has always lacked in every endeavor of this sort. And by an unfortunate fatality, with a very praiseworthy intention, the government took the measures the best adapted to block its flow. How could someone who only has capital that was barely sufficient, forced to immobilize a part for the construction of houses and the planting of trees, to dedicate another part for the upkeep of one family for every 20 hectares, and to pay extraordinary taxes on uncultivated lands, once these expenses met, possibly invest in the work necessary for the exploitation of the land?*" (p. 227)

"*They thought that they had taken care of a great evil by expelling the large capitalists and the speculators who always accompanied them. They waited a long time, and they are still waiting for*

*the middle class of cultivators. So they decided to resort to the last category of immigrants, those whose only capital is the force in their arms.*" (p. 228)

When Juglar turns to the analysis of the capital factor, he extends the arguments relative to incentive mechanisms in an ever more convincing and modern manner:

"*After examining the reasons preventing the French population to emigrate*[5]*, let us now turn to why the capital, which is the second condition of all settlement, fails to flow. The motives are of the same nature: capital is fearful, less adventurous than men, especially when potential profits are limited. […] They seek everywhere the most considerable return, the use that will provide the greatest interest. It abandons agriculture for industry where profits are higher and quicker, and artificially increased by our prohibitive and protectionist system of tariffs. […] It therefore into the only industry possible in Algeria, the construction, purchase and sale of houses, that speculation and capital flows. Agriculture, which requires great outlay that is only recuperated in the long-term, has been neglected.*" (p.232)

Juglar's line of reasoning is in every way remarkable and a precursor. Indeed, the question of capital must occupy a central part in the economic analysis of French colonization, for it is a clue to the underlying motives of colonization, of its nature, financial or other. The debate on the economic motivations of profitability of the French colonization remains open to this day. As indicated above, on the one hand, Marseille (1984) shows partial evidence of very high yields, gleaned from colonial

[5] Juglar also delivers a much less convicing explanation of the metropolitan labour supply in Algeria. The following citation illustrates a form of complete political allegiance to Napoléon III... We quit here the field of economic analysis and let the reader make his own opinion: "As for me, I do not know better evidence of the good conditions of the social state and civilisation in France than the difficulties or impossibilites that we have to populate and colonize in Algeria … The small number of immigrants that go to Africa with the free help of the State is nothing compared to the number of the French population. If the French people do not whish to emigrate despite facilities and fundings, it is because their existence is well guaranted in France without needing to move in another country to improve it… On the contrary, Spanish people, Maltese people, Italians, for whom nothing is done, rush to Algeria. Is'nt it the most flattering feature which indicates the superiority of our social condition? Is'nt it the best way to appreciate the easiness of life in one country than watching at the abundance of labour and high wages which provide the needs for all?" (pp. 231-232). This explanation is repeated page 233: "I do not know a praise that delivers a better proof of our general wellbeing than the resistance of the population to move abroad and the difficulty to colonize we have". These two citations may leave the reader somehow puzzled if we keep in mind that the book of Villermé, "Tableau de l'état physique et moral des ouvriers" (1840) was written approximately at the same time…

registers in Algeria, which lead one to believe that Algeria was a profitable affair. On the other hand, in his work *Peace and War Among Nations* (1962), Raymond Aron wondered how one could consider the colonization of Algeria profitable since no capital was ever invested there. One cannot help but point out that Juglar had already launched this debate in the same terms in 1853. If French investors expected high yields from colonial investments, why do they invest so little in this part of the world? To get them to invest, it would have been necessary to set up a sufficiently attractive system of incentives. One can only be struck by the extremely modern and premonitory nature of his remarks.

"*The expectation of great profits alone would have been able to attract large investments, and we have seen the infuriating precautions that were taken to keep them out. It is even very likely that, without speculation, they would not have come with a serious purpose […] Farming implies the immobilization of capital in the exploitation of the land. The return for this outlay made for the land return is slow. […] Just the idea of setting up shop abroad, without hope of a return and with the few advantages that agriculture presents, was the main obstacle to the Algerian settlement.*" (p. 233).

## Section 4: Colonial institutions and property rights in Juglar's economic thought

### *Colonial studies: a brief survey*

In this section, we deal with Juglar in the tradition of colonial studies. This modern stream of economic research deals with colonization as a factor of long-term economic slowdown for former colonized countries. Three currently influential schools of thought on colonial institutions and their impact on economic growth can be identified in the literature. Two of them are institutionalist:

"extractive institutions" (Acemoglu et al., 2001), "legal origin" (La Porta et al., 2004), whereas the other one is geography focused (Gallup et al., 1998) [6].

First, Acemoglu et al. (2001) developed the thesis of "extractive" institutions as opposed to "constructive" institutions. Studying former European colonies, these authors suggested that when the environment was favorable to the European settlers, they came in large number and reproduced European economic institutions (checks and balance on state power, fostering private entrepreneurship and trade). In contrast, when the environment was unfavorable (revealed by a high rate of mortality among the first settlers), Europeans created "extractive institutions", endowing large powers to the state and transferring natural resources to colonizers. Acemoglu et al. (2001) assumed that settler mortality is a good instrument for the quality of both, early and current institutions. Acemoglu and al. (2001) conjecture that high settler mortality led colonizing powers to introduce "extractive" institutions, which set the economy of a long-term path of low and volatile growth. Moreover settler mortality should correlate well with conventional institutional measures such as risk of expropriation and democracy (as quoted below, Juglar strictly refered to the risk of expropriation). In response to low settler mortality, the adequate non extractive institutions introduced by the colonizers should be the colonial origin of comparative development.

A similar approach, the thesis of "legal origins" has been developed by La Porta et al. (1998), Djankov et al. (2002), Glaeser and Shleifer (2002). These authors distinguished between colonial institutions originating in different national legal systems (British common law and French, or German, civil law). The idea is that once introduced, these systems remain constant and hence legal origins determine the quality of current institutions. Under French civil law, "professional judges, legal codes, and written records are typical, while British common law is characterized by lay

[6] We recall that Juglar ends his last article with a paragraph entitled "On the obstacles of colonization" in which he discusses the unfavorable climatic conditions but in order to refute better these arguments. For this reason we focus in this section on the link between Juglar and institutional economics.

judges, broader legal principal and oral argument" (Glaeser and Shleifer, 2002, p. 1193). In the studies by Djankov et al. (2002), Glaeser and Shleifer (2002) and La Porta et al. (1998), these differences in the legal origin are correlated with a better performance of former British colonized countries in terms of property rights, quality of government, political freedom and financial development, which has a positive impact on the rate of economic growth.

Another set of studies refers to geographical factors in order to explain the patterns of economic development. Four kinds of factors are put forward as sources of sustainable growth: natural endowments, soil fertility and agricultural productivity, diseases and plagues, and finally transport costs (Sachs and Warner, 1997; Gallup, 1998; Bloom and Sachs, 1998; Diamond, 1999; Sachs, 2001). Testing these four factors to the case of Africa, and notably to former French colonies, Bolt and Bezemer (2006) did not find them to be significant: they gave evidence that the origins of Africa's comparative development relied on education and more broadly on human capital.

Beyond institutional controversies, the period of colonization is understood to have implied distortive effects and induce a persistent slowdown in economic growth in most of the former colonized countries. In the literature explaining the today's increasing discrepancies in per capita income between former colonized countries and the North, two main channels are identified: colonization has destroyed the societies and exploitation had a direct consequence on resource distribution. For instance, extending the African colonization analysis to comparison with Asia, Bertocchi and Canova (1996) identify direct and indirect channels through which colonization acts negatively on long run growth patterns: the direct link relies on taxes, tariffs and trade restrictions (two factors already mentioned by Juglar, see previous sections), forced labour and enslavement. The indirect link refers to extracting surpluses consequences: notably, repatriated profits reduce wealth accumulation and therefore slow down the accumulation of human capital. Using augmented

Solow growth model, Price (1999) estimated that colonial heritage was nearly entirely responsible for the growth path of Sub-Saharian African countries.

Thus, the core issue of this set of studies is to know how relevant institutional indicators of colonization are as a regressor explaining differences in level of per capita income across former colonized countries. It is interesting to report here how Juglar explains the failure of French colonialism in Algeria using premise of institutional economics. Three kinds of arguments are put forward by this author serving his demonstration: Insufficient property rights; inappropriate regulation and incessant change in colonial institutions; lack of incentives and distorting subsidies.

***Insufficient property rights***

Juglar (1853) in "On the Colonization of Algeria, 1830-1850" (*Journal des économistes*, t. 34, n° 141) paints the portrait in the very first article of this series of four. Juglar dismisses the Saint-Simonean spirit. Juglar describes what he considers one of the causes of the failure of the colonization in Algeria: a project based initially on the economically inefficient, Saint-Simonean "collective culture".

"*The government takes care of founding agricultural centers; since 1843, this type of colonization has dominated. […] Everyone has heard of colonization plans of General Bugeaud, General Bedeau, General Lamoricière, etc. They experimented thus with both civil and military colonization. The disappointment was great when they realized the results of all these theoretical ideas that failed when put into practice. Subsidies, however, were not lacking. The government was no longer simply a protector, but a creator, the supporter of these new colonies. It was the State which, at great expense, put all the money up front, distributed the land, built the houses with the help of the army, for it is thanks to the engineering regiments that we owe most of the buildings in villages. The land was cleared and plantations executed by troops. The State supplied the necessary capital for these expenses. It was the State who delivered the instruments, the seed, the animals, etc.*

*in other words, all the expenses necessary for an agricultural estate. Once everything was ready, they installed the population in the new village, both civil and military settlers. Then the troubles began. As long as they only had to build a few houses, superficially clear a few acres, the army was sufficient. But to seriously farm the land, the settlers were still lacking many things. Most often, not being able to invest in grains, they limited themselves to growing vegetables, which would never be enough to live on and could not help them improve their lot. To this weakness was added illness and fever which wiped out these poor populations. The unfavorable atmospheric conditions, a great drought or a flood, clouds of locus, came to wipe out the fruits of their long hard labor, and it did not take long for despair and disgust to fill the hearts of even the most courageous. The debris of the colony moved to the nearest town, preferably Algiers.*" (p. 68)

But it is in the fourth part of the article "On the colonization of Algeria, 1830-1850" (Journal des économistes, t. 36, n° 147), Juglar, in a real pre-Coasean approach, describes property rights as the foundation of all economic activity. He develops this particularly premonitory theory by which the failure of the colonization is due to the absence of clearly defined property rights. It is in this fact that, according to him, resides the deep roots of the failure of colonization.

In particular, in chapter 8, entitled "On property in Algeria", Juglar writes passages that Coase would clearly not have rejected. He makes the problem of property rights the heart of his explanation of the inevitable failure of colonization: the absence of clearly established property rights is the first cause of the economic stagnation. Through his reflection on property rights, Juglar reveals himself as a liberal economist who is critical of the colonization. He does not come off as an economic theorist of colonialism, but it is as a liberal economist that he criticizes colonialism. One can only be struck by how modern and premonitory his analysis is. In essence, colonialism, because of its very nature, lacking a clearly established conception of property rights, leads necessarily to failure.

"*People do not realize enough how great is the influence of the form of property and the guaranties that it creates in a country on the social constitution, the development of culture and industry. […] From its stability or its instability derives a host of consequences to which people generally do not pay enough attention.*" (p. 101)

*On property in Algeria under the Turkish domination* (p. 101):

"[…] *One will quickly realize that the goods of mosques, of religious congregations, those of pious organizations, had been until then guaranteed against all infringement. People wondered if, by giving their goods to one of these foundations, they could continue to benefit from these goods without fear of eviction during their lifetime, except by denying their progeny of their rights after their death. Then they improved the system, they included a clause according to which, by giving the property rights, the granters and their descendents continued to exercise the right to use the property, up to one or two generations. They thus no longer owned the land and became simple usufructuaries.*

"*In Algeria, there were two types of goods: habou goods and melk goods. Melk properties were those whose owner could sell them as he wished free of any charges. Habou properties were those which, fearing confiscation, people gave to a mosque or religious institution, under the condition that they retained the right to use the land or some substitute land. Through this act, people gave the property rights to the charitable institution or the mosque, keeping the right to use it for themselves and their descendents for a certain number of generations. After the death of the donor and his heirs, the establishment became owner.*

*Habou property was inalienable, but if the building decays in the hands of the usufructuary, who cannot repair it, sale is authorized. The sale is accomplished via a special deed, called an ana, in favor of a third party, who assumes responsibility for the reparations and promises to pay the*

*annual rent due on the property. This is the mechanism by which people avoided confiscation.*" (pp. 105-106)

*"It is therefore possible to understand how owners have always sought to place an obstacle in front of government invasion, by giving their property to a religious institution which safe-guarded it from infringement for a nominal sum. This particular property arrangement created a great deal of trouble in the first years of the conquest. Europeans ignored the customs of the country, hungry for land, gave themselves up to outrageous speculations, seeking property deeds, with the sole hope of reselling them for profit, without worrying at all about taking care of the properties themselves. Most often, the indigenous population sold only the right to use the land, since the land was habou or melk, while the Europeans believed to have obtained full property rights. Then, came the arguments, quarrels, and interminable litigation. […] As the French occupation was not regarded as serious, the former masters and owners of the land quickly sold everything they possessed, some to reestablish their business and their fortune, others to get rid of onerous property; but all believed that they would get their land back once the French army left. This situation caused an unprecedented spate of speculation which created a great number of difficulties for the French government. For a long time, it remained an indifferent and neutral spectator between to both parties.*" (p. 107)

"*Through the ordinances of 1 October 1844 and of 21 July 1846, the administration imposed conditions by which sellers had to accept. The ordinance of 1844 dealt with uncultivated lands. Whoever claimed to be owner of uncultivated lands must produce a title deed clearly dating from before 5 July 1830, indicating property rights, the borders and the situation of the real estate. […] The ordinance of 21 July 1846 was even more severe; it outlined the numerous obligations of buyers. For every 20 hectares of land sold, the seller had to construct a house of a value of 5000 francs, to establish within a year a European family, and finally to plant 30 trees per hectare within*

*5 years. As long as these conditions were not met, property could not be sold or mortgaged without the authorization of the governor general. It is by these means that the government wanted to model the agiotage, and believed that it had; but at the same time it drove away speculators and serious buyers.*" (pp. 107-108)

In his conclusion, Juglar returned to the inefficient and unproductive character of this measure, which is the mark of colonial management guided by an administrative conception without taking into account economic efficiency. The French colonization in Algeria is above all a military and administrative operation, as the following passage highlights:

"*This is one example among a thousand of the incapacity of the State in any industrial or agricultural enterprise […] the serious aspect of any enterprise, profit, is always neglected […] France is rich enough to pay for its glory*" (p. 223), which is almost word for word the conclusion of Fitzgerald (1988) ... except the irony!

***Inappropriate regulation and incessant change in institutions***

After having exposed how poorly adapted regulation can be the source of economic inefficiency, Juglar continued by demonstrating how incessant changes to the regulation penalized investment by creating an uncertain horizon for the settlers:

"*In the midst of all these vicissitudes Algeria experienced until 1846 […], the administration decided to deliver the final blow to put an end to this instability. By the ordinance of 21 July 1846, it imposed on all rural properties a verification process to check their origin and the legitimacy of possession. […] Far from disturbing colonization, this helped it, by setting property rights on a stable foundation. If the ordinance of 21 July 1846 did not have a direct and negative impact on colonization, the ordinance of 1 July 1847 did. It reinstated the perpetual rent. […] The most fatal*

*clause is the one that required a deposit of 10 francs per hectare for every sale above 100 hectares always afraid that people abused large sales and only sought them for speculative purposes. A final article renewed the ban on the sale or mortgage of land prior to the full completion of construction.*" (pp. 229-230)

"*The deposit of 10 francs per hectare deprived the buyer of capital that he could have used, to his own and the farm's advantage, to improve the land. It paralyzed a part of his means. The ban on sales and mortgages had the same effect, in that the settler, after having exhausted all his savings, could gained the funds necessary to fulfill his obligations by selling or mortgaging a part of his estate. […] Why must we observe and recognize so late and so myopically the pernicious effects of all these complicated regulations?*" (pp. 230-231)

***Lack of incentives and distorting subsidies***

Finally, it is possible to observe in Juglar (1853) an extremely modern line of reasoning that foreshadows the economics of incentives.

Juglar begins in n° 144, on page 84, by recalling the utility of the subsidies: "*What the farmers had always been lacking up to this point, in Algeria as well as in France, was the capital necessary to develop and improve crops. Each time that these will expect to be able to sell certain products and to receive cash in exchange, one can be sure that all their efforts will take this direction*."

He continues by criticizing the distortions created by the system of subsidies set up in Algeria, which he finds are inappropriate. In his conclusion, "On the obstacles of colonization", to the last of the four articles (1853, t. 36, n° 148), Juglar describes the Algerian colony as an economy of

subsidies missing their mark. Juglar insists first on the distortive effects created by the subsidies in favor of military and ecclesiastical colonization:

"*The administration itself build the villages and cleared the land using troops, granted subsidies for the free passage on State boats, supplied food, farming tools, seed, animals, and thus managed to maintain in a very precarious manner agricultural centers. […] The Trappists of Staouëli and the establishment of father Brumaud in Ben Acknoun must be highlighted. Both these establishments only survive thanks to State subsidies in the form of cash, kind and men. […] The State placed at their disposal military convicts who executed most of the work. […] The establishment of father Brumaus is merely a warehouse for orphans and young children that have been designated for agriculture. Owner and director of the house, he receives according to the agreement he struck in 1845, for each child, an initial sum of 60 francs, then 21 ½ francs per month, until the age of 15.*" (p.228)

"*The little development of free colonization since the conquest, and especially since 1845, is demonstrated by the embarrassment with which the administration speaks of it. […] All agricultural centers that one observes today were created and are maintained by the administration.*" (p. 229)

**Conclusion**

In light of our analysis, conventional wisdom on colonial Algeria as protectionism and mercantilism seems largely indebted to Juglar's "premonitory" analysis. All the rhetorical arguments of liberal economic thought are found in Juglar's analysis and applied to colonialism: disutility, detrimental side-effects, endangerment. The noteworthy traveler renders in his travel log one of the very first liberal economic criticism of colonialism.

But the most striking element of this “premonitory” analysis of the failure of colonialism is that this “chronicle of approaching death” of colonialism is based on arguments which, if they today seem timeless, make Juglar one of the precursors of the economic analysis of colonial institutions.

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**APPENDIX: Marseille's assessment of French colonialism: a moving thought**

Marseille himself recognizes that he is hard to understand since his view of the French colonialism has changed over time: "Armed of absolute certainty, of a book *L'impérialisme stade suprême du capitalisme* and of a pocket calculator, I tried to give scientific content to my a priori… This research endured the evolution of time, a drop in enthusiasm, the reversal of historical times (p23)". The postscript to his book "Capitalism and colonization: a story to tell" (written in 1987 and added into the edition of 2005) is a kind of *mea culpa*: "It seems necessary nowadays to get out from the impasse of Leninism in which rushed other authors and myself who believed that the transformation of the world economy was the consequence of a certain stage of development of capitalism, namely the stage of 'financial capital' (p. 565)".

In this article, we have tried to clarify the different levels of his contribution to the issue of the French colonialism distinguishing three main stages: first, his book should be seen as a contribution to the Marxist debate. Indeed, many of his explanations refer to Lenin, Hilferding and the issue of imperialism as the supreme stage of capitalism. But progressively he tries to keep distance with these embarrassing fathers. We develop this aspect below in this Appendix, since this aspect is not central to our discussion). Second, his reading of the French colonialism attaches importance to the interwar period: "The thirties were the heart of our research as they were for economists and historians concerned with the Great Depression (p. 207)". This period epitomizes the qualifier of protectionism to describe colonialism. Therefore, we focused on this aspect in section 2 of this article while establishing a parallel with Juglar (1853). Third, Marseille (1984) tries to give substance to his ideas using some statistical tools, unfortunately not robust enough. This entails fallacious assertions about capital exports to the colonies and their rate of return. This point is developed in section 3 in parallel with Juglar's view which otherwise motivates the lack of investment in colonial Algeria.

*A contribution to the Marxist debate*

Marseille (1984) clearly claims for Marxist inheritance: "In the field of colonial imperialism, the reference to the Marxist theory is a prerequisite… One should even say that there is no other theory of imperialism (p. 28)". "From the 1880s, the hunt for colonies, the deepening of the struggle for the share of the world is deeply linked to the transition to the monopolist stage of capitalism, namely the financial stage of capitalism (p. 31)". "R. Hilferding delivered to the Marxist theory the concept of 'financial capital'. In his book written in 1910, *Le capital financier, étude sur le développement récent du capitalisme*, he describes the main features of the evolution of capitalism since 1880 as the development in merger and acquisitions between the banking and industrial capital which led competition to disappear and confer to the banking system a prominent role in the organisation of production (p. 31)".

At the beginning of his book, Marseille supports the arguments of Lenin: "As Lenin said, colonisation is the daughter of financial capital" (p. 36); he also relies on Hilferding's analysis: "Imperialism led the financial capital to run expansionary policy and conquer new colonies (p 38)". His purpose is clearly to interpret the French colonialism from this perspective: "Was the colonial empire the easiest way for the financial capital? (p. 47)". In the rest of the book, he will take his distance with this fatherhood. Let us come directly to his conclusions in which he situates his own contribution to the Marxist debate: "From 1880 to 1930, the setting off of colonies is the expression of a certain stage of the development of capitalism, but not the one the first Marxist theoreticians of imperialism imagined… Hilferding, Rosa Luxemburg, Boukharine, Lenin considered the conquest of colonies as the privileged form of financial capital expansion… the reality appeared to us much different. With the 1892 Méline's tariffs and trade law combined with the 1928 protectionist law, the protectionist strategy appeared to us, paradoxically, as the expression of competitive capitalism… Delivering to colonial producers higher prices than world prices, it guaranteed to metropolitan industry (iron and steel industry as well as small factories of several sectors) a profitable outlet. Up to the thirties, the colonial imperialism was in harmony with French capitalism and helped to regulate it" (pp. 502-503). "The colonial empire became, already before WW1, a privileged outlet for French capitalism. *Colonies became the 'crutch' of a competitive capitalism confronted with the issue of domestic outlets"* (p. 500).

Thus, Marseille progressively differentiates himself from the canonical Marxist approach of the financial capital promoted by Lenin and Hilferding. He wonders "whether imperialism in the sense of Lenin was a particular stage of capitalism, not its supreme stage" (p. 214). Along the book, colonisation is no longer

assessed as the daughter of financial capitalism but as the daughter of declining metropolitan industries: "The 1929 crisis in France ought to be considered as a locking of competitive regulation" (p. 214). He situates his own findings in line with contemporary French Marxist developments of the so-called "école française de la regulation" (whose main contributors were Boyer, Mistral, Aglietta in the 1980s) and proclaims this new relation: "To understand the historical succession of these periods, the works of economists from the 'French school of Regulation' deliver to historians appropriate tools and hypotheses"[7] (p. 573). So, one has to keep in mind that Marseille could be considered first as a *compagnon de route* of Lenin and Hilferding but became more distant with the founding fathers to finally meet the "School of regulation" and asserting this identity. By that way, part of his book refers to the Marxist debates and has to be situated within this framework.

Ultimately, in conclusion of the first part of his book, Marseille (1984) stated: "the imperial withdrawal of French capitalism was nothing but the strategic withdrawal of a capitalism which tried to push away the inescapable restructuring that the Great Depression of the thirties requested" (p. 202).

[7] This "school of thought" assesses the crisis of the thirties as a crisis of 'competitive regulation' characterized by lack of demand dynamics, weakness and rigidity of wages, absence of social protection and minimum income and more generally contra-cyclical stabilizers; according to this "French school of regulation", the "monopolist regulation" took place only after WW2 when were implemented on a large scale, minimum wage, collective wage agreements, etc.