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Algeria: The Astonishing Travel Stories of
Two Precursors, Tocqueville (1837, 1841)
and Juglar (1853)

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Property Rights and Early Colonization in Algeria: The Astonishing Travel Stories of Two Precursors, Tocqueville (1837, 1841) and Juglar (1853)

Claude Diebolt¹ & Antoine Parent²

“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: This article is related to the following topics: institutions in economic thought, “old” institutional economics, institutions and economic performance and institutions and values in colonial markets. This paper presents the travel stories of two noteworthy travelers in colonial Algeria: Tocqueville (1837, 1841) and Juglar (1853). Although their conclusions relative to the future action of colonization process are different, both justify their conclusions on the basis of the inadequacy of clearly defined property rights and faulty institutions. Both of them condemn Saint-Simonian colonization projects as they deny private property rights. These authors can rightly be regarded as the founding fathers of the property right analysis and therefore the unacknowledged ancestors of Coase and North. They describe, in fact, 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 placed an obstacle in the way of establishing large agriculture and industrial properties, penalizing investment and innovation and discouraging the development of entrepreneurship. For Tocqueville, the consolidation of property rights will determine the pursuit of the colonization process. These authors, who place the issue of property rights at the center of their explanation of economic success, appear as the forerunners of economic analysis of property rights, and some of the written passages from these authors would not be denied by either Coase or North. The objective of this article is to recall the forgotten views of these authors, the originality of their approach and their contribution to the genesis of institutional economics.

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Introduction

This article presents the observations of two noteworthy travelers in colonial Algeria: Tocqueville “Letter on Algeria” (1837) and “Report on Algeria” (1841) and Juglar “On the Colonization in Algeria from 1830 to 1850” (1853) (published in the *Journal des économistes*, t. 34, n° 141 et 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. Tocqueville, on the other hand, favors a continuation to the process of colonization. If these authors arrive at different conclusions relative to the how to continue the process of colonization, both justify their conclusions on the basis of the lack of clearly defined property rights and faulty institutions. Both of them condemn Saint-Simonian colonization projects as they deny private property rights. These authors can rightly be regarded as the founding fathers of the property right analysis and therefore the unacknowledged ancestors of Coase and North. Indeed, they describe 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. For Tocqueville, the consolidation of property rights will determine the pursuit of the colonization process. These authors, who place the issue of property rights at the center of their explanation of economic success, appear as the forerunners of economic analysis of property rights, and some of the written passages from these authors would not be denied by either Coase or North.

The objective of this article is to highlight the forgotten views of these authors, the originality of their approach and their contribution to the genesis of institutional economics. The outline reflects the arguments common to both of these authors in their explanation of the failure (Juglar) or the insufficiency (Tocqueville) of the colonial system. The first section will treat the lack of property rights, the second the failure of institutions (in the case of Tocqueville) or regulation (in the case of Juglar), and the third will focus on the system of inappropriate subsidies. Since the primary objective of this article is to bring to light the forgotten texts of these authors relative to institutional economics, while highlighting how original and modern their thoughts are, 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 these authors themselves³.

1. Colonization and property rights

1.1. The insufficiency of property rights according to Tocqueville

Tocqueville's analysis of property rights is similar in nature to that which Juglar will take up several years later, even though their conclusions on the necessity of continuing the colonization differed. Still, Tocqueville was the first author who, seven years after the conquest, highlighted the importance of clearly established property rights as a condition for the economic growth of a recently colonized country.

In his "Letter on Algeria" (1837), Tocqueville criticizes the tabula rasa that was carried out relative to property rights which were in effect prior to the arrival of the French:

³ It has to be noted that all the citations extracted from Juglar are here translated into English for the first time.

“We were hardly masters of Algiers before we hurried to bring all the Turks together without leaving one out, from the Dey to the last soldier in his militia, and transported this crowd to the Asian coast. In order to make all the vestiges of the enemy domination disappear, we had taken care to burn and destroy all the written documents, administrative registers, originals or copies [...] The Turkish government possessed in Algiers a great number of houses and in the plain a multitude of estates; but its titles deeds had disappeared in the universal shipwreck of the old order of things. The French administration, not knowing what it possessed or what remained of the legitimate property of the vanquished, had nothing or thought that it had been reduced to taking randomly whatever it needed, to the disdain of rights and law.” (p. 39)

“There is no country where it is more necessary to establish individual liberty and the respect of property, the guarantee of all rights, than in a colony [...] It is therefore necessary to uphold with care in Algeria the substance of our political state, but not respect too superstitiously its form: and show more respect for the spirit than for the letter.” (p.52) Juglar will reiterate the same view.

In his *Report on Algeria* (1841), Tocqueville develops political arguments in favor of the continuation of the colonization in Algeria (distinguishing himself from Juglar who was hostile to colonization for economic reasons). Tocqueville justifies the continuation of the military conquest, which he sees as the necessary condition for the successful colonization of the land. If one ignores the means (the justification of the excessive conquest) and retains only the ends (the establishment of a lasting foundation of private property in Algeria in order to seal a successful colonization), the chapter entitled “Colonization of property”, reveals patent affinities with Juglar (see below).

“In the plains of Mitidja, great spaces are not occupied but possessed by Europeans who acquired them from the natives. It is thus for almost all the still uncultivated parts of the mountains. These people do not cultivate, or sell to the cultivators for two reasons: most are speculators

(“agioteurs”) and do not sell because they think that a time may come when they will be able to make a better deal than now. Many cannot sell, because the property that is in their hands is uncertain, either because it has no recognizable limits, or because the right of the seller is doubtful. Many lands have been sold to several people at the same time, most are not delineated and the borders are so poorly designated that they are unrecognizable. There is no serious settler who would want to acquire land to set up and cultivate this type of property.” (p. 105)

“In general, there is nothing more dangerous in a new country than the frequent use of forced expropriation [...]. It is absolutely necessary to outline properties and their limits with the aid of a summary procedure and an ad hoc court, established only for this purpose. An operation that must precede all others, and which makes it possible to carry them out properly, is the land register. It is incomprehensible and unpardonable that no register of the mountains has yet been established. That alone would suffice to paint the unproductive, or even destructive, activity that characterizes the civil administration in Algiers.” (p. 106)

This desirable movement towards clearly established individual property rights goes against everything that Tocqueville calls “theories that succumb to the temptation destroy individual life.”

“In France, this tendency produced Fourierism and Saint-Simonism. It attracts the likes of Abbot Landmann and General Bugeaud and so many others. [...] All tend to cover Algeria with veritable theocratic or military ‘phalansters’, in other words, everyone wanted to found small communities where there is no or hardly any place for property or individual life, and where each citizen works like a bee following a single plan or a single objective, not in his own personal interest, but in the interest of the hive.” (p. 107)

The similarity with Juglar’s views relative to State leases is clear (see below).

“Abbey Landmann will perhaps persuade several German families to come gather around him and keep them united with his zeal. General Bugeaud may be able to find in his army enough consenting old soldiers to manage to form one or two colonies and some officers sufficiently talented to lead them. All that is possible. But what is pure fantasy is to imagine that with the help of one of these exceptional methods we will be able to populate the country. All these beautiful social projects will lack the first prerequisite for success: men to test them. [...] As regards military colonies [...] I would say that if one considers the love that [soldiers] have for their native land, the contempt in which they hold Africa, and especially the horror of war, of command, and of military discipline [...] it seems quite unreasonable to believe that one will find many soldiers who would want to stay in Algeria after their military service to till the land militarily.” (p. 108)

“Military colonies are established only on the condition that the new inhabitants are brought there and held there by force, which means that such colonies are only made when they can be inhabited by serfs. [...] I would say that it is unreasonable to imagine that a great number of men would leave their native land to go expose themselves to the misery and dangers of colonization, in return for what? To be masters neither of themselves nor their goods, and to find fixed limits to all their aspirations [...] All these artificial and complicated means to populate Africa could only come from the minds of theoretical men who never had before their eyes the portrait of colonial societies. Those who have been able to study this matter practically know that, quite the contrary, to struggle against the innumerable difficulties of a first establishment, nothing less than all the energy of the passions of that private property generates is necessary.” (p. 109)

“Settlers are not serfs, but independent and mobile men who can refuse to come or refuse to stay, as they desire; it is therefore not a matter of inventing some theoretical system that seems most appropriate for the prosperity of the small society they must be part of, but the most efficient means to attract to this society and maintain within it, through his passions and through his tastes, each

man of whom it will be comprised. The colonies of all European peoples demonstrate the same scenario. The role of the individual is greater there than in the mother land, not smaller.” (p. 110)

Another passage, further on in the essay (Tocqueville, 1841, p. 126) reiterates the same ideas: *“There is another right [...] more dear to men who have left their fatherland to make their fortune, the right to property, which is even less assured. It is forever threatened and endangered in several ways: first, by military authority which, from time to time, takes animals or crops for the needs of the service [...] The army acts thus not only with disregard and disdain for their rights, but it should be mentioned, with a certain degree of pleasure. One of the things that strike most those who arrive in Africa is to see the hostile and envious feelings that the soldier holds against the settler. [...] Therein lies one of the main obstacles to colonization. For, this hatred and jealousy are not only in the heart of officers, they also fill the hearts of generals. One notices that more or less everybody observes with a secret irritation the settlers get rich and willingly seize the opportunities to diminish their profits or ruin their enterprises.”* (p. 126)

The argument in favor of the rights of property that forms the basis of Tocqueville’s analysis is also the essential argument of Juglar’s analysis.

1.2. Insufficient property rights: an argument reiterated by Juglar

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. As Tocqueville, Juglar also 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 locusts, 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), that it is possible to consider Juglar the ancestor of Coase. Indeed, the author 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 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 an economist who is critical of the colonization. He does not come off as an economic theorist of colonialism, but it is as an 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)

2. Colonization and institutions

The second aspect of both Tocqueville's and Juglar's critical analysis of the colonization in Algeria is the issue of institutions (a subject that Juglar treats under the heading "regulation").

2. 1. Deficient institutions according to Tocqueville

The issue of institutions is treated by Tocqueville in terms that clearly predate North. This theme which is fundamental to institutional economics can already be found in Report on Algeria (1841): *"Whatever material effort made to create in Algiers a populated and flourishing colony, we will fail if we do not profoundly modify the institutions currently regulating the country."* (p. 113)

A passage follows in which Tocqueville highlights the limits and errors of the French administration.

"In the administration, the governors can hardly do anything. All the colonial funds are centralized in Paris and infinite formalities are necessary to be able to dispose of the smallest sum. [...] We have often seen, and still see today, settlers arrive and, within several months, return or die of hunger because the formalities necessary to give them a small parcel of land have not been met." (p. 188)

"All colonizing peoples since the Greeks and the Romans, right up to the English, have tried their best to make municipal life very independent and active in the country that they wanted to inhabit [...] because of the need that they felt to give their settlers a new homeland and bind them together by granting them collective management of the common interests." (p. 122)

“Added to these institutional problems are the problems of men. The civil administration in Algiers is in general poorly composed.” (p. 124) [...] “However, I will repeat here that overall the civil authority seems even more formidable than the military power. Indeed, what threatens every day property is, on the one hand, the immoderate use that the civil administration makes of forced expropriation and the manner in which it executes it; and on the other hand, the lack of legal guarantees to protect property rights. Expropriation in Algeria is carried out with a savage swiftness: the governor declares public utility, and within 24 hours, the administration seizes the good without any prior compensation. [...] In this manner, a man who leaves Algiers to spend a week in Toulon could return home to find his house razed. Even better, for some houses, those seized to build roads, no compensation is due. The decree of 1834, which acts as law, relative to forced expropriation states it formally: there are more, if the administration consents to pay one day the buildings that it takes, it at least reserves the right to not reimburse the capital but pay only the rent.” (p. 126)

An almost identical passage can be found in Juglar.

“It is impossible to conceive or say with what criminal indifference the government of Algiers exercises every day the extraordinary power that it possesses to strip citizens of their goods. [...] Is it possible, I wonder, to imagine a more brutal, more absurd, more dangerous measure than the one that makes it possible to expropriate property from established settlers in order to try, at their expense, a new system of settlement?” (p. 128)

“For there is nothing that Europeans hold more dear, when expatriating themselves, than to find in the new country the legal customs that they were used to in their home country.” (p. 129)

“The royal ordinance of 1841, which the Ministry of War brazenly considered progress, destroyed all recourse in civil matters, stripping from settlers in one blow the most fundamental of legal guarantees that French citizens possessed.” (p. 130)

“The settlers not only found in Algeria none of the institutions that exist in their homeland, but they had absolutely no idea what institutions they would have tomorrow. No aspect of French society in Algeria was based on law. The royal ordinance itself regulates only a few matters; some of the most important are only regulated by ministerial decrees that in the shadows of some office and according to the whim of some bureaucrat are modified every day.” (p.131)

“The truth is that in Africa there is not what Europeans would consider a society. Men are there, but not the social body. [...] I am not surprised by the small number of settlers who come to Algeria, I am surprised that any could possibly come and stay. This can only be explained by ignorance or misery.” (p. 132)

2.2. The question of regulation and of incessant change according to Juglar (1853)

Juglar ends his last article with a paragraph entitled “On the obstacles of colonization”. In this passage, the underlying theme is the inefficiency of the regulation from France. In this chapter, Juglar first discusses the military government, the military pacification, the unfavorable climatic conditions, but in order to refute better these arguments. He then takes up his analysis of insufficient property rights developed in n° 147, but 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.

“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 indispensable 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)

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 not gain 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)

3. Colonization and incentives

Finally, in both Tocqueville (1841) and Juglar (1853), it is possible to observe an extremely modern line of reasoning that foreshadows the economics of incentives.

3.1. Tocqueville and the question of incentives

In the passage below and the following, Tocqueville (1841) reiterates the necessity to offset the initial costs in colonization with sufficient incentives: *“The administration must carefully survey the land to colonize, and, to the extent that it is possible, acquire it resell it cheaply to the settlers free of all taxes. It must determine the place of the villages, fortify them, arm them, plan them, and build a fountain, a church, a school, a common house and meet the needs of the priest and the schoolmaster. [...] It must also, by its own means or through the intermediary of colonizing society, supply the settlers with animals, tools and food, in order to facilitate and insure the establishment of the settlement. [...] What the inhabitants of a new country hate most does not know what they can count on.”* (Report on Algeria, 1841, pp. 110-111)

The title of the following subsection, which insists in an imaginative way on the necessity of efficient subsidies to encourage settlers to come, is most telling: *“Build a golden bridge for those who go to Africa”*. (Report on Algeria, 1841, p. 111)

He adds a plea in favor of free trade between mainland France and its Algerian colony as complementary to this policy of subsidies: *“People twist their imaginations to think of the means to attract farmers and get them to permanently settle in Algeria. There is one way that none of these great utopists have thought of and which is better than all the military and religious colonies in the world: Let people get rich by farming. Let products from Algeria flow freely to France.”* (Report on Algeria, 1841, pp. 111-112)

3.2. Juglar and the question of subsidies

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)

After dealing with the labor factor, Juglar turns to the analysis of the capital factor, and it is there that 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 emigrate⁴, 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. On the one hand, Marseille (1984) shows partial evidence of very high yields, gleaned from colonial 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

⁴Juglar also delivers a much less convincing 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 impossibilities 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 wish to emigrate despite facilities and fundings, it is because their existence is well guaranteed 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...

point out that Juglar had already launched this debate in the same terms in 1853. If French investors expect 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)

Finally, Juglar’s unequivocal condemnation of colonization is also based on the rejection of the mercantilist nature inherent in the French colonial system set up in Algeria. This system 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 analysis of colonialism: *“Finally, for a nation to pay cash, it must first possess 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. Marseille (1984) and Fitzgerald (1988) will only take up the same analysis to deplore the trade imbalance between mainland France and its colony. They will revel in their “economic” explanation of the failure of French colonialism. But Juglar’s economic analysis, a century prior, by far surpasses their simple accounting.

“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-protectionist liberalism.

Conclusion

All the rhetorical arguments of liberal economic thought are found in Juglar's analysis and applied to colonialism: disutility, detrimental side-effects, and endangerment. The noteworthy traveler renders in his travel log the first 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 property rights. It is of course possible, considering the earlier quotes from Tocqueville (1837, 1841), deny Juglar the paternity of certain ideas. Still, the contributions of each of them to the genesis of institutional economics are worth reestablishing.

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