

# **On Trade**

Charles Fourier

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# I

We now touch on civilisation's most sensitive spot; it is an unpleasant task to raise one's voice against the folly of the day, against chimeras that are downright epidemical.

To speak against the absurdities of trade today means to expose oneself to anathemas just as much as if one had spoken against the tyranny of the popes and the barons in the twelfth century. If it were a matter of choosing between two dangerous roles, I think it would be less dangerous to offend a sovereign with bitter truths than to offend the mercantile spirit which now rules as a despot over civilisation and even over sovereigns.

And yet a superficial analysis will prove that our commercial systems debase and disorganise civilisation, and that in trade as in all other things we are going astray more and more under the guidance of the inexact sciences.

The controversy on trade is hardly half a century old and has already produced thousands of volumes; and yet its originators have not seen that the trade mechanism is organised in such a way that it is a slap in the face for all common sense. It has subordinated the whole of society to one class of parasitical and unproductive people, the merchants. All the essential classes of society — the proprietor, the farmer, the manufacturer, and even the government — find themselves dominated by an inessential, accessory class, the merchant, who should be their subordinate, their employed agent, removable and accountable, and who, nevertheless, directs and obstructs at will all the mainsprings of circulation.

In respect of errors other than those of trade, public opinion and the learned bodies are, indeed, more tractable; it is pretty well agreed that the philosophical systems are dangerous illusions, that experience belies our boasting of perfection, that our theories of freedom do not square with civilisation, that our virtues are social comedies and our legislations labyrinths; there are even jokes about a fashionable controversy, ideology. But tongue-wagging about commerce, with its theories of imports and exports, counterbalance, balance, and guarantee, has become the Ark of the Covenant before which everything bows down. This, then, is the illusion which we have to dispel.

First of all we must show that our trade systems, which are now gaped at with stupid veneration, are the antipodes of truth, of justice, and therefore also of unity.

It is difficult to make clear to a century that precisely that operation which it considers to be the masterpiece of all wisdom is nothing but the seal of ignorance stamped on its entire policy. Let us but look at the already known results: maritime monopoly, fiscal monopoly, growing national debts, bankruptcies in unbroken succession resulting from paper money, increasing villainy in all business relations. Already now we can stigmatise the mechanism of *free trade*, i.e., of *free lying*, that veritable industrial anarchy, that monstrous power in society.

How is it that the most *lying class* in the social body is most protected by the 'apostles of truth'? How does it happen that today learned men who preach contempt of vile wealth praise only the class which pursues wealth *per fas et nefas* [by legal or illegal means], the class of stock exchange gamblers and corner-men? Formerly the philosophers were unanimous in censuring

certain corporations which defended with flexibility of conscience the proposition that there is a difference between taking and Stealing. How then have the same philosophers now become the apologists of a class which affirms, with still greater immorality, that haggling is not lying, that to dupe the buyer is not the same as robbing him, that stockjobbing and cornering are by no means plundering the productive class ‘ in brief, that one must work only for money, not for fame; – for that is the refrain which the merchants sing in chorus: We don’t pursue business *pour la gloire!* Is it then to be wondered at that the modern sciences went astray when they espoused the cause of those who openly profess such principles?”

Trade takes various forms according to the various social stages; for as it is the pivot of all social life, it exists as soon as there is any social condition in general. A people becomes social, forms a society, from the moment when it begins to carry out exchange. For this reason trade exists already among the *savages*, where it takes the form of direct barter. Under *patriarchy* it becomes indirect commerce; in barbarism the basis of the commercial method is formed by the monopolies, the fixing of maximums and prices and forcible government requisitions, and in civilisation by individual competition or lying and bewildering struggles.

There is no need for us to dwell on direct barter among the *savages* who have no knowledge of money. One man is lucky at the hunt and exchanges a piece of game for arrows made by another, who has not been hunting and needs eatables. This method is not even trade, it is barter.

The second method, indirect commerce, is “primitive trade.” It is carried on through a go-between, who *becomes the owner of something which he did not produce and he does not intend to consume*. This method, although it is bad and leaves room for arbitrariness, is nevertheless highly advantageous in the following three cases:

1) in young countries, where only agriculture exists without industry; this is the state in which all colonies find themselves at the beginning;

2) in harsh lands, as in Siberia and the African deserts; a merchant who defies heat and cold to carry objects of necessity to distant parts is a very useful man;

3) in oppressed and constricted lands, where the Bedouin plunder caravans, exact ransom from merchants and often murder them – every kind of protection is due to him who braves these dangers in order to bring supplies to a distant land. When such a merchant becomes rich he certainly deserves it.

In these three cases the merchants are neither Stock Exchange gamblers nor corner-men; they do not hawk, one speculator to another, the objects intended for consumption. On their arrival they offer them openly to the consumer in a bazaar or public market; they are the accelerators of industrial movement. They want to earn – nothing is more reasonable in the civilised world: he who has sown deserves to harvest. But it is very rare that the merchants content themselves with this function of theirs; singly or in alliance they scheme to obstruct the circulation of commodities in order to make prices immediately soar.

*Trade becomes pernicious from the moment the go-betweens, due to their excessive number, become parasites [on the social body] and are ready to conceal goods, to let them rise in price under the pretext of an artificially produced scarcity, in brief, to rob simultaneously the producer and the consumer through speculation tricks instead of serving both as simple, open go-betweens. We still see this openness at our small markets in villages and towns. The man who buys a hundred calves or sheep is a useful intermediary for twenty peasants, who would otherwise lose whole working days to bring them to market in town. When, on arriving at the market, he publicly offers his animals for sale, he thereby renders a service also to the consumers; but when by means*

of heaven knows what tricks he agrees with other ‘friends of trade’ to hide three-quarters of the sheep, to tell the butchers that sheep are scarce, that he can only supply a few *friends*, to sell them half as dear again under this pretext, to alarm the buyers, and then to bring the hidden sheep out one after the other, to sell them at inflated prices in the atmosphere of alarm previously created and thus to extort a high ransom from the consumers — then this is no longer simple commerce, open offering of commodities free from any intrigue, it is compound commerce, whose endlessly changing tricks give birth to the thirty-six typical vices of our trade system and are tantamount to a legal monopoly. When one lays hands on the total product by ruse in order to make it dearer, that is robbing more by means of intrigues than the monopoly does by armed force.

I shall not dwell any longer on the method of the barbarians. It comprises fixing of maximums, forcible requisitions and monopolies, which are still quite customary also in the civilised state. As I have already said elsewhere [Charles Fourier, *Théorie de l’unité universelle*, t. 2.-‘Prolégomène’] the various methods of individual periods overlap; one must not wonder, therefore, that civilisation borrows individual features from both higher and lower stages. Our civilised trade mechanism is thus an amalgamation of the characters of all periods, with those of the civilised stage, however, predominating — and these are much more despicable still than those of barbarism, because our trade is nothing but organised and legitimised robbery under the mask of legality. As a result, the racketeers and intermediaries can unite to cause artificial dearth of any foodstuffs and thus plunder both producers and consumers to heap up in a hurry scandalous fortunes of fifty millions, whose owners nevertheless complain that there is no protection of trade, that the merchants cannot subsist, that nothing is done, and that the state is being ruined if the merchant is reduced to the inability to make more than fifty millions!

Meanwhile we are taught by a [new] science that these people should be granted complete freedom. Let the merchants do their job, we are told; without this freedom the corner-man, who even so has earned only fifty million, would perhaps not even have made a single million, and his respectable family would have to manage on fifty thousand francs revenue —

*Dii, talem avertite casum,*

[Ye gods, ward off such an occurrence!,  
paraphrase from Virgil’s poem *Aeneid*, Book III]

... Contempt of commerce, a contempt inborn in all peoples, was prevalent in all nations considered to be honourable except for a few coastal clans of hucksters who derived benefit from commercial extortions and villainies. Athens, Tyre and Carthage, which profited by commerce, could not mock at it; everybody refrains from mocking at the ways in which he has enriched himself, and the financier least of all will mock at the art of adding ciphers to bills, or allowing the enemy to take away the ledgers and putting the cash in safety while reporting it also as having been taken by the enemy.

In reality with ancient as well as with modern peoples commerce has always been an object of mockery on the part of all honourable classes. How can one have any esteem for an out-and-out rascally profession or a class of people who lie with every word they say and by means of this magic art cam millions while the honest landowner who cultivates his piece of land with great effort and exertion, using the best of his experience, barely achieves an insignificant increase in its yield?

Meanwhile, for a century a new science called Economics has been exalting hucksters, stock-jobbers, corner-men, usurers, bankrupts, monopolisers and commercial parasites to the peak of honours: the governments, daily deeper and deeper in debt, always intent on finding means of

borrowing money, have found themselves forced to conceal their contempt and to spare this class of mercantile blood-suckers which keeps the money-coffers locked to civilisation and pumps out all the treasures of agricultural and industrial diligence under the pretext of serving it. It is not denied that trade ensures transportation, victualling, and distribution, but it does so like a servant who performs service actually worth a thousand francs annually and on the other hand robs his master of ten thousand francs, or ten times as much as he produces.

As a young spendthrift secretly despises the Jew to whom he goes every week to get himself fleeced, but still always greets him very politely, so also the modern governments have, with obvious contempt, concluded an armistice with trade, which is doing all the better for the fact that it knows how to have itself lumped together with the very manufacturers whom it plunders. The economists, who have found in this merchants' hotchpotch a nursery of new dogmas, a mine of systems, have overthrown morality with all its high-sounding talk of truth in order to enthrone their favourites, the stockjobbers and bankrupts. Thereupon all the scholars rivalled in self-abasement; in the beginning science admitted those 'friends of trade' as its equals — Voltaire dedicated a tragedy to an English merchant. [Voltaire, *Zaire*] Today these stockjobbers would have a good laugh if a scholar presumed to dedicate a tragedy to them! Stockjobbing has discarded the mask, it no longer needs the incense of the scholars; it wants secret — *and soon legal — participation in government!* And indeed we have seen the Aachen Congress unable to decide anything until two bankers arrived.

Despite the fact that the economic systems have exalted the Golden Calf of trade, they have been unable to put an end to the natural contempt which the nations feel towards it. It remains despised by the nobility, the clergy, the propertied classes, the officials, the lawyers, the scholars, despised by artists, soldiers, and every class worthy of respect. In vain has trade heaped sophism on sophism to prove to them that the stockjobbing blood-sucker should be respected — a natural disdain for this class of upstarts still prevails. Everybody yields to the upswing of a dogma favoured by fortune, but everybody continues in secret to despise the mercantile hydra, which takes no notice of this and pursues the course of its conquests.

How is it that our century has made public the crimes of so many classes, even those of the Federates, who only existed for a month in 1815, whence comes it that it has never occurred to this century, which has spared neither kings nor popes in its collections on crimes, to make public the crimes of the merchants? Yet writers are unanimous in complaining that they suffer from a lack of material. To show them how fruitful this material is, I shall make a methodical analysis of only a single one of the (thirty-six) crimes of civilised trade. These thirty-six reprehensible features of our trade under the domination of individual competition and of bewildering and lying struggle are the following:

## **Syoptical Table of the Features of Civilised Trade**

Pivotal points: Intermediate ownership and the dismemberment of agriculture.

- 1) The two-sidedness of trade.
- 2) Arbitrary determination of value.
- 3) Freedom of fraudulence.
- 4) Insolidity, [lack of mutual liability].
- 5) Theft, removal of capital.
- 6) *Decrease in wages.*
- 7) *Artificial obstruction of supply sources.*
- 8) *Oppressive surpluses.*
- 9) Perverse interferences.
- 10) Destructive policy.
- 11) *Torpidness or general lack of credit* (recoil, repercussion).
- 12) *Fictitious money.*
- 13) Financial confusion.
- 14) *Epidemical crime.*
- 15) Obscurantism.
- 16) *Parasitism.*
- 17) *Cornering* (accaparement).
- 18) *Stockjobbing.*
- 19) *Usury.*
- 20) *Unfruitful work.*
- 21) Industrial lotteries (speculation on risk).
- 22) Indirect corporative monopoly.
- 23) *Fiscal monopoly, state administration enforced by falsification.*
- 24) The exotic, or colonial monopoly.
- 25) *Maritime monopoly.*
- 26) *Feudal, caste monopoly.*
- 27) Baseless provocation.
- 28) Loss.
- 29) *Falsification.*
- 30) Ruin of health.
- 31) *Bankruptcy.*
- 32) *Smuggling.*
- 33) Piracy.
- 34) Fixing of maximums and requisitions.
- 35) *Speculative slavery.*
- 36) *Universal egoism.*”

Of these thirty-six features we shall consider in detail only one, bankruptcy; before that I shall say a few words about some others.

## II

# Falseness of the Economic Principles on Circulation

*(Proved by three features of the Table, Nos. 7, 8 and 12: artificial obstruction of supply sources, oppressive surpluses and fictitious money)*

Our century, which has been so prolific of theories about the movement of industry, still cannot distinguish circulation from obstruction. It confuses circulation interrupted in places with that which is uninterrupted, simple circulation with compound. However, let us leave these dull distinctions; the facts may speak and serve us as a basis for principles which are directly opposed to those of economics.

Both governments and peoples agree that forgers, both of money and of public securities, should be punished with death. Those who counterfeit coins and bank-notes are indeed condemned to death. A very wise precautionary measure. *But why does trade enjoy the right to forge money when this practice brings other people to the gallows?*

Every bill of exchange made out by a merchant bears the seed of counterfeit, for it is extremely uncertain whether it will ever be paid. Everyone who steers a course towards bankruptcy floods circulation with his bills of exchange without intending ever to pay them. In this way he in fact makes and spreads counterfeit money.

Will it be objected that everyone else enjoys the same privilege, that a property-owner, like a merchant, can put bills of exchange into circulation?

That is not true. A property-owner cannot do that. A right is illusory when it cannot be exercised. Witness the constitutional right of the people to sovereignty, a pompous prerogative in spite of which the plebeian cannot even get his midday meal if he has not a sou in his pocket. And yet how far from the pretension to sovereignty is the claim to a midday meal. Many rights exist thus on paper, but not in reality, and their granting is an insult to him who cannot even ensure himself rights a hundred times less important.

So it is with the property-owner as regards the issuing of bills of exchange. He has the right to issue them as the plebeian has the right to claim sovereignty; but to possess the right and to exercise it are two very different things. When the property-owner makes out a bill of exchange he will not find anybody who will accept it without a guarantee, and he will be treated as one who forges money. He will be required to hypothecate a completely debt-free immovable property and to pay a usurious rate of interest into the bargain. His bills of exchange would be accepted at this price, and with such a security they would be money with real value, not fictitious money like those of a second-hand dealer who, by virtue of his title as a 'friend of trade, finds means of putting into circulation [good] bills to the value of a million when he does not possess even the hundredth part of that sum, even 10,000 francs as guarantee for that million.

How beautifully those governments let themselves be cheated who deprive themselves of this ability and guarantee it for the merchant! A merchant who has ten thousand francs security issues bills of exchange to the amount of a minion when he pleases; he is protected and authorised to do so; he has the right to set this mass of paper in circulation without the law being entitled to investigate how he places his capital and what securities he has. The Treasury, offering a guarantee of say ten million, would have to be able, according to this ratio, to issue securities up to a thousand million. But if a government tries to do so without consulting public opinion, without informing it of the move, it will see its credit ruined and its country exposed to political disturbances; and yet it is only doing the same, only availing, itself of the same privilege which is enjoyed by so many schemers, who often cannot offer the hundredth part of these guarantees and cannot run their business.

It will be answered that these schemers know how to talk over the foolish and insinuate themselves into their confidence; it is therefore set up as a principle of commerce that the art of duping and plundering good-natured, credulous people deserves to be protected in every way and that this protection must be limited to the merchant and not be enjoyed by the government. I do not maintain that this fine art should be allowed to both, but on the contrary that it should be denied both to rulers and to merchants.

From this it follows that the merchant enjoys the ability to *issue fictitious money in the form of bills of exchange* (twelfth feature) — a crime which is equivalent to forging money, for which the other categories of rascals are sent to the gallows — and that the trade system of civilised people legalises and protects *competition of fraudulence* (third feature).

The accusation of forging money, like the other points of the accusation, will be answered as follows: there must be merchants in order to ensure circulation, and business would become impossible if these agents were placed under restraint; the state would disrupt the public credit and place the whole of its industry in jeopardy.

It is true enough that a quality of trade is that it *forges our fetters still tighter whenever the social body shows any signs of resistance*. As soon as any administrative measure hampers the machinations of trade, trade restricts credit and paralyses circulation, while the state, which wanted to eliminate an old disorder, in the end adds new ones. This effect is called repercussion (eleventh feature) in the Table.

This danger is used as the basis for establishing the principle: Let the merchants do their job, their complete freedom is the guarantee of circulation. An exceedingly false principle, for it is precisely this complete freedom which gives rise to all the tricks that are so obstructive to circulation: stockjobbing, cornering, bankruptcy, and so on, the consequences of which are the two features:

7. Artificial obstruction of supply sources.
8. Oppressive surpluses.

Let us see what influence these two features have on circulation.”

Trade does not content itself with delivering commodities from the producer to the consumer, “it schemes by means of cornering and stockjobbing speculation to produce an artificial dearth of those food articles which are not exactly plentiful. In 1807 a stockjobbing manoeuvre suddenly raised the price of sugar to five francs in the month of May, and the same sugar dropped to two francs in July, although not the slightest new supplies had arrived. But the stockjobbing had been countered by means of false information and thus the sugar had been brought down to its value; the scheming and artificially aroused fears that there would be no supply had been disposed of.

These schemes and artificial fears play their tricks every day with some food article and make it scarce without a real scarcity existing. In 1812, when the harvest was assured and the cornermen were disappointed in their hopes, enormous quantities of grain and flour were suddenly seen coming from their warehouses. So there had been no shortage at all and absolutely no danger of famine, if only these foodstuffs had been distributed rationally.” But trade has the peculiarity that even before there is a danger, with an eye to its possibility, it diverts supplies, stops circulation, arouses panicky fears, produces artificial food shortage.

The same effect is produced in times of surplus, when trade obstructs supplies out of affected fear of profusion. In the former case it operates positively, by buying up foodstuffs in anticipation; in the latter case negatively, by not buying and thus causing prices to drop so low that the peasant does not even get his production costs refunded. Hence arises the eighth feature, oppressive surpluses.

Trade will retort that it does not need to buy when it foresees no profit, and that it will not be so insane as to overload itself with grain which offers no probability at all of a surcharge, while it, trade, can invest its capital far more usefully in such commodities as hold out profit for it because of their scarcity, which can easily be increased by cornering.

There you have convenient and pleasant principles in a social system in which people talk about nothing but mutual guarantees. Trade is therefore exempted whenever it pleases from serving the social body. It acts like an army which would be authorised to refuse to fight whenever danger were present, and to do service only in its own interest, without any consideration for the state interest. Such is our mercantile policy, so one-sidedly does it determine all obligations.

In 1820 the price of grain dropped below three francs in various provinces in which a price of four francs hardly covered the costs. This would not have occurred had French trade bought in advance six months’ food supplies for thirty million persons,” as it would have had to do under a system of mutuality adapting itself to the interests of both parties. a “This reserve stock, withdrawn from circulation and locked up in granaries, would have kept up the price of the rest, and the peasant would not have suffered from the depreciation and the impossibility to market his products. But our trade system works exactly in the Opposite direction: it aggravates the pressure of surplus and the evils of famine and thus has a destructive effect on both sides’.

I have chosen the eighth feature, oppressive surplus, to show that the existing mode of trade has both negative and positive defects, and that it often sins by non-intervention, by omitting a service which it could easily render. For when in a time of famine the sum of five hundred million is required to buy up the corn, it is immediately available; but if this sum is needed for precautionary measures to increase stocks in times of surplus, not even five hundred talers can be scraped together. There is neither mutuality nor guarantee in the contract concluded between the social body and the commercial body. The latter serves only its own interest, not that of society, and hence the abundant capital which it uses *is a robbery perpetrated against industry as a whole*. In the Table I have listed this robbery as the fifth feature: ‘Removal of capital.’

Thus, on both sides of trade there is not the slightest sense of obligation towards the social body, which surrenders itself, bound hand and foot, to the Minotaur, to whom it guarantees despotic power over capitals and foodstuffs.” Yes, indeed, despotic power! “After so many declamations against despotism we still have not discovered *the real one*, which is no other than *the despotism of trade*, that real satrap of the civilised world!

To sum up, it follows from this that the civilised mechanism guarantees the merchants complete impunity for the crime of forging money, for which other classes are punished with death

— and that this impunity is based on the pretence of help which they allegedly render to circulation but in reality refuse — positively by artificial obstruction of supply sources and negatively by oppressive profusion.

To this falsity in the results must be added the lack of any principles. The economists admit that their science has absolutely no fixed principles; and it is indeed the height of unprincipledness to grant complete freedom to a class of so exceedingly depraved agents as the merchants.

The consequence of all this is that the commercial movement proceeds by fits and starts, in spasms, surprises and excesses of all descriptions, as can be seen every day in the present trade mechanism, which can achieve only a periodically interrupted circulation, without regular graduation, without balance and guarantees.

An amusing result of this disorder is that people have the courage to reproach the government with financial abuses which they never dare to reproach trade with. Witness the two bankruptcies — that of Law's bank-notes and that of the *assignats*. These were gradual bankruptcies, they were seen approaching from afar; with a timely partial sacrifice they could have been guarded against. Despite these extenuating circumstances the public gave no quarter. It rightly declared Law's notes and the *assignats* to be forgery, armed plunder.

Why then does the same public good-naturedly tolerate the issue of counterfeit money by the merchants when it does not allow it for governments, even when these are cautious enough to prepare for the bankruptcy by a slow depreciation which affords the holders of the papers the possibility to evade it? This possibility does not exist for the holders of the securities issued by trade. Bankruptcy strikes them like a thunderclap. Many a man goes to sleep tonight in possession of 300,000 francs and wakes up tomorrow with no more than 100,000 as a result of a bankruptcy. The National Convention copied this manoeuvre in the operation of the Consolidated Third; people did not tire of reproaching it with this as a fully established robbery. And yet every merchant is allowed the right to commit still more vexatious robberies and to steal by bankruptcy two-thirds of what he received, whereas the Convention withheld two-thirds of sums it had never received. How outrageous the crimes of trade become when compared with other, and even the biggest, political infamies!

The following details will demonstrate that modern politics, by handing over trade to completely free merchants exempt from any kind of obligation, has set the wolf among the fold and provoked robberies of all kinds.

Let us now go on to bankruptcy to describe it in somewhat greater detail.

### III

When a crime becomes very frequent, one gets accustomed to it and witnesses it with indifference. In Italy or Spain people remain quite cool at the sight of a hired assassin stabbing his designated victim and taking refuge in a church, where he enjoys immunity. In Italy one sees fathers mutilate and murder their children to improve their voice, while the servants of 'the God of peace' encourage them to perpetrate these brutalities so as to obtain good singers for their choirs. Such abominations would arouse the indignation of all other civilised nations if they occurred amongst them," but on the other hand they "have other outrageous customs which would make the Italians' blood boil.

If the customs and opinions within civilisation differ so much from nation to nation, how much more must they differ from one social epoch to another; how hateful would the vices which are tolerated in civilisation seem in less imperfect social stages! One can hardly believe that countries which call themselves 'well ordered can tolerate for a moment such abominations as bankruptcy.

...

Bankruptcy is the most ingenious and shameless villainy that has ever existed; it guarantees every merchant the ability to rob the public of a sum proportionate to his fortune or his credit, so that a rich man can say: 'I set up as a tradesman in 1808; on such and such a day in the year 1810 I will steal so and so many minions, whoever they may belong to.'

Let us leave aside a present development, the new French code and its intention to punish bankruptcy. There is no unanimity in respect of the success of this intention and means of evading the new laws are already being suggested. Therefore we shall first let practice decide and meanwhile base our arguments on already known facts; consider the disorders which result from the philosophical system and the principle: Leave the merchants complete freedom, without demanding any guarantee of the cleverness, the honesty or the solvency of each individual.

From these arises, alongside other abuses, bankruptcy, a still more heinous robbery than highway robbery. However, people have become accustomed to it and put up with it so well that they even recognise *honest bankruptcies* – those in which the speculator steals only half.

Let us go on to a detailed description of this kind of heroism, which was little known in antiquity. Since then it has experienced a brilliant upswing. It presents analysts with a series of developments which testify to our progress towards perfectibility.

# Hierarchy of Bankruptcy.-Feature 31.-The Crimes of Trade.-A *Free Series* in Three Orders, Nine Genera, and Thirty-Six Species

*“Right or ascending wing. Light hues.*

I. *The Innocent.*

- 1) Child bankruptcy.
- 2) Dare-devil bankruptcy.
- 3) Stealthy bankruptcy. .
- 4) Posthumous bankruptcy.

II. *The Honourable.*

- 5) Goose bankruptcy.
- 6) Ecstatic bankruptcy.
- 7) Unprincipled bankruptcy.

III. *The Seductive.*

- 8) Amiability bankruptcy.
- 9) Bankruptcy de bon ton.
- 10) Amorous bankruptcy.
- 11) Bankruptcy by favour.
- 12) Sentimental bankruptcy.

*“Centre of the Series. Grandiose Hues.*

IV. *The Tacticians.*

- 13) Fat bankruptcy.
- 14) Cosmopolitan bankruptcy.
- 15) Hopeful bankruptcy.
- 16) Transcendent bankruptcy.
- 17) Graded bankruptcy.

V. *The Manoeuvrers.*

- 18) Running fire bankruptcy.
- 19) Close-column bankruptcy.
- 20) Marching-in-file bankruptcy.
- 21) Skirmisher bankruptcy.

VI. *The Agitators.*

- 22) Bankruptcy in grand style.
- 23) Large-scale bankruptcy.
- 24) Attila bankruptcy.

*“Left or Descending Wing. Dirty Hues.*

VII. *The Cunning Sneakers.*

- 25) Compensation bankruptcy.
- 26) Bankruptcy out of rank.
- 27) Crescendo bankruptcy.
- 28) Godly bankruptcy.

VIII. *The Bunglers*

- 29) Fools' bankruptcy.
- 30) Invalids' bankruptcy.
- 31) Crushing bankruptcy.
- 32) Swinish bankruptcy.

IX. *The False Brothers.*

- 33) Villains' bankruptcy.
- 34) Gallows-bird bankruptcy.
- 35) Fugitive bankruptcy..
- 36) Bankruptcy for fun.

## IV

# Ascending Wing of Bankrupts

In a very depraved, very grasping century one would be a general laughing-stock if one declaimed in a schoolmaster's tone against the accredited vices, against bankruptcy. It is much more sensible to chime in the dominant tone and to see the funny side of social crimes. So I shall try to prove that bankruptcy is an even much more laughable villainy than it is believed to be by its promoters and protectors, who see nothing but well-behaved trifles in its mercantile plunder.

Everything is relative, in vice as in virtue. Even robbers have their standards of justice and honour. It is therefore no wonder that among themselves bankrupts admit principles and degrees in rascality. I have sought to use these as a basis for my division. I have divided them according to the custom in three corps, the first of which contains the light, graceful hues, the second the imposing, lofty characters, and the third the rather inconspicuous, trivial genera. The right wing will open the march-past.

### The Innocent

1. *Child bankruptcy* is that of the greenhorn who is making his debut in the career, and inconsiderately, without any preparatory tactics, indulges in the mad prank of going bankrupt. The notary easily puts the affair in order. He presents it as a folly of youth and says: 'Youth counts on your indulgence, Messieurs the Creditors.' The annoying business is wound up to the merriment of the public, for these greenhorn bankruptcies are always interlarded with amusing incidents: duped usurers, mystified skinflints, etc.

The bankrupt of this genus can risk masses of shabby affairs: appropriation of goods, scandalous loans, thefts from relatives, friends, neighbours — everything is washed away by the argument of a relative who says to the irate creditors: 'What can you expect — he is a child without any knowledge of business; one must close one's eyes where young people are concerned, he will improve with time.'

These child bankrupts have a strong support on their side, namely mockery. One likes to mock in trade; one is inclined to mock at those who are duped rather than to censure the villains, and when a bankrupt has the laughers on his side he is sure to see the majority of his creditors capitulate immediately and to win his composition by assault.

2. *Daredevil bankruptcy*; that of certain beginners who play double or quits, people who gallop off at full speed, speculate and manage their affairs like mad, make ducks and drakes with huge sums of money and play the grand gentleman to achieve by storm a temporary credit which they manage to secure by some secret sacrifice. When these daredevils once get going they heap blunder on blunder and usually end up in flight. The affair will be excused as botch work and easily arranged, for it provides material for mockery like the preceding one.

These daredevils are extremely common in France and are here honoured with the title of speculators. They are very sure of their game if they hasten the discovery so that they can turn their somersault at the very moment when they are believed to have hardly got going, when everybody is ready to grant them credit for a first deal and thinks: 'he will certainly not come a cropper in the very first year.'

3. *Stealthy bankruptcy*, the type carried out underhand, is one in which the embarrassed debtor proposes 'a small arrangement', a rebate of 25 per cent or coverage in goods to be over-assessed by 25 per cent. The mediator remarks to the creditors that this is very advantageous for them, for if they press the debtor and oblige him to go bankrupt they will lose at least 50 per cent.

This kind of relative calculation is very much insisted upon in trade. One often comes across villains who, after they have robbed you of 30 per cent, try to prove that you are making an enormous profit because they are not fleecing you of 50 per cent. Others maintain that they have to bear heavy losses because they are earning no more than 40 per cent on you and actually should be earning 60 per cent. This apparently ridiculous way of reckoning is recognised everywhere in commerce; it has its greatest triumph in underhand bankruptcy. People insist that this small rebate of 25 per cent is a clear net profit compared with the 50 per cent that bankruptcy would cost. Shaken by the force of this argument, the creditors agree to the 'small arrangement'. He who was to receive 4,000 francs gets 3,000, and that is by no means called bankruptcy.

4. *Posthumous bankruptcy*, which is adjudicated after the hero's death; it becomes a plea in defence of the deceased who hoped to set his business in order again and would certainly have been a credit to it if he had but lived. After that his excellent qualities are praised and his poor orphans sincerely pitied. Surely the creditors will not wish to worry a tearful widow! If she is beautiful that would be altogether barbaric! Meanwhile, the widow, with the help of a few persons of trust, has managed some sizeable defalcations before the sealing. The deficiencies will be charged to the deceased, who did not have time to put his affairs in order and who will not come back to disprove this little fib. If there was a deficit of 25 per cent it will easily be increased to 50 per cent, it does not cost any more once one has made a beginning; besides, how stupid it would be to go bankrupt with a 25 per cent deficit when people with one of 50 per cent are still considered honest-especially when the fault lies with a highly respectable deceased person, whose memory it would be abominable to discredit!

## The Honourable

The four species mentioned are those of fictitious innocence. We now let those of real innocence pass in review. It would be unfair to brand bankrupts en masse because nine-tenths of them are scoundrels. I shall adduce three truly excusable classes. We shall have but too many guilty ones to accuse; so let us first seek some honest people among this confraternity, which has become so numerous since the revolution that in some towns one no longer asks who has, but who has not gone bankrupt.

5. *Goose bankruptcy* is that of an unfortunate one who does not peculate a mite, hands everything over to the creditors and throws himself on their mercy without any deception. The other bankrupts mock at him and declare him to be a simpleton for not at least feathering his nest; and in fact such a loyal man is unworthy of our century of perfectibility.

6. *Ecstatic bankruptcy* is the work of a man who is desperate, considers himself dishonoured and sometimes shoots himself or jumps into the water. it means one is well behind the times if one wishes to be an honest man in the 19th century, and moreover in trade!

All the same it is a pleasure for me to have to say that one still comes across such people in trade. but they are few and far between — *rari nautes in gurgite vasto* [Rare swimmers in a vast gulf, Virgil, Aeneid]. Everybody foretells them their fate, so well known is the fact that out of ten villains that plunge into trade nine make their fortune, whereas out of ten honest people nine are ruined.

7. *Unprincipled bankruptcy* is that of a booby who lets justice intervene and pronounce sentence branding him and stripping him naked instead of doing as so many clever people do, who manage to emerge from this predicament with honour and profit. -These three honest knights are so little worthy of the exalted confraternity that I pass over them quickly. We now come to a sort which is more capable of earning the applause of experts.

## The Seductive

Why should one not let oneself be seduced by bankrupts as one is by so many other wicked classes? We shall now inspect a clique which possesses every kind of charm and is made to conquer all hearts.

8. *Amiability bankruptcy*, economical bankruptcy, is that of a little man as sweet as honey who desires nothing but the good of his creditors, would be desperate if he had to put them out of pocket, and presses them to negotiate for 50 per cent in order to avoid the intervention of justice which would devour the lot. He has the creditors notified that he wants to treat them as friends whose interests are dear to him. Full of gratitude for the friendly services they have rendered him, he trembles at the thought of having to cause them lawsuit costs. These smooth words and other guiles seduce some while others yield for fear of justice swallowing up the lot.

9. *Bankruptcy de bon ton* is that of people who are very much liked in refined society and maintain their household on an excellent footing till the last moment. As they are *comme il faut* in all respects, they have abundant protection and when they are not at more than 60 per cent in deficit they easily get a composition; especially when the lady and the daughters of the house can be used as pleaders and avail themselves of the decision of a Sanchez who allows them to wear a very transparent scarf when they go soliciting in important matters.

10. *Amorous bankruptcy* is that of pretty ladies; it is not decent to complain about it, the fair sex is entitled to consideration. A pretty woman has a business, goes bankrupts robs you of a thousand talers; if you pester her it only goes to show that you have no *savoir vivre*; she is right when she has no patience with the intractable. I heard one such lady say about a creditor: 'What a man! They even say he is still grumbling; I advise him, indeed, to complain about his fifty louis, I should have chalked him up for twice as much!' He had had certain intimacies with the lady, she had the right to treat him as ungrateful.

11. *Bankruptcy by favour*, in the case of which it is obvious that the creditors derive profit — and how does that happen? When the bankrupt steals only a little, 40 per cent, and provides security, a very substantial caution, for the rest. This is considered so fortunate that the notary congratulates the assembled creditors, congratulates them on an excellent piece of business, a 'real favour'. To lose only four thousand francs out of ten thousand and to get six thousand paid

back is a real advantage. Somebody not accustomed to commerce would be unable to appreciate this favour; he would want to have all of his ten thousand and would think he had been robbed of four thousand. What bad manners! To claim that a man robs you when he deducts 40 per cent discount and otherwise treats you in a friendly way!

12. *Sentimental bankruptcy* occurs with certain people who deliver speeches to break your heart and pour out such floods of feeling and virtue over the creditor that he would be a barbarian if he did not instantly surrender, did not esteem himself happy to oblige such fine people who tenderly love all those whose money they cause to disappear. People of this kind pay with excellent excuses and very flattering eulogies, they catch the creditor by his feelings, converse with him only about his and their virtues; you feel so much improved when the conversation is over: you discover in yourself 'a multitude of virtues which amply outweigh the sum abstracted. You have a few thousand francs less but all the more virtues: it is a clear profit for beautiful souls.

One of those actors said to me one day: 'I was so sorry for the gentlemen, they are very fine, very respectable people' — and the good young man, as proof of his respect, robbed them at once in the first deal with a bill of exchange which he gave them as a present and a token of welcome. He had drawn the sum in order to come into contact with them, and a month later he went bankrupt. What a joy for these gentlemen to have received his respect as a security for ten thousand francs!

I have kept my word, I had promised a seductive company. There is nothing but friendship, favour, bon ton, and tender feelings in all bankruptcies of this truly amiable series. But if it is calculated to win hearts. others will command wonder, give rise to brilliant upswings, transcendent characters, and represent the heroes of their genus.

## V.

# Centre.-Grandoise Hues

We now come to the magnificent manifestations of the spirit of commerce, to the extensive operations which demonstrate the century's immense progress towards rebirth and perfectibility. Bankruptcy will here unfold its mastery and operate according to far-reaching plans, the exposition of which will prove the wisdom of the principle: Let the merchants do their job, leave them complete freedom for their lofty conceptions of deceit and plunder.

### The Tacticians

13. *Fat bankruptcy* is that of speculators of high standing who possess the genius of trade. Banker Dorante has two million and wishes to achieve as soon as possible by some means a fortune of four to five million. By virtue of his known capital he receives credit amounting to eight million in bills of exchange, goods, etc., so he has a fund of ten million to play with. He plunges into grand speculation and deals in goods and state securities. At the end of the year he may have lost his two million instead of doubling them; you consider him as ruined — not at all, he will have the four million just as if he had transacted good business; for he still has the eight million that he has received and by means of an 'honest' bankruptcy he arranges to pay half of this over several years. SO it happens that after losing his own two million he finds himself in possession of four million that he has abstracted from the public. What a wonderful thing, this free trade! Do you now grasp why one hears it said every day of a merchant: 'He is doing very well since his bankruptcy'?

A further opportunity for the bankrupt: Dorante, after a speculation of four million, retains intact his honour and public respect, not as a lucky villain, but as an unlucky merchant. Let us explain this.

Dorante obtained control over public opinion while he was pondering his bankruptcy: his fêtes in town, his country parties secured him warm supporters; the gilded youth is for him; the *belles* sympathise with his misfortune — misfortune today is a synonym for bankruptcy; there is praise for his noble character, which deserves a better lot. It almost seems, according to what his defenders say, that the bankrupt has come off worse than those whose fortune he has destroyed. It is all blamed on political events, the unfavourable conditions and other verbiage current among notaries who are adepts at holding off attacks by irate creditors. After the first storm Dorante brings in a few middlemen, a few opportunely distributed wads of money, and soon public opinion is so well hedged in that anybody who dares to speak against Dorante is declared to be a cannibal. And besides, those whom he robbed of the biggest sums are a hundred or two hundred miles away, in Hamburg or in Amsterdam; they will cool down in time, they do not matter much, their distant yapping does not affect opinion in Paris. Moreover, Dorante only causes them to lose half of their money, and custom has it that he who steals only half is more

unfortunate than guilty; so that in the public mind Dorante stands clean from the start. After a month public attention is diverted by other bankruptcies which create a bigger sensation and in which between two-thirds and three-quarters went west. New splendour for Dorante, who took only half, and then it is an old forgotten story. Dorante's house begins gradually to open to the public again, his cook recovers his old sway over hearts and minds and unheeded are the cries of some black-galled creditors who have no sympathy for misfortune and have no regard for the consideration due to good society.

Thus in less than six months ends the operation by which Dorante and those of his kind rob the public of millions, ruin families whose fortunes they hold in their hands, hurl honest merchants into bankruptcy which assimilates them to villains. Bankruptcy is the only social crime which spreads epidemically and plunges the honest man into the same disgrace as the rascal. The more honest merchant who has suffered from the bankruptcies of twenty knaves is himself forced in the end to cease his payments.

Hence it comes that the villainous bankrupts, i.e., nine-tenths of the tribe, claim to be honest people who have been unfortunate and shout in chorus: We are to be pitied more than blamed. If you listen to them, they are all little saints, like galley-slaves, who all claim to have done nothing wrong.

To this the supporters of free commerce will retort with talk of repressive laws, of tribunals; yes, indeed! Tribunals for people who steal several million at one go! incidentally, the saying that petty thieves are hanged while [the big ones go scot-free] is false as regards trade, for even the smallest bankruptcy evades justice under the protection of the merchants.

14. *Cosmopolitan bankruptcy*. This is an alliance of the commercial mind with the philosophical. A bankrupt is a true cosmopolite if after exploiting one kingdom he goes through a series of bankruptcies in several others. This is a safe speculation. On arrival one is unknown, if necessary one changes one's name, as Jews do, and receives credit at once on the strength of the capital amassed as a result of an earlier bankruptcy. It is a delightful idea of modern politics to hand over the general administration of the industrial product to people who are not tied by any solid link, any big landed estate to their native country and who, as cosmopolites, can reckon on half a dozen successive bankruptcies in Paris, London, Hamburg, Trieste, Naples and Cadiz. I shall depict this bankruptcy under the heading of running fire, which has a cosmopolite as the pivotal point of its manoeuvre.

15. *Hopeful bankruptcy*. This dates really from after the revolution and is hardly half a century old. Young people formerly did not make their debut in commerce so early, they were never chiefs before their thirtieth year. Now at the age of eighteen they run a house and at twenty they can have their first bankruptcy, which justifies great hopes for the future. There are some who before they are thirty have already been bankrupt three times and more than once got through one hundred talers belonging to their sleeping partner. When one sees them one says: 'he is very young to have such fame, but we are living in the age of young people.'

16. *Transcendent bankruptcy* requires a far-reaching plan, an immense upswing, an office with thirty to forty clerks, numerous ships, colossal interests in all countries, then a sudden crash, a terrible somersault the counterblasts of which echo in the four corners of the world, and a chaos of liquidations on the fat of which businessmen can thrive for ten years. It is an operation in which the mercantile genius is unfolded in all its brilliance; it must entail a loss of at least three-quarters, for in this mighty picture everything must be laid out magnificently.

17. *Graded bankruptcy* is that of a speculator who, by wisely directing his operation, can achieve a career of seven or eight successive bankruptcies. In this case he must adopt a different course than the one who aims at only one or two.

The principles are:

1) in the first bankruptcy to plunder only with measure; 50 per cent is sufficient, one must not make the people wild from the start, and the second bankruptcy would be too difficult if one discredited oneself at the first trial stroke through too great covetousness;

2) in the second bankruptcy to plunder only very little, not more than 30 per cent, in order to prove that the bankrupt has learned something, that he already operates more skilfully and cautiously, and that he will become an accomplished merchant, a worthy 'friend of trade', when he has recovered from this second blow;

3) in the third to plunder abundantly, at least 80 per cent, claiming that it is no ordinary deficit, but one caused by extraordinary mischance; to see it through by pleading some critical circumstances, to draw attention to one's good behaviour in the second bankruptcy in order to prove that the blame lies entirely with events;

4) in the fourth to plunder only 50 per cent in order to prove that one is a cautious man and knows how to remain within the appropriate bounds when not swept away by circumstances;

5) in the fifth one can go as far as 60 per cent, because the public is accustomed to it; 10 per cent more or less spoils no speculation of this kind when public opinion has become accustomed to it; for it is known that whoever has had four bankruptcies will also have a fifth and a sixth. I have seen one bankrupt who was laughed at after his fourth bankruptcy because he wore a clerical hat as a sign of piety and good morals; he did not let himself be put off and prepared the fifth.

The sixth and seventh are *ad libitum*, one has them only as age draws on and when one thinks of resting on one's laurels. Nothing is easier than to excuse a sixth bankruptcy; one is too old to change, nobody is surprised any longer. For the rest, it is argued that the government refuses to protect trade and is the cause of these little setbacks of honest businessmen.

Let no one be surprised if I give here a few principles to be used in bankruptcy; it is a quite new art which, like economics, from which it sprang, has as yet no fixed principles, nor even a methodical nomenclature. For instance, titles have been given only to the first four stages in graded bankruptcy.

The man who has had his first bankruptcy is simply a 'Knight', 'At the second he receives the title of 'Prince',

At the third the title of 'King',

At the fourth 'Emperor'.

For the fifth, sixth and seventh grade there are not yet any names among the members of the trade. A true 'friend of trade' must rise to the full octave. In order to be a 'harmonious' bankrupt one must have had seven 'honest' bankruptcies with average losses of 50 per cent, and then a reinforced, a complete bankruptcy, as the pivotal point in the series; it is then allowed to plunder to the extent of at least 80 per cent as an indemnity for the moderation shown in the others; the fifty per cent of earlier bankruptcies is only the honest tariff, a quite small slice, giving nobody the right to censure, because it is the accepted rate for bankruptcies, a fixed price, exactly like the price of tartlets or coach fares.

## The Manoeuvrers

In this item we deal with the mass evolutions which require co-operation of different bankrupts for the good of trade and the triumph of lofty truth. These collective manoeuvres will show us four sorts of evolution artists.

18. *Running fire bankruptcy.* This is generally caused by counterblasts, through a concatenation of bankruptcies, one caused by another. I shall describe one of the medium sort, the bourgeois kind, because they are most understandable for the bulk of readers. We shall take one of the cosmopolitan artists, whose definition I have postponed, as the pivotal point of the running fire manoeuvre.

Judas Iscariot arrives in France with 100,000 francs capital, which he earned in his first bankruptcy; he establishes himself as a merchant in a town their clientele and their good reputation, Iscariot immediately begins to sell his where he has six respected and accredited houses as rivals. In order to take away wares at cost price, a sure way of attracting the multitude. Soon his rivals clamour in a most pitiful way about him; he laughs at their complaints and continues all the more to sell off everything at cost price.

Thereupon the people shout so that it is a pleasure to hear them: Long live competition, long live the Jews, long live philosophy and fraternity All commodities have become cheaper since Iscariot's arrival, and the public say to his rivals: You, Gentlemen, are the real Jews, you want to earn too much; Iscariot alone is an honest man, he is content with a moderate profit, because he runs no brilliant household as you do. — Vain are all the representations made by the old houses that Iscariot is a villain in disguise who sooner or later will come to grief; the public accuse them of jealousy and calumny and crowd more and more to the Jew.

The calculation that this thief makes is as follows: By selling at cost price he loses only the interest on his capital, let it come to 10,000 francs annually, but ensures a good outlet for himself, makes a name for himself in the maritime towns as a good consumer and by prompt payment gets big credit. This trick is pursued for two years, after which Iscariot has earned nothing, though he has sold enormous quantities. His manoeuvre remains undetected, because Jews have only Jewish office staff, people who are the secret enemies of all nations and will never betray a villainy thought up by their 'own' people.

When all is ripe for development, Iscariot puts in his whole credit, places giant orders in all maritime towns, buys goods on credit for the sum of 5-600,000 francs. He sends his wares abroad and sells his whole stock dirt cheap. When he has exchanged everything for money the good Iscariot vanishes with his briefcase and returns to Germany, where he has despatched the goods he bought on credit, sells them quickly and is four times as rich when he leaves France as he was on his arrival; he has 400,000 francs, and he goes to London or Leghorn to get a third bankruptcy under way.

Now the veil suddenly falls and people come to their senses in the town where he struck his blow. People realise how dangerous it is to permit Jews to trade, those vagabonds who are not tied to anything. But this bankruptcy of Iscariot is only the first act of the farce; let us follow the running fire.

The Jew has six rivals; we shall call them *A, B, C, D, E, F.*

A had been in straits for a long time, he held out without capital, only by virtue of his good reputation; but through the arrival of the Jew he is robbed of all his clients, he could pursue the race only for a year, and, not mature for these new philosophical systems which protect

vagabonds, he finds himself compelled to bow down before Iscariot's tactics and to *declare himself bankrupt*.

B endured the blow longer; he already saw the Jew's villainy from afar and waited for the storm to pass in order to win back his clientele which the rascal Iscariot had taken away. But meanwhile he is involved in a bankruptcy abroad; that ough to accelerate his fall; he thought he could hold out for two years but he is is obliged to *go bankrupt* after only fifteen months.

C was associated with a foreign house which is ruined by another Iscariot – for they are to be found in all towns; C is brought down by the fall of his associate, and after making sacrifices for eighteen months to hold out against the competition from the Jewish blackguard, he finds himself forced to *go bankrupt*.

D seems more honest than he is in reality. He still has the means to hold out, although he has been suffering from the Jew's competition for twenty months; but embittered by the losses which the latter has caused him, he lets himself be carried away by the vice of which he sees so many examples. He realiws that three of his confraternity have opened up the march and that he will pass as a fourth in the alliance, pretexting real or fictitious misfortunes. Thus D, wearied by twenty months of struggle against Iscariot, sees that there is nothing cleverer for him than to *go bankrupt*.

E had advanced considerable sums to his four successively bankrupt colleagues; he thought they were all solvent, and they were indeed, until Iscariot's manoeuvre spoilt their business for them. E finds himself stripped by the bankruptcies of these four houses; besides, he himself has no more clients; the entire public crowd to Iscariot, who sells off goods at cost price. E sees his funds annihilated, his credit destroyed, he is pressed, and as he can no more meet his commitments, he puts an end to it by *going bankrupt*.

F has sufficient means, but as a result of the five previous bankruptcies, which warrant the conclusion that his will soon follow, he has lost his credit in all the maritime towns. Moreover, some of the bankrupts, having achieved a composition, are now selling at very low prices to be able to afford their payments when the first terms expire. In order to accelerate their sales, they lose orie-tenth of the value and yet earn four-tenths, because they settled at 50 per cent. This entirely crushes F, and there is nothing left for him but to *go bankrupt* like his rivals.

So the establishment of one vagabond or one Jew is sufficient to disorganise the whole merchant body of a large town and to draw the most honest people into crime; for every bankruptcy is more or less a crime, no matter how much it is extenuated by excellent pretexts such as those with which I have tinted these six bankruptcies, and there is hardly ever a word of truth in any of them. The truth of the matter is that everybody avidly seizes the opportunity to commit a theft if it remains unpunished.

Occasionally running fire takes the form of ricochet fire, which is effective at a distance and involves a dozen houses in different countries simultaneously. They have common interests and the fall of the main house causes all the subsidiary houses concerned to crash, like a row of tin soldiers when the man at the end of the row is pushed.' This is a serious combination, worthy of figuring among the great manoeuvres, and in any case this ricocheting at a distance will have to form a special genus in a more accurate classification.

19. *Close-column bankruptcy* requires favourable circumstances which serve as excuses, and prompt masses of merchants to risk the fateful leap. In this case they find support one in the other and are saved because of their number, like a regiment in close-column formation forces a way for itself with bayonets. Thus, when a favourable opportunity presents itself, bankrupts must close

their ranks and post up a column of bankruptcies every day at the Stock Exchange; they must have them succeeding one another so quickly that public opinion is confused and compositions become easy to achieve in consideration of the difficult circumstances. These bankruptcies are seen occurring periodically in London; Paris too made a very beautiful attempt in close column in 1800, and it ended very happily for many 'friends of trade'.

20. *March-in-file bankruptcy* is a series of bankruptcies which are linked together, but break out at suitable intervals of two to three months. Contrary to the close columns, which follow one another day after day, marching-in-file bankruptcies require mutual agreement so that one goes bankrupt when one's turn comes, at the very instant when the predecessor has squared his composition. For instance, A has achieved his composition three months after bankruptcy and B must instantaneously declare himself insolvent because the mediators now find the public well disposed and can say: it is the same story as in the case of A, one was bound to lead to the other, the same composition must be made. Just the same for C, who will go bankrupt three months later, then D, E, F, and G; if they maintain their co-operation properly and succeed in keeping to the interval, they achieve the same composition for all. Marching in file is a very safe manoeuvre when it is cleverly directed; but it does not fit all circumstances, and only the genius of the prospective bankrupt can determine in which cases it is applicable.

21. *Skirmisher bankruptcy* involves at the start those starving wretches who initiate a great movement and here and there cause small bankruptcies in their retail trade. From this one concludes that business will be difficult and the campaign a fierce one. And indeed soon after that the heavy artillery is heard, bankruptcies involving millions break out and hold public attention for a long time. Then the movement ends with the rearguard skirmishers, the retailer bankrupts, the grocers in small towns, who bring the session to an end with their plunges.

## The Agitators

What! Is there not yet enough vexation and can you show us something still worse than the litany already described?

I have only named the most honest. We are approaching the descending, despicable wing and can place here the bankrupts who operate according to far-reaching plans but disregard moral methods and compromise the lofty corporation.

22. *Bankruptcy in grand style* affects all classes of society down to the smallest people, domestics and others, who deposit their modest savings with a hypocrite. Soon bankruptcy plunders landowners, the smaller middle class and the goodnatured people in their hundreds. An entire town becomes involved. In general this type of bankruptcy affects particularly the non-trading classes of society and does significant harm to the corporation by arousing in the people and the petty bourgeoisie reflections which are hardly flattering for the respectable confraternity of the merchants.

23. *Large-scale bankruptcy* is that of some obscure upstart who, without funds or backing, succeeds in breaking into big business and pulls off just as enormous a bankruptcy as the high and mighty bankers. It is generally wondered how this camp-follower could manage to strike up such acquaintances and to organise such a fat bankruptcy.

This individual is the opposite of the preceding one; he takes a different road to attain the same goal, namely to excite public opinion against the tricks of the merchants and the preposterous laws which leave this scum complete freedom.

24. *Attila bankruptcy* raises the fame of the bankrupts to the clouds and lays a country waste as if a whole army of vandals had swept across it. One can cite in this genus a brilliant bankruptcy pulled off in 1810 in Orleans by an amateur named T. He went bankrupt with a deficit of 16 million so excellently distributed over Orleans that the whole unfortunate town was laid low by it. All classes of citizens suffered from the devastation. Fugitives went as far as Lyons and spread the tidings: Orleans is destroyed, we are all ruined, T. is plunging everything into the abyss.

According to detailed reports, he had carried out his scheme so well that he had hoodwinked and plundered all classes, from rich capitalists to poor domestics who had saved a few talers in their whole life and deposited them with the mercantile dealer and let themselves be robbed by him – under the protection of the fine principle: Let the merchants do their job, they know best what is in their interest.

What robberies! What multiformity of crime in a single branch of commercial heroism! A single one, for let it be noted that bankruptcy is only the thirty-first feature of this lying trade for which science demands complete freedom under the pretext that the merchants know best what is in their interest—they know that indeed all too well, but they know only too little what is in the interest of the state and of industry, and so we are mystified by science and its theories on the absolute freedom of merchants.

## VI.

### Descending Wing.-Dirty Hues

From the description of great feats of heroism we go on to more modest trophies. Not everything is great in bankruptcy like the three categories of the centre. Still, in the left wing too we shall bring together a remarkable collection, bankrupts in softened shades, people whose more burgherly virtues and failings will do good to the eye after the vivid brilliance of so many heroic deeds; we shall still find cohorts capable of cheering the reader — especially the last, that of the false brothers, who bring ill fame ‘on the corps of bankrupts. — Let us begin with a more serious hue.

#### The Cunning Sneakers

25. *Compensation bankruptcy* is declared to obtain compensation for some accident. For instance, a speculator loses a lawsuit today which costs him 100,000 francs. So tomorrow he declares himself bankrupt, and this brings him 200,000. Thus he wins the sum in litigation instead of losing it. This capacity of trade to compensate itself for the disfavour of circumstances is one of its finest qualities; it can find its interest in every mishap [on land and sea]. If a shipowner experiences a shipwreck, he rehabilitates himself the next day by a good bankruptcy; and this type of bankruptcy is accepted without any contradiction because the notary says: ‘It is not his fault, events forced him to it, he is more to be pitied than blamed.’

To this a landowner whose deposit thus goes west will answer: ‘I cannot get compensation when hail or a flood ruin my crops, I have nobody to fall back on!’ — A fine argument! Should not landowners know that under the present order of things they are a dependent class, dependent on the unproductive people called merchants who dig their claws into every product of industry to get themselves paid at the expense of the masses like a volunteer corps which, for lack of an enemy to plunder, strips its own friends And the good people? Such is the merchant, a *veritable cossack of industry* whose motto is: ‘I do not work *pour la gloire*, I must have something to rake in.’ Every merchant wants to rake in, and if somebody hopes to rake anything in from him by a lawsuit or otherwise, the merchant has his resources at hand and rakes in from others by means of a compensation bankruptcy.

26. *Bankruptcy out of frank* is that of a wise man who has foreseen everything and put something aside with which he can face the storm and tame the intractable. if he wants to earn 200,000 francs by bankruptcy, he puts 300,000 aside, placing a third of it in useful hand-outs, presents, etc.; he knows how to quieten the most loud-mouthed, how to paralyse justice; a wad here, a wad there, and his case is briskly carried through. His bankruptcy brings him in the end a good number of friends, who get their piece of the cake and say that he is a man *comma* if faut who knows business inside out.

27. *Crescendo bankruptcy* plays a farce in several acts which increase in interest as they develop. To start with, the affair is presented as a slight embarrassment, a case of shortage of disposable capital with a discount of 30 per cent necessary to prevent a crash. 'ne creditors become worried and negotiate on the quiet, for they have been given to understand that things could take a bad turn and that the man in question must be supported. Meanwhile, in three months he is tottering again. Again the creditors are visited and made to fear his ruin; it is admitted that things are worse than was thought and that 50 per cent must be agreed to. Some of the creditors are vexed, the matter becomes entangled and bankruptcy is declared — and indeed on such terms that 80-90 per cent is lost instead of 50 per cent and the rest can be paid up only after some years. But the composition is still easy to bring about because the creditors, who have been skilfully handled and have successively become accustomed to a loss of 30, then 50, then 70 per cent, are weary of war; they sign and give the cursed business up as altogether lost, although it was said at the beginning that only 30 per cent was going to be lost. This method is not the worst and can be recommended to speculators who stick to principles.

28. *Godly bankruptcy* is that of a holy man who belongs to all the confraternities and holds the cordon of the canopy at processions. He easily finds credit and depositors and can prepare a far-reaching bankruptcy underhand. I have seen some bankruptcies of this type when the loss was 90 per cent. The advantage in such a case is that the bankrupt finds enough people who excuse him: 'Ah, he is a very pious man; if he has had no luck in business it is because he sets no store by the goods of this world. — This piety is held up in order to hasten the composition, by which the pious apostle retains a good part of the goods of this world, together with the prospects of those of the other.

## The Bunglers

In every profession one finds ignoramuses who work without any principles and can produce only a bad job with the best material. So among bankrupts too there are dunces who can do nothing else but change gold into copper and ruin themselves in a very stupid manner where others would do splendid business. I want to adduce and deal briefly with four genera, for this really honest category has nothing entertaining. I only let them march past for the sake of completeness of our analysis.

29. *Fools' bankruptcy* is that of those befooled people who, enticed by fashionable catchwords, venture into trade without knowing its tricks and naturally scorch their wings like moths in the candlelight. Since 1789 there have been many big property-owners who had no need whatever to get involved in this turmoil; they have been seen to lose a rich heritage and end up in bankruptcy by which they parted with their fortune and their honour. It must be noted incidentally that only the honest man loses his honour in bankruptcy, whereas the rascal, who knows the great principles of trade, can manage his bankruptcies in such a way that he acquires wealth and honour. But the great gentlemen who found themselves in this wasps' nest of trade wanted to negotiate honestly; they were surrounded by intriguers, played with like a ball and forced to end up with the bankruptcy of their illusions. Many small landowners have made the same mistake. Swept along by the mercantile race, they have abandoned their field, sold their small plot of land to set up a shop in town and meet their inevitable ruin.

30. *Invalids' bankruptcy* is that of an incorrigible who wants to die with arms in hand. One sees many who ought to retire and who, weakened by age, can do nothing but bungle, are ignorant of the latest achievements and in their old age lose a slowly amassed fortune and obstinately hold out until repeated blunders make bankruptcy inevitable. How is one to describe a man of eighty who is a bachelor and has a fortune of two million, indeed sufficient for a single and aged man, and still obstinately continues huckstering at an age when he should retire and weep over his sins? When such a man gets himself ruined and loses his brilliant fortune in his eightieth year he is truly a mercantile fanatic. Such a man was the invalid bankrupt who is the prototype of this paragraph; for I have a prototype to show for all these species\* so that I shall not be accused of exaggerating. Incidentally, many of these aged fanatics are to be found in every town; because they insist on continuing their trade, they deserve to be shamefully ruined, for today, when everything is raised to its quintessence, the need, in trade as in war, is for young people educated in modern tactics; and if bankruptcy is regarded as a harmless game for young people, it is indeed shameful for wealthy old men who should have thought of retiring twenty years ago.

31. *Crushing bankruptcy* is that of enraged competitors who consciously rush towards ruin and indeed ruin themselves to dispute a small share of profit from a rival. One sees a great number of these who work at a loss in the hope that their rival will be ruined before they are, and that they themselves win remain masters of the battlefield. This disorder is prevalent particularly in the carrying trade and in the cloth markets such as Beaucaire, and it leads to the 'crushed' being forced to go bankrupt.

32. *Swinish bankruptcy* is that of a greenhorn who, instead of operating according to the principles, ruins himself, his wife and children and moreover exposes himself to the talons of justice and the contempt of the 'friends of trade', who respect only fat bankrupts who conform to the principles. In the jargon of commercial knaves they say of a bankrupt who thus ruins himself, his wife and children: That is indeed really swinish. -If he had had a fat bankruptcy, they would have called him a smart young man, a clever brain.

## The False Brothers

I give the name of false brothers to those who expose the honourable clan of the bankrupts to the contempt of the public. Some of them provoke indignation, others laughter. I do not include in this class the transcendents, who steal by the million — these are always respectable and never compromise the clan; a great thief has never been contemptible in civilisation, whereas the small ones are the people to be hanged, and when they excite public opinion against villains and small bankruptcies they are unworthy of admission to the corporation and deserve to be styled as false brothers.

33. *Villains' bankruptcy* is that of small-scale blackguards who commit such obnoxious petty thefts in their bankruptcy that the neighbourhood says they ought to be hanged. That would not be the case with thefts of 100,000 talers; but thefts of 100 talers" suggest the idea of the gallows. incidentally these ideas are not dangerous for the knave, because the confraternity of the bankruptsb never allows its colleagues to be molested; otherwise justice would soon feel authorised to pass on from the petty thieves to the big ones, which would be very awkward for those who act according to great principles and have found a place in good society after an 'honest' bankruptcy.

34. *Gallows-bird bankruptcy* is that by which besides dirty tricks, the man concerned commits also learned acts of perfidy, for instance, robs himself to provide an occasion for sentimental tactics.

Scapin, a petty crook indulges in a scaramouch bankruptcy involving only 40,000 francs; he steals 30,000 francs, which constitutes the profit on the operation, and then offers the creditors the remainder, amounting to 10,000 francs. When he is asked about the deficit of 30,000 francs, he says that he does not know book-keeping like big merchants, and that he has been 'unlucky'. Perhaps you believe Scapin will be punished because he is a petty thief who steals only 30,000 francs — but do not the creditors know that if justice intervenes it will eat up the remaining 10,000 francs just for breakfast? And even when these 10,000 francs have disappeared, nothing will be settled; if they want to have Scapin hanged, it will cost them perhaps an additional 10,000 francs and it is still not known whether they will succeed. It is therefore better in any case to accept the moderate sum of 10,000 francs than to lose it and still have to pay just as much over and above. Through his notary Scapin puts forward this argument, *so that* the bankrupt himself *threaten his* creditors with justice. And why should Scapin's creditors be furious with him? Some of them think of following his noble example, the others are already ahead of him in their career. So, as wolf does not eat wolf, Scapin soon finds a number of signatories who declare themselves satisfied with his proposals; others sign for fear that justice may intervene; others again are intractable and speak of sacrificing all to have a blackguard sent to the galleys. Then Scapin sends them his wife and children, who implore his mercy with well-practised wailings, and so in a few days Scapin and his notary receive the majority of signatures. Thereupon the obstreperous, who are no longer needed, are made fun of. Their rage is laughed at. Scapin answers them with ingratiating words and profound bows, and immediately after the happy issue of the first bankruptcy, he starts to think of a new one.

35. *Fugitive bankruptcy* is customary among small tenants in large towns. As the date of payment approaches they bolt and bring their wretched movables to safety, under cover of the night.' It is very much in vogue among the silk weavers in Lyons; it is also resorted to by all elegant individuals of both sexes who order the very best things at restaurants, the tailor's and the shoemaker's, and are very accommodating as far as the price goes because they intend to pay with fine words and to bolt as soon as their creditors begin to get unpleasant.

This kind of bankruptcy is droll and shows the corporation in a bad light. When one scoffs at a man who has cheated twenty petty shopkeepers, one easily becomes accustomed to scoffing at a man *comme il faut* whose bankruptcy ruins twenty families. These freedoms of criticism must be suppressed in order not to imperil the respect due to the honourable bankrupts among the 'friends of trade'.

36. *Bankruptcy for fun* is that of a small retailer who goes bankrupt according to the very best form just like the high and mighty bankers and does not give his creditors more than five per cent. Among others, a Lyons actor, distinguished for his comical roles and therefore very much loved by the public, went bankrupt in this way. In all due form he offered his creditors the sum of *three per cent*. Some of them were vexed and wanted to send the bailiff to him; but he mystified justice as he mystified it on the stage in the *Avocat Patelin*, and all the public were on his side. His bankruptcy was a highly amusing comedy, which afforded many a priceless scene. The creditors could swear, the public only laughed at them as they did at Guillaume in the *Avocat Patelin*.

I have now gone rapidly through all these definitions. However, my list is so incomplete that it can be considered as a mere outline to which everybody can supply the missing features.'

There are masses of remarkable ones. Only a few days ago the Paris papers reported a brilliant bankruptcy, that of a certain Y., who established a pompously publicised agency with no more than 10,000 francs. I believe it was an office for the regeneration of trade or some other pompous title, by means of ' which he obtained a million from a few jackanapes, whom he paid as usual with a good bankruptcy. In a word, the number of bankruptcy genera which I have collected here can easily be doubled.

## VII. Conclusion

When one reflects that bankruptcy is only a single one of the thirty-six features of trade, one finds difficulty in explaining why this so fearful mine of crimes, this mechanism of trade, has not yet been analysed; and that in this century, which is so uncompromising towards the crimes of all classes in society and has made public the crimes of kings and popes.

When one reads this collection of merchants' filth, one cannot help wondering how it comes that a century which calls itself the friend of lofty truth has been able in all seriousness to grow enthusiastic over this lying trade, arguing that after all one cannot do without trade; as if for that reason one must accept fraud and theft such as those which we have listed in one single crime of trade, namely bankruptcy.

However, let us finish what we have to say about this.

The saying that justice sends only petty thieves to the gallows is proved false in trade. The bankrupt, even the smallest, evades prosecution, protected by the merchants themselves. We saw that under the last category (false brothers), which is that of miniature bankrupts.

It would be vain to quote the punishment of a few fraudulent bankrupts; ninety-nine manage to get away with it, and if the hundredth fails he must be a stupid devil and not know how to pursue his intrigue. For the operation is so simple nowadays that the old precautionary measures have long ago been forgotten. Formerly a bankrupt used to flee to Trient, Liège or Carouge, but since the rebirth of 1789 this custom has been abandoned. Everybody now goes bankrupt *en famille*. The matter is quietly prepared, and when it explodes, one goes for a month to the country, to the intimacy of one's relatives and friends; the notary meanwhile puts everything in order. After a few weeks one reappears, and the public is so accustomed to this kind of story that it regards it as a pleasant joke; it is called 'being confined' and one says quite dispassionately: 'So-and-so is back, he has just had his confinement.'

I have noted that bankruptcy is the only social crime which becomes epidemical and forcibly carries the honest man along the road of the scoundrel. If to bankruptcy we add stockjobbing and so many other infamies, we shall find that I was right when I affirmed that civilised people had never committed so many political follies as since they plunged into trade. Never have the philosophers, who dream of nothing but counterbalance and guarantees, thought of providing the social body with the guarantee which governments, judiciously enough, demand of their fiscal agents! A prince assures himself of the rectitude of his treasurer by means of a cash security and the prospect of inevitable punishment if he were to dare risk or squander the public monies deposited with him. Why does it not happen that the collectors of public monies appropriate the revenues from taxes and write letters of lamentation to the government saying: The misfortunes of the times, the critical circumstances, the deplorable accidents, etc., in a word, I have gone bankrupt, insolvent, or whatever you call it. Your treasury should contain ten million; I offer you half of that sum, five million, payable in five years. Allow yourself to be moved by the misfortune

of a lamentable treasurer, maintain me in your confidence and the administration of your treasury, without which I am not even able to pay you the half which I now offer you; but if you leave me my position and my income, I shall endeavour to discharge my obligations towards you honourably, that is, to treat you to a second bankruptcy as soon as the treasury is full again.

Such in brief is the content of all bankrupts' letters. If treasurers do not follow this example, it is because they know that no philosophical theory can save them from the punishment which the bankrupt evades-under the protection of the principle: 'Leave the merchants complete freedom without demanding any guarantee against their machinations.'

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Charles Fourier  
On Trade  
1821

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