

AN ACTIVIST STANCE: THE 1828 FRENCH TRANSLATION OF BENTHAM'S *DEFENSE OF USURY*

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This paper aims at analyzing the reasons why Bentham's *Defence of Usury* was translated into French in 1828 by Saint-Amand Bazard¹, one of the two leaders of the Saint-Simonians². Bentham's writing had yet been translated twice in 1790, under the title *Apologie de l'usure* and *Lettre sur la Liberté du taux d'intérêt*. It may then be asked why Bazard made a third translation in 1828. Of course, *Defence of Usury* was considered as an important work³: as pointed out by Persky (2007, p. 228), Bentham's essay may be identified "as the very beginning of the 'modern world'"⁴, but this cannot explain the need for a new translation.

¹ The issue of the historical connexion between Bazard and Bentham (and Dumont's role in it) is not addressed in this paper: see Bellet, 2011.

² The other leader was Prosper Enfantin: both were designated as "supreme fathers" (see for instance Charlety, 1931). Although Bazard was the one who translated Bentham's *Defence of Usury*, it was Enfantin who theorized Saint-Simonians's conception of banking.

³ Cf. for instance Crimmins (1999, p. 61): "The *Monthly Review* described *Defence of Usury* as the product of an «ingenious author», and «a political gem of the finest water» on account of «the national importance of its conclusions». Its influence on the arguments against a reduction of the maximum rate of interest in Ireland in 1788, Bentham certainly did not doubt, although subsequently the rate was actually reduced to five per cent in line with the English maximum. He took obvious delight in the report that Adam Smith approved of the work, and when preparing the second edition in 1790 attempted to draw from the Scotsman an open admission that *Defence of Usury* had changed his mind on the disincentives of restrictive lending laws. Smith was in his last days (d. 17 July 1790) and merely sent a dedication copy of the *Wealth of Nations* in response. John Rae, Smith's biographer, speculated that if Smith had lived he may well have altered his stand on the issue. Thomas Reid, Smith's successor in the Chair of Moral Philosophy at Glasgow University, was more forthright, and acknowledged that the reasoning of the *Defence of Usury* was unanswerable. [...] Several editions appeared in the United States, and Bentham recorded with pleasure the separate states in which he believed his work had an impact. Well into the following century *Defence of Usury* was still calling forth responses from critics, and still garnering disciples to its cause. Its status in the nineteenth century as Bentham's best known economic work was in good measure due to its special position as one of the few accepted criticisms of Smith. However, in *Principles of Political Economy* (1848) John Stuart Mill declared it on its own merits to be «the best extant writing on the subject», and confirmed its central arguments in his own analysis."

⁴ Here, Persky is quoting G.K. Chesterston, who stated this in a work published in 1933.

We will consider two conjectures in order to explain the translation in 1828. One possibility is that the previous translations were very poor, so that Saint-Amand Bazard was unsatisfied with the work made by the previous translators. As there was no comment by him that may be referred to in order to confirm this first conjecture, we checked the quality of the two 1790 translations. The one which was published under the title *Lettre sur la liberté du taux d'intérêt* was a very loose translation of Bentham's *Defence of Usury*: as usual in the 18th century, the translator took some liberty with the original work, changing the order of the chapters and summing up some of Bentham's arguments. However, the other translation (*Apologie de l'usure*) felt closer to that made latter by Saint-Amand Bazard and squared with what could have reasonably expected everyone who knew Bentham's work. Furthermore, several evidences suggested that Saint Amand Bazard relied on this translation to write his own: even if he didn't mention it, this shows that the issue of the quality does not explain why he had chosen to translate Bentham's *Defence of Usury* in 1828.

The second conjecture concerns the usefulness for Saint-Simonians in general – and Saint-Amand Bazard in particular – of the translation of Bentham's work. This issue was examined before by Bellet, who assumed that this translation was “an attempt to integrate Bentham's thought into a Saint Simonian context” (p. 8). But the long text that Bazard wrote to introduce Bentham's work revealed that his aim was to expose his own position on usury and, more precisely, his way of looking at the rate of interest. Then, Bentham's *Defense of Usury* was used by Bazard as an effective vehicle for the diffusion of Saint-Simonian theories on credit and banking, without any consideration about the consistency between both. This interpretation is strengthened by the fact that, since 1825, Saint-Simonians endeavored to develop their own economic theory on this topic: in several articles, they emphasized the role of banks in the new society that they wanted to build; they also participated in several projects for creating credit institutions (see Gille, 1970; Jacoud, 2010). Consequently, one may understand that the role played by Bentham's *Defense of Usury* changed: in 1790, Bentham had been referred to on the occasion of parliamentary debates on the loan at interest; in 1828, his work was used by Saint-Simonians as an element in their strategy for promoting a new system of banking and credit.

With this translation of Bentham's *Defense of Usury* by Bazard, we hence identify an original use of translations: since this work by Bentham was much well-known and recognized, it was seen as a judicious vehicle to disseminate the economic ideas of Saint-Simonians that oppose the then dominant French Liberal economists' approach.

Our paper is organized as follows. Section 1 describes the translations done before that of Saint-Amand Bazard; Section II investigates the context of the 1828 translation, and the content of Bazard's introduction. Finally, Section III compares Bentham's analysis to Saint-Simonians' one on three main issues.

I – To begin with, consider the two first translations of Bentham's *Defence of Usury*. Both were done by anonymous translators, and both referred to the debates in French Parliament that put on the fore the issue of the loan at interest. Nevertheless, they strongly differed, and the spread of the first seems to have been the weakest.

1) The first translation was entitled *Lettres sur la liberté du taux de l'intérêt de l'argent par M. Jérémie Bentham, Traduites de l'Anglois* (Paris : Chez Grégoire, Libraire, 1790). At first, Bentham thought that this translation had been carried out by Mirabeau⁵ ; actually, it was not the case : as mentioned in the *Mémoires biographiques, Littéraires et politiques de Mirabeau Ecrits par lui-même, par son frère, son oncle et son fils adoptif ; et précédé d'une étude sur Mirabeau par Victor Hugo* (Bruxelles : Louis Hauman, 1837, tome 7, pp. 318-9), « Mirabeau was not involved [...] in the translation of the *Lettre sur*

⁵ This first translation was issued by the editor of *Le courrier de Provence, pour servir de suite aux Lettres du comte de Mirabeau à ses commettans* [1789-1791], which became *Mémoires de législation, de politique et de littérature* ; Bentham's translator, E. Dumont, regularly contributed to this publication.

la liberté du taux de l'intérêt, par Jérémie Bentham – a translation that several biographers attributed to him. But the editors of the book never mentioned him, and this proved that he did not translate it, since in such a case, the silence of the booksellers is as conclusive as, in other cases, their statements are suspicious »⁶.

The translator wrote an “avertissement” – a kind of very short introduction – to justify the choice of the title (“Letters on the freedom of the rate of interest on money”): he explained that he avoided using the word “usury”, since for him usury echoed a dishonest exchange, or in his own words, “an immoral and fraudulent trade” (p. v). To be sure, this definition expresses a peculiar approach to usury, since it applied to a writing that *precisely* attacked prejudices against usury. But it reveals the persistence of these prejudices; moreover, this suggests that the translation was realised before the parliamentary debates that led to the adoption of the decree of 3 October 1789 allowing the loan at interest.

As for the date of this publication, it occurred just after the parliamentary debates: clearly, the translator wanted to justify the decree, by calling on a kind of expert on usury. This explains why he tried to adapt his translation to French readers: for instance, he deleted chapter XII, on “Maintenance and Champerty” – two types of practices that did not exist in France – and added a reference to the competition that the Mont-de-Piété introduced on pawn broking (p. 48).

2) The second translation, entitled *Apologie de l'usure* appears to be interesting for our purpose. First we should point out some strangeness in its typesetting: it consists in two parts, as if it were translated by two different persons. The first part was in old French. In the middle of a word, on page 33, a change occurred and modern French was used. However, more remarkable is the fact that the translator introduced several footnotes, some of which substantive. These footnotes are essential for understanding the motivations that led Bazard to launch a new translation of Bentham's work in 1828; two of them are worth mentioning, since Bazard retained them, albeit in a slightly different form.

The first footnote appears in Letter VI, entitled “Funestes effets des Loix contre l'Usure” (n. 1, pp. 36-7). Here, the translator challenged Bentham's method of calculation to prove that the laws of usury were costly. In the original text, Bentham assumed the following situation: an individual inherited a farmland, which earned £ 100 per year; the initial value of the farmland was £ 3.000 and this property was mortgaged for £ 1.500. The war with France decreased the value of the farmland which reached £ 2.000. At the end of the war, its value raised progressively, up to £ 3.000 seven years later.

Bentham then compared two cases. In the first one, the usury laws impeded the heir to borrow the corresponding value of the mortgage (£ 1.500) and he was forced to sell the farmland. In the second case, where by assumption there were no usury laws, the heir could borrow £ 1.500 at 6% interest per year.

Bentham's calculus was the following:

Situation 1 ($i_{\max} = 5\%$)	Situation 2 ($i = 6\%$)
Sell of the Farm (t_1) : 2 000 £	Cost of borrowing 1 500 £/year = 90 £
Mortgage payment (t_1) = 1 500 £	Rent/year = 100 £
Remaining amount (t_1) = 500 £	Remaining amount per year = 10 £/an
Revenue generated by the investment of this amount per year ($500\text{ £} \times 5\%$) = 25 £	Revenue generated by the farmland selling in $t_7 = 3\,000\text{ £}$
Benefit in t_7 (G^1) = $500 + 7 \times 25 = 675\text{ £}$	Benefit in t_7 (G^2) = $3000 - 2000 + 70 = 1\,070\text{ £}$

When comparing the two cases, Bentham concluded that the usury laws resulted in a loss for the heir equal to the amount of the difference between G^1 and G^2 , £ 395: “This 395 l. then, is what he loses out of 1070 l. almost 27 per cent. of his capital, by the loving-kindness of the law” (1787, p. 53)⁷.

⁶ In the text, the translations from the French are mine, and the original French text is provided in footnotes.

⁷ This calculus has been incorporated, without change, into the third edition of the *Defence of Usury* in 1816 (see Bentham, 1816, pp. 50 & ff.).

Bentham's argument raises a first difficulty. He took for granted the impossibility for the heir to borrow £ 1.500 in case 1, by referring to a risk premium: clearly, he did not imagine a borrower's risk, but a lender's one. Such an assumption is difficult to understand, since the value of the land (£ 2.000) is higher than the sum the borrower needed (£ 1.500): there is then no default risk. We may assume that Bentham had in mind a market risk, but in this case, this risk exists in case 1 as in case 2: in both, there is an uncertainty on the future value of the land. Hence, for Bentham, a rate of interest at 5 % appears to be insufficient to compensate the market risk. In other words, there seems to be a link between the lender's risk and the market risk: with a 5 % rate of interest, a bank refuses to lend and limits its supply of credit; when the rate of interest is not set by the law, but by the market – as in case 2 – then an equilibrium rate exists, which compensates for the lender's perception of the combination between the lender's and the market risks. The translator in 1790 did not discuss this issue. Its footnote dealt with a second difficulty that may be identified in Bentham's illustration. It concerns the way he calculated the benefit in case 2.

Bentham seemed to have had in mind a kind of (partial) opportunity cost, since he compared the amount that the heir would have received from the sale of his farmland in t_1 (£ 2.000) with the actual amount received on the sale in t_7 (3 000 £). This methodology for the calculation was criticized by Bentham's translator, who considered that, by selling the farmland for £ 3 000, "the owner should have £ 1.500 remaining after having paid the mortgage of £ 1.500" (n1, p. 26). This led him to state that the whole benefit in case 2 amounted to £ 1.570 and that the cost of the usury laws was £ 895.

This first footnote is interesting since it allows proving that the translation in 1828 by Saint-Amand Bazard was based on this translation of 1790: in 1828, the proposed change in the method of calculating the cost of the usury laws was directly introduced in the body of the text rather than in a footnote, and then there was nothing to indicate that the calculus resulted in an amendment from the French translator.

A second footnote in this translation of 1790 proved again that Saint-Amand Bazard did not find it poor. It was a different kind of remark from the translator, since it concerned a reference to Adam Smith that Bentham made in his Letter XIII. Bentham acknowledged Smith for « hav[ing] defended against unmerited obloquy two classes of men, the one innocent at least, the other highly useful; the spreaders of English arts in foreign climes, and those whose industry exerts itself in distributing that necessary commodity, which is called by the way of eminence the staff of life" (pp. 118-9; Bentham, 1787, p. 187). In a footnote, the French translator wrote: "To understand this, one should have read the Doctor. It is not considered natural that he praised those whose activity is to export the industry of their contemporaries. The later may be grain-grabbers. And all this passage shows probably a bitter irony from Bentham"⁸. Clearly, this remark exhibits a misinterpretation of Smith (and of Bentham): actually, here Bentham referred – without any "bitter irony" – to Smith's discussion of the system of the Physiocrats; against them, Smith maintained that merchants were part of the productive class, and that their activity contributed to increase wealth. Smith's statement applied to foreign as well as domestic trade, i.e. to those who distributed agricultural goods particularly.

However in 1828, Saint-Amand Bazard adopted the interpretation proposed by the previous translator and once again, he considered it as self-evident that he simply added a footnote that referred, without any comment, to the "accapareurs de blé" [grain-grabber]⁹.

Of course, this does not mean that Bazard left unchanged the second translation of 1790, but the modifications he made were mainly formal. Did these minor changes express a desire to provide a more faithful translation of the original text? It is difficult to answer this question positively with certainty: as underlined by Forget, at that time, the majority of translators were not concerned with the accurateness of the translations that they realized, but they were above all interested in "attract[ing] many readers and spur[ing] commentary and imitation" (2010, p. 655). Moreover, Bazard corrected a

⁸ « Pour entendre ceci, il faudroit avoir lu le docteur. Il ne paroît pas naturel qu'il ait fait l'éloge de ceux qui portent ailleurs l'industrie de leurs compatriotes. Les seconds sont sans doute les accapareurs de grains, et tout ce passage de M. Bentham est probablement une ironie amère. »

⁹ Another footnote of Letter XIII (pp. 86-7) was not inserted in the translation of 1828: see below.

few errors that were made by the 1790 translator, but these errors were not fundamental since they did not concern central arguments in Bentham's book. For instance, the question raised by Bentham: "why the legislator should be more anxious to limit the rate of interest *one way, than the other*" (1787, p. 12; my emphasis) was translated in 1790 by: "pourquoi le législateur croit devoir limiter l'intérêt *d'une chose que d'une autre*" (1790, p. 11-12; my emphasis), instead of "dans un sens plutôt que dans un autre". Bazard modified the initial translation that now reads: "pourquoi le législateur a plutôt limité le taux de l'intérêt quant au *maximum* que quant au *minimum*" (1828, p. 52 ; Bazard's emphasis). This example proves that he did not try to remain faithful to the original words of Bentham; neither had he made but marginal changes in the initial translation.

That the issue of the quality of the translation was not the point is reinforced by a remark made by Etienne Dumont in 1817. Dumont was the French translator of Bentham's works and played a decisive role in the dissemination of his utilitarianism. He did not translate the *Defence of Usury* – probably because two translations of this work already existed. But, as he often did, he published a nine-pages notice in the *Bibliothèque Universelle des Sciences, Belles Lettres et Arts* (Bentham, 1817, pp. 3-11), to expose an overview of Bentham's arguments in his *Defence of Usury* – or, in his own words, "just [to] provide an overall presentation [of this work]" (*ibid*, p.3); he explicitly justified the publishing of a third English edition of Bentham's work, by the context of the year 1816¹⁰: "the issue of usury is pressingly relevant for England, where the Parliament suggested amending the legislation on this matter in the last session. Although this proposal was welcomed, it was suspended in view of the extraordinary circumstances and the drop in trade. There is always danger of making permanent legislation in reaction to the current situation"¹¹(p.3). Above all, Dumont mentioned that the book « was translated in Paris » and he added, without further details, that « it would be desirable that a new edition for this translation would be issued » (n.1, p.10). He thus did not express a wish for a new translation, but only for a new printing of the current one.

Therefore it seems clear that the poor quality of – at least – one of the previous translations cannot justify Saint-Amand Bazard's new translation. Consequently, a second assumption must then be considered.

II – In this second section, we consider the conjecture that Saint-Amand Bazard used Bentham's work to disseminate his own position on the loan at interest. There are two main arguments to be made: one concerns the nature of the debates about the loan at interest in the 1790s and 1820s (1). The second is linked with the lengthy introduction written by Bazard. According to one of the two leaders of the Saint-Simonians, Enfantin (1827, p. 185), it was a "very-good introduction and without a doubt a better work than Bentham's writing". The reason for this comment is obvious: Bazard's introduction did not address Bentham's position (2), but focused on the Saint-Simonians' way of looking at the rate of interest (3). The issue of the consistency between both was never raised by Bazard, even if it would have deserved an examination (see Section III).

1) It is well-known that Bentham wrote his *Defence of Usury*, after having heard from Sir Richard Worsley that the Prime minister, William Pitt, had planned to lower the legal rate of interest from 5% to 4%. But it was only a rumour and the maximum rate remained at 5%¹². The other mentions of his work in France were systematically linked with some debates about the loan at interest. In 1790, the French translation of Bentham's *Defence of Usury* was carried out within a specific context, where the loan at

¹⁰ The first edition of Bentham's *Defence of Usury* was published in 1787; the second, in 1790 and the third, in 1816.

¹¹ « La question de l'usure a pris un nouveau degré d'intérêt pour l'Angleterre, par la proposition faite en Parlement dans la dernière session, d'une révision générale des lois relatives à cet objet. Cette proposition, quoique très-bien accueillie, fut toutefois ajournée à raison des circonstances extraordinaires et de la détresse du commerce. Il y a toujours du danger à faire des lois permanentes sur la piquûre du moment. »

¹² See for instance Persky, 2007, p. 231.

interest was debated in Parliament: according to the *Courrier de Provence*, this issue was discussed twice in the National Assembly, following the proposal put forward by Jérôme Petion de Villeneuve (1753-1794), to “allowing the practice of obtaining a temporary loan, payable with an interest” (p. 229). The record of the second meeting pointed out that “[the members of the Assembly] agreed for long on principle on the need for a law, especially in this time of cash scarcity” (*ibid.*), but no consensus could be reached:

“But no consensus was reached regarding the setting of the rate of interest; some maintained that it was a condition to prevent usury; others considered that it was non powerless, but also unfair, adverse to the trade, & consequently harmful to State. They showed that interest on money bypassed laws and rules everywhere, that it varied, depending on the circumstances, the abundance or scarcity of money, and that to fix it, meant defying a legislation”¹³ (pp. 229-230).

After observing that the Assembly « could not look [this issue] at all sides » (p. 230), the author of the report referred to a current on-going translation which appears to be the translation of Bentham’s *Defence of Usury*: “This issue has been thoroughly considered in an English work, whose translation is under printing at this time and that we would like to bring to light” (p. 230). Finally, the members of the French Parliament issued a decree for authorizing the loan at interest, and left to a law the task of determining the fixed rate at which the loan could be granted.

This report displays that the debate dealt also with the efficiency of the law: more precisely, the key question seems to be: how to prevent usury? To be sure, the injustice of the law, as well as its nature “opposite to the good of the trade” was alluded to. It proved that in 1790, the debate about usury laws combined moral and economic arguments. As previously mentioned, the first translation in 1790 was impregnated with morals, and this explains its old-fashioned aspects. The second one began to incorporate some economic arguments.

In 1828, it seems that the debate was of a different nature: economic arguments came to the forefront. It was the reason why Bazard’s introduction raised the issue of the nature of the loan at interest (see below). It may also explain why he did not retain a third footnote by the 1790 translator. In it, the translator challenged the use of the word “*marché*” (market) by Bentham, who referred to the market rate of interest: “M. Bentham uses the word market, and I replaced it with “*place*” (centre), because I cannot understand which market price may regulate the rate of interest. It seems to me that market prices may increase or decrease according to the more or less great price or scarcity of money; but I do not understand that the market price may regulate the rate of interest, and I suppose that market refers to exchange centre”.¹⁴ This shows that in 1828, a market for financial capital that determined an equilibrium rate of interest was now understandable: moreover, for Saint-Simonians, this market was the one on which the level of the rate of interest was set, since they explicitly rejected Law’s idea of a rate of interest depending on the quantity of money in circulation (Rodrigues, 1826, p. 8; Bazard, 1826b, p. 132).

2) As already underlined, Bazard wrote a 38-pages length introduction to his translation of Bentham’s work (pp.1-38). After stressing the importance of Bentham’s work, he came to what he considered to be « another question » that « one addresses naturally » when dealing with usury laws: the issue of

¹³ « Mais l’on ne s’est pas entendu si aisément sur ce qui concerne la fixation de l’intérêt ; les uns ont prétendu que cette fixation était nécessaire pour prévenir l’usure ; d’autres, qu’elle serait non-seulement impuissante, mais injuste, contraire au bien du commerce, & par conséquent nuisible à l’Etat. Ils ont montré que par-tout l’intérêt de l’argent s’était joué des réglemens & des lois, qu’il variait suivant les circonstances, suivant l’abondance ou la rareté du numéraire, & que le fixer par une loi, c’était exposer une loi au mépris. »

¹⁴ “M. Bentham se sert du mot de marché, et j’y ai substitué celui de place, parce que je ne conçois pas quel est le prix du marché qui peut servir de règle au taux de l’intérêt. Il me sembleroit à moi que les prix du marché pourroient hausser ou baisser en raison de la cherté ou rareté plus ou moins grande de l’argent ; mais je ne vois pas que le prix du marché puisse servir de règle au taux de l’intérêt, et je m’imagine que par marché, il entend place de change. »

the nature of interest (p. 9 [509]¹⁵). It was the beginning of his presentation of the Saint-Simonian approach on interest; now, some of the points made by Bazard might have been linked with Bentham's statement. However, he managed to mention Bentham only at the end of his introduction, but either to discuss his general argument, or add some elements whose consistency with Bentham's text has to be examined.

- The Saint-Simonian conception of the rate of interest provided Bazard with an opportunity to refer to Bentham's text: for instance, on p. 13 [511], he analysed the case of the payment for commodities on credit, that Bentham had presented as a way of bypassing usury laws. In the same way, when Bazard stated that the rate of interest included a risk premium (p. 28 [516]), he only referred to the economists in general without quoting Bentham, although this idea of a risk premium played a central role in the criticism of the usury laws by the latter. Again on the issue of risk premium, Bazard considered that it partly depended on "general circumstances"; that would have echoed Bentham's arguments on security, although he didn't mention it as a component of the risk premium in his *Defence of Usury* (p. 28 [516]): we know that Saint-Simonians were familiar with Bentham's writings, so it is hard to believe that they were not aware of the important role played by security in it.

- At the end of his introduction, Bazard came back to the link between his way of looking at interest and Bentham's work (he also mentioned Turgot):

"It is clear, indeed, that by publishing these works [Bentham's and Turgot's one] which fight against the usury laws, I did not want to be an apologist for a situation in which the rate of interest would be high; with this publication, I only want to contribute to have this legislation repealed, since these laws made only things worse when they have an effect, and placed barriers to the causes that are under way to decrease the rate of interest"¹⁶

Thus, Bazard limited himself to suggesting an interpretation of the anti-usury bias: without any consideration for Bentham's text, he stated that actually this prejudice did not have a religious, but social origin; it came from "a protest from the poor class against the wealthy class" (p. 36); then, Bazard considered that the link with religion became closer since "more than any other religion, Christianity represented the interests of the poor and adopted their grievances" (*ibid.*). Once again, Bazard did not follow Bentham's ideas, as expressed in his *Defence of Usury* as well as in his other works, which often manifested an anti-religious bias.

3) Bazard stated that the key issue to be addressed when dealing with usury was the nature of the loan at interest. He then began to define it as follows: the loan at interest allowed "transferring unemployed *capital* from its owner who did not employ it to other" (p. 13 [511]). Like the other Saint-Simonians, he adopted a much broader conception of the loan at interest that he understood as « a working tool rental [*location d'un instrument de travail*] » (p. 15 [512]), either financial capital or "land fund [*fonds de terre*] » (p. 13 [511]).

According to Bazard, this rental was justified by three types of argument: divine law, natural law or utility (p. 16 [512]). He considered that these justifications faced the same problem: their « absolute » nature. It was a recurring theme amongst Saint-Simonians, who regularly underlined the impossibility of developing an argument that would base legislation on natural right. Bazard limited himself to the criticism of the theories of divine law and natural law (pp. 20-21 [514]), stating that they could not capture « a general fact, that it is enough to mention for being recognized », that is "the constant decreasing of the price of rental for the instruments of work, lands and capital" (p. 15 [512]). He then did not discuss the reasoning based on utility: this reflected the Saint-Simonian positive feeling on

¹⁵ The page references to the 1848 edition are systematically indicated between brackets.

¹⁶ « On peut voir clairement, en effet, qu'en publiant des écrits qui attaquent les lois contre l'usure, nous n'avons pas prétendu nous faire les apologistes d'un état de choses où le taux de l'intérêt serait généralement élevé, mais seulement contribuer par cette publication à faire révoquer des lois qui, en tant qu'elles peuvent avoir quelque efficacité, ne font qu'aggraver le mal auquel elles ont voulu remédier, et apporter des obstacles au progrès des causes qui seules peuvent faire baisser le taux de l'intérêt » (pp. 34-35).

Bentham's philosophy, which in their view represented "very considerable progress" (see [réf. ?], p. 204).

This decreasing price of rental for the work tools did not only entail the rejection of natural-law philosophy. It was also at the heart of the Saint-Simonians' idea of economic development and formed a recurrent theme throughout their writings: for instance, Enfantin who framed the banking theory of Saint-Simonians regularly repeated it in his 1826 articles issued in *Le Producteur* (see for instance 1826c, pp. 44-45; 1826b, p. 245; 1826e, p. 245). As will be shown, this idea raised serious difficulties for justifying Bazard's choice to translate Bentham's *Defence of Usury*.

For Bazard, the decreasing price of rental could be explained by the very nature of interest, which is a "political issue" (p. 21 [514]). According to the Saint-Simonians, the society was divided in two classes: "the non-working owners", who possessed the work tool, but "did not want to use it or know how to use it", and the "workers", "who knew and wanted to use it". The share going to each "has always been in proportion to their political power » (p. 22 [514]); now, the share of workers had increased, by two factors:

i) "An increase of wealth *in the hands of workers*" (p. 24 [515]). This did not result from an increase of capital or overall wealth, since what mattered was the relation between the supply of capital and the number of workers. This evolution was the consequence of the behaviour of workers, who gradually succeeded in "setting aside a share of their work"; consequently, they "successively became owners of a portion of the tools they needed". Thus, for them, the necessity of borrowing became "less pressing" (pp. 26-27 [516]). In other words, the rate of interest decreased because the demand for credit decreased¹⁷.

ii) "A development of general trust, as testified by *credit* development and organization in industrial relationship" (p. 24 [515]). The rate of interest comprised an insurance premium and the rent (p. 28 [516]). The price of rent resulted from the balance of power between workers and non-working owners – see p. 32). As for the insurance premium, its value was decreasing because a part of it "was in proportion to the risks to which the creditor was exposed or believed to be exposed [...] due to the general, political or industrial circumstances" (p. 28 [516])¹⁸; now, confidence was improved with the aid of "credit organization" (p. 29), which acted on the industrial relationship, that is with the aid of "the interposition of a special category of workers, bankers, between lenders and borrowers" (p. 30). Banks "allocated capital or work tools in the sectors of industry to where they are most needed". The effects of this improving organization were twofold: it decreased the value of the risk premium, through a better understanding of the personal circumstances of borrowers (p. 32) and it stimulated industrial development, thus increasing the share of the wealth in the hands of workers (p. 32).

This description of the evolution toward a *necessary* and true decreasing rate of interest is highly important for our topic, since it did not leave room for the usury laws: consequently, it may be asked whether the repeal of the usury laws, which imposed a maximum rate of interest, might have any positive consequence for society. We then need to question the consistency between Bazard's conception of the evolution and the nature of the rate of interest and Bentham's *Defence of Usury*.

III – Bazard's translation of Bentham's *Defence of Usury* was not the only demonstration of his interest in Bentham's philosophy (see Bellet, 2011). Before this translation, he had published two notices on Bentham's works: one of them (Bazard, 1826a) was an extremely favourable description of these works and proved that he knew them quite well. In this notice, he mentioned in particular Bentham's inheritance-law reform proposal, which was very close to Saint-Simonians' position in favour of the abolition of inheritance by collaterals. This proposal was set out in *Supply without burden*, which no translation had ever been provided for¹⁹. Then, the question is: why did he choose to

¹⁷ Note that this explanation was not shared by Enfantin, who underlined the role of the increasing supply of credit, to explain the decreasing rate of interest.

¹⁸ This value also relied on the "personal qualities of the borrower and on his situation" (p. 28 [516]).

¹⁹ About this work, Bazard limited himself to write in his 1826 Notice, that "this tax provision did not find any approbation" ("cette disposition fiscale n'a point trouvé d'approbateur », 1826a, p. 206).

translate Bentham's *Defence of Usury*? Of course, in France, Bentham was quite well-known due to Dumont's translation of his most important writings. To argue that, consequently, Bazard did not have much choice is possible, but not really convincing, since we mentioned that Bentham's *Defence of Usury* had been translated twice before. We underlined that Bazard did not discuss Bentham's arguments in his lengthy introduction. The reason was probably his lack of interest in them. In this third part, I shall argue that another reason may be given: Bentham's arguments were not consistent with Bazard's conception of interest. Surely, Bentham as the Saint-Simonians in general, emphasised the role played by innovation in the wealth of nations and were convinced that bank credit was fundamental to finance it. But beyond these common views, there are three main issues on which their positions differed.

1) The first one regarded the consequences of the usury laws. As mentioned before, Bazard described an automatic move towards a decreasing rate of interest, and the current usury laws did not oppose such a move; they did not prevent it from being fulfilled: as *Enfantin* recognised in 1826, in an article dealing with "cosmopolitan banks", by their action, these banks succeeded in decreasing the rate of interest, when this result could be achieved only by legislative tools by the political power – the "defen[ce of] the usurer loan" by the Prince (1826d, p. 209). This can explain why Bazard was careful to state that he did not aim at championing a high level of rate of interest while he translated Bentham's *Defence of Usury*. He did note that the usury laws were "barriers to the causes that may be at the origin of the decrease of the rate of interest", but he did not specify how these barriers impacted the level of the rate of interest. Actually, the same difficulty occurs when considering other publications by Saint-Simonians. As stressed by *Bellet* (2011, p. 16), these authors never quoted Bentham's *Defence of Usury* before Bazard's translation. In our view, this may be explained by the fact that their opinion about the consequences of the usury laws was not negative; on the contrary, *Enfantin* gave some arguments proving that usury laws had contributed to redistribute wealth, to the detriment of the non-workers. This idea was alluded to in a paper published in 1826, in *Le Producteur*:

"All the sorts of fine words that we currently heard in favour of the borrower may be resumed as follows: a young foolish man wants to spend a good he only wishes to have; a man accepts to discount his hope. Maybe, it is an evil that a young man succeeds in obtaining a discount on hopes not based on work, but as the result of all repressive usury laws is to increase the payment advanced by the lender, we must fight prodigality [*dissipation*] instead of usury. Now, prodigality [*dissipation*] is commonly linked with wealth without working; consequently, all the human institutions that contribute to convince that work is the only source of wealth and respect, are at the same time an effective remedy against usury".²⁰ (*Enfantin*, 1826a, pp. 81-82).

A quite similar idea is to be expressed some years later in articles published in *Le Globe*. Actually, one of them, once again written by *Enfantin* and entitled "Emprunt, impôt, amortissement, réduction" underlined the positive role played by bankers and especially by "usurers [*agioteurs*], hungry leeches who discount with usury the paternal inheritance to rich men' sons": here, the "social utility" of usurers was mentioned, since they took part to the "war by work against idleness" and allowed "to take the necessary tool for production from idles" (1830, p. 46).

By contrast, Bentham considered that usury laws affect everyone, and not only prodigals. His argument was twofold. As far as prodigals were concerned, they could get around the law, by borrowing money from either tradesmen or friends; the usury laws affected them only indirectly, by

²⁰ « Toutes les belles phrases faites en ce sujet en faveur de l'emprunteur se résument à cette considération : un jeune fou veut dépenser un bien qu'il ne possède encore qu'en espérance, un homme lui escompte ses espérances. Sans doute c'est un mal qu'un jeune homme trouve à escompter des espérances qui ne sont pas fondées sur le travail, mais comme toutes les lois répressives de l'usure n'ont pour résultat que de faire payer plus chèrement l'avance faite par le prêteur, c'est plutôt la dissipation que l'usure qu'il faut chercher à combattre. Or la dissipation est ordinairement compagne de la richesse acquise sans travail, par conséquent toutes les institutions humaines qui tendent à faire considérer le travail comme source unique de richesse et de considération présenteront en même temps un remède efficace contre l'usure »

raising their borrowing costs. But Bentham underlined there was also another, sizeable category of very real victims of the usury laws: the projectors, whose innovations were discouraged. Now, this had a serious negative effect on the growth.

2) The second divergence dealt with the risk premium. This notion was important in Bentham's work: he analysed the risk premium as linked with the characteristics of the borrower and of his activity. While discussing Smith's idea of the projector, Bentham putted on the fore the highly risky nature of innovation:

"High and extraordinary rates of interest [...] are certainly [...] particularly adapted to the situation of the projector: not however to that of the imprudent projector only, nor even to his case more than another's, but to that of the prudent and well-grounded projector, if the existence of such a being were to be supported" (1787, p. 139).

This conception played a central role in his criticism of the usury laws: the compliance of banks with usury laws did not allow them to finance innovation, since it prevented them from charging sufficiently high interest rates to cover the risk; they could only finance old activities. Consequently, usurers were the only ones able to finance innovations. But usury laws led them to charge a higher rate of interest than what would have been charged without these laws, for two reasons.

Firstly, the risk premium captured an incremental risk, due to the non-compliance with the usury legislation:

"The effect of it [*i.e.* usury laws] is, to raise the rate of interest, higher than it would be otherwise, [since] a man must, in common prudence [...] make a point of being indemnised, not only for whatsoever extraordinary risk it is that he runs, independently of the law, but for the very risk occasioned by the law: he must be insured, as it were, against the law" (1787, p. 54).

The second reason was the limited competition between usurers:

"... a great number of persons are [...] driven out of this competition [*i.e.* the activity of lending], by the danger of the business; and another great number, by the disrepute which, under cover of these prohibitory laws or otherwise, has fastened itself upon the name of usurer. So many persons, therefore, being driven out of the trade, it happens in this branch, as it must necessarily in every other, that those who remain have the less to with-hold them from advancing their terms" (1787, p. 55).

From this analysis, Bentham concluded that the repeal of the usury laws would have two positive effects: more innovations would be financed and the rate of interest would decrease.

Bentham also underlined the banker's informational problem, concerning the knowledge of the characteristics of the borrower. According to him, the reason lied with the fact that this information was a personal one, which lenders could not obtain; in contemporary terms, it was a matter of asymmetric information that nothing can solve.

By contrast, Bazard stated that the risk premium would decrease until a level that corresponded to « the only risks which might be seen as beyond human foresight and wisdom » (p. 33). If he mentioned that some informational problems might explain a high rate of interest, he considered that a better specialization of banks was a solution to improve information about borrowers.

3) Finally, the third divergence between Bazard and Bentham regarded their conception of banks. Their role for Saint-Simonians was positive, as long as their organization complied with certain conditions, which Bazard did not mention in his introduction: the banking system should consist in a Central Bank and commercial banks; the latter should be universal banks, active in both commercial and investment banking. Saint-Simonians doctrine included a critical assessment of the existing banking system: Enfantin for instance was critical of the way in which the banking system was organized: he considered that "the Bank of France acted as an *idle-capitalist* rather than acting as a *worker*", by promoting the interest of her shareholders (1831, pp. 79-80).

By contrast, Bentham's conception of banks was rather negative: if they emerged as one of the means to enable economic development, their behaviour generated perverse effects, specially an increase in

the rate of inflation. The explanation lied in the nature of bank's activities: as any other enterprise, banks sought profit; the more they issued money, the more they made profit. Bentham did not condemn such behaviour, but he considered that it was necessary to control it, in order to avoid any social disasters (*i.e.* inflation and bankrupt). He thus proposed to create a superior authority – maybe a central bank – to adapt the volume of the monetary circulation to the production; but he did not recommend any modification in the organization of the banking system. Bentham's proposals were not published, and Bazard could not have read the manuscript *Sur les prix* where they were made (see Deleplace and Sigot, 2012). But nothing in Bentham's *Defence of Usury* indicated that the banking system had to be reorganized; bazard could not have ignored it.

The main explanation for this divergence may be due to different views on what causes inflation. For Saint-Simonians, inflation resulted from an imbalance on the market for goods, while Bentham considered that it resulted from the excess growth rate of money supply. Neither of these two conceptions was expressed in the 1828 writing.

To conclude, Bazard's translation of Bentham's *Defence of Usury* became the primary reference in France for this work. It was republished several times, either in some collected works (in French), or – more surprisingly – in the 15-volume series about main economists published from 1840 to 1848 by French Liberal economists (*Collection des principaux économistes*, Guillaumin). Moreover, in this latter publication, Bazard's introduction was added to and preceded Bentham's work, with only a short comment (in a footnote) by one of them, G. de Molinari. In this note, Molinari stated that Bazard's introduction mixed "incontestable economic truths and some of the biggest mistakes of socialism" (in Bentham, 1848, p. 520): it is clear that neither Bazard's idea that "the increase in the quantity of wealth in the hands of the *non-workers* hardly contribute[s] to lower the rent of the working tool" nor his plea in favour of a centralization of banks could meet with his approval. However, Molinari ended his note by underlining that Bazard's introduction "demonstrated [his] real knowledge in political economy and finance": this finally shows that Bazard succeeded in his enterprise. Without any substantial modification in Bentham's text, his translation allowed him to disseminate his own economic thought.

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