

COMPLETELY REVISED FOR THIS DECADE — SIXTH EDITION

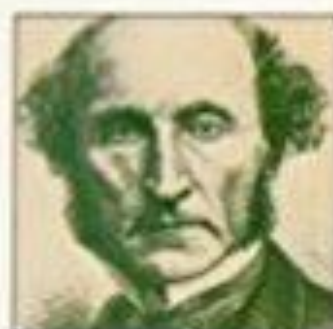
# THE WORLDLY



ADAM SMITH



THOMAS ROBERT MALTHUS



JOHN STUART MILL

# PHILOSOPHERS

THE LIVES, TIMES AND IDEAS OF  
THE GREAT ECONOMIC THINKERS

BY ROBERT L.

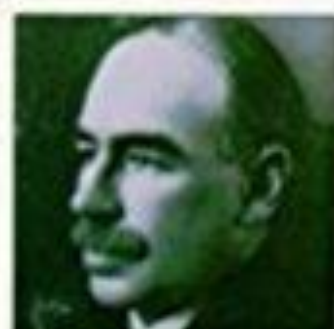
# HEILBRONER



HENRY GEORGE



KARL MARX



JOHN MAYNARD KEYNES

"A BRILLIANT ACHIEVEMENT." — JOHN KENNETH GALBRAITH

The supreme economic thinkers of the world have influenced their times and, to some extent, even the present times in their own unique ways. *The Worldly Philosophers: The Lives, Times and Ideas of The Great Economic Thinkers* is a book that enumerates various economists and their valuable and some not-so-valuable ideas and principles, in accordance with their own times.

The book tries to find common ground among the different thinkers and the common ground is nothing else but the desire to understand the mechanism of a capitalist society, especially when the world is going through a state of economic confusion.

This book doesn't teach you economics like textbooks, it expands your economic vision by giving you insights about the thinking process of various economic thinkers, from Adam Smith to Karl Marx and John Maynard Keynes. It brings in the past to look at the present and the future, as ideas of great thinkers always remain relevant to some extent in society.

*The Worldly Philosophers: The Lives, Times and Ideas of The Great Economic Thinkers* is a wonderful book to enlighten people about great people and their priceless ideas, that shaped the economic history of nations. It is a book that explores the past and questions the future.

**Key Features:**

1. The book gives people an insight into the varied ideas of the great economic thinkers, from different times.
2. Through their ideas, it an attempt to understand the workings of a capitalist society.

# **THE WORLDLY PHILOSOPHERS**

**ROBERT L. HEILBRONER**

**UNIT I     INTRODUCTION**

**UNIT II    THE ECONOMIC REVOLUTION**

**UNIT III   THE WONDERFUL WORLD OF ADAM SMITH**

**UNIT IV   THE GLOOMY PRESENTIMENTS OF PARSON MALTHUS AND  
DAVID RICARDO**

**UNIT V    THE DREAMS OF THE UTOPIAN SOCIALISTS**

## Introduction

This is a book about a handful of men with a curious claim to fame. By all the rules of schoolboy history books, they were nonentities: they commanded no armies, sent no men to their deaths, ruled no empires, took little part in history-making decisions. A few of them achieved renown, but none was ever a national hero; a few were roundly abused, but none was ever quite a national villain. Yet what they did was more decisive for history than many acts of statesmen who basked in brighter glory, often more profoundly disturbing than the shuttling of armies back and forth across frontiers, more powerful for good and bad than the edicts of kings and legislatures. It was this: they shaped and swayed men's minds.

And because he who enlists a man's mind wields a power even greater than the sword or the scepter, these men shaped and swayed the world. Few of them ever lifted a finger in action; they worked, in the main, as scholars—quietly, inconspicuously, and without much regard for what the world had to say about them. But they left in their train shattered empires and exploded continents; they buttressed and undermined political regimes; they set class against class and even nation against nation—not because they plotted mischief, but because of the extraordinary power of their ideas.

Who were these men? We know them as the Great Economists. But what is strange is how little we know about them. One would think that in a world torn by economic problems, a world that constantly worries about economic affairs and talks of economic issues, the great economists would be as familiar as the great philosophers or statesmen. Instead they are only shadowy figures of the past, and the matters they so passionately debated are regarded with a kind of distant awe. Economics, it is said, is undeniably important, but it is cold and difficult, and best left to those who are at home in abstruse realms of thought.

Nothing could be further from the truth. A man who thinks that economics is only a matter for professors forgets that this is the science that has sent men to the barricades. A man who has looked into an economics textbook and concluded that economics is boring is like a man who has read a primer on logistics and decided that the study of warfare must be dull.

No, the great economists pursued an inquiry as exciting—and as dangerous—as any the world has ever known. The ideas they dealt with, unlike the ideas of the great philosophers, did not make little difference to our daily working lives; the experiments they urged could not, like the scientists', be carried out in the isolation of a laboratory. The notions of the great economists were world-shaking, and their mistakes nothing short of calamitous.

“The ideas of economists and political philosophers,” wrote Lord Keynes, himself a great economist, “both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back. I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas.”

To be sure, not all the economists were such titans. Thousands of them wrote texts; some of them

monuments of dullness, and explored minutiae with all the zeal of medieval scholars. If economics today has little glamour, if its sense of great adventure is often lacking, it has no one to blame but its own practitioners. For the great economists were no mere intellectual fusspots. They took the whole world as their subject and portrayed that world in a dozen bold attitudes—angry, desperate, hopeful. The evolution of their heretical opinions into common sense, and their exposure of common sense as superstition, constitute nothing less than the gradual construction of the intellectual architecture of much of contemporary life.

An odder group of men—one less apparently destined to remake the world—could scarcely be imagined.

There were among them a philosopher and a madman, a cleric and a stockbroker, a revolutionary and a nobleman, an aesthete, a skeptic, and a tramp. They were of every nationality, of every walk of life, of every turn of temperament. Some were brilliant, some were bores; some ingratiating, some impossible. At least three made their own fortunes, but as many could never master the elementary economics of their personal finances. Two were eminent businessmen, one was never much more than a traveling salesman, another frittered away his fortune.

Their viewpoints toward the world were as varied as their fortunes—there was never such a quarrelsome group of thinkers. One was a lifelong advocate of women's rights; another insisted that women were demonstrably inferior to men. One held that "gentlemen" were only barbarians in disguise, whereas another maintained that nongentlemen were savages. One of them—who was very rich—urged the abolition of riches; another—quite poor—disapproved of charity. Several of them claimed that with all its shortcomings, this was the best of all possible worlds; several others devoted their lives to proving that it wasn't.

All of them wrote books, but a more varied library has never been seen. One or two wrote best-sellers that reached to the mud huts of Asia; others had to pay to have their obscure works published and never touched an audience beyond the most restricted circles. A few wrote in language that stirred the pulse of millions; others—no less important to the world—wrote in a prose that fogs the brain.

Thus it was neither their personalities, their careers, their biases, nor even their ideas that bound them together. Their common denominator was something else: a common curiosity. They were all fascinated by the world about them, by its complexity and its seeming disorder, by the cruelty that it so often masked in sanctimony and the success of which it was equally often unaware. They were all of them absorbed in the behavior of their fellow man, first as he created material wealth, and then as he trod on the toes of his neighbor to gain a share of it.

Hence they can be called worldly philosophers, for they sought to embrace in a scheme of philosophy the most worldly of all of man's activities—his drive for wealth. It is not, perhaps, the most elegant kind of philosophy, but there is no more intriguing or more important one. Who would think to look for Order and Design in a pauper family and a speculator breathlessly awaiting ruin, or seek Consistent Laws and Principles in a mob marching in a street and a greengrocer smiling at his customers? Yet it was the faith of the great economists that just such seemingly unrelated threads could be woven into a single tapestry, that at a sufficient distance the milling world could be seen as an orderly progression, and the tumult resolved into a chord.

A large order of faith, indeed! And yet, astonishingly enough, it turned out to be justified. Once the economists had unfolded their patterns before the eyes of their generations, the pauper and the speculator, the greengrocer and the mob were no longer incongruous actors inexplicably thrown

together on a stage; but each was understood to play a role, happy or otherwise, that was essential for the advancement of the human drama itself. When the economists were done, what had been only a humdrum or a chaotic world, became an ordered society with a meaningful life history of its own.

It is this search for the order and meaning of social history that lies at the heart of economics. Hence it is the central theme of this book. We are embarked not on a lecture tour of principles, but on a journey through history-shaping ideas. We will meet not only pedagogues on our way, but many paupers, many speculators, both ruined and triumphant, many mobs, even here and there a grocer. We shall be going back to rediscover the roots of our own society in the welter of social patterns that the great economists discerned, and in so doing we shall come to know the great economists themselves—not merely because their personalities were often colorful, but because their ideas bore the stamp of their originators.

It would be convenient if we could begin straight off with the first of the great economists—Adam Smith himself. But Adam Smith lived at the time of the American Revolution, and we must account for the perplexing fact that six thousand years of recorded history had rolled by and no *worldly* philosopher had yet come to dominate the scene. An odd fact: Man had struggled with the economic problem since long before the time of the Pharaohs, and in these centuries he had produced philosophers by the score, scientists, political thinkers, historians, artists by the gross, statesmen by the hundred dozen. Why, then, were there no economists?

It will take us a chapter to find out. Until we have probed the nature of an earlier and far longer-lasting world than our own—a world in which an economist would have been not only unnecessary, but impossible—we cannot set the stage on which the great economists may take their places. Our main concern will be with the handful of men who lived in the last three centuries. First, however, we must understand the world that preceded their entrance and we must watch that earlier world give birth to the modern age—the age of the economists—amid all the upheaval and agony of a major revolution.

---

## The Economic Revolution

Since he came down from the trees, man has faced the problem of survival, not as an individual but as a member of a social group. His continued existence is testimony to the fact that he has succeeded in solving the problem; but the continued existence of want and misery, even in the richest of nations, is evidence that his solution has been, at best, a partial one.

Yet man is not to be too severely censured for his failure to achieve a paradise on earth. It is hard to wring a livelihood from the surface of this planet. It staggers the imagination to think of the endless efforts that must have been expended in the first domestication of animals, in the discovery of planting seed, in the first working of surface ores. It is only because man is a socially cooperative creature that he has succeeded in perpetuating himself at all.

But the very fact that he has had to depend on his fellow man has made the problem of survival extraordinarily difficult. Man is not an ant, conveniently equipped with an inborn pattern of social instincts. On the contrary, he seems to be strongly endowed with a self-centered nature. If his relatively weak physique forces him to seek cooperation, his inner drives constantly threaten to disrupt his social working partnerships.

In primitive society, the struggle between self-centeredness and cooperation is taken care of by the environment; when the specter of starvation can look a community in the face—as with the Eskimos—the pure need to secure its own existence pushes society to the cooperative completion of its daily labors. Under less stringent conditions, anthropologists tell us, men and women perform their regular tasks under the powerful guidance of universally accepted norms of kinship and reciprocity: in her marvelous book on the African Bushmen, Elizabeth Marshall Thomas describes how a gemsbok is divided among relatives and relatives' relatives, until in the end "no person eats more than any other." But in an advanced community this tangible pressure of the environment, or this web of social obligations, is lacking. When men and women no longer work shoulder to shoulder in tasks directly related to survival—indeed when two-thirds of the population never touches the earth, enters the mines, builds with its hands, or even enters a factory—or when the claims of kinship have all but disappeared, the perpetuation of the human animal becomes a remarkable social feat.

So remarkable, in fact, that society's existence hangs by a hair. A modern community is at the mercy of a thousand dangers: if its farmers should fail to plant enough crops; if its railroad men should take it into their heads to become bookkeepers or its bookkeepers should decide to become railroad men; if too few should offer their services as miners, puddlers of steel, candidates for engineering degrees—in a word, if any of a thousand intertwined tasks of society should fail to get done—industrial life would soon become hopelessly disorganized. Every day the community faces the possibility of breakdown—not from the forces of nature, but from sheer human unpredictability.

Over the centuries man has found only three ways of guarding against this calamity.

He has ensured his continuity by organizing his society around tradition, by handing down the varied and necessary tasks from generation to generation according to custom and usage: son follows father, and a pattern is preserved. In ancient Egypt, says Adam Smith, "every man was bound by a

principle of religion to follow the occupation of his father, and was supposed to commit the most horrible sacrilege if he changed it for another.” Similarly, in India, until recently, certain occupations were traditionally assigned by caste; in fact, in much of the unindustrialized world one is still born to one’s social task.

Or society can solve the problem differently. It can use the whip of authoritarian rule to see that its tasks get done. The pyramids of ancient Egypt did not get built because some enterprising contractor took it into his head to build them, nor did the Five Year Plans of the Soviet Union get carried out because they happened to accord with hand-me-down custom or individual self-interest. Both Russia and Egypt were Command societies; politics aside, they ensured their *economic* survival by the edicts of one authority and by the penalties that supreme authority saw fit to issue.

For countless centuries man dealt with the problem of survival according to one or the other of these solutions. And as long as the problem was handled by tradition or command, it never gave rise to that special field of study called “economics.” Although the societies of history have shown the most astonishing economic diversity, although they have exalted kings and commissars, used dried codfish and immovable stones for money, distributed their goods in the simplest communistic patterns or in the most highly ritualistic fashion, so long as they ran by custom or command, they needed no economists to make them comprehensible. Theologians, political theorists, statesmen, philosophers, historians, yes—but, strange as it may seem, economists, no.

For the economists waited upon the invention of a third solution to the problem of survival. They waited upon the development of an astonishing arrangement in which society assured its own continuance by allowing each individual to do exactly as he saw fit—provided he followed a central guiding rule. The arrangement was called the “market system,” and the rule was deceptively simple: each should do what was to his best monetary advantage. In the market system the lure of gain, not the pull of tradition or the whip of authority, steered the great majority to his (or her) task. And yet, although each was free to go wherever his acquisitive nose directed him, the interplay of one person against another resulted in the necessary tasks of society getting done.

It was this paradoxical, subtle, and difficult solution to the problem of survival that called forth the economists. For unlike the simplicity of custom and command, it was not at all obvious that with each person out only for his own gain, society could in fact endure. It was by no means clear that all the jobs of society—the dirty ones as well as the plush ones—would be done if custom and command no longer ran the world. When society no longer obeyed a ruler’s dictates, who was to say where it would end?

It was the economists who undertook to explain this puzzle. But until the idea of the market system itself had gained acceptance, there was no puzzle to explain. And until a very few centuries ago, men were not at all sure that the market system was to be viewed without suspicion, distaste, and distrust. The world had gotten along for centuries in the comfortable rut of tradition and command; to abandon this security for the dubious and perplexing workings of the market system, nothing short of a revolution was required.

It was the most important revolution, from the point of view of shaping modern society, that ever took place—fundamentally more disturbing by far than the French, the American, or even the Russian Revolution. To appreciate its magnitude, to understand the wrenching that it gave society, we must immerse ourselves in that earlier and long-forgotten world from which our own society finally sprang. Only then will it be clear why the economists had so long to wait.

First stop: France. The year, 1305.

It is a fair we visit. The traveling merchants have arrived this morning with their armed guard, have set up their gaily striped tents, and are trading among themselves and with the local population. A variety of exotic goods is for sale: silks and taffetas, spices and perfumes, hides and furs. Some have been transported from the Levant, some from Scandinavia, some from only a few hundred miles away. Along with the common people, local lords and ladies frequent the stalls, eager to relieve the tedium of their boring, drafty, manorial lives; they are eagerly acquiring, along with the strange goods from Araby, new words from that incredibly distant land: divan, syrup, tariff, artichoke, spinach, jar.

But inside the tents, we meet with a strange sight. Books of business, open on the table, are sometimes no more than notebooks of transactions; a sample extract from one merchant reads: "Owed ten gulden by a man since Whitsuntide. I forgot his name." Calculations are made largely in Roman numerals, and sums are often wrong; long division is reckoned as something of a mystery, and the use of zero is not clearly understood. And for all the gaudiness of the display and the excitement of the people, the fair is a small thing. The total amount of goods which comes into France in a year over the Saint Gothard pass (on the first suspension bridge in history) would not fill a modern freight train; the total amount of merchandise carried in the great Venetian fleet would not fill one modern steel freighter.

Next stop: Germany. The year, 1550 odd.

Andreas Ryff, a merchant, bearded and fur-coated, is coming back to his home in Baden; he writes in a letter to his wife that he has visited thirty markets and is troubled with saddle burn. He is even more troubled by the nuisances of the times; as he travels he is stopped approximately once every ten miles to pay a customs toll; between Basle and Cologne he pays thirty-one levies.

And that is not all. Each community he visits has its own money, its own rules and regulations, its own law and order. In the area around Baden alone there are 112 different measures of length, 92 different square measures, 65 different dry measures, 163 different measures for cereals and 123 for liquids, 63 special measures for liquor, and 80 different pound weights

We move on: we are in Boston in the year 1639.

A trial is in progress; one Robert Keayne, "an ancient professor of the gospel, a man of eminent parts, wealthy and having but one child, and having come over for conscience' sake and for the advancement of the gospel," is charged with a heinous crime: he has made over sixpence profit on the shilling, an outrageous gain. The court is debating whether to excommunicate him for his sin, but in view of his spotless past it finally relents and dismisses him with a fine of two hundred pounds. But poor Mr. Keayne is so upset that before the elders of the Church he does "with tears acknowledge his covetous and corrupt heart." The minister of Boston cannot resist this golden opportunity to profit from the living example of a wayward sinner, and he uses the example of Keayne's avarice to thunder forth in his Sunday sermon on some false principles of trade. Among them are these:

I. That a man might sell as dear as he can, and buy as cheap as he can.

II. If a man lose by casualty of sea, etc., in some of his commodities, he may raise the price of the rest.

III. That he may sell as he bought, though he paid too dear ...

All false, false, false, cries the minister; to seek riches for riches' sake is to fall into the sin of avarice.

We turn back to England and France.

In England a great trading organization, The Merchant Adventurers Company, has drawn up its

articles of incorporation, among them are these rules for the participating merchants: no indecent language, no quarrels among the brethren, no card playing, no keeping of hunting dogs. No one is to carry unsightly bundles in the streets. This is indeed an odd business firm; it sounds more nearly like a fraternal lodge.

In France there has been entirely too much initiative displayed of late by the weaving industry, and a *règlement* has been promulgated by Colbert in 1666 to get away from this dangerous and disruptive tendency. Henceforth the fabrics of Dijon and Selangey are to contain 1,408 threads including selvages, neither more nor less. At Auxerre, Avallon, and two other manufacturing towns, the threads are to number 1,376; at Châtillon, 1,216. Any cloth found to be objectionable is to be pilloried. If it is found three times to be objectionable, the merchant is to be pilloried instead.

There is something common to all these scattered fragments of bygone worlds. It is this: first, the idea of the propriety (not to say the necessity) of a system organized on the basis of *personal gain* has not yet taken root. Second, a separate, self-contained economic world has not yet lifted itself from its social context. The world of practical affairs is inextricably mixed up with the world of political, social, and religious life. Until the two worlds separate, there will be nothing that resembles the tempo and the feeling of modern life. And for the two to separate, a long and bitter struggle must take place.

It may strike us as odd that the idea of gain is a relatively modern one; we are schooled to believe that man is essentially an acquisitive creature and that left to himself he will behave as any self-respecting businessman would. The profit motive, we are constantly being told, is as old as man himself.

But it is not. The profit motive as we know it is only as old as “modern man.” Even today the notion of gain for gain’s sake is foreign to a large portion of the world’s population, and it has been conspicuous by its absence over most of recorded history. Sir William Petty, an astonishing seventeenth-century character (who was in his lifetime cabin boy, hawker, clothier, physician, professor of music, and founder of a school named Political Arithmetick), claimed that when wages were good, labor was “scarce to be had at all, so licentious are they who labor only to eat, or rather to drink.” And Sir William was not merely venting the bourgeois prejudices of his day. He was observing a fact that can still be remarked among the unindustrialized peoples of the world: a raw working force, unused to wagework, uncomfortable in factory life, unschooled to the idea of an ever-rising standard of living, will not work harder if wages rise; it will simply take more time off. The idea of gain, the idea that each working person not only may, but should, constantly strive to better his or her material lot, is an idea that was quite foreign to the great lower and middle strata of Egyptian, Greek, Roman, and medieval cultures, only scattered throughout Renaissance and Reformation times; and largely absent in the majority of Eastern civilizations. As a ubiquitous characteristic of society, it is as modern an invention as printing.

Not only is the idea of gain by no means as universal as we sometimes suppose, but the social sanction of gain is an even more modern and restricted development. In the Middle Ages the Church taught that no Christian ought to be a merchant, and behind that teaching lay the thought that merchants were a disturbing yeast in the leaven of society. In Shakespeare’s time the object of life for the ordinary citizen, for everybody, in fact, except the gentility, was not to advance his station in life, but to maintain it. Even to our Pilgrim forefathers, the idea that gain might be a tolerable—even a useful—goal in life would have appeared as nothing short of a doctrine of the devil.

Wealth, of course, there has always been, and covetousness is at least as old as the Biblical tales.

But there is a vast deal of difference between the envy inspired by the wealth of a few mighty personages and a general struggle for wealth diffused throughout society. Merchant adventurers have existed as far back as the Phoenician sailors, and can be seen all through history, in the speculators of Rome, the trading Venetians, the Hanseatic League, and the great Portuguese and Spanish voyagers who sought a route to the Indies and to their personal fortunes. But the adventures of a few are a far different thing from an entire society moved by the venture spirit.

Take, for example, the extraordinary family of the Fuggers, the great German bankers of the sixteenth century. At their height, the Fuggers owned gold and silver mines, trade concessions, and even the right to coin their own money; their credit was far greater than the wealth of the kings and emperors whose wars (and household expenses) they financed. But when old Anton Fugger died, his eldest nephew, Hans Jacob, refused to take over the banking empire on the ground that the business of the city and his own affairs gave him too much to do; Hans Jacob's brother, George, said he would rather live in peace; a third nephew, Christopher, was equally uninterested. None of the potential heirs to a kingdom of wealth apparently thought it was worth the bother.

Apart from kings (those that were solvent) and a scattering of families like the Fuggers, the early capitalists were not the pillars of society, but often its outcasts and *déracinés*. Here and there an enterprising lad like Saint Godric of Finchale would start as a beachcomber, gather enough wares from the wrecks of ships to become a merchant, and, after making his fortune, retire in sanctity as a hermit. But such men were few. As long as the paramount idea was that life on earth was only a trying preamble to Life Eternal, the business spirit neither was encouraged nor found spontaneous nourishment. Kings wanted treasure, and for that they fought wars; the nobility wanted land, and since no self-respecting nobleman would willingly sell his ancestral estates, that entailed conquest, too. But most people—serfs, village craftsmen, even the masters of the manufacturing guilds—wanted to be left alone to live as their fathers had lived and as their sons would live in turn.

The absence of the idea of gain as a normal guide for daily life—in fact the positive disrepute in which the idea was held by the Church—constituted one enormous difference between the strange world of the tenth to sixteenth centuries and the world that began, a century or two before Adam Smith, to resemble our own. But there was an even more fundamental difference. The idea of “making a living” had not yet come into being. Economic life and social life were one and the same thing. Work was not yet a means to an end—the end being money and the things it buys. Work was an end in itself, encompassing, of course, money and commodities, but engaged in as a part of a tradition, as a natural way of life. In a word, the great social invention of “the market” had not yet been made.

Markets have existed as far back as history goes. The Tablets of Tell-el-Amarna tell of lively trade between the Pharaohs and the Levantine kings in 1400 B.C.: gold and war chariots were swapped for slaves and horses. But while the idea of exchange must be very nearly as old as man, as with the idea of gain, we must not make the mistake of assuming that all the world has the bargaining propensities of a modern-day American schoolboy. Purely by way of curious illustration, it is reported that among the New Zealand Maoris you cannot ask how much food a bonito hook is worth, for such a trade is never made and the question would be regarded as ridiculous. By way of turnabout, however, in some African communities it is perfectly legitimate to inquire how many oxen a woman is worth—an exchange which we look upon as the Maoris look upon swapping food and fishhooks (although where dowries still exist, they narrow the gap between ourselves and these Africans).

But markets, whether they be exchanges between primitive tribes where objects are casually

dropped on the ground or the exciting traveling fairs of the Middle Ages, are not the same as the market system. For the market system is not just a means of exchanging goods; *it is a mechanism for sustaining and maintaining an entire society.*

And that mechanism was far from clear to the minds of the medieval world. The concept of widespread gain was blasphemous enough, as we have seen. The broader notion that a general struggle for gain might actually bind together a community would have been held as little short of madness.

There was a reason for this blindness. The Middle Ages, the Renaissance, the Reformation—indeed the whole world until the sixteenth or seventeenth century—could not envisage the market system for the thoroughly sound reason that Land, Labor, and Capital—the basic agents of production which the market system allocates—did not yet exist. Land, labor, and capital in the sense of soil, human beings, and tools are of course coexistent with society itself. But the idea of abstract land or abstract labor did not immediately suggest itself to the human mind any more than did the idea of abstract energy or matter. Land, labor, and capital as “agents” of production, as impersonal, dehumanized economic entities, are as much modern conceptions as the calculus. Indeed, they are not much older.

Take, for example, land. As late as the fourteenth or fifteenth century there was no such thing as land in the sense of freely salable, rent-producing property. There were lands, of course—estates, manors, and principalities—but these were emphatically not real estate to be bought and sold as the occasion warranted. Such lands formed the core of social life, provided the basis for prestige and status, and constituted the foundation for the military, judicial, and administrative organization of society. Although land was salable under certain conditions (with many strings attached), it was not generally *for sale*. A medieval nobleman in good standing would no more have thought of selling his land than the governor of Connecticut would think of selling a few counties to the governor of Rhode Island.

The same lack of salability was true for labor. When we talk of the labor market today, we mean the great network of job-seeking in which individuals sell their services to the highest bidder. There simply was no such network in the precapitalist world. There was a vast hodgepodge of serfs, apprentices, and journeymen who labored, but most of this labor never entered a market to be bought and sold. In the country, the peasant lived tied to his lord's estate; he baked at the lord's oven and ground at the lord's mill, tilled the lord's fields and served his lord in war, but he was rarely if ever paid for any of his services: these were his duties as a serf, not the “labor” of a freely contracting agent. In the towns the apprentice entered the service of a master; the length of his apprenticeship, the number of his colleagues, his rate of pay, his hours of work, the very methods he used, were all regulated by a guild. There was little or no bargaining between servant and master except for sporadic strikes when conditions became intolerable. This was no more of a labor market than is provided by interns in a hospital.

Or take capital. Certainly capital existed in the precapitalist world, in the sense of private wealth. But although the funds existed, there was no impetus to put them to new and aggressive use. Instead of risk and change, the motto was “Safety first.” Not the shortest and most efficient, but the longest and most labor-consuming process was the preferred technique of production. Advertising was forbidden, and the idea that one master guildsman might produce a better product than his colleagues was regarded as treasonable. In sixteenth-century England, when mass production in the weaving trade first reared its ugly head, the guilds protested to the king. The “wonderworkshop”—reputedly

containing two hundred looms and a service staff including butchers and bakers to take care of the working force—was thereupon outlawed by His Majesty: such efficiency and concentration of wealth would set a bad precedent.

Hence the fact that the medieval world could not conceive the market system rested on the good and sufficient reason that it had not yet conceived the abstract elements of production itself. Lacking land, labor, and capital, the Middle Ages lacked the market; and lacking the market (despite its colorful local marts and traveling fairs), society ran by local command and tradition. The lords gave orders, and production waxed and waned accordingly. Where no orders were given, life went on in its established groove. Had Adam Smith lived in the years before 1400 he would have felt no need to construct a theory of political economy. There was no mystery to penetrate in understanding what made the Middle Ages hang together and no veil to pierce to discover both order and design. Ethics and politics, yes; there was much to be explained and rationalized in the relations of lower lords to higher lords and higher lords to kings, and a great deal to be puzzled over in the conflict between the teachings of the Church and the incorrigible tendencies of the merchant class. But economics, no. Who would look for abstract laws of supply and demand, or cost, or value, when the explanation of the world lay like an open book in the laws of the manor and the Church and the city, along with the customs of a lifetime? Adam Smith might have been a great moral philosopher in that earlier age, but he could never have been a great economist; there would have been nothing for him to do.

There would be nothing for any economist to do for several centuries—until this great self-reproducing, self-sufficient world erupted into the bustling, scurrying, free-for-all of the eighteenth century. “Erupted” is perhaps too dramatic a word, for the change would take place over centuries rather than in a single violent spasm. But the change, long drawn out though it was, was not a peaceful evolution; it was an agonized convulsion of society, a revolution.

Just to commercialize the land—to convert the hierarchy of social relationships into so many vacant lots and advantageous sites—required nothing less than the uprooting of an entrenched feudal way of life. To make “workers” out of the sheltered serfs and apprentices—no matter how exploitative the cloak of paternalism might have been—required the creation of a frightened disoriented class called the proletariat. To make capitalists out of guild masters meant that the laws of the jungle had to be taught to the timid denizens of the barnyard.

Hardly a peaceful prospect, any of this. Nobody *wanted* this commercialization of life. How bitterly it was resisted can be appreciated only if we take one last journey back to watch the economic revolution taking place.

We are back in France; the year, 1666.

The capitalists of the day face a disturbing challenge that the widening market mechanism has inevitably brought in its wake: change.

The question has come up whether a guild master of the weaving industry should be allowed to try an innovation in his product. The verdict: “If a cloth weaver intends to process a piece according to his own invention, he must not set it on the loom, but should obtain permission from the judges of the town to employ the number and length of threads that he desires, after the question has been considered by four of the oldest merchants and four of the oldest weavers of the guild.” One can imagine how many suggestions for change were proposed.

Shortly after the matter of cloth weaving has been disposed of, the button makers guild raises a cry of outrage; the tailors are beginning to make buttons out of cloth, an unheard-of thing. The government, indignant that an innovation should threaten a settled industry, imposes a fine on the cloth-button

makers. But the wardens of the button guild are not yet satisfied. They demand the right to search people's homes and wardrobes and fine and even arrest them on the streets if they are seen wearing these subversive goods.

And this dread of change and innovation is not just the comic resistance of a few frightened merchants. Capital is fighting in earnest against change, and no holds are barred. In England some years earlier, a revolutionary patent for a stocking frame not only was denied, but the Privy Council ordered the dangerous contraption abolished. In France the importation of printed calicoes now threatens to undermine the clothing industry. It is met with measures that cost the lives of 16,000 people! In Valence alone on one occasion 77 persons are sentenced to be hanged, 58 broken on the wheel, 631 sent to the galleys, and one lone and lucky individual is set free, for the crime of dealing in forbidden calico wares.

But capital is not the only agent of production that is frantically seeking to avoid the dangers of the market way of life. What is happening to labor is still more desperate.

Let us turn back to England.

It is the end of the sixteenth century, the great era of English expansion and adventure. Queen Elizabeth has made a triumphal tour of her kingdom. But she returns with a strange complaint. "Paupers are everywhere!" she cries. This is a strange observation, for only a hundred years before, the English countryside consisted in large part of peasant proprietors tilling their own lands, the yeomen, the pride of England, the largest body of independent, free, and prosperous citizens in the world. Now, "Paupers are everywhere!" What has happened in the interim?

What has happened has been an enormous movement of expropriation—or, rather, the beginning of such a movement, for it was then only in its inception. Wool has become a new, profitable commodity, and wool demands grazing pastures for the wool producer. The pastures are made by enclosing the common land; the patchwork crazy quilt of small scattered holdings (unfenced and recognizable only by a tree here and a rock there, dividing one man's land from another) and the common lands on which all might graze their cattle or gather peat are suddenly declared to be all the property of the lord of the manor and no longer available to the whole parish. Where before was a kind of communality of ownership, now there is private property. Where there were yeomen, now there are sheep. One John Hales wrote in 1549: "... where XL persons had their lyvings, now one man and his shepherd hath all.... Yes, those shepe is the cause of all theise meschieves, for they have driven husbandrie out of the countries, by the which was encreased before all kynde of victuall, and now altogether shepe, shepe."

It is almost impossible to imagine the scope and impact of the process of enclosure. As early as the middle of the sixteenth century, riots had broken out against it; in one such uprising, 3,500 people were killed. In the mid-eighteenth century, the process was still in full swing; not until the mid-nineteenth would it have run its terrible historic course. Thus, in 1820, nearly fifty years after the American Revolution, the Duchess of Sutherland dispossessed 15,000 tenants from 794,000 acres of land, replaced them with 131,000 sheep, and by way of compensation rented her evicted families an average of two acres of submarginal land each.

But it was not merely the wholesale land-grabbing that warrants attention. The tragedy is what happened to the peasant. Deprived of the right to use the common land, he could no longer maintain himself as a "farmer." Since no factories were available, he could not—even if he had wanted to—metamorphose into a factory worker. Instead, he became that most miserable of all social classes, an agricultural proletarian, and where agricultural work was lacking, a beggar, sometimes a robber, usually a pauper. Terrified at the alarming increase in pauperism throughout the country, the English

Parliament tried to deal with the problem by localizing it. It tied paupers to their parishes for a pittance of relief and dealt with wanderers by whipping, branding, and mutilation. A clergyman at the time of Adam Smith seriously described the parochial workhouses in which the poor were kept as “Houses of Terror.” But what was worst of all was that the very measures that the country took to protect itself from the pauper—tying him to his local parish where he could be kept alive on poor relief—prevented the only possible solution to the problem. It was not that the English ruling classes were utterly heartless and cruel. Rather, they failed to understand the concept of a fluid, mobile labor force that would seek work wherever work was to be found according to the dictates of the market. At every step, the commercialization of labor, like the commercialization of capital, was misconceived, feared, and fought.

The market system with its essential components of land, labor, and capital was thus born in agony—an agony that began in the thirteenth century and had not run its course until well into the nineteenth. Never was a revolution less well understood, less welcomed, less planned. But the great market-making forces would not be denied. Insidiously they ripped apart the mold of custom; insolently they tore away the usages of tradition. For all the clamor of the button makers, cloth buttons won the day. For all the action of the Privy Council, the stocking frame became so valuable that in another seventy years the same Privy Council would forbid its exportation. For all the breakings on the wheel, the trade in calicoes increased apace. Over last-ditch opposition from the Old Guard, economic land was created out of ancestral estates, and over the wails of protest from employees and masters alike, economic labor was ground out of unemployed apprentices and dispossessed farm laborers.

The great chariot of society, which for so long had run down the gentle slope of tradition, now found itself powered by an internal combustion machine. Transactions, transactions, transactions and gain, gain, gain provided a new and startlingly powerful motive force.

What forces could have been sufficiently powerful to smash a comfortable and established world and institute in its place this new unwanted society?

There was no single massive cause. The new way of life grew inside the old, like a butterfly inside a chrysalis, and when the stir of life was strong enough it burst the old structure asunder. It was not great events, single adventures, individual laws, or powerful personalities that brought about the economic revolution. It was a process of spontaneous, many-sided change.

*First, there was the gradual emergence of national political units in Europe.* Under the blows of peasant wars and kingly conquest, the isolated existence of early feudalism gave way to centralized monarchies. And with monarchies came the growth of the national spirit; in turn this meant royal patronage for favored industries, such as the great French tapestry works, and the development of armadas and armies with all their necessary satellite industries. The infinity of rules and regulations which plagued Andreas Ryff and his fellow sixteenth-century traveling merchants gave way to national laws, common measurements, and more or less standardized currencies.

An aspect of the political change that was revolutionizing Europe was the encouragement of foreign adventure and exploration. In the thirteenth century, the brothers Polo went as unprotected merchants on their daring journey into the land of the great Khan; in the fifteenth century Columbus sailed for what he hoped would be the same destination under the royal auspices of Isabella. The change from private to national exploration was part and parcel of the change from private to national life. And in turn the great national adventures of the English and Spanish and Portuguese sailor-capitalists brought a flood of treasure and treasure-consciousness back to Europe. “He who has gold,” Christopher Columbus said, “makes and accomplishes whatever he wishes in the world and

finally uses it to send souls into paradise.” The sentiments of Christopher Columbus were the sentiments of an age, and hastened the advent of a society oriented toward gain and chance and activated by the chase after money. Be it noted, in passing, that the treasures of the East were truly fabulous. With the share received as a stockholder in Sir Francis Drake’s voyage of the *Golden Hynd*, Queen Elizabeth paid off all England’s foreign debts, balanced its budget, and invested abroad a sum large enough, at compound interest, to account for Britain’s entire overseas wealth in 1930!

*A second great current of change was to be found in the slow decay of the religious spirit under the impact of the skeptical, inquiring, humanist views of the Italian Renaissance.* The world of Today elbowed aside the world of Tomorrow, and as life on earth became more important, so did the notion of material standards and ordinary comforts. Behind the change in religious tolerance was the rise of Protestantism, which hastened a new attitude toward work and wealth. The Church of Rome had always regarded the merchant with a dubious eye and had not hesitated to call usury a sin. But now that this merchant was every day climbing in society, now that he was no longer a mere useful appendage but an integral part of a new kind of world, some reevaluation of his function became necessary. The Protestant leaders paved the way for an amalgamation of spiritual and temporal life. Far from eulogizing the life of poverty and spiritual contemplation, as separate from worldly life, they preached that it was pious to make the most of one’s God-given talents in daily business. Acquisitiveness became a recognized virtue—not immediately for one’s private enjoyment, but for the greater glory of God. From here it was only a step to the identification of riches with spiritual excellence, and of rich men with saintly ones.

A local folk tale from the twelfth century tells of a usurer who was crushed by a falling statue as he was entering a church to be married. On examination, the statue was found to be that of another usurer, thus revealing God’s displeasure with dealers in money. Even in the mid-1600s, as we may remember, poor Robert Keayne collided head on with the Puritan religious authorities because of his business practices. In such an atmosphere of hostility, it was not easy for the market system to expand. Hence the gradual acceptance by the spiritual leaders of the innocuousness, indeed the benefits, of the market way was essential for the full growth of the system.

*Still another deep current lies in the material changes that eventually made the market system possible.* We are accustomed to thinking of the Middle Ages as a time of stagnation and lack of progress. Yet in five hundred years, the feudal age fathered one thousand towns (an immense achievement), connected them with rudimentary but usable roads, and maintained their populations with food brought from the countryside. All this developed the familiarity with money and markets and the buying and selling way of life. In the course of this change, power naturally began to gravitate into the hands of those who understood money matters—the merchants—and away from the disdainful nobility, who did not.

Progress was not only a matter of this slow monetization. There was technical progress too, of a vastly important sort. The commercial revolution could not begin until some form of rational money accounting had developed: although the Venetians of the twelfth century were already using sophisticated accounting devices, the merchants in Europe were little better than schoolboys in their accounting ignorance. It took time for a recognition of the need for bookkeeping to spread; not until the seventeenth century was double entry a standard practice. And not until money was rationally accounted for could large-scale business operations run successfully.

*Perhaps the most important change of all in the pervasiveness of its effect was a rise in scientific curiosity.* Although the world would wait until after the age of Adam Smith for its pyrotechnic burst of technology, the Industrial Revolution could not have taken place had not the

ground been prepared by a succession of basic subindustrial discoveries. The precapitalist era saw the birth of the printing press, the paper mill, the windmill, the mechanical clock, the map, and a host of other inventions. The idea of invention itself took hold; experimentation and innovation were looked on for the first time with a friendly eye.

No single one of these currents, acting by itself, could have turned society upside down. Indeed, many of them might have been as much the effects as the causes of a great convulsion in human organization. History takes no sharp corners, and the whole vast upheaval sprawled out over time. Evidences of the market way of life sprang up side by side with older traditional ways, and remnants of the former day persisted long after the market had for all practical purposes taken over as the guiding principle of economic organization. Thus, guilds and feudal privileges were not finally abolished in France until 1790, and the Statute of Artificers which regulated guild practices in England was not repealed until 1813.

But by the year 1700, twenty-three years before Adam Smith was born, the world that had tried Robert Keayne, prohibited merchants from carrying unsightly bundles, worried over “just” prices, and fought for the privilege of carrying on in its fathers’ footsteps was on the wane. In its place society has begun to heed a new set of “self-evident” dicta. Some of them are:

“Every man is naturally covetous of lucre.”

“No laws are prevalent against gaine.”

“Gaine is the Centre of the Circle of Commerce.”

A new idea had come into being: “economic man”—a pale wraith of a creature who followed his adding-machine brain wherever it led him. The textbooks would soon come to talk of Robinson Crusoes on desert isles who organized their affairs as if they were so many penny-pinching accountants.

In the world of affairs a new fever of wealth and speculation had gripped Europe. In France in 1718 a Scottish adventurer named John Law organized a wild blue-sky venture known as the Mississippi Company, selling shares in an enterprise that would mine the mountains of gold in America. Men and women fought in the streets for the privilege of winning shares, murders were committed, fortunes made overnight. One hotel waiter netted thirty million *livres*. When the company was about to topple with frightful losses for all investors, the government sought to stave off disaster by rounding up a thousand beggars, arming them with picks and shovels, and marching them through the streets of Paris as a band of miners off for the Land of Eldorado. Of course, the structure collapsed. But what a change from the timid capitalists of a hundred years before to the get-rich-quick mobs jostling in the Rue de Quincampoix; what a money-hungry public this must have been to swallow such a barefaced fraud!

No mistake about it, the travail was over and the market system had been born. The problem of survival was henceforth to be solved neither by custom nor by command, but by the free action of profit-seeking men bound together only by the market itself. The system was to be called capitalism, although the word would not be widely used until the late nineteenth century! And the idea of gain which underlay it was to become so firmly rooted that men would soon vigorously affirm that it was an eternal and omnipresent part of human nature.

The idea needed a philosophy.

The human animal, it is repeatedly said, is distinguished above all by his self-consciousness. This seems to mean that, having set up his society, he is not content to let things be; he must tell himself that the particular society in which he lives is the best of all possible societies, and that the arrangements

within it mirror in their own small way the arrangements that providence has made outside. Hence every age breeds its philosophers, apologists, critics, and reformers.

But the questions with which the earliest social philosophers concerned themselves were focused on the political rather than the economic side of life. As long as custom and command ruled the world, the problem of riches and poverty hardly struck the earlier philosophers at all, other than to be accepted with a sigh or railed at as another sign of man's inner worthlessness. As long as men, like bees, were born to be drones, no one much worried over the rationale of the laboring poor—the vagaries of queens were infinitely more elevating and exciting.

“From the hour of their birth,” wrote Aristotle, “some are marked out for subjection, others for rule,” and in that comment was summed up not so much the contempt as the indifference with which the early philosophers looked at the workaday world. The existence of a vast laboring substratum was simply taken for granted, and money and market matters were not only too sweaty but too vulgar to engage the consideration of a gentleman and a scholar. It was the rights of kings, divine and otherwise, and the great questions of power temporal and power spiritual which provided the arena for the contest of ideas—not the pretensions of pushy merchants. Although personal riches had their role to play in making the world go round, until the struggle for riches became general, ubiquitous, and patently vital to society, there was no need for a general philosophy of riches.

But one might ignore the nasty struggling aspect of the marketplace world for just so long; then one might fulminate against it. Finally when it penetrated to the very sanctums of the philosophers themselves, it was better to ask whether even here the evidences of some master pattern might not yet be seen. To this end, for two hundred years before Adam Smith, the philosophers spun their theories of daily life.

But into what a strange succession of molds they cast the world as they sought to reveal its underlying purposes!

At first the wretched struggle for existence found its be-all and end-all in the accumulation of gold. Christopher Columbus, Cortes, and Francis Drake were not only state adventurers; they were thought to be the agents of *economic progress* as well. To the Mercantilists (as we call the group of pamphleteers and essayists who wrote on trade), it was evident that national power was the natural object of economic endeavor, and that the most important ingredient in national power was gold. Theirs was thus a philosophy of great armadas and adventures, kingly wealth and national stinginess, and an overriding belief that if all went well in the search for treasure, a nation could scarcely fail to prosper.

Was there a unifying concept behind these ideas? Here we confront for the first time the notion mentioned at the end of our preface—the idea that “visions” underlie and precede practice. There is, in fact, a realization of such a vision in the frontispiece to *Leviathan*, the influential tract published in 1651 by the English philosopher and political theorist Thomas Hobbes. The etching shows an immense figure towering over and protecting a placid countryside below. It is a king—sword in one hand, royal sceptre in the other—whose suit of armor, on close inspection, reveals that each of its platelets depicts the head of a human being.

Note that this is a political, not an economic vision. The central argument of *Leviathan* is that an all-powerful state is necessary to prevent human beings from falling into a condition described by Hobbes as “solitary, poore, nasty, brutish, and short.” Although mercantile activities played an important role, they threatened to disturb, as well as to support the all-important State. Thus, for all their interest in accumulating bullion, a common concern of all royal houses was that merchant ships would bring gold to foreign countries where it would be spent for silks and other luxuries, to the loss

of the royal treasury.

Yet, even here, the vision serves as the basis for the first efforts to formulate what we would call economic analysis. Even before *Leviathan* appeared, spokesmen for the world of commerce were publishing pamphlets whose purpose was to show that the merchant ships sailing down the Thames were an asset, not a threat, to the sovereign. True, some of the gold they carried abroad might be spent for foreign goods, but the British goods they also carried would be sold for even more gold. Indeed, as Thomas Mun, director of the East India company, explained in *England's Treasure by Forraign Trade*, the “ordinary means” by which a nation increased its wealth and treasure was by trade, “wherein wee must ever observe this rule; to sell more to strangers yearly than wee consume of theirs in Value.”

By the eighteenth century the initial emphasis on gold was beginning to look a trifle naïve. New schools of thought were growing up which more and more emphasized *commerce* as the great source of national vitality. Hence the philosophical question to which they addressed themselves was not how to corner the gold market but how to create ever more and more wealth by assisting the rising merchant class in the furtherance of its tasks.

The new philosophy brought with it a new social problem: how to keep the poor poor. It was generally admitted that unless the poor were poor, they could not be counted upon to do an honest day's toil without asking for exorbitant wages. “To make the Society Happy... , it is requisite that great numbers should be Ignorant as well as Poor,” wrote Bernard Mandeville, the shrewdest and wickedest social commentator of the early eighteenth century. So the Mercantilist writers looked on the cheap agricultural and industrial labor of England and gravely nodded approval.

Gold and commerce were by no means the only ideas that superimposed some kind of order over the chaos of daily life. There were countless pamphleteers, parsons, cranks, and bigots who sought justification—or damnation—for society in a dozen different explanations. But the trouble was, all the models were so unsatisfactory. One man said a nation obviously must not buy more than it sells, while another as stoutly maintained that a nation was quite obviously better off if it took in more than it gave in exchange. Some insisted it was trade that made a nation rich, and exalted the trader; others argued that trade was only a parasitical growth on the strong body of the farmer. Some said the poor were meant by God to be poor and even if they weren't, their poverty was essential to the wealth of the nation; others saw in pauperism a social evil and could not see how poverty could create wealth.

Out of the *melee* of contradictory rationalizations one thing alone stood clear: man insisted on some sort of intellectual ordering to help him understand the world in which he lived. The harsh and disconcerting economic world loomed ever more important. No wonder Dr. Samuel Johnson himself said, “There is nothing which requires more to be illustrated by philosophy than trade does.” In a word, the time for the economists had arrived.

Out of the *melee* came also a philosopher of astonishing scope. Adam Smith published his *Inquiry into the Nature and Causes of the Wealth of Nations* in 1776, thereby adding a second revolutionary event to that fateful year. A political democracy was born on one side of the ocean; an economic blueprint was unfolded on the other. But while not all Europe followed America's political lead, after Smith had displayed the first true tableau of modern society, all the Western world became the world of Adam Smith: his vision became the prescription for the spectacles of generations. Adam Smith would never have thought of himself as a revolutionist; he was only explaining what to him was very clear, sensible, and conservative. But he gave the world the image of itself for which it had been searching. After *The Wealth of Nations*, men began to see the world about themselves with new eyes;

they saw how the tasks they did fitted into the whole of society, and they saw that society as a whole was proceeding at a majestic pace toward a distant but clearly visible goal. In a word, a new vision had come into being.

## The Wonderful World of Adam Smith

What was that new vision? As we might expect, it was not a State but a System—more precisely, a System of Perfect Liberty. But it would be a mistake to plunge into its extraordinary conception until we had made the acquaintance of its no less extraordinary—certainly unusual—author.

A visitor to England in the 1760s would quite probably have learned of a certain Adam Smith of the University of Glasgow. Dr. Smith was a well-known, if not a famous, man; Voltaire had heard of him, David Hume was his intimate, students had traveled all the way from Russia to hear his labored but enthusiastic discourse. In addition to being renowned for his scholastic accomplishments, Dr. Smith was known as a remarkable personality. He was, for example, notoriously absentminded: once, walking along in earnest disquisition with a friend, he fell into a tanning pit, and it was said that he had brewed himself a beverage of bread and butter and pronounced it the worst cup of tea he had ever tasted. But his personal quirks, which were many, did not interfere with his intellectual abilities. Adam Smith was among the foremost philosophers of his age.

At Glasgow, Adam Smith lectured on problems of Moral Philosophy, a discipline a great deal more broadly conceived in that day than in ours. Moral Philosophy covered Natural Theology, Ethics, Jurisprudence, and Political Economy: it thus ranged all the way from man's sublimest impulses toward order and harmony to his somewhat less orderly and harmonious activities in the grimmer business of gouging out a living for himself.

Natural theology—the search for design in the confusion of the cosmos—had been an object of the human rationalizing impulse from earliest times; our traveler would have felt quite at ease as Dr. Smith expounded the natural laws that underlay the seeming chaos of the universe. But when it came to the other end of the spectrum—the search for a grand architecture beneath the hurly-burly of daily life—our traveler might have felt that the good doctor was really stretching philosophy beyond its proper limits.

For if the English social scene of the late eighteenth century suggested anything, it was most emphatically not rational order or moral purpose. As soon as one looked away from the elegant lives of the leisure classes, society presented itself as a brute struggle for existence in its meanest form. Outside the drawing rooms of London or the pleasant rich estates of the counties, all that one saw was rapacity, cruelty, and degradation mingled with the most irrational and bewildering customs and traditions of some still earlier and already anachronistic day. Rather than a carefully engineered machine where each part could be seen to contribute to the whole, the body social resembled one of James Watt's strange steam machines: black, noisy, inefficient, dangerous. How curious that Dr. Smith should have professed to see order, design, and purpose in all of this!

Suppose, for example, our visitor had gone to see the tin mines of Cornwall. There he would have watched miners lower themselves down the black shafts, and on reaching bottom draw a candle from their belts and stretch out for a sleep until the candle guttered. Then for two or three hours they would work the ore until the next traditional break, this time for as long as it took to smoke a pipe. A full half-day was spent in lounging, half in picking at the seams. But had our visitor traveled up north and nerved himself against a descent into the pits of Durham or Northumberland, he would have seen

something quite different. Here men and women worked together, stripped to the waist, and sometimes reduced from pure fatigue to a whimpering half-human state. The wildest and most brutish customs were practiced; sexual appetites aroused at a glance were gratified down some deserted shaftway; children of seven or ten who never saw daylight during the winter months were used and abused and paid a pittance by the miners to help drag away their tubs of coal; pregnant women drew coal cars like horses and even gave birth in the dark black caverns.

But it was not just in the mines that life appeared colorful, traditional, or ferocious. On the land, too, an observant traveler would have seen sights hardly more suggestive of order, harmony, and design. In many parts of the country bands of agricultural poor roamed in search of work. From the Welsh highlands, Companies of Ancient Britons (as they styled themselves) would come trooping down at harvest time; sometimes they had one horse, unsaddled and unbridled, for the entire company; sometimes they all simply walked. Not infrequently there would be only one of the lot who spoke English and so could serve as intermediary between the band and the gentlemen farmers whose lands they asked permission to aid in harvesting. It is not surprising that wages were as low as sixpence a day.

And finally, had our visitor stopped at a manufacturing town, he would have seen still other remarkable sights—but again, not such as to betoken order to the uneducated eye. He might have marveled at the factory built by the brothers Lombe in 1742. It was a huge building for those days, five hundred feet long and six stories high, and inside were machines described by Daniel Defoe as consisting of “26,586 Wheels and 97,746 Movements, which work 73,726 Yards of Silk-Thread every time the Water-Wheel goes round, which is three times in one minute.” Equally worthy of note were the children who tended the machines round the clock for twelve or fourteen hours at a turn, cooked their meals on the grimy black boilers, and were boarded in shifts in barracks where, it was said, the beds were always warm.

A strange, cruel, haphazard world this must have appeared to eighteenth-century as well as to our modern eyes. All the more remarkable, then, to find that it could be reconciled with a scheme of Moral Philosophy envisioned by Dr. Smith, and that that learned man actually claimed to fathom within it the clear-cut outlines of great purposeful laws fitting an overarching and meaningful whole.

What sort of man was this urbane philosopher?

“I am a beau in nothing but my books,” was the way Adam Smith once described himself, proudly showing off his treasured library to a friend. He was certainly not a handsome man. A medallion profile shows us a protruding lower lip thrust up to meet a large aquiline nose and heavy bulging eyes looking out from heavy lids. All his life Smith was troubled with a nervous affliction; his head shook, and he had an odd and stumbling manner of speech.

In addition, there was his notorious absentmindedness. In the 1780s, when Smith was in his late fifties, the inhabitants of Edinburgh were regularly treated to the amusing spectacle of their most illustrious citizen, attired in a light-colored coat, knee breeches, white silk stockings, buckle shoes, flat broad-brimmed beaver hat, and cane, walking down the cobbled streets with his eyes fixed on infinity and his lips moving in silent discourse. Every pace or two he would hesitate as if to change his direction or even reverse it; his gait was described by a friend as “vermicular.”

Accounts of his absence of mind were common. On one occasion he descended into his garden clad only in a dressing gown and, falling into a reverie, walked fifteen miles before coming to. Another time while Smith was walking with an eminent friend in Edinburgh, a guard presented his pike in salute. Smith, who had been thus honored on countless occasions, was suddenly hypnotized by

the saluting soldier. He returned the honor with his cane and then further astonished his guest by following exactly in the guard's footsteps, duplicating with his cane every motion of the pike. When the spell was broken, Smith was standing at the head of a long flight of steps, cane held at the ready. Having no idea that he had done anything out of the ordinary, he grounded his stick and took up his conversation where he had left off.

This absent-minded professor was born in 1723 in the town of Kirkcaldy, County Fife, Scotland. Kirkcaldy boasted a population of fifteen hundred; at the time of Smith's birth, nails were still used as money by some of the local townspeople. When he was four years old, a most curious incident took place. Smith was kidnaped by a band of passing gypsies. Through the efforts of his uncle (his father had died before his birth), the gypsies were traced and pursued, and in their flight they abandoned young Adam by the roadside. "He would have made, I fear, a poor gypsy," says one of his early biographers.

From his earliest days, Smith was an apt pupil, although even as a child given to fits of abstraction. He was obviously destined for teaching, and so at seventeen he went to Oxford on a scholarship—making the journey on horseback—and there he remained for six years. But Oxford was not then the citadel of learning which it later became. Most of the public professors had long ago given up even a pretense of teaching. A foreign traveler recounts his astonishment over a public debate there in 1788. All four participants passed the allotted time in profound silence, each absorbed in reading a popular novel of the day. Since instruction was the exception rather than the rule, Smith spent the years largely untutored and untaught, reading as he saw fit. In fact he was once nearly expelled from the university because a copy of David Hume's *A Treatise of Human Nature* was found in his rooms—Hume was no fit reading matter, even for a would-be philosopher.

In 1751—he was not yet twenty-eight—Smith was offered the Chair of Logic at the University of Glasgow, and shortly thereafter he was given the Chair of Moral Philosophy. Unlike Oxford, Glasgow was a serious center of what has come to be called the Scottish Enlightenment, and it boasted a galaxy of talent. But it still differed considerably from the modern conception of a university. The prim professorial group did not entirely appreciate a certain levity and enthusiasm in Smith's manner. He was accused of sometimes smiling during religious services (no doubt during a reverie), of being a firm friend of that outrageous Hume, of not holding Sunday classes on Christian evidences, of petitioning the Senatus Academicus for permission to dispense with prayers on the opening of class, and of delivering prayers that smacked of a certain "natural religion." Perhaps this all fits into better perspective if we remember that Smith's own teacher, Francis Hutcheson, broke new ground at Glasgow by refusing to lecture to his students in Latin!

The disapproval could not have been too severe, for Smith rose to be dean in 1758. Unquestionably he was happy at Glasgow. In the evenings he played whist—his absent-mindedness made him a somewhat undependable player—attended learned societies, and lived a quiet life. He was beloved of his students, noted as a lecturer—even Boswell came to hear him—and his odd gait and manner of speech gained the homage of imitation. Little busts of him even appeared in booksellers' windows.

It was not merely his eccentric personality that gave him prestige. In 1759 he published a book that made an instant sensation. It was entitled *The Theory of Moral Sentiments*, and it catapulted Smith immediately into the forefront of English philosophers. *Theory* was an inquiry into the origin of moral approbation and disapproval. How does it happen that man, who is a creature of self-interest, can form moral judgments in which self-interest seems to be held in abeyance or transmuted to a higher plane? Smith held that the answer lay in our ability to put ourselves in the position of a third person,

an impartial observer, and in this way to form a sympathetic notion of the objective (as opposed to the selfish) merits of a case.

The book and its problems attracted widespread interest. In Germany *das Adam Smith Problem* became a favorite subject for debate. More importantly, from our point of view, the treatise met with the favor of an intriguing man named Charles Townshend.

Townshend is one of those wonderful figures with which the eighteenth century seems to abound. A witty and even learned man, Townshend was, in the words of Horace Walpole, “a man endowed with every great talent, who must have been the greatest man of his age, if only he had common sincerity, common steadiness, and common sense.” Townshend’s fickleness was notorious; a quip of the times put it that Mr. Townshend was ill of a pain in his side, but declined to specify which side. As evidence of his lack of common sense, it was Townshend, as Chancellor of the Exchequer, who helped precipitate the American Revolution, first by refusing the colonists the right to elect their own judges and then by imposing a heavy duty on American tea.

But his political shortsightedness notwithstanding, Townshend was a sincere student of philosophy and politics, and as such a devotee of Adam Smith. What is more important, he was in a position to make him an unusual offer. In 1754, Townshend had made a brilliant and lucrative marriage to the Countess of Dalkeith, the widow of the Duke of Buccleuch, and he now found himself casting about for a tutor for his wife’s son. Education for a young man of the upper classes consisted largely of the Grand Tour, a stay in Europe where one might acquire that polish so highly praised by Lord Chesterfield. Dr. Adam Smith would be an ideal companion for the young duke, thought Townshend, and accordingly he offered him five hundred pounds a year plus expenses and a pension of five hundred pounds a year for life. It was too good an offer to be declined. At best Smith never realized more than one hundred seventy pounds from the fees which, in those days, professors collected directly from their students. It is pleasant to note that his pupils refused to accept a refund from Dr. Smith when he left, saying that they had already been more than recompensed.

The tutor and His young Grace left for France in 1764. For eighteen months they stayed in Toulouse, where a combination of abominably boring company and Smith’s execrable French made his sedate life at Glasgow look like dissipation. Then they moved on to the south of France (where he met and worshiped Voltaire and repulsed the attentions of an amorous marquise), thence to Geneva, and finally to Paris. To relieve the tedium of the provinces, Smith began work on a treatise of political economy, a subject on which he had lectured at Glasgow, debated many evenings at the Select Society in Edinburgh, and discussed at length with his beloved friend David Hume. The book was to be *The Wealth of Nations*, but it would be twelve years before it was finished.

Paris was better going. By this time Smith’s French, although dreadful, was good enough to enable him to talk at length with the foremost economic thinker in France. This was François Quesnay, a physician in the court of Louis XV and personal doctor to Mme. Pompadour. Quesnay had propounded a school of economics known as Physiocracy and devised a chart of the economy called a *tableau économique*. The *tableau* was truly a physician’s insight: in contradistinction to the ideas of the day, which still held that wealth was the solid stuff of gold and silver, Quesnay insisted that wealth sprang from production and that it flowed through the nation, from hand to hand, replenishing the body social like the circulation of blood. The *tableau* made a vast impression—Mirabeau the elder characterized it as an invention deserving of equal rank with writing and money. But the trouble with Physiocracy was that it insisted that only the agricultural worker *produced* true wealth because Nature labored at his side, whereas the manufacturing worker merely altered its form in a “sterile” way. Hence Quesnay’s system had but limited usefulness for practical policy. True, it advocated a

policy of *laissez-faire*—a radical departure for the times. But in describing the industrial sector as performing only a sterile manipulation, it failed to see that labor could produce wealth wherever it performed, not just on the land.

To see that labor, not nature, was the source of “value,” was one of Smith’s greatest insights. Perhaps this was the consequence of having grown up in a country that bustled with trade, rather than in the overwhelmingly agricultural setting of France. Whatever the cause, Smith could not accept the agricultural bias of the Physiocratic cult (Quesnay’s followers, like Mirabeau, were nothing if not adulatory). Smith had a profound personal admiration for the French doctor—had it not been for Quesnay’s death, *The Wealth of Nations* would have been dedicated to him—but Physiocracy was fundamentally uncongenial to Smith’s Scottish vision.

In 1766 the tour was brought to an abrupt halt. The duke’s younger brother, who had joined them, caught a fever, and despite the frantic attentions of Smith (who called in Quesnay), died in a delirium. His Grace returned to his estates at Dalkeith, and Smith went first to London, and then to Kirkcaldy. Despite Hume’s entreaties, there he stayed, for the better part of the next ten years, while the great treatise took shape. Most of it he dictated, standing against his fireplace and nervously rubbing his head against the wall until his pomade had made a dark streak on the paneling. Occasionally he would visit his former charge on his estates at Dalkeith, and once in a while he would go to London to discuss his ideas with the literati of the day. One of them was Dr. Samuel Johnson, to whose select club Smith belonged, although he and the venerable lexicographer had hardly met under the most amiable of circumstances. Sir Walter Scott tells us that Johnson, on first seeing Smith, attacked him for some statement he had made. Smith vindicated the truth of his contention. “What did Johnson say?” was the universal inquiry. “Why, he said,” said Smith, with the deepest impression of resentment, “he said, ‘You lie!’” “And what did you reply?” “I said, ‘You are a son of a—!’” On such terms, says Scott, did these two great moralists first meet and part, and such was the classical dialogue between two great teachers of philosophy.

Smith met as well a charming and intelligent American, one Benjamin Franklin, who provided him with a wealth of facts about the American colonies and a deep appreciation of the role that they might someday play. It is undoubtedly due to Franklin’s influence that Smith subsequently wrote of the colonies that they constituted a nation “which, indeed, seems very likely to become one of the greatest and most formidable that ever was in the world.”

In 1776, *The Wealth of Nations* was published. Two years later Smith was appointed Commissioner of Customs for Edinburgh, a sinecure worth six hundred pounds a year. With his mother, who lived until she was ninety, Smith lived out his bachelor’s life in peace and quiet; serene, content, and in all likelihood absent-minded to the end.

• •

And the book?

It has been called “the outpouring not only of a great mind, but of a whole epoch.” Yet it is not, in the strict sense of the word, an “original” book. There is a long line of observers before Smith who have approached his understanding of the world: Locke, Steuart, Mandeville, Petty, Cantillon, Turgot, not to mention Quesnay and Hume again. Smith took from all of them: there are over a hundred authors mentioned by name in his treatise. But where others had fished here and there, Smith spread his net wide; where others had clarified this and that issue, Smith illuminated the entire landscape. *The Wealth of Nations* is not a wholly original book, but it is unquestionably a masterpiece.

It is, first of all, a huge panorama. It opens with a famous passage describing the minute

specialization of labor in the manufacture of pins, and covers, before it is done, such a variety of subjects as “the late disturbances in the American colonies” (evidently Smith thought the Revolutionary War would be over by the time his book reached the press), the wastefulness of the student’s life at Oxford, and the statistics on the herring catch since 1771.

A glance at the index compiled for a later edition by Cannan shows the range of Smith’s references and thoughts. Here are a dozen entries from the letter A:

Abassides, opulence of Saracen empire under  
Abraham, weighed shekels  
Abyssinia, salt money  
Actors, public, paid for the contempt attending their profession  
Africa, powerful king much worse off than European peasant  
Alehouses, the number of, not the efficient cause of drunkenness  
Ambassadors, the first motive of their appointment  
America [a solid page of references follows]  
Apprenticeship, the nature ... of this bond servitude explained  
Arabs, their manner of supporting war  
Army, ... no security to the sovereign against a disaffected clergy.

In fine print the index goes on for sixty-three pages; before it ends it has touched on everything: “Riches, the chief enjoyment of, consists in the parade of; Poverty, sometimes urges nation to inhuman customs; Stomach, desire for food bounded by narrow capacity of the; Butcher, brutal and odious business.” When we have finished the nine hundred pages of the book we have a living picture of England in the 1770s, of apprentices and journeymen and rising capitalists, of landlords and clergymen and kings, of workshops and farms and foreign trade.

The book is heavy going. It moves with all the deliberation of an encyclopedic mind, but not with the precision of an orderly one. This was an age when authors did not stop to qualify their ideas with *ifs*, *ands*, and *buts*, and it was an era when it was quite possible for a man of Smith’s intellectual stature virtually to embrace the great body of knowledge of his times. Hence *Wealth* ducks nothing, minimizes nothing, fears nothing. What an exasperating book! Again and again it refuses to wrap up in a concise sentence a conclusion it has laboriously arrived at over fifty pages. The argument is so full of detail and observation that one constantly has to chip away the ornamentation to find the steel structure that holds it together underneath. Coming to silver, Smith detours for seventy-five pages to write a “digression” on it; coming to religion, he wanders off in a chapter on the sociology of morality. But for all its weightiness, the text is shot through with insights, observations, and well-turned phrases that imbue this great lecture with life. It was Smith who first called England “a nation of shopkeepers”; it was Smith who wrote, “By nature a philosopher is not in genius and disposition half so different from a street porter, as a mastiff is from a greyhound.” And of the East India Company, which was then ravaging the East, he wrote: “It is a very singular government in which every member of the administration wishes to get out of the country ... as soon as he can, and to whose interest, the day after he has left it and carried his whole fortune with him, it is perfectly indifferent though the whole country as swallowed up by an earthquake.”

*The Wealth of Nations* is in no sense a textbook. Adam Smith is writing to his age, not to his classroom; he is expounding a doctrine that is meant to be of importance in running an empire, not an

abstract treatise for academic distribution. The dragons that he slays (such as the Mercantilist philosophy, which takes over two hundred pages to die) were alive and panting, if a little tired, in his day.

And finally, the book is a revolutionary one. To be sure, Smith would hardly have countenanced an upheaval that disordered the gentlemanly classes and enthroned the common poor. But the import of *The Wealth of Nations* is revolutionary, nonetheless. Smith is not, as is commonly supposed, an apologist for the up-and-coming bourgeois; as we shall see, he is an admirer of their work but suspicious of their motives, and mindful of the needs of the great laboring mass. But it is not his aim to espouse the interests of any class. He is concerned with promoting the wealth of the entire nation. And wealth, to Adam Smith, consists of the goods that *all* the people of society consume, although not, of course, in equal amounts. There will be poverty as well as wealth in the Society of Natural Liberty.

Nonetheless, this is a democratic, and hence radical, philosophy of wealth. Gone is the notion of gold, treasures, kingly hoards; gone the prerogatives of merchants or farmers or working guilds. We are in the modern world, where the flow of goods and services consumed by everyone constitutes the ultimate aim and end of economic life.

And now, what of the vision? As we shall see, it cannot be so simply described as Hobbes's principle of sovereign power. Smith's vision is more like a blueprint for a whole new mode of social organization, a mode called Political Economy, or, in today's terminology, economics.

At the center of this blueprint are the solutions to two problems that absorb Smith's attention. First, he is interested in laying bare the mechanism by which society hangs together. How is it possible for a community in which everyone is busily following his self-interest not to fly apart from sheer centrifugal force? What is it that guides each individual's private business so that it conforms to the needs of the group? With no central planning authority and no steadying influence of age-old tradition, how does society manage to get those tasks done which are necessary for survival?

These questions lead Smith to a formulation of the laws of the market. What he sought was "the invisible hand," as he called it, whereby "the private interests and passions of men" are led in the direction "which is most agreeable to the interest of the whole society."

But the laws of the market will be only a part of Smith's inquiry. There is another question that interests him: whither society? The laws of the market are like the laws that explain how a spinning top stays upright; but there is also the question of whether the top, by virtue of its spinning, will be moved along the table.

To Smith and the great economists who followed him, society is not conceived as a static achievement of mankind which will go on reproducing itself, unchanged and unchanging, from one generation to the next. On the contrary, society is seen as an organism that has its own life history. Indeed, in its entirety *The Wealth of Nations* is a great treatise on history, explaining how "the system of perfect liberty" (also called "the system of natural liberty")—the way Smith referred to commercial capitalism—came into being, as well as how it worked.

But until we have followed Smith's unraveling of the laws of the market, we cannot turn to this larger and more fascinating problem. For the laws of the market themselves will be an integral part of the larger laws that cause society to prosper or decay. The mechanism by which the heedless individual is kept in line with everybody else will affect the mechanism by which society itself changes over the years.

Hence we begin with a look at the market mechanism. It is not the stuff that excites the imagination

or stirs the pulse. Yet, for all its dryness, it has an immediacy that should lead us to consider it with a respectful eye. Not only are the laws of the market essential to an understanding of the world of Adam Smith, but these same laws will underlie the very different world of Karl Marx, and the still different world in which we live today. Since we are all, knowingly or otherwise, under their sovereignty, it behooves us to scrutinize them rather carefully.

Adam Smith's laws of the market are basically simple. They tell us that the outcome of a certain kind of behavior in a certain social framework will bring about perfectly definite and foreseeable results. Specifically they show us how the drive of individual self-interest in an environment of similarly motivated individuals will result in competition; and they further demonstrate how competition will result in the provision of those goods that society wants, in the quantities that society desires, and at the prices society is prepared to pay. Let us see how this comes about.

It comes about in the first place because self-interest acts as a driving power to guide men to whatever work society is willing to pay for. "It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner," says Smith, "but from their regard to their self-interest. We address ourselves, not to their humanity, but to their self-love, and never talk to them of our necessities, but of their advantages."

But self-interest is only half the picture. It drives men to action. Something else must prevent the pushing of profit-hungry individuals from holding society up to exorbitant ransom: a community activated only by self-interest would be a community of ruthless profiteers. This regulator is competition, the conflict of the self-interested actors on the marketplace. For each man, out to do his best for himself with no thought of social consequences, is faced with a flock of similarly motivated individuals who are engaged in exactly the same pursuit. Hence, each is only too eager to take advantage of his neighbor's greed. A man who permits his self-interest to run away with him will find that competitors have slipped in to take his trade away; if he charges too much for his wares or if he refuses to pay as much as everybody else for his workers, he will find himself without buyers in the one case and without employees in the other. Thus very much as in *The Theory of Moral Sentiments*, the selfish motives of men are transmuted by interaction to yield the most unexpected of results: social harmony.

Consider, for example, the problem of high prices. Suppose we have one hundred manufacturers of gloves. The self-interest of each one will cause him to wish to raise his price above his cost of production and thereby to realize an extra profit. But he cannot. If he raises his price, his competitors will step in and take his market away from him by underselling him. Only if all glove manufacturers combine and agree to maintain a solid front will an unduly high price be charged. And in this case, the collusive coalition could be broken by an enterprising manufacturer from another field—say, shoemaking—who decided to move his capital into glove manufacture, where he could steal away the market by shading his price.

But the laws of the market do more than impose a competitive price on products. They also see to it that the producers of society heed society's demands for the *quantities* of goods it wants. Let us suppose that consumers decide they want more gloves than are being turned out, and fewer shoes. Accordingly the public will scramble for the stock of gloves on the market, while the shoe business will be dull. As a result glove prices will tend to rise as consumers try to buy more of them than there are ready at hand, and shoe prices will tend to fall as the public passes the shoe stores by. But as glove prices rise, profits in the glove industry will rise, too; and as shoe prices fall, profits in shoe manufacture will slump. Again self-interest will step in to right the balance. Workers will be released from the shoe business as shoe factories contract their output; they will move to the glove business,

where business is booming. The result is quite obvious: glove production will rise and shoe production fall.

And this is exactly what society wanted in the first place. As more gloves come on the market to meet demand, glove prices will fall back into line. As fewer shoes are produced, the surplus of shoes will soon disappear and shoe prices will again rise up to normal. Through the mechanism of the market, society will have changed the allocation of its elements of production to fit its new desires. Yet no one has issued a dictum, and no planning authority has established schedules of output. Self-interest and competition, acting one against the other, have accomplished the transition.

And one final accomplishment. Just as the market regulates both prices and quantities of *goods* according to the final arbiter of public demand, so it also regulates the *incomes* of those who cooperate to produce those goods. If profits in one line of business are unduly large, there will be a rush of other businessmen into that field until competition has lowered surpluses. If wages are out of line in one kind of work, there will be a rush of men into the favored occupation until it pays no more than comparable jobs of that degree of skill and training. Conversely, if profits or wages are too low in one trade area, there will be an exodus of capital and labor until the supply is better adjusted to the demand.

All this may seem somewhat elementary. But consider what Adam Smith has done, with his impetus of self-interest and his regulator of competition. First, he has explained how prices are kept from ranging arbitrarily away from the actual cost of producing a good. Second, he has explained how society can induce its producers of commodities to provide it with what it wants. Third, he has pointed out why high prices are a self-curing disease, for they cause production in those lines to increase. And finally, he has accounted for a basic similarity of incomes at each level of the great producing strata of the nation. In a word, he has found in the mechanism of the market a self-regulating system for society's orderly provisioning.

Note "self-regulating." The beautiful consequence of the market is that it is its own guardian. If output or prices or certain kinds of remuneration stray away from their socially ordained levels, forces are set into motion to bring them back to the fold. It is a curious paradox that thus ensues the market, which is the acme of individual economic freedom, is the strictest taskmaster of all. One may appeal the ruling of a planning board or win the dispensation of a minister; but there is no appeal, no dispensation, from the anonymous pressures of the market mechanism. Economic freedom is thus more illusory than at first appears. One can do as one pleases in the market. But if one pleases to do what the market disapproves, the price of individual freedom is economic ruination.

Does the world really work this way? To a very real degree it did in the days of Adam Smith. Even in his time, of course, there were already factors that acted as restraints against the free operation of the market system. There were combinations of manufacturers who rigged prices artificially high and associations of journeymen who resisted the pressures of competition when it acted to lower their wages. And already there were more disquieting signs to be read. The Lombe brothers' factory was more than a mere marvel of engineering and a source of wonderment to the visitor: it betokened the coming of large-scale industry and the emergence of employers who were immensely powerful individual actors in the market. The children in the cotton mills could surely not be considered market factors of equal power with the employers who bedded, boarded, and exploited them. But for all its deviations from the blueprint, eighteenth-century England approached, even if it did not wholly conform to, the model that Adam Smith had in mind. Business *was* competitive, the average factory *was* small, prices *did* rise and fall as demand ebbed and rose, and changes in prices *did* invoke changes in output and occupation. The world of Adam Smith has been called a world of

atomistic competition, a world in which no agent of the productive mechanism, on the side of labor or capital, was powerful enough to interfere with or to resist the pressures of competition. It was a world in which each agent was forced to scurry after its self-interest in a vast social free-for-all.

And today? Does the competitive market mechanism still operate?

This is not a question to which it is possible to give a simple answer. The nature of the market has changed vastly since the eighteenth century. We no longer live in a world of atomistic competition in which no man can afford to swim against the current. Today's market mechanism is characterized by the huge size of its participants: giant corporations and strong labor unions obviously do not behave as if they were individual proprietors and workers. Their very bulk enables them to stand out against the pressures of competition, to disregard price signals, and to consider what their self-interest shall be in the long run rather than in the immediate press of each day's buying and selling.

That these factors have weakened the guiding function of the market mechanism is apparent. But for all the attributes of modern-day economic society, the great forces of self-interest and competition, however watered down or hedged about, still provide basic rules of behavior that no participant in a market system can afford to disregard entirely. Although the world in which we live is not that of Adam Smith, the laws of the market can still be discerned if we study its operations.

But the laws of the market are only a description of the behavior that gives society its cohesiveness. Something else must make it go. Ninety years after *The Wealth of Nations*, Karl Marx was to discover "laws of motion" that described how capitalism proceeded slowly, unwillingly, but ineluctably to its doom. But *The Wealth of Nations* already had its own laws of motion. However, altogether unlike the Marxist prognosis, Adam Smith's world went slowly, quite willingly, toward—although, as we shall see, never quite all the way to—Valhalla.

Valhalla would have been the last destination that most observers would have predicted. Sir John Byng, touring the North Country in 1792, looked from his coach window and wrote: "Why, here now, is a great flaring mill ... all the Vale is disturbed.... Sir Richard Arkwright may have introduced Much Wealth into his Family and into his Country, but, as a Tourist, I execrate his Schemes, which having crept into every Pastoral Vale, have destroyed the course, and the Beauty of Nature." "Oh! What a dog's hole is Manchester," said Sir John on arriving there.

In truth, much of England was a dog's hole. The three centuries of turmoil which had prodded land, labor, and capital into existence seemed to have been only a preparation for still further upheaval, for the recently freed agents of production began to be combined in a new and ugly form: the factory. And with the factory came new problems. Twenty years before Sir John's tour, Richard Arkwright, who had gotten together a little capital peddling women's hair to make wigs, invented (or stole) the spinning throstle. But, having constructed his machine, he found it was not so easy to staff it. Local labor could not keep up with the "regular celerity" of the process—wage-work was still generally despised, and some capitalists found their new-built factories burned to the ground out of sheer blind hatred. Arkwright was forced to turn to children—"their small fingers being active." Further-more, since they were unused to the independent life of farming or crafts, children adapted themselves more readily to the discipline of factory life. The move was hailed as a philanthropic gesture—would not the employment of children help to alleviate the condition of the "unprofitable poor"?

For if any problem absorbed the public mind, besides its mixed admiration of and horror at the factory, it was this omnipresent problem of the unprofitable poor. In 1720, England was crowded with a million and a half of them—a staggering figure when we realize that her total population was only twelve or thirteen million. Hence the air was full of schemes for their disposition. Despairing

schemes, mostly. For the common complaint was the ineradicable sloth of the pauper, and this was mixed with consternation at the way in which the lower orders aped their betters. Workpeople were actually drinking tea! The common folk seemed to prefer wheaten bread to their traditional loaf of rye or barley! Where would all this lead to, asked the thinkers of the day; were not the wants of the poor (“which it would be prudence to relieve, but folly to cure,” as the scandalous Mandeville put it in 1723) essential for the welfare of the state? What would happen to Society if the indispensable gradations of society were allowed to disappear?

Consternation still described the prevailing attitude of his day toward the great, fearful problem of the “lower orders,” but it certainly did not describe Adam Smith’s philosophy. “No society can surely be flourishing and happy, of which by far the greater part of the numbers are poor and miserable,” he wrote. And not only did he have the temerity to make so radical a statement, but he proceeded to demonstrate that society was in fact constantly improving; that it was being propelled, willy-nilly, toward a positive goal. It was not moving because anyone willed it to, or because Parliament might pass laws, or England win a battle. It moved because there was a concealed dynamic beneath the surface of things which powered the social whole like an enormous engine.

For one salient fact struck Adam Smith as he looked at the English scene. This was the tremendous gain in productivity which sprang from the minute division and specialization of labor. Early in *The Wealth of Nations*, Smith comments on a pin factory: “One man draws out the wire, another straightens it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving the head; to make the head requires two or three distinct operations; to put it on is a peculiar business; to whiten it is another; it is even a trade by itself to put them into paper.... I have seen a small manufactory of this kind where ten men only were employed and where some of them consequently performed two or three distinct operations. But though they were very poor, and therefore but indifferently accommodated with the necessary machinery, they could, when they exerted themselves, make among them about twelve pounds of pins in a day. There are in a pound upwards of four thousand pins of a middling size. Those ten persons, therefore, could make among them upwards of forty-eight thousand pins in a day.... But if they had all wrought separately and independently ... they certainly could not each of them make twenty, perhaps not one pin a day....”

There is hardly any need to point out how infinitely more complex present-day production methods are than those of the eighteenth century. Smith, for all his disclaimers, was sufficiently impressed with a small factory of ten people to write about it; what would he have thought of one employing ten thousand! But the great gift of the division of labor is not its complexity—indeed it simplifies most toil. Its advantage lies in its capacity to increase what Smith calls “that universal opulence which extends itself to the lowest ranks of the people.” That universal opulence of the eighteenth century looks like a grim existence from our modern vantage point. But if we view the matter in its historical perspective, if we compare the lot of the workingman in eighteenth-century England with that of his predecessor a century or two before, it is clear that, mean as his existence was, it constituted a considerable advance. Smith makes the point vividly:

Observe the accommodation of the most common artificer or day labourer in a civilized and thriving country, and you will perceive that the number of people of whose industry a part, though but a small part, has been employed in procuring him this accommodation, exceeds all computation. The woollen coat, for example, which covers the day-labourer, as coarse and rough as it may seem, is the produce of the joint labour of a great multitude of workmen. The shepherd, the sorter of the wool, the wool-comber or carder, the dyer, the scribbler, the spinner, the weaver, the fuller, the dresser, with many

others, must all join their different arts in order to complete even this homely production. How many merchants and carriers, besides, must have been employed ... how much commerce and navigation ... how many ship-builders, sailors, sail-makers, rope makers....

Were we to examine, in the same manner, all the different parts of his dress and household furniture, the coarse linen shirt which he wears next to his skin, the shoes which cover his feet, the bed which he lies on ... the kitchen-grate at which he prepares his victuals, the coals which he makes use of for that purpose, dug from the bowels of the earth, and brought to him perhaps by a long sea and a long land carriage, all the other utensils of his kitchen, all the furniture of his table, the knives and forks, the earthen or pewter plates upon which he serves up and divides his victuals, the different hands employed in preparing his bread and his beer, the glass window which lets in the heat and the light, and keeps out the wind and the rain, with all the knowledge and art requisite for preparing that beautiful and happy invention ...; if we examine, I say, all those things ... we shall be sensible that without the assistance and cooperation of many thousands, the very meanest person in a civilized country could not be provided, even according to what we very falsely imagine, the easy and simple manner in which he is commonly accommodated. Compared indeed with the more extravagant luxury of the great, his accommodation must no doubt appear extremely simple and easy; and yet it may be true, perhaps, that the accommodation of a European prince does not always so much exceed that of an industrious and frugal peasant, as the accommodation of the latter exceeds that of many an African king, the absolute master of the lives and liberties of often thousand naked savages.

What is it that drives society to this wonderful multiplication of wealth and riches? Partly it is the market mechanism itself, for the market harnesses man's creative powers in a milieu that encourages him, even forces him, to invent, innovate, expand, take risks. But there are more fundamental pressures behind the restless activity of the market. In fact, Smith sees two deep-seated laws of behavior which propel the market system in an ascending spiral of productivity.

The first of these is the Law of Accumulation.

Let us remember that Adam Smith lived at a time when the rising industrial capitalist could and did realize a fortune from his investments. Richard Arkwright, apprenticed to a barber as a young man, died in 1792 leaving an estate of £500,000. Samuel Walker, who started a forge going in an old nailshop in Rotherham, left a steel foundry on that site worth £200,000. Josiah Wedgwood, who stumped about his pottery factory on a wooden leg scrawling "This won't do for Jos. Wedgwood" wherever he saw evidence of careless work, left an estate of £240,000 and much landed property. The Industrial Revolution in its earliest stages already provided a veritable grab bag of riches for whoever was quick enough, shrewd enough, industrious enough to ride with its current.

And the object of the great majority of the rising capitalists was first, last, and always, to *accumulate* their savings. At the beginning of the nineteenth century, £2,500 was collected in Manchester for the foundation of Sunday schools. The sum total contributed to this worthy cause by the single largest employers in the district, the cotton spinners, was £90. The young industrial aristocracy had better things to do with its money than contribute to unproductive charities—it had to accumulate, and Adam Smith approved wholeheartedly. Woe to him who did not accumulate. And as for one who encroached on his capital—"like him who perverts the revenues of some pious foundation to profane purposes, he pays the wages of idleness with those funds which the frugality of his forefathers had, as it were, consecrated to the maintenance of industry."

But Adam Smith did not approve of accumulation for accumulation's sake. He was, after all, a philosopher, with a philosopher's disdain for the vanity of riches. Rather, in the accumulation of

capital Smith saw a vast benefit to society. For capital—if put to use in machinery—provided just that wonderful division of labor which multiplies man's productive energy. Hence accumulation becomes another of Smith's two-edged swords: the avarice of private greed again redounding to the welfare of the community. Smith is not worried over the problem that will face twentieth-century economists: will private accumulations actually find their way back into more employment? For him the world is capable of indefinite improvement and the size of the market is limited only by its geographical extent. Accumulate and the world will benefit, says Smith. And certainly in the lusty atmosphere of his time there was no evidence of any unwillingness to accumulate on the part of those who were in a position to do so.

But—and here is a difficulty—accumulation would soon lead to a situation where further accumulation would be impossible. For accumulation meant more machinery, and more machinery meant more demand for workmen. And this in turn would sooner or later lead to higher and higher wages, until profits—the source of accumulation—were eaten away. How is this hurdle surmounted?

• •

It is surmounted by the second great law of the system: the Law of Population.

To Adam Smith, laborers, like any other commodity, could be produced according to the demand. If wages were high, the number of workpeople would multiply; if wages fell, the numbers of the working class would decrease. Smith put it bluntly: "... the demand for men, like that for any other commodity, necessarily regulates the production of men."

Nor is this quite so naive a conception as it appears at first blush. In Smith's day infant mortality among the lower classes was shockingly high. "It is not uncommon," says Smith, "... in the Highlands of Scotland for a mother who has borne twenty children not to have two alive." In many places in England, half the children died before they were four, and almost everywhere half the children lived only to the age of nine or ten. Malnutrition, evil living conditions, cold, and disease took a horrendous toll among the poorer element. Hence, although higher wages might have affected the birth rate only slightly, they could be expected to have a considerable influence on the number of children who would grow to working age.

Hence, if the first effect of accumulation would be to raise the wages of the working class, this in turn would bring about an increase in the number of workers. And now the market mechanism takes over. Just as higher prices on the market will bring about a larger production of gloves and the larger number of gloves in turn press down the higher prices of gloves, so higher wages will bring about a larger number of workers, and the increase in their numbers will set up a reverse pressure on the level of their wages. Population, like glove production, is a self-curing disease—as far as wages are concerned.

And this meant that accumulation might go safely on. The rise in wages which it caused and which threatened to make further accumulation unprofitable is tempered by the rise in population. Accumulation leads to its own undoing, and then is rescued in the nick of time. The obstacle of higher wages is undone by the growth in population which those very higher wages made feasible. There is something fascinating in this automatic process of aggravation and cure, stimulus and response, in which the very factor that seems to be leading the system to its doom is also slyly bringing about the conditions necessary for its further health.

And now observe that Smith has constructed for society a giant endless chain. As regularly and as inevitably as a series of interlocked mathematical propositions, society is started on an upward march. From any starting point the probing mechanism of the market first equalizes the returns to labor

and capital in all their different uses, sees to it that those commodities demanded are produced in the right quantities, and further ensures that prices for commodities are constantly competed down to their costs of production. But further than this, society is dynamic. From its starting point accumulation of wealth will take place, and this accumulation will result in increased facilities for production and in a greater division of labor. So far, all to the good. But accumulation will also raise wages as capitalists bid for workers to man the new factories. As wages rise, further accumulation begins to look unprofitable. The system threatens to level off. But meanwhile, workmen will have used their higher wages to rear their children with fewer mortalities. Hence the supply of workmen will increase. As population swells, the competition among workmen will press down on wages again. And so accumulation will continue, and another spiral in the ascent of society will begin.

This is no business cycle that Smith describes. It is a long-term process, a secular evolution. And it is wonderfully certain. Provided only that the market mechanism is not tampered with, everything is inexorably determined by the preceding link. A vast reciprocating machinery is set up with all of society inside it: only the tastes of the public—to guide producers—and the actual physical resources of the nation are outside the chain of cause and effect.

But observe that what is foreseen is not an unbounded improvement of affairs. There will assuredly be a long period of what we call economic growth—Smith does not use the term—but the improvement has its limits. These do not immediately affect the working man. True, the rise in population will eventually force wages back toward subsistence, but for many years, in Smith's opinion, the working class would improve its lot.

But Smith was above all a realist. In the *very* long run, well beyond the horizon, he saw that a growing population would push wages back to their “natural” level. When would that time come? Clearly, it would arrive when society had run out of unused resources and introduced as fine a division of labor as possible. In a word, growth would come to an end when the economy had extended its boundaries to their limits, and then fully utilized its increased economic “space.”

But why could not that boundary be further expanded? The answer is that Smith saw the all-important division of labor as a once-for-all, not a continuing, process. As has been recently pointed out, he did not see the organizational and technological core of the division of labor as a self-generating process of change, but as a discrete advance that would impart its stimulus and then disappear. Thus, in the very long run the growth momentum of society would come to a halt—Smith once mentions two hundred years as the longest period over which a society could hope to flourish. Thereafter the laborer would return to his subsistence wages, the capitalist to the modest profits of a stable market, and the landlord alone might enjoy a somewhat higher income as food production remained at the levels required by a larger, although no longer growing, population. For all its optimistic boldness, Smith's vision is bounded, careful, sober—for the long run, even sobering.

No wonder, then, that the book took hold slowly. It was eight years before it was quoted in Parliament, the first to do so being Charles James Fox, the most powerful member of Commons (who admitted later that he had never actually *read* the book). It was not until 1800 that the book achieved full recognition. By that time it had gone through nine English editions and had found its way to Europe and America. Its protagonists came from an unexpected quarter. They were the rising capitalist class—the very class that Smith had excoriated for its “mean rapacity,” and of whose members he had said that they “neither are, nor ought to be, the rulers of mankind.” All this was ignored in favor of the great point that Smith made in his inquiry: *let the market alone*.

What Smith had meant by this was one thing; what his proponents made him out to mean was

another. Smith, as we have said, was not the proponent of any one class. He was a slave to his system. His whole economic philosophy stemmed from his unquestioning faith in the ability of the market to guide the system to its point of highest return. The market—that wonderful social machine—would take care of society’s needs *if it was left alone*, so that the laws of evolution might take over to lift society toward its promised reward. Smith was neither antilabor nor anticapital; if he had any bias it was in favor of the consumer. “Consumption is the sole end and purpose of all production,” he wrote, and then proceeded to castigate those systems that placed the interest of the producer over that of the consuming public.

But in Smith’s panegyric of a free and unfettered market the rising industrialists found the theoretical justification they needed to block the first government attempts to remedy the scandalous conditions of the times. For Smith’s theory does unquestionably lead to a doctrine of *laissez-faire*. To Adam Smith the least government is certainly the best: governments are spendthrift, irresponsible, and unproductive. And yet Adam Smith is not necessarily opposed—as his posthumous admirers made him out to be—to government action that has as its end the promotion of the general welfare. He warns, for example, of the stultifying effect of mass production—“the understandings of the greater part of men are necessarily formed in their employments. The man whose whole life is spent in performing a few simple operations ... generally becomes as stupid and ignorant as it is possible for a human creature to become”—and prophesies a decline in the manly virtues of the laborer, “unless the government takes some pains to prevent it.”

Indeed, far from being opposed to all government undertakings, Smith specifically stresses three things that government should do in a society of natural liberty. First, not surprisingly, it should protect that society against “the violence and invasion” of other societies. Second, it should provide an “exact administration of justice” for all citizens. And third, government has the duty of “erecting and maintaining those public institutions and those public works which may be in the highest degree advantageous to a great society,” but which “are of such a nature that the profit could never repay the expense to any individual or small number of individuals.”

Put into today’s language, Smith explicitly recognizes the usefulness of public investment for projects that cannot be undertaken by the private sector—he mentions roads and education as two examples. Needless to say, this is an idea that has grown considerably in scope since Smith’s day—one thinks of flood control, ecological repair, scientific research—but the idea itself, like so much else, is implicit, not explicit, in Smith’s underlying vision.

What Smith is against is the meddling of the government with the market mechanism. He is against restraints on imports and bounties on exports, against government laws that shelter industry from competition, and against government spending for unproductive ends. Notice that these activities of the government all bear against the proper working of the market system. Smith never faced the problem that was to cause such intellectual agony for later generations of whether the government is weakening or strengthening that system when it steps in with welfare legislation. Aside from poor relief, there was virtually no welfare legislation in Smith’s day—the government was the unabashed ally of the governing classes, and the great tussle within the government was whether it should be the landowning or the industrial classes who should most benefit. The question of whether the working class should have a voice in the direction of economic affairs simply did not enter any respectable person’s mind.

The great enemy to Adam Smith’s system is not so much government *per se* as monopoly in any form. “People of the same trade seldom meet together,” says Adam Smith, “but the conversation ends in a conspiracy against the public, or in some diversion to raise prices.” And the trouble with such

goings-on is not so much that they are morally reprehensible in themselves—they are, after all, only the inevitable consequence of man's self-interest—as that they impede the fluid working of the market. And of course Smith is right. If the working of the market is trusted to produce the greatest number of goods at the lowest possible prices, anything that interferes with the market necessarily lowers social welfare. If, as in Smith's time, no master hatter anywhere in England can employ more than two apprentices or no master cutler in Sheffield more than one, the market system cannot possibly yield its full benefits. If, as in Smith's time, paupers are tied to their local parishes and prevented from seeking work where work might be found, the market cannot attract labor where labor is wanted. If, as in Smith's time, great companies are given monopolies of foreign trade, the public cannot realize the full benefits of cheaper foreign produce.

Hence, says Smith, all these impediments must go. The market must be left free to find its own natural levels of prices and wages and profits and production; whatever interferes with the market does so only at the expense of the true wealth of the nation. But because any act of the government—even such laws as those requiring the whitewashing of factories or preventing the shackling of children to machines—could be interpreted as hampering the free operation of the market. *The Wealth of Nations* was liberally quoted to oppose the first humanitarian legislation. Thus, by a strange injustice, the man who warned that the grasping eighteenth-century industrialists “generally have an interest to deceive and even to oppress the public” came to be regarded as their economic patron saint. Even today, in blithe disregard of his actual philosophy, Smith is generally regarded as a *conservative* economist, whereas in fact he was more avowedly hostile to the *motives* of businessmen than are most contemporary liberal economists.

In a sense the vision of Adam Smith is a testimony to the eighteenth-century belief in the inevitable triumph of rationality and order over arbitrariness and chaos. Don't try to do good, says Smith. Let good emerge as the by-product of selfishness. How like the philosopher to place such faith in a vast social machinery and to rationalize selfish instincts into social virtues! There is nothing halfhearted about Smith's abiding trust in the consequence of his philosophical beliefs. He urges that judges should be paid by the litigants rather than by the state, since in that way their self-interest will lead them to expedite the cases brought before them. He sees little future for the newly emerging business organizations called joint-stock companies (corporations), since it seems highly improbable that such impersonal bodies could muster the necessary self-interest to pursue complex and arduous undertakings. Even the greatest humanitarian movements, such as the abolition of slavery, are defended in his own terms; best abolish slavery, says Adam Smith, since to do so will probably be cheaper in the end.

The complex irrational world is thus reduced to a kind of rational scheme where human particles are magnetized in a simple polarity toward profit and away from loss. The great system works, not because man directs it, but because self-interest and competition line up the filings in the proper way; the most that man can do is to help this natural social magnetism along, to remove whatever barriers stand before the free working-out of this social physics, and to cease his misguided efforts to escape from its thrall.

And yet, for all its eighteenth-century flavor, its belief in rationality, natural law, and the mechanized chain of human action and reaction, the world of Adam Smith is not without its warmer values. Do not forget that the great intended beneficiary of the system is the consumer—not the producer. For the first time in the philosophy of everyday life, the consumer is king.

Of the whole, what has survived?

Not the great scheme of evolution. We shall see that profoundly altered by the great economists to follow. But let us not regard the world of Adam Smith as merely a primitive attempt to arrive at formulations that were beyond his grasp. Smith was the economist of preindustrial capitalism; he did not live to see the market system threatened by enormous enterprises, or his laws of accumulation and population upset by sociological developments fifty years off. When Smith lived and wrote, there had not yet been a recognizable phenomenon that might be called a “business cycle.” The world he wrote about actually existed, and his systematization of it provides a brilliant analysis of its expansive propensities.

Yet something must have been missing from Smith’s conception. For although he saw an evolution for society, he did not see a revolution—the Industrial Revolution. Smith did not see in the ugly factory system, in the newly tried corporate form of business organization, or in the weak attempts of journeymen to form protective organizations, the first appearance of new and disruptively powerful social forces. In a sense his system presupposes that eighteenth-century England will remain unchanged forever. Only in quantity will it grow: more people, more goods, more wealth; its quality will remain unchanged. His are the dynamics of a static community; it grows but it never matures.

But, although the system of evolution has been vastly amended, the great panorama of the market remains as a major achievement. To be sure, Smith did not “discover” the market; others had preceded him in pointing out how the interaction of self-interest and competition brought about the provision of society. But Smith was the first to understand the full philosophy of action that such a conception demanded, the first to formulate the entire scheme in a wide and systematic fashion. He was the man who made England, and then the whole Western world, understand just how the market kept society together, and the first to build an edifice of social order on the understanding he achieved. Later economists will embroider Smith’s description of the market and will inquire into the serious defects that subsequently appeared in it. None will improve on the richness and life with which Smith imbued this aspect of the world.

For Smith’s encyclopedic scope and knowledge there can be only admiration. It was only in the eighteenth century that so huge, all-embracing, secure, caustic, and profound a book could have been written. Indeed, *The Wealth of Nations* and *The Theory of Moral Sentiments*, together with his few other essays, reveal that Smith was much more than just an economist. He was a philosopher-psychologist-historian-sociologist who conceived a vision that included human motives and historic “stages” and economic mechanisms, all of which expressed the plan of the Great Architect of Nature (as Smith called him). From this viewpoint, *The Wealth of Nations* is more than a masterwork of political economy. It is part of a huge conception of the human adventure itself.

Moreover, *Wealth* constantly startles us with its piercing observations. Smith anticipated Veblen by a hundred and fifty years when he wrote, “With the greater part of rich people, the chief enjoyment of riches consists in the parade of riches, which in their eye is never so complete as when they appear to possess those decisive marks of opulence which nobody can possess but themselves.” He was a statesman ahead of his time when he wrote, “If any of the provinces of the British Empire cannot be made to contribute towards the support of the whole empire, it is surely time that Great Britain should free herself from the expense of defending those provinces in time of war, and of supporting any part of their civil or military establishments in time of peace, and endeavour to accommodate her future views and designs to the real mediocrity of her circumstances.”

Perhaps no economist will ever again so utterly encompass his age as Adam Smith. Certainly none was ever so serene, so devoid of contumacy, so penetratingly critical without rancor, and so optimistic without being utopian. To be sure, he shared the beliefs of his day; in fact, he helped to

forge them. It was an age of humanism and reason; but while both could be perverted for the cruelest and most violent purposes, Smith was never chauvinist, apologist, or compromiser. "For to what purpose," he wrote in *The Theory of Moral Sentiments*, "is all the toil and bustle of this world? What is the end of avarice and ambition, of the pursuit of wealth, of power, and pre-eminence?" *The Wealth of Nations* provides his answer: all the grubby scrabbling for wealth and glory has its ultimate justification in the welfare of the common man.

At the end of his life, Smith was ripe with honors and respect. Burke traveled to Edinburgh to see him; he was elected Lord Rector at his old University of Glasgow; he saw *Wealth* translated into Danish, French, German, Italian, Spanish. Only Oxford ignored him; it never deigned to give him an honorary degree. At one time Pitt the younger, then Prime Minister, was meeting with Addington, Wilberforce, and Grenville, and Adam Smith had been invited to attend. As the old philosopher walked into the room, everyone rose. "Be seated, gentlemen," he said. "No," replied Pitt, "we will stand until you are first seated, for we are all your scholars."

In 1790 Smith died; he was sixty-seven. Curiously, his passing attracted relatively little notice; perhaps people were too busy worrying about the French Revolution and the repercussions it might have on the English countryside. He was buried in the Canongate churchyard with an unpretentious tombstone; it states that Adam Smith, author of *The Wealth of Nations*, lies here. It would be hard to conceive of a more durable monument.

## The Gloomy Presentiments of Parson Malthus and David Ricardo

In addition to the omnipresent problem of poverty, a bothersome question worried England throughout most of the eighteenth century: the question of how many Englishmen there were. The worrisome aspect of the problem lay in the fact that England's natural enemies on the Continent bulged with what, to British eyes, must have appeared as a veritable flood of humanity, while England, with her slender resources, was convinced that her own population was on the decline.

Not that England was any too sure exactly how many Britishers there were; in hypochondriacal fashion, she preferred to worry in a factual vacuum. It would not be until 1801 that the first real census would be held, and when it came it would be heralded as "totally subversive of the last remnants of English liberty." Hence, Britain's earlier knowledge about the state of her human resources depended on the efforts of amateur statisticians: Dr. Price, a Nonconformist minister; Houghton, an apothecary and dealer in coffee and tea; and Gregory King, by trade a maker of maps.

Drawing on records of hearth taxes and baptismal registers, King, in 1696, reckoned up the number of souls in England and Wales as something near five and a half million—what seems to have been an extraordinarily accurate estimate. But King was concerned not only with the contemporary state of affairs. Looking into the future he wrote:

"In all probability, the next doubling of the people of England will be in about six hundred years to come, or by the year of our Lord 2300.... The next doubling after that will be, in all probability, in less than twelve or thirteen hundred years, or by the year of our Lord 3500 or 3600. At which time the kingdom will have 22 million souls ... in case," the map-maker added circumspectly, "the world should last so long."

But by the time of Adam Smith, King's projection of a gently rising population had given way to another view. Comparing eighteenth-century records of hearth-money taxes with those of an earlier day, Dr. Price proved conclusively that the population of England had *declined* by over 30 percent since the Restoration. The validity of his computation was obviously suspect, and other investigators hotly disputed his findings; nevertheless, what Dr. Price believed to be so was largely taken as fact, although, with the political exigencies of the times, a highly unpalatable fact. "The decay of population," moaned William Paley, the theologian-reformer, "is the greatest evil the state can suffer, and the improvement of it the object which ought... to be aimed at, in preference to every other political purpose whatsoever." Paley was not alone in his belief; the younger Pitt, the Prime Minister, even introduced a new poor-relief bill for the specific purpose of boosting the population. The bill was to pay liberal allowances for children, since it was quite apparent to Pitt that by having children a man "enriched" his country, even if his offspring should turn out to be paupers.

What is striking about the population question to our modern eyes is not whether England actually was or was not in danger of petering out as a nation. In retrospect, what is interesting is how harmonious either view of the population problem was with a vision that puts its faith in natural law, reason, and progress. Was the population declining? Then it should be encouraged to grow, as it "naturally" would under the benign auspices of the laws that Adam Smith had shown to be the guiding principles of a free market economy. Was the population growing? All to the good, since everyone

agreed that a growing population was a source of national wealth. No matter which way one cut the cake, the result was favorable to an optimistic prognosis for society; or, to put it differently, there was nothing in the population question, as it was understood, to shake men's faith in their future.

Perhaps no one summed up this optimistic outlook so naively and completely as William Godwin. Godwin, a minister and pamphleteer, looked at the heartless world about him and shrank back in dismay. But he looked into the future and what he saw was good. In 1793 he published *Political Justice*, a book that excoriated the present but gave promise of a distant future in which "there will be no war, no crime, no administration of justice, as it is called, and no government. Besides this there will be no disease, anguish, melancholy, or resentment." What a wonderful vision! It was, of course, highly subversive, for Godwin's utopia called for complete equality and for the most thoroughgoing anarchic communism: even the property contract of marriage would be abolished. But in view of the high price of the book (it sold for three guineas) the Privy Council decided not to prosecute the author, and it became the fashion of the day in the aristocratic salons to discuss Mr. Godwin's daring ideas.

One home in which this debate took place was Albury House, not far from Guildford, where there resided a curious old gentleman who was described by *Gentleman's Magazine* on his death in 1800 as "an eccentric character in the strictest sense of the term." This eccentric was Daniel Malthus, a friend of David Hume and a passionate admirer of Rousseau, with whom he had gone on local botanizing walks and from whom he had received a herbarium and a set of books in one of the French philosopher's recurrent urges for self-dispossession. Like so many leisurely but inquiring gentlemen of his day, Daniel Malthus enjoyed nothing better than a stimulating intellectual dialogue, and for an opponent he usually turned to his gifted son, the Reverend Thomas Robert Malthus.

Quite naturally, Godwin's paradise came up for consideration, and as might perhaps be expected of a well-disposed oddball, Malthus the elder felt sympathetically inclined toward the supremely rational utopia. But young Malthus was not so hopeful as his father. In fact, as the argument progressed, he began to see an insurmountable barrier between human society as it existed and this lovely imaginary land of everlasting peace and plenty. To convince his father he wrote his objections down at length, and so impressed was Daniel Malthus with his son's ideas that he suggested the thesis be published and presented to the public.

Consequently, in 1798 an anonymous treatise of fifty thousand words appeared on the scene. It was entitled *An Essay on the Principle of Population as It Affects the Future Improvement of Society*, and with it perished at one blow all the fond hopes of a harmonious universe. In a few pages young Malthus pulled the carpet from under the feet of the complacent thinkers of the times, and what he offered them in place of progress was a prospect meager, dreary, and chilling.

For what the essay on population said was that there was a tendency in nature for population to outstrip all possible means of subsistence. Far from ascending to an ever higher level, society was caught in a hopeless trap in which the human reproductive urge would inevitably shove humanity to the very brink of the precipice of existence. Instead of being headed for Utopia, the human lot was forever condemned to a losing struggle between ravenous and multiplying mouths and the eternally insufficient stock of Nature's cupboard, however diligently that cupboard might be searched.

No wonder that after he read Malthus, Carlyle called economics "the dismal science," and that poor Godwin complained that Malthus had converted friends of progress into reactionaries by the hundreds.

In one staggering intellectual blow Malthus undid all the hopes of an age oriented toward self-

satisfaction and a comfortable vista of progress. But, as if this were not enough, at the same time a quite different kind of thinker was also preparing the *coup de grace* for yet another of the lulling assumptions of the late eighteenth and early nineteenth centuries. David Ricardo, an astonishingly successful trader in stocks, was soon to outline a theory of economics which, while less spectacular than Malthus's inundation of humanity, would be in its own quiet way just as devastating to the prospects of improvement held out by Adam Smith.

For what Ricardo foresaw was the end of a theory of society in which everyone moved together up the escalator of progress. Unlike Smith, Ricardo saw that the escalator worked with different effects on different classes, that some rode triumphantly to the top, while others were carried up a few steps and then were kicked back down to the bottom. Worse yet, those who kept the escalator moving were not those who rose with its motion, and those who got the full benefit of the ride did nothing to earn their reward. And to carry the metaphor one step further, if you looked carefully at those who were ascending to the top, you could see that all was not well here either; there was a furious struggle going on for a secure place on the stairs.

Society to Adam Smith was a great family; to Ricardo it was an internally divided camp, and small wonder that he should have seen it as such. In the forty years since *The Wealth of Nations* England had divided into two hostile factions: the rising industrialists, busy with their factories and fighting for parliamentary representation and social prestige, and the great landowners, a rich, powerful, and entrenched aristocracy, who looked resentfully at the encroachments of the brassy *nouveaux riches*.

It was not that the capitalists were making money which enraged the landowners. It was the damnable fact that they kept insisting that food prices were too high. What had happened in the short space of time since Adam Smith was that England, long a grain-exporting nation, was being forced to buy foodstuffs from abroad. Despite the mutterings of Dr. Price, who saw England's population rapidly dwindling away, the actual growth of population had caused the demand for grain to exceed the supply and had *quadrupled* the price of a bushel of wheat. And as prices rose, so did agricultural profits; on a farm in East Lothian, Scotland, profits and rent together averaged 56 percent of invested capital; on another farm of three hundred acres—a very typical medium-sized establishment—profits were £88 in 1790, £121 in 1803, and £160 ten years later. In the country at large all witnesses agreed rents had at least doubled over the preceding twenty to twenty-five years.

As grain soared, enterprising merchants began to buy wheat and corn abroad and bring them into the country. Quite naturally, the landlord looked on this practice with dismay. Farming was not merely a way of life for the aristocracy, it was a business—a big business. On the Reevesby estate in Lincolnshire in 1799, for instance, Sir Joseph Banks needed two rooms for his offices, separated them with a fireproof wall and an iron door, and was proud of the fact that it took a hundred and fifty-six drawers to classify all the papers pertaining to the farm. Although such a landlord lived on his land and loved the land, although he saw his tenants daily and joined societies for the purpose of discussing crop rotation and the virtues of competing fertilizers, he did not lose sight of the fact that his income depended on the price at which he sold his crop.

Hence the flow of inexpensive grain from overseas was hardly viewed in a tolerant light. But fortunately for the landlord, the means were readily at hand to combat this distressing development. Dominating Parliament, the landlord simply legislated himself an ironclad system of protection. He passed the Corn Laws, which imposed sliding duties on the importation of grain; the lower the foreign price fell, the higher went the duty. In effect, a floor was established to keep low-priced wheat permanently out of the English market.

But by 1813 the situation had gotten out of hand. Bad crops and the war with Napoleon conspired to bring about virtual famine prices. Wheat sold at a price of 117 shillings a quarter—approximately 14 shillings per bushel. Thus a bushel of wheat sold for a price equal to nearly *twice* a workman's *whole weekly wage* (to put this into perspective, compare the highest price ever reached by American wheat before the 1970s: \$3.50 per bushel in 1920 when weekly wages averaged \$26.00).

Patently, the price of grain was fantastic, and what to do about it became a question of enormous moment to the country. Parliament studied the situation carefully—and came up with the solution that the duty on foreign grain should be raised still higher! The rationale was that higher prices in the short run would act to stimulate a larger production of English wheat in the long run.

This was too much for the industrialists to take. Contrary to the landed proprietors, the capitalists wanted cheap grain, for the price of food largely determined the amount they would have to pay for labor. It was not out of humanitarian motives that the industrialist fought for cheaper food. A great London banker, Alexander Baring, declared in Parliament that “the labourer has no interest in this question; whether the price be 84 shillings or 105 shillings a quarter, he will get dry bread in the one case and dry bread in the other.” By this Baring meant that regardless of the price of bread, the laborer would get wages enough to buy his crust and no more. But from the point of view of those who met payrolls and sought after profits, it made a vast deal of difference whether grain—and wages—were cheap or dear.

The business interests organized; Parliament found itself flooded with more petitions than it had ever received before. In view of the temper of the country, it became obviously inexpedient to push through new higher Corn Laws without some deliberation. New committees were appointed in Commons and in Lords, and the issue was temporarily shelved. Fortunately, the next year saw the defeat of Napoleon, and grain prices subsided again toward more normal levels. But it is an index to the political power of the landholding class that thirty years would have to pass until the Corn Laws were finally wiped from the books and cheap grain was permitted to come freely into Britain.

It is not difficult to understand why David Ricardo, writing in the midst of such a period of crisis, saw economics in a different and far more pessimistic light than Adam Smith. Smith had looked at the world and had seen in it a great concert; Ricardo saw a bitter conflict. To the author of *The Wealth of Nations* there was good reason to believe that everyone could share in the benefits of a benign providence; to the inquiring stockbroker writing about a half-century later, not only was society rent into warring groups, but it seemed inescapable that the rightful winner of the conflict—the hardworking industrialist—was bound to lose. For Ricardo believed that the only class that could possibly benefit from the progress of society was the landlord—unless his hold on the price of grain was broken.

“The interest of the landlords is always opposed to the interest of every other class in the community,” he wrote in 1815, and with that unequivocal sentence an undeclared war became recognized as the crucial political struggle of a growing market system. And with the open declaration of hostilities there perished the last forlorn hope that this might after all turn out to be the best of all possible worlds. Now it seemed that if society did not drown in the Malthusian swamp, it would tear itself to pieces on David Ricardo's treacherous moving stairs.

We must look more closely at the profoundly disturbing ideas of the gloomy parson and the skeptical trader. But first let us look at the men themselves.

It would be hard to imagine two persons more widely separated in background and career than Thomas Robert Malthus and David Ricardo. Malthus, as we know, was the son of an eccentric

member of the English upper middle class; Ricardo was the son of a Jewish merchant-banker who had immigrated from Holland. Malthus was tenderly tutored for a university under the guidance of a philosophically minded father (one of his tutors went to jail for expressing the wish that the French revolutionaries would invade and conquer England); Ricardo went to work for his father at the age of fourteen. Malthus spent his life in academic research; he was the first professional economist, teaching at the college founded in Haileybury by the East India Company to train its young administrators; Ricardo set up in business for himself at the age of twenty-two. Malthus was never well-to-do; by the time he was twenty-six, Ricardo—who had started with a capital of £800—was financially independent, and in 1814, at the age of forty-two, he retired with a fortune variously estimated to be worth between £500,000 and £1,600,000.

Yet oddly enough it was Malthus, the academician, who was interested in the facts of the real world, and Ricardo, the man of affairs, who was the theoretician; the businessman cared only for invisible “laws” and the professor worried whether these laws fitted the world before his eyes. And as a final contradiction, it was Malthus with his modest income who defended the wealthy landowner, and Ricardo, a man of wealth and later a landlord himself, who fought against their interests.

Different as they were in background, training, and career, so they were accorded utterly different receptions. As for poor Malthus, in the words of a biographer, James Bonar, “He was the best abused man of his age. Bonaparte himself was not a greater enemy of his species. Here was a man who defended small-pox, slavery, and child-murder—a man who denounced soup-kitchens, early marriages, and parish allowances—a man who ‘had the impudence to marry after preaching against the evils of a family.’” “From the first,” says Bonar, “Malthus was not ignored. For thirty years it rained refutations.”

Such abuse was bound to befall a man who urged “moral restraint” on the world. And yet Malthus was neither a prude (by the standards of his times) nor, certainly, an ogre. It is true that he urged the abolition of poor relief and even opposed housing projects for the working classes. But all this was done with the sincerest interest of the poorer classes at heart—and indeed may be contrasted with the view of some contemporary social theorists who suggested blandly that the poor be allowed to die peacefully in the streets.

Hence Malthus’s position was not so much a hardhearted as a supremely logical one. Since according to his theory the basic trouble with the world was that there were too many people in it, anything that tended to promote “early attachments” only aggravated the sum of mankind’s misery. A man for whom “at Nature’s mighty feast there is no vacant cover” might be kept alive by charity; but since he would then propagate, such charity was only cruelty in disguise.

But logic does not always win popularity, and someone who points out the gloomy end of society can hardly expect to gain popular esteem. No doctrine was ever so reviled: Godwin declared that “the express object of Mr. Malthus’s writing was to prove how pernicious was their error, who aimed at my considerable and essential improvement in human society.” It is not surprising that Malthus was regarded as beyond the pale of decent-thinking people.

Ricardo, on the other hand, was a man on whom Fortune smiled from the start. A Jew by birth, he had broken with his family and became a Unitarian to marry a handsome Quaker girl with whom he had fallen in love; but in a day when tolerance was hardly the rule—his father had traded in a part of the Exchange known as the Jews’ Walk—Ricardo achieved both social status and widespread private respect. Later in life, when he was in Commons, he was called on to speak from both sides of the House. “I have no hope,” he said, “of conquering the alarm with which I am assailed the moment I hear the sound of my own voice.” That voice was described by one witness as “harsh and screamy,”

by another as “sweet and pleasant” although “pitched extremely high”; but when it spoke, the House listened. With his earnest and brilliant expositions, which ignored the toss of events and concentrated on the basic structure of society “as if he had dropped from another planet,” Ricardo became known as the man who educated Commons. Even his radicalism—he was a strong supporter of freedom of speech and assembly, and an opponent of Parliamentary corruption and Catholic persecution—did not detract from the veneration in which he was held.

It is doubtful whether his admirers grasped much of what they read, for there is no more difficult economist to understand than Ricardo. But although the text might have been complex and involved, its import was plain: the interests of the capitalists and the landlords were irrevocably opposed and the interests of the landlords were inimical to the community. Hence, whether they understood him or not, the industrialists made him their champion: political economy even became so popular with them that ladies who hired governesses inquired whether they could teach its principles to their children.

But while Ricardo, the economist, walked like a god (although he was a most modest and retiring person), Malthus was relegated to a lower status. His essay on population was read, admired, and then disproved again and again—the very vehemence of the disproofs a disquieting testimony to the strength of his thesis. And while Ricardo’s ideas were avidly discussed, Malthus’s contributions to economics—aside from his essay on population—were largely looked on with a kind of benevolent tolerance, or ignored. For Malthus had a sense that all was not well with the world, but he was utterly incapable of presenting his arguments in a clear-cut logical fashion: he was even heretical enough to suggest that depressions—“general gluts,” he called them—might upset society, an idea that Ricardo had no trouble proving absurd. How exasperating for a modern reader! Intuitive and fact-minded, Malthus had a nose for trouble, but his woolly-headed expositions had no chance against the incisive brilliance of the financial trader who saw the world only as a great abstract mechanism.

Hence they argued about everything. When Malthus published his *Principles of Political Economy* in 1820, Ricardo went to the trouble of taking some 220-odd pages of notes to point out the flaws in the Reverend’s arguments, and Malthus positively went out of his way in his book to expose the fallacies he was sure were inherent in Ricardo’s point of view.

Strangest of all, the two were the closest of friends. They met in 1809 after Ricardo had published a series of masterful letters to the *Morning Chronicle* on the question of the price of bullion, and then had demolished a Mr. Bosanquet, who was rash enough to venture an opposing view. First James Mill and then Malthus sought out the author of the letters, and a friendship formed among all three which endured to the ends of their lives. A stream of correspondence passed between them, and they visited each other endlessly. “They hunted together in search of the Truth,” wrote Maria Edgeworth, a contemporary writer, in a charming diary, “and huzzaed when they found her, without caring who found her first.”

Mention of Maria Edgeworth warrants an additional word. The daughter of an economist, she was perhaps the first woman to express opinions about the workings of the economy. These initially took the form of moral tales for children, but in 1800 she produced a novel, *Castle Rackrent*, about a landed family that squandered its fortune, largely by indifference to the needs of its tenants. “Rackrent” became a widely used term for such practices. Perhaps of greater interest for this account, Maria corresponded regularly with Ricardo and urged him to come to Ireland to see for himself the realities of the rent problem about which he wrote from Olympian heights. He did not take up her invitation. Incidentally, it would be a century until women became important economists in considerable numbers.

It was not all serious discussion; these were very human beings. Malthus, whether out of deference

to his theories or other reasons, had married late, but he was fond of social gatherings. After his death, someone who had known him mused on his life at East India College: “The subdued jests and external homage and occasional insurrections of the young men; the archery of the young ladies; the curious politeness of the Persian professor ... and the somewhat old-fashioned courtesies of the summer evening parties are all over now.”

The pamphleteers compared him with Satan, but Malthus was a tall and handsome man and a gentle soul; his students called him “Pop” behind his back. He had one odd defect: from his great-great-grandfather he had inherited a cleft palate and his speech was difficult to understand; *I* was his worst letter, and there is an amusing account of his saying into the ear trumpet of a deaf and famous lady: “Would not you like to have a look at the lakes of Killarney?” This defect and the indissoluble association of his name with overpopulation led one acquaintance to write:

Philosopher Malthus was here last week. I got an agreeable party for him of unmarried people ... he is a good natured man and, if there are no signs of approaching fertility, is civil to every lady.... Malthus is a real moral philosopher, and I would almost consent to speak as inarticulately, if I could think and act as wisely.

Ricardo at home also loved to entertain; his breakfasts were famous, and he seems to have indulged in a fondness for charades. In her *Life and Letters*, Miss Edgeworth tells of one round:

*coxcomb*—Mr. Smith, Mr. Ricardo, Fanny, Harriet,—and Maria, *crowing*. Ditto, ditto, *combing* hair. Mr. Ricardo, solus strutting, a *coxcomb*, very droll.

He was extraordinarily gifted as a businessman. “The talent for obtaining wealth,” wrote his brother, “is not held in much estimation, but perhaps in nothing did Mr. R. more evince his extraordinary powers than he did in business. His complete knowledge of all its intricacies—his surprising quickness at figures and calculation—his capability of getting through, without any apparent exertion, the immense transactions in which he was concerned—his coolness and judgment—enabled him to leave all his contemporaries at the Stock Exchange far behind.” Sir John Bowring later declared that Ricardo’s success was based upon his observation that people in general exaggerated the importance of events. “If therefore, dealing as he dealt in stocks, there was reason for a small advance, he bought, because he was certain the unreasonable advance would enable him to realize; so when stocks were falling, he sold in the conviction that alarm and panic would produce a decline not warranted by circumstances.”

It was a curiously upside-down arrangement: the theoretical dealer in securities versus the practical divine—particularly curious since the theoretician was at home in the world of money whereas the man of facts and figures was utterly at sea.

During the Napoleonic Wars, Ricardo was an underwriter in a syndicate that bought government securities from the Treasury and then offered them to the subscribing public. Ricardo often did Malthus a favor and carried him for a small block of securities on which the parson made a modest profit. On the eve of Waterloo, Malthus thus found himself a small “bull” on the Exchange, and the strain was too much for his nerves. He wrote to Ricardo urging him “unless it is wrong or inconvenient ... to take an early opportunity of realizing a small profit on the share you have been good enough to promise me.” Ricardo did, but with the stronger staying power of the professional speculator bought himself into a maximum bull position. Wellington won; Ricardo made an immense

killing, and poor Malthus could not help being discomfited. Ricardo, on the other hand, wrote casually to the Reverend, "This is as great an advantage as ever I expect or wish to make by a rise. I have been a considerable gainer by the loan... Now for a little of our old subject," and he plunged back into a discussion of the theoretical meaning of a rise in the price of commodities.

Their endless debate went on, by letter and visit, until 1823. In his last letter to Malthus, Ricardo wrote: "And now, my dear Malthus, I have done. Like other disputants, after much discussion, we each retain our own opinions. These discussions, however, never influence our friendship; I should not like you more than I do if you agreed in opinion with me." He died that year suddenly, at the age of fifty-one; Malthus was to go on until 1834. As for his opinion of David Ricardo: "I never loved anybody out of my own family so much."

Although Malthus and Ricardo disagreed on almost everything, they did not disagree about what Malthus had to say about population. For in his celebrated *Essay* in 1798, Malthus seemed not only to elucidate the question once for all but also to shed a great deal of light on the terrible and persistent poverty that haunted the English social scene. Others had vaguely felt that somehow population and poverty were related and a popular if apocryphal story of the day concerned an island off the coast of Chile where one Juan Fernandez landed two goats in case he should later wish to find meat there. On revisiting the island he found that the goats had multiplied beyond reason, so he then landed a pair of dogs who also multiplied and cut down the goats. "Thus," wrote the author, a Reverend Joseph Townshend, "a new kind of balance was restored. The weakest of both species were the first to pay the debt of nature; the most active and vigorous preserved their lives." To which he added: "It is the quantity of food which regulates the number of the human species."

But while this paradigm recognized the balance that must be struck in nature, it still failed to draw the final devastating conclusions implicit in the problem. This was left for Malthus to do.

He began with a fascination in the sheer numerical possibilities contained in the idea of *doubling*. His appreciation of the staggering multiplicative powers of reproduction has been amply supported by other, later scholars. One biologist has calculated that a pair of animals, each pair producing ten pairs annually, would at the end of twenty years be responsible for 700,000,000,000,000,000,000 offspring; and Havelock Ellis mentions a minute organism that, if unimpeded in its division, would produce from one single tiny being a mass a million times larger than the sun—in thirty days.

But such examples of the prolific power of nature are meaningless for our purposes. The vital question is: how great is the normal reproductive power of a human being? Malthus made the assumption that the human animal would tend to double its numbers in twenty-five years. In the light of his times this was a relatively modest assumption. It necessitated an average family of six, two of whom were presumed to die before reaching the age of marriage. Turning to America, Malthus pointed out that the population there had in fact doubled itself every twenty-five years for the preceding century and a half, and that in some backwoods areas where life was freer and healthier, it was doubling every fifteen years!

But against the multiplying tendencies of the human race—and it is inconsequential to the argument whether it tended to double in twenty-five years or in fifty—Malthus opposed the obdurate fact that land, unlike people, cannot be multiplied. Land can be added to laboriously, but the rate of progress is slow and hesitant; unlike population, land does not *breed*. Hence, while the number of mouths grows geometrically, the amount of cultivable land grows only arithmetically.

And the result, of course, is as inevitable as a proposition in logic: the number of people is bound, sooner or later, to outstrip the amount of food. "Taking the population of the world at any number, a

thousand millions, for instance,” wrote Malthus in his *Essay*, “... the human species would increase in the ratio of 1, 2, 4, 8, 16, 32, 64, 128, 256, 516, etc. and subsistence as 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, etc. In two centuries and a quarter the population would be to the means of subsistence as 512 to 10; in three centuries as 4096 to 13, and in two thousand years the difference would be incalculable.”

Such a dreadful view of the future would be enough to discourage any man: “The view,” Malthus wrote, “has a melancholy hue.” The troubled Reverend was driven to the conclusion that the incorrigible and irreconcilable divergence between mouths and food could have only one result: the larger portion of mankind would forever be subjected to some kind of misery or other. For somehow the huge and ever potentially widening gap must be sealed: population, after all, cannot exist without food. Hence among the primitives such customs as infanticide; hence war, disease, and, above all, poverty.

And if these are not enough: “Famine seems to be the last, the most dreadful resource of nature. The power of population is so superior to the power of the earth to provide subsistence ... that premature death must in some shape or other visit the human race. The vices of mankind are active and able ministers of depopulation.... But should they fail in this war of extermination, sickly seasons, epidemics, pestilence, and plague advance in terrific array and sweep off their thousands and tens of thousands. Should success still be incomplete, gigantic inevitable famine stalks in the rear, and with one mighty blow, levels the population with the food of the world.”

No wonder poor Godwin complained that Malthus had converted friends of progress into reactionaries. For this is truly the doctrine of despair. Nothing, *nothing* can rescue mankind from the constant threat of drowning under its own weight but the frail reed of “moral restraint.” And how dependable is moral restraint against the great passion of sex?



Was Malthus right?

As recently as the early 1970s the general outlook for world population growth seemed to confirm the prescience of his expectations, at least in the less developed portions of the world. In those years demographers spoke of a possible world population of 20 billion—*five times* the population in 1970—if the momentum of population growth went unchecked for another fifty years.

Today the pendulum has swung somewhat to the other side. In fact, thinking on the population problem has always swung between poles of opinion: it is striking that Malthus himself was much more sanguine in a second edition of his famous essay published only five years after the first, pinning his hopes on the belief that the laboring classes would learn to exercise voluntary “restraint” by postponing their age of marriage.

Today’s cautious optimism is based to a large extent on technological breakthroughs, especially the so-called Green Revolution which has raised crop yields dramatically in countries like India. India today produces enough foodstuffs to be a modest exporter. Hence, although agronomists still hold their breath each year until the crops are in, the terrible prospect of global famine, brought about by Malthus’s arithmetic of supply and demand, is no longer regarded as a realistic prognosis. Horrified TV watchers in the 1980s who saw pictures of skeletonlike human beings in Ethiopia and the sub-Saharan belt were not witnessing Malthus’s predictions come true, but the consequences of localized conditions, such as droughts and inadequate transportation networks.

Nonetheless, more is needed to set aside the Malthusian specter than an increase in food production. Even if global famine no longer seems imminent, experts warn that population pressures are still immense. In a Nobel symposium on population problems in 1981, demographers spoke of the

threatened emergence of some fifteen mega-cities of over 20 million each in the underdeveloped world. "Spreading like scabrous growths, these human warrens surely pose the supreme political challenge to that world," commented one observer. "How are these urban masses to be kept from the rot of apathy, or restrained from the temptations of anarchy and disorder?"

Perhaps more important, we must not forget that Malthus was right in claiming that population growth, proceeding exponentially, inherently has the *capability* of swamping increases in agricultural productivity. Thus there remains the necessity to master the demand side of the equation as well as the supply side. What is required is control over the production of children as well as food.

Is worldwide population control possible? The answer seems to be a surprising yes. It is surprising because demographers have long doubted that the nations worst afflicted with the population "disease" could surmount the barriers of peasant ignorance, organized religious opposition, and political apathy. Now a more sanguine outlook prevails. During the last years, countries as different as Mexico and China have switched from indifference or outright hostility to an enthusiastic endorsement of birth control. Even India, long the despair of the demographers, has made a determined—indeed, at times a ruthless—effort to introduce planned parenthood.

And the effort has begun to pay off. In the years 1970—1975, despite the prevailing gloom, the rate of growth of population slowed *for the first time in history*. The growth of population has not yet stopped by any means—U.N. experts predict that today's world population of some 5 billion may grow to between 9 to 10 billion before it levels off. But at least and at last, the growth rate *is* slowing down, and the leveling may come sooner than was imaginable only a decade ago. The trouble is that the victory will not be equally shared. In Europe, for example, we already have something close to ZPG—zero population growth, except for immigration. Fifty years hence, the United States own population, today roughly 275 million, may well number over 390 million, including some 800,000 immigrants. This is a total that will surely add to urban crowding, although it is not likely to overstrain total resources.

But in the poorest parts of the world, where food is scarcest, the forecast is not so reassuring. Birthrates are slowly dropping there, too, but more slowly than in the West, and from a higher starting point. The Malthusian specter will not disappear for a long time.

Curiously, Malthus himself did not aim his shafts at those parts of the world where the problem is so severe today. He was concerned about England and the Western world, not about the continents of the East and South. And here, happily, Malthus was quite mistaken. In 1860 in Great Britain, about 60 percent of all married couples had families of four or more. By 1925 only one couple in five had a family that size. Conversely, the number of families with only one or two children increased over the same time span, from 10 percent of the total to more than half.

What saved the West from Malthus's projected doublings and redoublings? Birth control undoubtedly played a central role. Originally it was called Neo-Malthusianism, a name that would have made Malthus wince, for he disapproved of the practice. Actually, birth control seems to have been practiced by the upper classes all through history, which is one reason why the rich got richer and the poor got children. As England and the West enjoyed a gradually widening affluence, the poor not only ate and clothed themselves better, but they also learned how to limit their offspring like the wealthier classes.

Equally important in confuting Malthus's prediction in the West was its enormous urbanization. On the farm, children can be assets; in the city they are liabilities. Thus economic considerations joined with increasing knowledge of birth control practices to prevent the feared population explosion from taking place.

So the worst of the predictions did not come true for England, and the terrible logic of Malthus's calculations was confined to those parts of the world where wealth and progress lagged. None of this, of course, was even dimly visible in Malthus's own day. In 1801, despite severe misgivings and rumors to the effect that it was the prelude to a military dictatorship, the first census was undertaken in Britain. John Rickman, a civil servant and statistician, calculated that England's population had increased by 25 percent in three decades. Although this was far from doubling, no one doubted that were it not for the disease and poverty of the masses, the population would have grown like an avalanche. No one saw the future slowing-down of the birthrate; rather it seemed as if Britain were forever to face the mean poverty that sprang from a relentlessly spawning humanity scrabbling for an insufficient supply of food. Poverty no longer seemed accidental, or an act of God, or the result even of human indifference. It was as though some malign providence had condemned the human race to eternal dolor, as if all of mankind's efforts toward self-improvement were made a farce through the stinginess of nature.

It was all very discouraging. Paley, who had urged a larger population "in preference to every other political purpose whatsoever," now became a convert to Malthus's banner; Pitt, who had wanted his country enriched with more children, now withdrew his bill for higher poor relief in deference to the parson's opinions. Coleridge summed up the doleful outlook. "Finally, behold this mighty-nation," he wrote, "its rulers and wise men listening to—Paley and—to Malthus! It is mournful, mournful."

Anyone who was not sufficiently depressed by Malthus had only to turn to David Ricardo.

At first glimpse his was not a particularly terrifying world—at least not after the Malthusian. The universe of David Ricardo, set forth in his *Principles of Political Economy* in 1817, is dry, spare, and condensed; there is none of the life, the lively detail of Adam Smith. Here is nothing but principle, abstract principle, expounded by an intellect that is focused on something more permanent than the changing flux of daily life. This is as basic, bare, unadorned, and architectural as Euclid, but, unlike a set of pure geometrical propositions, this system has human overtones: it is a *tragic* system.

To understand that tragedy, we must take a moment to introduce the main characters in the drama. They are not, as we have said, *people*: they are prototypes. Nor do these prototypes, in the everyday sense of the word, *live*: they follow "laws of behavior." There is none of the bustle of Adam Smith's world here; instead we watch a puppet show in which the real world has been stripped of everything but its economic motivations.

Whom do we meet? First, there are the workers, undifferentiated units of economic energy, whose only human aspect is a hopeless addiction to what is euphemistically called "the delights of domestic society." Their incurable penchant for these delights causes every rise in wages to be promptly met with an increase in population. The workers get their dry crust, as Alexander Baring put it, for without it they could not perpetuate themselves. But over the long run they are condemned by their own weakness to a life at the margin of subsistence. Like Malthus, Ricardo saw only "self-restraint" as a solution for the working masses, and although he wished the workers well, he did not put too much faith in their powers of self-control.

Next we meet the capitalists. They are not Adam Smith's conniving merchants. They are a gray and uniform lot, whose entire purpose on earth is to accumulate—that is, to save their profits and to reinvest them by hiring more men to work for them; and this they do with unvarying dependability. But the capitalists' lot is not an easy one. For one thing, by competing among themselves they quickly erase any undue profits that might accrue to a lucky soul who invented a new process or found an

unusually profitable channel of trade. For another thing, their profits depend largely on the wages they have to pay, and as we shall see, this leads them into considerable difficulties.

But so far, save for the lack of realistic detail, it is not a world too far removed from that of Adam Smith. It was when Ricardo came to the landlord that things were different.

For Ricardo saw the landlord as a unique beneficiary in the organization of society. The worker worked, and for this he was paid a wage; the capitalist ran the show, and for this he gained a profit. But the landlord benefited from the powers of the soil, and his income—rent—was not held in line either by competition or by the power of population. In fact, he gained at everyone else's expense.

We must pause for a moment to understand how Ricardo came to this conclusion, for his bleak outlook for society hangs on his definition of the landlord's rent. Rent, to Ricardo, was not just the price one paid for the use of the soil, much as interest was the price of capital, and wages the price of labor. Rent was a very special kind of return which had its origin in the demonstrable fact that not all land was equally productive.

Suppose, says Ricardo, there are two neighboring landlords. On one landlord's fields the soil is fertile, and with the labor of a hundred men and a given amount of equipment he can raise fifteen hundred bushels of grain. On the second landlord's fields, the soil is less fecund; the same men and their equipment will raise only one thousand bushels. This is merely a fact of nature, but it has an economic consequence: grain will be cheaper, per bushel, on the fortunate landlord's estate. Obviously since both landlords must pay out the same wages and capital expenses, there will be an advantage in cost to the man who secures five hundred more bushels than his competitor.

It is from this *difference* in costs that rent springs, according to Ricardo. For if the demand is high enough to warrant tilling the soil on the less productive farm, it will certainly be a very profitable operation to raise grain on the more productive farm. Indeed, the greater the difference between the two farms, the greater will be the differential rent. If, for example, it is just barely profitable to raise grain at a cost of \$2.00 a bushel on very bad land, then certainly a fortunate landowner whose rich soil produces grain at a cost of only 50 cents a bushel will gain a large rent indeed. For both farms will sell their grain in the market at the same price—say \$2.10—and the owner of the better ground will therefore be able to pocket the difference of \$1.50 in their respective costs of production.

All this seems innocuous enough. But now let us fit it into the world that Ricardo envisaged, and its portentous consequences will become quite clear.

To Ricardo, the economic world was constantly tending to expand. As capitalists accumulated, they built new shops and factories. Therefore, the demand for laborers increased. This boosted wages, but only temporarily, for better pay would soon tempt the incorrigible working orders to avail themselves of those treacherous delights of domestic society and so to undo their advantage by flooding the market with still more workers. But here is where the world of Ricardo turns sharply away from the hopeful prospects of Adam Smith. As population expanded, said Ricardo, *it would become necessary to push the margin of cultivation out further*. More mouths would demand more grain, and more grain would demand more fields. And quite naturally, the new fields put into seed would not be so productive as those already in use, for it would be a foolish farmer who had not already used the best soil available to him.

Thus, as the growing population caused more and more land to be put into use, the cost of producing grain would rise. So, of course, would the selling price of grain, and so too would the rents of well-situated landlords. And not only rents, but wages would rise as well. For, as grain became more expensive to produce, the laborer would have to be paid more, just to enable him to buy his dry crust and stay alive.

And now see the tragedy. The capitalist—the man responsible for the progress of society in the first place—has been put in a double squeeze. First, the wages he has to pay are higher, since bread is dearer. Secondly, the landlords are much better off, since rents have been rising on good land, as worse and worse land has got pushed into use. And as the landlord's share in society's fruit increases, there is only one class that can get elbowed aside to make room for him—the capitalist.

What a different conclusion from Adam Smith's great pageant of progress! In Smith's world everybody gradually became better off as the division of labor increased and made the community more wealthy. We can now see that this conclusion hinged on Smith's failure to perceive land as a bottleneck to progress. In Smith's vision there is no shortage of fertile soil, hence no margin behind which rents would rise along with population.

By way of contrast, in Ricardo's world *only* the landlord stood to gain. The worker was forever condemned to subsistence, for he chased after every wage rise with a flock of children and thereby competed most of his gains away. The capitalist, who worked and saved and invested, found that all his trouble was for nothing; his wage costs were higher and his profits smaller. As for the landlord, who did nothing but collect his rents—he sat back and watched them increase.

No wonder that Ricardo fought against the Corn Laws and showed the advantages of free trade in bringing cheap grain into Britain. No wonder the landlords fought tooth and nail for thirty years to keep cheap grain out of the country. And how natural that in Ricardo's exposition the young industrialist class saw the theory that just fitted their needs. Were they responsible for low wages? No, since it was only the worker's own blindness that drove him to multiply his numbers. Were they responsible for the progress of society? Yes, and what did it avail them to expend their energies and save their profits for still further adventures in production? All they got for their pains was the dubious satisfaction of watching rents and money wages rise, and their own profits shrink. It was they who drove the economic machine, and the landlord lolling in the back seat who gained all the pleasure and reward. Indeed a sensible capitalist would really have to ask himself if the game was worth the candle.

Now who was to pop up and say that Ricardo was unfair to the landlords but Parson Malthus!

Let us remember that Malthus was not just an expert on the population question. He was first and foremost an economist, and he had, as a matter of fact, propounded the "Ricardian" theory of rent before it was taken up and refined by Ricardo himself. But Malthus did not draw the same conclusions from his theory as his friend. "Rents," said Malthus, in his *Principles of Political Economy*, which appeared three years after Ricardo's, "are the reward of present valour and wisdom, as well as of past strength and cunning. Every day lands are purchased with the fruits of industry and talent." "In fact," Malthus adds in a footnote, "Mr. Ricardo himself is a landlord and a good example of what I mean."

It was not a very convincing rebuttal. Ricardo did not paint the landlord as a machinating figure of evil. He was very well aware that landlords often improved the productivity of their farms, although he pointed out that in so doing they were actually performing the functions of a capitalist. But with irrefutable logic he showed that as land *owners*, even if they neglected their land, they stood to gain from the higher price of grain. Without anyone's having willed it, the forces of economic growth simply operated to channel gain into the pockets of the class that owned the land.

We cannot stop here to trace all the permutations of this debate. What is important is that the dire *implications* of rent envisioned by Ricardo never came to pass. For the industrialists finally did break the power of the landlords and they did finally secure the importation of cheap food. The

hillsides up which the wheatfields were ominously climbing in Ricardo's day were, within a few decades, returned to pasture. Equally important, the population never grew so fast as to swamp the resources of the country. For the Ricardian theory says that rent arises from the inequalities between the best land and the worst; obviously, if the population problem is under control, this difference will not develop to such a degree that rental returns assume socially alarming proportions. But consider for a moment the situation if Britain today were forced to feed a population of, say, a hundred million entirely from the produce of home-grown crops. And suppose the old Corn Laws had never been repealed. Is there any doubt that Ricardo's picture of a landlord-dominated society would be a frightening reality? The problem of rent has become almost an academic side issue in the modern Western world. But this is not because Ricardo's analysis was faulty; we have been spared the Ricardian dilemma only because the tempo of industrial life has rescued us from the Malthusian plight: industrialism has not only given us a brake on births, but it has enormously increased our ability to raise food from the land at our disposal.

Meanwhile, Malthus found yet another cause for concern. He was worried over the possibility of what he called a "general glut"—a flood of commodities without buyers.

Such an idea is by no means foreign to us, but it appeared foolish beyond belief to Ricardo. England had had upsets in trade, but all of these appeared to be traceable to some specific cause—a bank failure, or a burst of unwarranted speculation, or a war. More important, for Ricardo's mathematical mind, the concept of a general "glut" could be shown to be *logically impossible*. Therefore, it could never happen.

Ricardo's proof had been discovered by a young Frenchman named Jean-Baptiste Say. Say had two very simple propositions. First, he believed that the *desire* for commodities was infinite. The desire for food might be limited by the capacity of a man's stomach, as Adam Smith had said, but his desire for clothes, furniture, luxuries, and ornaments seemed incalculably large. But not only was demand infinitely large, said Say, but the *ability* to purchase was guaranteed as well. For every good that was produced cost something—and every cost was some man's income. Whether that cost was wages, rent, or profits, its sale price accrued as *someone's* income. And so how could a general glut ever occur? The *demand* for goods existed, and the *incomes* to buy them existed as well. Only passing misjudgments could prevent the market from finding the buyers it needed to clear its wares.

But although Ricardo accepted this as valid on the face of it, Malthus did not. It was not an easy argument to puncture, for it *did* seem logically watertight. But Malthus looked behind the process of swapping commodities for incomes, and came up with a strange idea. Was it not possible, he said, for the act of *saving* to make the demand for goods too small for the supply?

Again, to the modern world, this seems like a disturbingly fruitful line of inquiry. But Ricardo said it was plain and simple nonsense. "Mr. Malthus never appears to remember that to save is to spend, as surely, as what he exclusively calls spending," writes Ricardo in a reproving note. What he meant was that it was inconceivable to him that a man would bother to save his profits for any reason except to spend them for more labor and equipment, in order to earn still more profits.

This put Malthus in a quandary. Like Ricardo, he believed that saving meant spending—for industrial purposes, of course. But still, there seemed to be *something* in his argument—if only he could put his finger on it. He never could. He wrote, for example, to prove that accumulation was not *quite* so essential as Ricardo thought:

Many a merchant has made a large fortune although, during the acquisition of this fortune, there was perhaps hardly a single year in which he did not rather increase than diminish his expenditure on

objects of luxury, enjoyment, and liberality.

To which Ricardo penciled this annihilatory comment:

True, but a brother merchant who avoided an increased expenditure on objects of luxury, enjoyment, and liberality with the same profits, would get rich faster than him.

Poor Malthus! He never came off best in the exchange. His arguments *were* confused, as perhaps he knew himself. He once wrote, “I have so very high an opinion of Mr. Ricardo’s talents as a political economist, and so entire a conviction of his perfect sincerity and love of truth, that I frankly own I have sometimes felt almost staggered by his authority, while I have remained unconvinced by his reasonings.” Alas for future generations, Malthus was never able to make his own reasonings cogent or entirely comprehensible. For he was stumbling on a phenomenon that would one day absorb the main attention of economists—the problem of boom and depression—whereas Ricardo was entirely taken up with the quite different problem of distribution. For Malthus, the issue was the immensely important one of How Much Is There? For Ricardo it was the explosive issue of Who Gets What? No wonder they disagreed so endlessly; they were talking about different things.

One last question remains to be examined. How can we explain the change in vision and analysis that separates both Malthus and Ricardo from Adam Smith? The answer tells us something more about the process by which the raw material of perception is reduced to the architecture of thought. For curiously enough, despite the striking differences in their analyses—their expectations and recommendations—at a basic level the vision of both Malthus and Ricardo is *not* fundamentally at odds with that of Smith!

What was that basic vision? It was a view of “society” as a great social mechanism driven by the imperative of a search for profit, disciplined by the omnipresent pressures of competition, and careful both to give government its sphere—and to hold it within that sphere. Why, then, did they come to such differing conclusions? No doubt personality played a role—it always does. But there is another explanation based on something more substantial. It has to do with differences in the workings of the society observed by Smith, compared with that observed by Malthus and Ricardo. The differences lie not in their respective profit motives, role of markets, or place of government—these are the same for all three. They stem from changes in the effects of technology.

For Smith, those effects are represented by the division of labor. We remember Smith’s enthusiastic appraisal—mixed with some social misgivings—as to what that change could do for the production of a given product, such as pins. But we also recall that there is nothing in Smith’s appraisal to suggest that once the division of labor had worked its wonders in the making of a given product, it would spread to *new* products—textiles, iron-making, who knows what next? Here is a technological reason why a country that had acquired its “full complement of riches,” would thereafter stagnate or even decline.

No such limited prospects accompany the emerging industrial technology known to Malthus and Ricardo half a century later. The spinning jenny, the steam engine, the puddling of iron were immediately perceived as opening new avenues for economic growth. With this came an end to the Smithian view of finite expansion possibilities—and with it came as well a premonition of new problems arising from that very prospect. For one thing, population growth now took on a far more threatening aspect as economic expansion no longer enjoyed the brake of constrained capabilities. In the same way, more expansive prospects for industrial economic growth also implied the further

enrichment of the landlord. Thus it is plausible that the problem-ridden character of Malthusian and Ricardian economics can be traced to the analytic consequences of a change in vision imposed by a widening of technological horizons.

How shall we sum up the contributions of the two central figures of this chapter, at once so alike at some levels and so different at others?

Ricardo's gift to the world was plain. Here was a world stripped to its essentials and laid open for everyone to examine: the watchworks were exposed. In its very unreality lay its strength, for not only did the bare structure of a greatly simplified world reveal the laws of rent, but it elucidated as well vital questions of foreign trade, money, taxation, and economic policy. By building a model world, Ricardo gave the powerful tool of abstraction to economics—a tool that is essential if the distraction of everyday life is to be pierced and its underlying mechanism understood. To be sure, as some observers said in his own day, the tool of abstraction could also be used to ignore awkward facts and not always “rational” behavior—a problem that has become known as the Ricardian Vice. Nonetheless, it is to Ricardo's gift for abstraction that we owe the claim of economics to be considered as a science. Perhaps it is to this very penchant for oversimplification that we also owe its rather spotty record *as* a science.

Malthus was never so successful in building an abstract world, and so his long-lasting academic contribution is smaller. But he pointed out the appalling problem of population, and for that reason alone, his name is still alive. And he sensed, even if he could not explain, the problem of general depression which would occupy economists a century after his book appeared.

Yet, in retrospect, perhaps the main contribution of the two lay outside their technical accomplishments. For quite without intending it, Malthus and Ricardo did one astonishing thing. They changed the viewpoint of their age from optimism to pessimism. No longer was it possible to view the universe of mankind as an arena in which the natural forces of society would inevitably bring about a better life for everyone. On the contrary, those natural forces that once seemed teleologically designed to bring harmony and peace into the world now seemed malevolent and menacing. If humanity did not groan under a flood of hungry mouths, it seemed that it might suffer under a flood of commodities without takers. And in either event, the outcome of a long struggle for progress would be a gloomy state where the worker just barely subsisted, where the capitalist was cheated of his efforts, and where the landlord gloated.

Indeed, here is another common element to be recognized in the visions of Smith as well as Malthus and Ricardo, besides the structure of what we would call a capitalist economy. This was the vision of the working class as essentially passive. There is no hint in any of the three that the laboring poor might ever take it into their heads to introduce changes in the system—indeed, to build a new system of their own. But that leads us into the next chapter, where we will watch a new vision guide the course of the worldly philosophy.

## The Dreams of the Utopian Socialists

It is not difficult to understand why Malthus and Ricardo should have conceived of the world in gloomy terms. England in the 1820s was a gloomy place to live; it had emerged triumphant from a long struggle on the Continent, but now it seemed locked in an even worse struggle at home. For it was obvious to anyone who cared to look that the burgeoning factory system was piling up a social bill of dreadful proportions and that the day of reckoning on that bill could not be deferred forever.

Indeed, a recital of the conditions that prevailed in those early days of factory labor is so horrendous that it makes a modern reader's hair stand on end. In 1828, *The Lion*, a radical magazine of the times, published the incredible history of Robert Blincoe, one of eighty pauper-children sent off to a factory at Lowdham. The boys and girls—they were all about ten years old—were whipped day and night, not only for the slightest fault, but to stimulate their flagging industry. And compared with a factory at Litton where Blincoe was subsequently transferred, conditions at Lowdham were rather humane. At Litton the children scrambled with the pigs for the slops in a trough; they were kicked and punched and sexually abused; and their employer, one Ellice Needham, had the chilling habit of pinching the children's ears until his nails met through the flesh. The foreman of the plant was even worse. He hung Blincoe up by his wrists over a machine so that his knees were bent and then he piled heavy weights on his shoulders. The child and his co-workers were almost naked in the cold of winter and (seemingly as a purely gratuitous sadistic flourish) their teeth were filed down!

Without a doubt such frightful brutality was the exception rather than the rule; indeed we suspect a little of the reformer's zeal has embellished the account. But with full discount for exaggeration, the story was nonetheless all too illustrative of a social climate in which practices of the most callous inhumanity were accepted as the natural order of events and, even more important, as nobody's business. A sixteen-hour working day was not uncommon, with the working force tramping to the mills at six in the morning and trudging home at ten at night. And as a crowning indignity, many factory operators did not permit their work-people to carry their own watches, and the single monitory factory clock showed a strange tendency to accelerate during the scant few minutes allowed for meals. The richest and most farsighted of the industrialists might have deplored such excesses, but their factory managers or hard-pressed competitors seem to have regarded them with an indifferent eye.

And the horrors of working conditions were not the only cause for unrest. Machinery was now the rage, and machinery meant the displacement of laboring hands by uncomplaining steel. As early as 1779 a mob of eight thousand workers had attacked a mill and burned it to the ground in unreasoning defiance of its cold implacable mechanical efficiency, and by 1811 such protests against technology were sweeping England. Wrecked mills dotted the countryside, and in their wake the word went about that "Ned Ludd had passed." The rumor was that a King Ludd or a General Ludd was directing the activities of the mob. It was not true, of course. The Luddites, as they were called, were fired by a purely spontaneous hatred of the factories that they saw as prisons and the wagework that they still despised.

But the disturbances raised a real apprehension in the country. Ricardo almost alone among the

respectable people admitted that perhaps machinery did not always operate to the immediate benefit of the workman, and for this opinion he was regarded as having slipped, for once, from his usual acumen. To most observers, the sentiment was less reflective: the lower orders were getting out of hand and should be severely dealt with. And to the gentler classes, the situation seemed to indicate the coming of a violent and terrifying Armageddon. Southey, the poet, wrote, "At this moment nothing but the Army preserves us from that most dreadful of all calamities, an insurrection of the poor against the rich, and how long the Army may be depended upon is a question which I scarcely dare ask myself"; and Walter Scott lamented, "... the country is mined beneath our feet."

But all through this dark and troubled period, one spot in Britain shone like a beacon through the storm. In the dour mountains of Scotland, a good day's post from Glasgow, in country so primitive that the tollgate keepers at first refused gold coins (never having seen them before), stood the gaunt seven-story brick mills of a little community called New Lanark. Over the hilly roads from Glasgow rode a constant stream of visitors—twenty thousand signed the guestbook at New Lanark between 1815 and 1825—and the visiting crowds included such dignitaries as the Grand Duke Nicholas, later to be Tsar Nicholas I of Russia, Princes John and Maximilian of Austria, and a whole covey of parish deputations, writers, reformers, sentimental ladies, and skeptical businessmen.

What they came to see was the living proof that the squalor and depravity of industrial life were not the only and inevitable social arrangement. Here at New Lanark were neat rows of workers' homes with *two* rooms in every house; here were streets with the garbage neatly piled up awaiting disposal instead of being strewn in filthy disarray. And in the factories a still more unusual sight greeted the visitors' eyes. Over each employee hung a little cube of wood with a different color painted on each side: black, blue, yellow, and white. From lightest to darkest, the colors stood for different grades of deportment: white was excellent; yellow, good; blue, indifferent; black, bad. At a glance the factory manager could judge the deportment of his work force. It was mainly yellow and white.

For another surprise there were no children in the factories—at least none under the age of ten or eleven—and those that did work toiled only a short ten-and-three-quarter-hour day. Furthermore, they were never punished; no one in fact was punished, and save for a few adult incorrigibles who had to be expelled for chronic drunkenness or some such vice, discipline seemed to be wielded by benignity rather than fear. The door of the factory manager stood open, and anyone could (and did) present his objections to any rule or regulation. Everyone could inspect the book that contained the detailed report of his deportment and thus served as referent for the assignment of his colored cube, and he could appeal if he felt that he had been unjustly rated.

Most remarkable of all were the little children. Instead of running wild and fierce through the streets, they were found by the visitors to be fast at work and play in a large schoolhouse. The littlest were learning the names of the rocks and trees they found about them; the slightly older were learning grammar from a frieze where General Noun contested with Colonel Adjective and Corporal Adverb. Nor was it all work, delightful as the work seemed to be. Regularly the children gathered to sing and dance under the tutelage of young ladies who had been instructed that no child's question was ever to go unanswered, that no child was ever bad without reason, that punishment was never to be inflicted, and that children would learn faster from the power of example than from admonition.

It must have been a wonderful and, indeed, an inspiring sight. And for the business-minded gentlemen who were less likely to be carried away by the sight of happy children than the tenderhearted ladies, there was the irrefutable fact that New Lanark was profitable, marvelously

profitable. This was an establishment run not only by a saint but by an eminently practical one, at that.

It was not only a practical saint who was responsible for New Lanark but a most improbable one. Like so many of the early nineteenth-century reformers on whom we look back as the Utopian Socialists, Robert Owen, the “benevolent Mr. Owen of New Lanark,” was a strange mixture of practicality and naïveté, achievement and fiasco, common sense and lunacy. Here was a man who advocated the abandonment of the plow in favor of the spade; a man who from scratch became a great capitalist and from a great capitalist a violent opponent of private property; a man who advocated benevolence because it would pay dividends, and who then urged the abolition of money.

It is hard to believe that one man’s life could take so many twists. It began as a chapter straight from Horatio Alger. Born of poor parents in Wales in 1771, Robert Owen left school at the age of nine to become apprenticed to a linen draper with the unlikely name of McGuffog. He might have stayed a linen draper always and watched the store name change to McGuffog and Owen, but in true business-hero style, he chose to go to Manchester; and there, at the age of eighteen and on the strength of £100 borrowed from his brother, he set himself up as a tiny capitalist manufacturing textile machinery. But the best was yet to come. A Mr. Drinkwater, the owner of a large spinning establishment, found himself one morning without a factory manager and advertised in the local paper for applicants. Owen had no knowledge of spinning mills, but he got the post in a fashion that might have provided a test for countless writers on the virtues of Pluck and Luck. “I put on my hat,” wrote Owen over a half-century later, “and proceeded straight to Mr. Drinkwater’s counting house. ‘How old are you?’ ‘Twenty this May,’ was my reply. ‘How often do you get drunk in the week?’ ... ‘I was never,’ I said, ‘drunk in my life,’ blushing scarlet at this unexpected question. ‘What salary do you ask?’ ‘Three hundred a year,’ was my reply. ‘What?’ Mr. Drinkwater said, with some surprise, repeating the words, ‘Three hundred a year! I have had this morning I know not how many seeking the situation and I do not think all their askings together would amount to what you require.’ ‘I cannot be governed by what others seek,’ said I, ‘and I cannot take less.’”

It was a characteristic Owen gesture and it succeeded. At twenty he became the boy wonder of the textile world—an engaging young man with a rather straight nose in a very long face, and with large, frank eyes that advertised his candor. Within six months Mr. Drinkwater offered him a quarter interest in the business. But this was still only the prelude to a fabulous career. Within a few years Owen had heard of a set of mills for sale in the squalid village of New Lanark—co-incidentally they were owned by a man with whose daughter he had fallen in love. To acquire either the mills or the hand of the daughter looked like an impossible feat: Mr. Dale, the mill-owner, was a fervid Presbyterian who would never approve of Owen’s radical free-thinking ideas, and then there was the question of how to find the capital to buy the mills. Nothing daunted, Owen marched up to Mr. Dale as he had once marched up to Mr. Drinkwater and the impossible became done. He borrowed the money, bought the mills, and won the hand of the daughter in the bargain.

Matters might well have rested there. Within a year Owen had made New Lanark a changed community; within five years it was unrecognizable; in ten years more it was world famous. It would have been accomplishment enough for most men, for in addition to winning a European reputation for farsightedness and benevolence, Robert Owen had made a fortune of at least £60,000 for himself.

But matters did not rest there. Despite his meteoric rise, Owen conceived of himself as a man of ideas rather than as a mere man of action; New Lanark had never been for him an idle exercise of philanthropy. Rather, it was an opportunity to test out theories that he had evolved for the advancement of humanity as a whole. For Owen was convinced that mankind was no better than its

environment and that if that environment was changed, a real paradise on earth might be achieved. In New Lanark he could, as it were, test his ideas in a laboratory, and since they succeeded beyond all measure, there seemed no reason why they should not be given to the world.

He soon had his chance. The Napoleonic Wars subsided and in their wake came trouble. A succession of what Malthus would have called “general gluts” wracked the country; from 1816 to 1820 with the exception of a single year, business was very bad. The misery threatened to explode: “bread and blood” riots broke out, and a kind of hysteria gripped the country. The Dukes of York and Kent and a body of notables formed a committee to look into the causes of the distress, and purely as a matter of course they called upon Mr. Owen, the philanthropist, to present his views.

The committee was hardly prepared for what it got. It had no doubt expected a plea for factory reform, for Mr. Owen was widely known for his championship of a shorter working day and the abolition of child labor. Instead the notables found themselves reading a blueprint for social reorganization on a sweeping scale.

What Owen suggested was that the solution to the problem of poverty lay in making the poor productive. To this end he advocated the formation of Villages of Cooperation in which eight hundred to twelve hundred souls would work together on farm and in factory to form a self-sustaining unit. The families were to live in houses grouped in parallelograms—the word immediately caught the public eye—with each family in a private apartment but sharing common sitting rooms and reading rooms and kitchens. Children over the age of three were to be boarded separately so that they could be exposed to the kind of education that would best mold their characters for later life. Around the school were gardens to be tended by the slightly older children, and around them in turn would stretch out the fields where crops would be grown—needless to say with the aid of spades and without the use of plows. In the distance, away from the living areas, would be a factory unit; in effect this would be a planned garden city, a kibbutz, a commune.

The committee of notables was considerably taken aback. It was hardly prepared to urge the adoption of planned social communities in a day of untrammelled *laissezfaire*. Mr. Owen was thanked and Mr. Owen’s ideas were carefully ignored. But Owen was nothing if not single-purposed. He insisted upon a review of the applicability of his plans and flooded Parliament with tracts expounding his views. Again his determination won the day. In 1819 a special committee (including David Ricardo) was put together for the purpose of trying to raise the necessary £96,000 to establish one full-fledged experimental Village of Cooperation.

Ricardo was skeptical, although willing to give the plan a trial, but the country was not skeptical at all; it found the idea an abomination. One editorialist wrote: “Robert Owen, Esq., a benevolent cotton-spinner ... conceives that all human beings are so many plants which have been out of the earth for a few thousand years, and require to be reset. He accordingly determines to dibble them in squares after a new fashion.”

William Cobbett, then in exile in America for his own radical ideas, was even more scornful. “This gentleman,” he wrote, “is for establishing *communities* of paupers! ... Wonderful peace, happiness, and national benefit are to be the result. How the little matters of black eyes, bloody noses, and pulling of caps are to be *settled*, I do not exactly see. Mr. Owen’s scheme has, at any rate, the recommendation of perfect novelty, for of such a thing as a *community of paupers*, I believe no human being has ever before heard.... Adieu, Mr. Owen of Lanark.”

Owen did not, of course, envision a community of paupers. He believed, on the contrary, that paupers could become the producers of wealth if they were given a chance to work, and that their deplorable social habits could be easily transformed into virtuous ones under the influence of a

decent environment. And it was not only paupers who were to be thus elevated. The Villages of Cooperation were to be so manifestly superior to the turmoil of industrial life that other communities would naturally follow suit.

But it was obvious that Owen held his views alone. Serious-minded people saw in Owen's scheme a disturbing threat to the established order of things, and radical-minded people saw in it only a farce. The necessary money for the trial Village was never raised, but now there was no stopping the indomitable philanthropist. He had been a humanist; now he became a professional humanitarian. He had made a fortune; now he dedicated it to the realization of his ideas. He sold his interest in New Lanark and in 1824 set about building his own community of the future. Not unnaturally he chose America for his milieu, for where better to build utopia than in the midst of a people who had known political liberty for fifty years?

For a site he bought from a religious sect of Germans known as Rappites a tract of thirty thousand acres on the banks of the Wabash in Posey County, Indiana. On the Fourth of July, 1826, he dedicated it with a Declaration of Mental Independence—independence from Private Property, Irrational Religion, and Marriage—and then left it to shift for itself with its lovely wishful name of New Harmony.

It could not and did not succeed. Owen had envisioned a utopia sprung full-blown into the world, and he was not prepared to wean one from the imperfect environment of the old society. There was no planning: eight hundred settlers poured in, helter-skelter, within a few weeks. There was not even elementary precaution against fraud. Owen was bilked by an associate who piled insult upon injury by setting up a whiskey distillery on land that he had unfairly taken. And since Owen was not there, rival communities sprang up: Macluria under one William McClure, and others under other dissidents. The pull of acquisitive habit was too strong for the bond of ideas; in retrospect it is only astonishing that the community managed to exist for as long as it did.

By 1828 it was apparent that the enterprise was a failure. Owen sold the land (he had lost four-fifths of his entire fortune in the venture) and went off to talk about his schemes to President Jackson and then to Santa Anna in Mexico. Neither of these gentlemen expressed more than polite interest.

Owen now returned to England. He was still the benevolent (if slightly cracked) Mr. Owen, and his career was about to take its final unexpected twist. For while most opinion had mocked at his Villages of Cooperation, his teachings had sunk deep into one section of the country: the working classes. This was the time of the first trade unions, and the leaders of the spinners and the potters and the builders had come to regard Owen as a man who could speak for their interests—indeed, as their leader. Unlike his peers, they took his teachings seriously—while the Villages of Cooperation were being debated by committees of notables, real working cooperative societies based on his tracts were springing up throughout the country on a more modest scale: producers' cooperatives and consumers' cooperatives and even a few ill-fated attempts to follow Mr. Owen's ideas to the letter and do away with money.

Without exception, the producers' cooperatives failed and the moneyless exchanges ended in moneyless but equally final bankruptcies. But one aspect of the cooperative movement took root. Twenty-eight devoted men who called themselves the Rochdale Pioneers began the *consumer* cooperative movement. To Owen it was only of passing interest, but with time it grew to be one of the great sources of strength of the Labour party in Great Britain. Curiously, the movement in which he took least interest was to survive all the projects into which he poured his heart and strength.

Owen had no time for cooperatives, for a good reason; on his return from America he had

conceived a huge moral crusade, and he plunged into it with a typical vigorous abandon. The onetime poor boy, onetime capitalist, one-time social architect, now drew around him the leaders of the working-class movement. He bestowed a properly impressive name on his project: the Grand National Moral Union of the Productive and Useful Classes. The name was soon shortened to the Grand National Consolidated Trades Union, and since that was still quite a mouthful, to the Grand National. Under its banner the trade-union leaders rallied, and in 1833 the English working-class movement was officially launched.

It was a nationwide union—the precursor of the industrial trade unions of our day. Its membership was five hundred thousand—a mammoth figure for that time—and it embraced virtually every important union in all of England. But, unlike a modern union, its goals were not limited to hours and wages or even to management prerogatives. The Grand National was to be an instrument not only of social betterment but of deep social change. Hence, while its program asked for better wages and working conditions, it went on to expound a fuzzy amalgam of Villages of Cooperation, the abolition of money, and a number of other ideas from the potpourri of Owen's writing.

Owen stumped the country for his final cause. It was a fiasco. England was no more prepared for a national trade union than America for a local paradise. Local unions could not control their members, and local strikes weakened the national body. Owen and his lieutenants fell out; they accused him of atheism, and he charged them with fomenting class hatred. The government stepped in and with violence and vengeance did its best to disrupt the growing movement. The employing classes heard in the Grand National the knell of private property and called for prosecution under antiunion laws. No youthful movement could have withstood such an onslaught. Within two years the great union was dead, and Owen at the age of sixty-four had played his last historical role.

He continued for another twenty years, the grand old man of labor, urging his cooperative ideas, his preference for the spade, his naive distrust of money. In 1839 he had an audience with Queen Victoria despite the protests of a group of the best people known as the Society for Peaceably Repressing Infidelity. But he was finished. In his last years he found a refuge in spiritualism, in endless tracts endlessly the same, and in his wonderful *Autobiography*. In 1858, eighty-seven years old and still hopeful, he died.

What a romantic and fantastic story! And looking back, it is his story rather than his ideas which interests us. Owen was never a truly original and certainly never a flexible thinker. "Robert Owen is not a man to think differently of a book for having read it," was the devastating way in which one contemporary writer characterized him, and Macaulay, who fled at the sound of his voice, called him "always a gentle bore."

He was not, by any stretch of the imagination, an economist. But he was more than that; he was an economic innovator who reshaped the raw data with which economists have to deal. Like all the Utopian Socialists, Owen wanted the world changed; but while others wrote, powerfully or otherwise, he went ahead and tried to change it.

And on second thought, perhaps he did leave one great idea behind him. It is charmingly illustrated in this anecdote from the autobiography of his son, Robert Dale Owen.

"When the child screams from temper, my dear Caroline," said his father (Robert Owen), "set him in the middle of the nursery floor and be sure you don't take him up until he stops crying." "But my dear, he'll go on crying by the hour." "Then let him cry." "It may hurt his little lungs, and perhaps throw him into spasms." "I think not. At all events, it will hurt him more if he grows into an ungovernable boy. Man is the creature of circumstances."

"Man is the creature of circumstances." And who makes the circumstances but man himself? The

world is not inevitably good or bad but to the extent that we make it so. In that thought Owen left behind him a philosophy of hope more powerful than all his fanciful notions about spades and plows or money or Villages of Cooperation.

Robert Owen is certainly the most romantic of that group of nineteenth-century protesters against raw capitalism, but he is by no means the most peculiar. For sheer perversity of character, honors must go to Count Henri de Rouvroy de Saint-Simon, and for indisputable eccentricity of ideas there is no peer of Charles Fourier.

Saint-Simon, as his rolling name suggests, was an aristocrat; his family claimed descent from Charlemagne. Born in 1760, he was brought up to be conscious of the nobility of his ancestry and of the importance of maintaining the luster of his name; every morning, as a youth, he was awakened by his valet, who would cry: "Arise, Monsieur le Comte, you have great things to do today."

The knowledge that one is a chosen vessel of history can do strange things to a man. In Saint-Simon's case, it provided the excuse for an extravagant self-indulgence. Even as a boy he confused a devotion to principle with sheer pigheadedness; it is said that when a passing wagon interfered with a childhood game, he threw himself down across the road and obstinately refused to budge—and who was to throw a young count into the ditch? Later this same obstinacy led him to refuse to go to communion at his father's behest—but the father, perhaps more used to his son's intransigence and certainly less awed by it, promptly threw him into jail.

His self-indulgence might have turned him toward that most self-indulgent of all political groups, the court of Louis XVI. But it was redeemed by a love for a most uncourtly idea: democracy. In 1778 the young count went to America and distinguished himself in the Revolutionary War. He fought in five campaigns, won the Order of Cincinnati, and most important of all, became a passionate disciple of the new ideas of freedom and equality.

But this did not yet constitute Great Things. The Revolutionary War left him in Louisiana; thence he went to Mexico to urge the Viceroy to build a canal that would have preceded the Panama. That might have made his name, but the idea came to naught—it was, of course, nine tenths idea and one tenth plan—and the young revolutionary noble returned to France.

He was just in time for the Revolution there, and he threw himself into it with fervor. His townspeople of Falvy in Peronne asked him to be mayor and he refused, saying that the election of the old nobility would be a bad precedent; then when they chose him for the National Assembly anyway, he proposed the abolition of titles and renounced his own to become plain Citoyen Bonhomme. His democratic predilections were not a pose; Saint-Simon had a genuine feeling for his fellow man. Before the Revolution he had been posting to Versailles one day, in the height of style, when he came across a farmer's cart mired in the road. Saint-Simon got down from his carriage, put his elegantly clad shoulder to the wheel, and then found the farmer's conversation so interesting that he dismissed his own vehicle and rode to Orléans with his newfound peasant friend.

The Revolution dealt strangely with him. On the one hand he speculated adroitly in Church lands and made himself a modest fortune; on the other he busied himself with a gigantic educational scheme that, because it threw him into contact with foreigners, brought him into disfavor and resulted in his being put in protective custody. He escaped and then, in a gesture both romantic and truly noble, surrendered himself again when he found that his hotel proprietor had been unjustly accused of collaborating in his escape.

This time he went to jail. But there, in his cell, there came to him the revelation for which he had, in a sense, been waiting all his life. The revelation came, as such visitations do, in a dream; Saint-

Simon described it thus:

“During the cruelest period of the Revolution, and during a night of my imprisonment at Luxembourg, Charlemagne appeared to me and said: ‘Since the world began no family has enjoyed the honor to produce both a hero and philosopher of first rank. This honor was reserved for my house. My son, your successes as a philosopher will equal mine as a soldier and a statesman.’”

Saint-Simon asked for no more. He obtained a release from prison, and the money he had accumulated now poured forth in a fantastic search for knowledge. This man actually set out to know everything there was to know—scientists, economists, philosophers, politicians, all the savants of France were invited to his house, financed in their work, and endlessly queried that Saint-Simon might encompass the world’s intellectual scope. It was a bizarre endeavor. At one time, having come to the conclusion that he still lacked a firsthand acquaintance with family life for the pursuance of his social studies, he married—on a three-year contract. One year was enough: his wife talked too much and his guests ate too much, and Saint-Simon decided that marriage as an educational institution had its limitations. Instead he sought the hand of the most brilliant woman in Europe, Mme. de Staël; she was the only woman, he declared, who would understand his plans. They met, but it was an anticlimax; she found him full of *esprit* but hardly the greatest philosopher in the world. In the circumstances, his enthusiasm also waned.

But the search for encyclopedic knowledge, while stimulating, was financially disastrous. His expenditures had been lavish to the point of recklessness; his marriage unexpectedly expensive. He found himself reduced first to modest circumstances and then to real poverty; he was forced to find a clerical job and then to depend on the kindness of an old servant for board and lodging. Meanwhile he was writing, furiously writing an endless stream of tracts, observations, exhortations, and examinations of society. He sent his works to the leading patrons of the day with a pathetic note:

MONSIEUR:

Be my saviour, I am dying of hunger.... For 15 days I have lived on bread and water ... sold everything but my clothes, to pay for the expense of copies of my work. It is the passion for knowledge and the public welfare, the desire to find a peaceful means of ending the frightful crisis which engages all European society which has brought me to this state of distress....

No one subscribed. In 1823, although his family now accorded him a small pension, he shot himself in despair. But he could never quite do anything as he wished. He succeeded only in losing an eye. He lived two more years, ill, impoverished, dedicated, and proud. When the end came, he gathered his few disciples around him and said, “Remember that in order to do great things one must be impassioned!”

But what had he done to justify such an operatic end?

A strange thing: he had founded an industrial religion. He had not done it through his books, which were voluminous enough but unread, nor through lectures, nor through doing “great things.” Somehow the man himself had inspired a sect, had gathered a small band of followers, and had given society a new image of what it might be.

It was a strange, semimystical, and disorganized religion, and little wonder, for it was built on an unfinished and lopsided edifice of ideas. It was not even meant to be a religion as such—although after his death there was actually a Saint-Simonian Church with six departmental churches in France and with branches in Germany and England. Perhaps it is better compared with an order of

brotherhood; his disciples dressed in shades of blue and ranked each other as “fathers and sons.” And as a nice symbol of what the founder himself had stood for, they wore a special waistcoat that could be neither put on nor taken off unassisted and that thus emphasized the dependence of every man on his brothers. But the church soon degenerated into little more than a cult, for the latter-day Saint-Simonians devised their own code of morality, which in some instances was little more than a respectably codified immorality.

The gospel that Saint-Simon had preached is hardly shocking to modern eyes. It proclaimed that “man must work” if he is to share in society’s fruits. But compared with the conclusions drawn from this premise, Robert Owen’s society of parallelograms was clarity itself.

“We suppose,” writes Saint-Simon, “that France suddenly loses her fifty leading physicists; her fifty leading chemists, her fifty leading physiologists ... mathematicians ... mechanics” and so on until three thousand savants, artists, and artisans have been accounted for (Saint-Simon is not noted for the economy of his style). What would be the result? It would be a catastrophe that would rob France of her very soul.

But now suppose, says Saint-Simon, that instead of losing these few individuals, France were to be deprived at one blow of its social upper crust: suppose it should lose M. the brother to the king, the Duke de Berry, some duchesses, the officers of the Crown, the ministers of state, its judges, and the ten thousand richest proprietors of the land—thirty thousand people in all. The result? Most regrettable, says Saint-Simon, because these are all good people, but the loss would be purely a sentimental one; the state would hardly suffer. Any number of people could discharge the functions of these lovely ornaments.

So the moral is clear. It is the workers—*les industrials*—of all ranks and hierarchies who merit the highest rewards of society, and the idlers who deserve the least. But what do we find? By a strange miscarriage of justice, it is just the opposite: those who do the least get the most.

Saint-Simon proposes that the pyramid be set aright. Society is actually organized as a gigantic factory, and it should carry out the factory principle to its logical conclusion. Government should be economic, not political; it should arrange things and not direct men. Rewards should be apportioned to one’s social contribution; they should accrue to the active members of the factory and not to the lazy onlookers. It is not a revolution that Saint-Simon preaches, nor even socialism as we understand the word. It is a kind of paean of the industrial process and a protest that in a society of toil, idlers should take such a disproportionate share of the wealth.

Not a word about how this is to be done; the later Saint-Simonians went a step beyond their founder and urged the end of private property, but even this left them with little more than a vague program of social reformation. This was a religion of work, but it lacked a proper catechism; it pointed to grave injustices in the distribution of society’s wealth, but it gave disappointingly little guidance to those who wanted to set things to rights.

Perhaps it was just this lack of a program which helped to account for the success of a man who was quite the opposite of Saint-Simon. Whereas the ax-nobleman had been inspired by a passion for the grand idea, Charles Fourier was inspired by a passion for trivia. Like Saint-Simon, Fourier believed the world was hopelessly disorganized, but the cure he proposed was explicit down to the tiniest detail.

Saint-Simon had been an adventurer in life; Fourier was an adventurer in imagination. His biography is largely a blank: born in 1772, the son of a tradesman of Besançon, he spent his days as an unsuccessful commercial traveler. In a sense he did nothing, not even marry. His passions were two: flowers and cats. It is only at the end of his life that he is appealing, for he spent his last years

punctually sitting at advertised hours in his small room awaiting the visit of some great capitalist who would offer to finance his schemes to do over the world. After all, this little salesman had written, “I alone have confounded twenty centuries of political imbecility; and it is to me alone that present and future generations will look for the origin of their immense happiness.” With such a responsibility resting on his shoulders, he could hardly afford not to be at hand when the appointed savior capitalist would arrive with his moneybags in train. But no one ever came.

Fourier, to be polite, was an eccentric; to be accurate, he was probably off his rocker. His world was a fantasy: the earth, he believed, had been given a life of eighty thousand years; forty thousand of ascending vibrations and the same number of descending. In between (never mind the arithmetic) lay eight thousand years of the *Apogée du Bonheur*. We lived in the fifth of eight stages of advancement, having pushed through Confusion, Savagery, Patriarchism, and Barbarousness. Ahead lay Guaranteeism (not a bad bit of insight), and then the upward slope of Harmony. After we reached utter bliss, however, the seesaw would tip and we would work our way right back down through all the stages to the beginning.

But as we worked our way ever deeper into Harmony, things would really begin to pop: a Northern Crown would encircle the Pole, shedding a gentle dew; the sea would become lemonade; six new moons would replace the old solitary satellite; and new species would emerge, better suited to Harmony: an antilion, a docile and most serviceable beast; an antiwhale, which could be harnessed to ships; an antibear; antibugs; and antirats. We would live to be one hundred and forty-four years old, of which one hundred and twenty years would be spent in the unrestricted pursuit of sexual love.

All this plus a firsthand description of the inhabitants of other planets gives to Fourier’s writings the air of a madman. Perhaps he was. But when he turned his starry vision to this earth he saw in it chaos and unhappiness, and he saw, as well, a way to reorganize society.

His prescription was very exact. Society should be organized into phalanxes—the French word is *phalanstères*—which would consist of a kind of Grand Hotel arrangement, not too dissimilar from Owen’s Villages of Cooperation. The hotel was carefully described: there would be a large central building (its various rooms and their dimensions were all thought out), and around it would be fields and industrial establishments. You could live in the hotel at the scale best suited to your purse; first, second, or third class, with just as much privacy as you desired (including meals in your rooms) and with just enough mingling to spread a leaven of culture. Efficiency would be achieved through centralization; Fourier, the old bachelor, paints a mouth-watering picture of the triumphs of the central cuisine.

Everyone would have to work, of course, for a few hours each day. But no one would shirk work, for each would do what he best liked. Thus the problem of dirty work was solved by asking who *liked* to do dirty work. The children, of course. So there would be Little Hordes who would go off gaily to the slaughterhouses or to mend the roads and have the time of their lives. And for the minority of children who shrank from dirty work, there would be Little Bands who would tend the flowers and correct their parents’ bad pronunciation. Among the workers there would be amicable competition to see who did best: contests of pear growers and cultivators of spinach and finally (once the phalanstery principle had encircled the globe and the 2,985,984 necessary *phalanstères* established) great battles of omelette chefs and champagne bottlers.

And the whole affair would be profitable in the extreme; gains would run to 30 percent. But it would be communal profit: the surplus would be divided five twelfths to labor, four twelfths to capital, and three twelfths to “ability,” and everybody would be urged to become a part owner as well as a fellow worker.

Weird and fantastic as it seems, the Fourierist idea took some hold, even in that fortress of practicality and common sense, the United States. At one time there were over forty phalansteries in this country, and if one groups together the Owenite communities and the religious movements of various sorts, there were at least one hundred and seventy-eight actual Utopian groups with from fifteen to nine hundred members each.

Their variety was immense: some were pious, some impious; some chaste, some licentious; some capitalistic, others anarchic. There was Trumbull Phalanx in Ohio and Modern Times on Long Island; there were Oneida and Brook Farm and New Icaria and one rather remarkable phalanx—the North American Phalanx in New Jersey—which endured from 1843 to 1855 and then lingered on, half hotel, half community, until the late 1930s. Of all unlikely people, the critic Alexander Woolcott was born there.

None of the dream communities took solid root. Dream worlds have a difficult time contending with the frictions of reality, and of all the projected Utopian rearrangements of society, none was so far removed from practicality as the *phalanstère*. And yet, none is so beguiling. If we could live in a *phalanstère*, who would not like to? Fourier pointed with devastating truth to the miserable unhappiness of the world in which he lived, but his prescription was too much compounded of heavenly ingredients for the mortal ills he wished to cure.

Do they appear ridiculous, these Utopians? It is true that they were all dreamers—but, as Anatole France said, without dreamers, mankind would still live in caves. There was not one without a touch of madness: even Saint-Simon speculated solemnly on the possibility of the beaver, as the most intelligent animal, someday replacing humankind. But they are not noteworthy because they were eccentrics or because of the richness and appealing quality of their fantasies. They are worth our attention because they were courageous, and to appreciate their courage we must appraise and understand the intellectual climate in which they lived.

They lived in a world that was not only harsh and cruel but that rationalized its cruelty under the guise of economic law. Necker, the French financier and statesman, said at the turn of the century, “Were it possible to discover a kind of food less agreeable than bread but having double its substance, people would be reduced to eating only once in two days.” Harsh as such a sentiment might have sounded, it did ring with a kind of logic. It was the world that was cruel, not the people in it. For the world was run by economic laws, and economic laws were nothing with which one could or should trifle; they were simply *there*, and to rail about whatever injustices might be tossed up as an unfortunate consequence of their working was as foolish as to lament the ebb and flow of the tides.

The laws were few but final. We have seen how Adam Smith, Malthus, and Ricardo elaborated the laws of economic distribution. These laws seemed to explain not only how the produce of society tended to be distributed but how it *should* be distributed. The laws showed that profits were evened out and controlled by competition, that wages were always under pressure from population, and that rent accrued to the landlord as society expanded. And that was that. One might not necessarily *like* the result, but it was apparent that this result was the natural outcome of society’s dynamics: there was no *personal* ill-will involved nor any personal manipulation. Economic laws were like the laws of gravitation, and it seemed as nonsensical to challenge one as the other. Hence a primer of elementary economic principles said: “A hundred years ago only savants could fathom them [economic laws]. Today they are commonplaces of the nursery, and the only real difficulty is their too great simplicity.”

No wonder the Utopians went to such extremes. The laws did look inviolable—and yet the state of society for which they were held responsible was intolerable. So the Utopians took their courage in both hands and said, in effect, the whole system must change. If this is capitalism—with a nod at

Robert Blincoe chained to a machine—let us have anything else—Villages of Cooperation, moral codes, or the delightful resort atmosphere of a *phalanstère*. The Utopians—and there were many besides those mentioned in this chapter—were reformers of the heart rather than the head.

This is one reason why we designate them as *Utopian Socialists*. The “utopia” was not merely a matter of idealistic ends; it was also a key to the means. In contradistinction to the Communists, these were reformers who hoped to persuade the members of the *upper* classes that social change would be for their own ultimate benefit. The Communists talked to the masses and urged violence, if necessary, to encompass their ends; the Socialists appealed to their own kind—to the intelligentsia, the *petit bourgeois*, the freethinking middle-class citizen, or the intellectually emancipated aristocrat—for adherents to their schemes. Even Robert Owen hoped to get his brother mill-owners to see the light.

But secondly, note that these were *Utopian Socialists*. This meant they were *economic* reformers. Utopia builders had existed since Plato, but it was not until the French Revolution that they had begun to react to economic as well as political injustice. And since it was early capitalism that provided the chamber of horrors against which they revolted, not unnaturally they turned their backs on private property and the struggle for private wealth. Few of them thought of reform *within* the system: remember that this was the age of the very first watered-down factory legislation and that such grudging reforms as were painfully won were largely honored in the breach. The Utopians wanted something better than reform—they wanted a new society in which Love Thy Neighbor could somehow be made to take priority over the mean gouging of each for himself. In the communality of property, in the warmth of common ownership, were to be found the touchstones of human progress.

They were men of very good will. And yet, for all their good intentions and their earnest theories, the Utopians lacked the stamp of respectability; they needed the imprimatur of someone with them in heart but whose head would be somewhat more firmly attached to his shoulders. And they found such a person in the most unlikely place—in the ultimate conversion to socialism of the person who was by common consent the greatest economist of the age: John Stuart Mill.

Everyone in this chapter is a somewhat unbelievable character, but perhaps J. S. Mill is the most remarkable of them all. His father was James Mill, historian, philosopher, pamphleteer, friend and intimate of Ricardo and Jeremy Bentham, one of the leading intellects of the early nineteenth century. James Mill had definite ideas about almost everything, and especially about education. His son, John Stuart Mill, was the extraordinary result.

John Stuart Mill was born in 1806. In 1809 (not 1819) he began to learn Greek. At age seven he had read most of the dialogues of Plato. The next year he began Latin, having meanwhile digested Herodotus, Xenophon, Diogenes Laërtius, and part of Lucian. Between eight and twelve he finished Virgil, Horace, Livy, Sallust, Ovid, Terence, Lucretius, Aristotle, Sophocles, and Aristophanes; had mastered geometry, algebra, and the differential calculus; written a Roman History, an Abridgment of the Ancient Universal History, a History of Holland, and a few verses. “I never composed at all in Greek, even in prose, and but little in Latin,” he wrote in his famous *Autobiography*. “Not that my father could be indifferent to the value of this practice ... but because there really was not the time for it.”

At the ripe age of twelve, Mill took up logic and the work of Hobbes. At thirteen he made a complete survey of all there was to be known in the field of political economy.

It was a strange, and by our standards a dreadful, upbringing. There were no holidays “lest the habit of work should be broken, and a taste for idleness acquired,” no boyhood friends, and not even a real awareness that his education and rearing were significantly different from the normal. The

miracle is not that Mill subsequently produced great works, but that he managed to avoid a complete destruction of his personality. He did have a kind of nervous breakdown: in his twenties; the delicate dry intellectual world of work and effort on which he had been nourished suddenly became sterile and unsatisfying, and while other youths had to discover that there could be beauty in intellectual activity, poor Mill had to find that there could be beauty in beauty. He underwent a siege of melancholy; then he read Goethe, then Wordsworth, then Saint-Simon—all people who spoke of the heart as seriously as his father had spoken of the brain. And then he met Harriet Taylor.

There was, worse luck, a Mr. Taylor. He was ignored; Harriet Taylor and Mill fell in love and for twenty years wrote each other, traveled together, and even lived together—all (if we are to believe their correspondence) in perfect innocence. Then the barrier of Mr. Taylor was removed by his death and the two finally married.

It was a superlative match. Harriet Taylor (and later, her daughter, Helen) completed for Mill the emotional awakening that had begun so late; together, the two women opened his eyes to women's rights and, even more importantly, to mankind's rights. After Harriet's death, when he was reflecting on the story of his life, he reviewed their converging influences on himself, and he wrote: "Whoever, either now or hereafter, may think of me and of the work I have done, must never forget that it is the product not of one intellect and conscience, but of three."

Mill, as we have seen, learned all the political economy there was to know at the age of thirteen. It was not until thirty years later that he wrote his great text, the two long, masterful volumes of the *Principles of Political Economy*. It was as if he had accumulated thirty years of knowledge just for this purpose.

The book is a total survey of the field: it takes up rent and wages and prices and taxes, and retreads the paths that had been first mapped by Smith and Malthus and Ricardo. But it is far more than a mere updating of doctrines that had by now received the stamp of virtual dogma. It goes on to make a discovery of its own, a discovery that Mill believed to be of monumental importance. Like so many great insights, the discovery was very simple. It consisted in pointing out that the true province of economic law was production and not distribution.

What Mill meant was very clear: the economic laws of production concern nature. There is nothing arbitrary about whether labor is more productive in this use or that, nor is there anything capricious or optional about such a phenomenon as the diminishing powers of productivity of the soil. Scarcity and the obduracy of nature are real things, and the economic rules of behavior which tell us how to maximize the fruits of our labor are as impersonal and as absolute as the laws of the expansion of gases or the interaction of chemical substances.

But—and this is perhaps the biggest *but* in economics—the laws of economics have nothing to do with distribution. Once we have produced wealth as best we can, we can do with it as we like. "The things once there," says Mill, "mankind, individually or collectively, can do with them as they please. They can place them at the disposal of whomsoever they please, and on whatever terms.... Even what a person has produced by his individual toil, unaided by anyone, he cannot keep, unless by the permission of society. Not only can society take it from him, but individuals could and would take it from him, if society ... did not ... employ and pay people for the purpose of preventing him from being disturbed in [his] possession. The distribution of wealth, therefore, depends on the laws and customs of society. The rules by which it is determined are what the opinions and feelings of the ruling portion of the community make them, and are very different in different ages and countries, and might be still more different, if mankind so chose...."

It was a body blow to the followers of Ricardo who had rigidified his objective findings into a

straitjacket for society. For what Mill said was transparently obvious—once it had been said. Never mind if the “natural” action of society was to depress wages or to equalize profits or to raise rents or whatever. If society did not like the “natural” results of its activities, it had only to change them. Society could tax and subsidize, it could expropriate and redistribute. It could give all its wealth to a king, or it could run a gigantic charity ward; it could give due heed to incentives, or it could—at its own risk—ignore them. But whatever it did, there was no “correct” distribution—at least none that economics had any claim to fathom. There was no appeal to “laws” to justify how society shared its fruits: there were only men sharing their wealth as they saw fit.

Actually, Mill’s discovery was not quite so monumental as he believed. For as conservative economists quickly pointed out, when men intervene into the distribution process, they cannot help intervening into the production process as well: a 100 percent tax on profits, for example, would certainly have a terrific impact on how much there was, as well as on who got it. And as Marx was to point out from another perspective, one cannot separate distribution and production as cleanly as Mill thought, because different societies arrange their modes of payment as integral parts of their modes of production: feudal societies, for example, do not have “wages,” any more than capitalist societies have feudal dues.

Thus from both Right and Left came the criticism that there were *limits* on the freedom with which societies could restructure their distribution—much narrower limits than Mill implied. And yet it would be wrong to undervalue Mill’s insight, just as it is wrong to exaggerate it. For the existence of limits means that there is room for maneuver, that capitalism is not beyond reform. Indeed, the New Deal and the welfare capitalisms of Scandinavia are the direct expressions of Mill’s vision of a society that would try to remedy its “natural” workings by imposing its moral values. Who is to say that this has not led to important social change, even if the change is limited?

Certainly in Mill’s own time, his findings came as a breath of fresh air. In an age when smugness and cant were the order of the day, Mill spoke out with a voice of extraordinary moral clarity. In his *Principles*, for example, after making his great division between Production and Distribution, he went on to examine the contemporary schemes of “communism” proposed by various Utopian reformers—not, let us hasten to add, the communism of Marx, of whose existence Mill was quite unaware.

Mill considered the various objections that could be lodged against these “communistic” schemes, and saw some merit in many of them. But then he summed up his opinion in this thunderous paragraph:

If ... the choice were to be made between Communism with all its chances, and the present state of society with all its sufferings and injustices; if the institution of private property necessarily carried with it as a consequence, that the produce of labour should be apportioned as we now see it, almost in an inverse ratio to the labour—the largest portions to those who have never worked at all, the next largest to those whose work is almost nominal, and so in a descending scale, the remuneration dwindling as the work grows harder and more disagreeable, until the most fatiguing and exhausting bodily labour cannot count with certainty on being able to earn even the necessities of life; if this or Communism were the alternatives, all the difficulties, great or small, of Communism would be as dust in the balance.

But, Mill went on to add, this was not quite the choice. For the principle of private property, he believed, had not yet had a fair trial. The laws and institutions of Europe still reflected the violent feudal past, not the spirit of reform that Mill believed attainable through the application of the very

principles he was writing about.

Thus in the end, he stopped short of advocating really revolutionary change for two reasons. First, he saw in the rough and harsh contest of daily life a necessary vent for the energies of mankind.

“I confess,” he wrote, “I am not charmed with an ideal of life held out by those who think that the normal state of human beings is that of struggling to get on; that the trampling, crushing, elbowing, and treading on each other’s heels, which form the existing type of social life, are the most desirable lot of human kind, or anything but the disagreeable symptoms of one of the phases of industrial progress.”

But a distaste for acquisitiveness did not blind him to its usefulness: “That the energies of mankind should be kept in employment by the struggle for riches as they were formerly by the struggle for war, until the better minds succeed in educating the others into better things, is undoubtedly better than that they should rust and stagnate. While minds are coarse they require coarse stimuli and let them have them.”

And then there was a second, perhaps more cogent, reservation. Weighing up the pros and cons of the imagined society of communism, Mill saw a difficulty that he expressed in these words:

The question is whether there would be any asylum left for individuality of character; whether public opinion would not be a tyrannical yoke; whether the absolute dependence of each on all, and the surveillance of each by all, would not grind all down into a tame uniformity of thoughts, feelings, and actions.... No society in which eccentricity is a matter of reproach can be in a wholesome state.

This is the “political” Mill speaking, later to be the author of the tract *On Liberty*, which is, perhaps, his greatest work. But we are interested here in the economist Mill. For his *Principles* was much more than an exploration of the possibilities for social reform. It was also a large-scale social model that projected a trajectory for the capitalist system, much as had the models of Smith and Ricardo before him. But Mill’s model had a destination different from any theretofore. As we have seen, Mill was above all else a believer in the possibility of *changing* social behavior. Therefore he no longer swallowed the main mechanism of gloom for Ricardo—the population reflex that vitiated all chances for substantial working-class improvement. Instead, Mill thought that the working classes could be educated to understand their Malthusian peril, and that they would thereupon voluntarily regulate their numbers.

With the pressure of population on wages removed, Mill’s model took a different turn from those of Ricardo and Smith. As before, the tendencies of the accumulation process would bid up wages, but this time there would be no flood of children to lessen the pressure of wages on profits. As a result, wages would rise and the accumulation of capital would come to an end. Thus Mill’s system approached a high *stationary* plateau, just as Smith’s or Ricardo’s would have done had it not been for their relentless population pressures.

But now comes another departure. Rather than seeing a stationary state as the finale for capitalism and economic progress, Mill sees it as the first stage of a benign socialism, where mankind would turn its energies to serious matters of justice and liberty, not just to economic growth. Within this impending stationary society, great changes could be made. The state would prevent landlords from reaping unearned benefits, just as it would tax away inheritances. Associations of workmen would displace the organization of enterprises in which men were subordinate to masters. By their sheer competitive advantages, the workers’ cooperatives would win the day. Capitalism would gradually disappear as former masters sold out to their workingmen and retired on annuities.

Is it all just a Utopian fantasy? Looking back on a century of enormous economic expansion that

followed the last edition of the *Principles*, we can only smile when we realize that Mill believed England (and by extension, world capitalism) to be within a “hand’s breadth” of a stationary state. And yet, looking ahead at the problems that will face capitalist expansion over the next generation or two, and reflecting again on the degree to which some capitalist nations, such as Holland or the Scandinavian trio, have managed to introduce a high level of social responsibility into their economic framework, we cannot dismiss his vision as mere Victorian wishful thinking. Perhaps because he *is* a Victorian, Mill is too easily dismissed, for his calm reasoned prose, restrained even in his heights of eloquence, does not speak in the tones that attract the modern ear. Yet, Mill has a way of returning—of finding his way to the back door after he has been ushered out the front.

So let us bid him a respectful adieu. He lived until 1873, a venerated, almost worshiped man, his mildly Socialistic leanings forgiven in exchange for his vista of hope and his removal of the pall of Malthusian and Ricardian despair. After all, what he advocated was not so shocking but that it could be embraced by many who were not Socialists: taxation of rents, and inheritance taxes, and the formation of workmen’s cooperatives. He was not very sanguine about the possibilities of trade unions, and that was all to the good, as far as respectable opinion went. It was a doctrine English to the core: gradualist, optimistic, realistic, and devoid of radical overtones.

*Principles of Political Economy* was an enormous success. It went into seven editions in the expensive two-volume edition during his own lifetime, and, characteristic of Mill, he had it printed at his own expense in one cheap volume that would be within the reach of the working class. Five cheap editions also sold out before he died. Mill became the Great Economist of his day; he was talked of as Ricardo’s rightful successor and heir, and compared not unfavorably with Adam Smith himself.

And economics aside, the man himself was so respected. In addition to *On Liberty*, Mill was the author of *Logic*, of *Considerations on Representative Government*, and of *Utilitarianism*, all classics in their fields. And more than merely brilliant, he verged on being saintly. When Herbert Spencer, his great rival in the area of philosophy, found himself so straitened in circumstances that he was unable to complete his projected series on social evolution, it was Mill who offered to finance the project. “I beg that you will not consider this proposal in the light of a personal favor,” he wrote his rival, “though even if it were I should still hope to be permitted to offer it. But it is nothing of the kind—it is a simple proposal of cooperation for an important public purpose, for which you give your labor and have given your health.”

There was never a more typical gesture. Mill cared only for two things: his wife, for whom he conceived a devotion that his friends thought verged on blindness, and the pursuit of knowledge, from which nothing could deflect him. When he was elected to Parliament his defense of human rights exceeded the temper of the day; he was thereupon defeated, but he cared not a whit either way. As he saw the world, so he wrote and spoke, and the only person who mattered, as far as approval went, was his beloved Harriet.

After she died, there was her daughter, Helen, now equally indispensable. In gratitude, Mill wrote in his *Autobiography*: “Surely no one before was so fortunate as, after such a loss as mine, to draw another such prize in the lottery of life.” He retired to spend his last days with Helen in Avignon, near Harriet’s grave, a wonderfully wise and thoroughly great man.

One last coincidence. His masterwork on economics, with its message of progress and the opportunity for peaceful change and betterment, was published in 1848. Perhaps it was not an epoch-making book, but it was certainly an epoch-marking one. For by a curious quirk of fate another, far smaller book—a pamphlet—was published in the same year. It was entitled *The Communist Manifesto*, and in its few pages it undid, in bitter words, all the calm and buoyant reasonableness

with which J. S. Mill had endowed the world.

## The Inexorable System of Karl Marx

The *Manifesto* opened with ominous words: “A spectre is haunting Europe—the spectre of Communism. All the powers of old Europe have entered into a holy alliance to exorcise this spectre: Pope and Tsar, Metternich and Guizot, French Radicals and German police spies.”

The specter certainly existed: 1848 was a year of terror for the old order on the Continent. There was a revolutionary fervor in the air and a rumble underfoot. For a moment—for a brief moment—it looked as if the old order might break down. In France the plodding regime of Louis Philippe, the portly middle-class king, wrestled with a crisis and then collapsed; the king abdicated and fled to the security of a Surrey villa, and the workingmen of Paris rose in a wild uncoordinated surge and ran up the Red Flag over the Hotel de Ville. In Belgium a frightened monarch offered to submit his resignation. In Berlin the barricades went up and bullets whistled; in Italy mobs rioted; and in Prague and Vienna popular uprisings imitated Paris by seizing control of the cities.

“The Communists disdain to conceal their views and aims,” cried the *Manifesto*. “They openly declare that their ends can be attained only by the forcible overthrow of all existing social relations. Let the ruling classes tremble at a Communist revolution. The proletarians have nothing to lose but their chains. They have a world to win.”

The ruling classes did tremble, and they saw the threat of communism everywhere. Nor were their fears groundless. In the French foundries the workmen sang radical songs to the accompaniment of blows from their sledgehammers, and the German romantic poet Heinrich Heine, who was touring the factories, reported that “really people in our gentle walk of life can have no idea of the demonic note which runs through these songs.”

But despite the clarion words of the *Manifesto*, the demonic note was not a call for a revolution of communism; it was a cry born only of frustration and despair. For all of Europe was in the grip of reaction compared with which conditions in England were positively idyllic. The French government had been characterized by John Stuart Mill as “wholly without the spirit of improvement and ... wrought almost exclusively through the meaner and more selfish impulses of mankind,” and the French had no monopoly on such a dubious claim to fame. As for Germany, well, here it was, the fourth decade of the nineteenth century, and Prussia still had no parliament, no freedom of speech or right of assembly, no liberty of the press or trial by jury, and no tolerance for any idea that deviated by a hair’s breadth from the antiquated notion of the divine right of kings. Italy was a hodgepodge of anachronistic principalities. Russia under Nicholas I (despite the Tsar’s one-time visit to Robert Owen’s New Lanark) was characterized by the historian de Tocqueville as “the cornerstone of despotism in Europe.”

Had the despair been channeled and directed, the demonic note might have changed into a truly revolutionary one. But, as it was, the uprisings were spontaneous, undisciplined, and aimless; they won initial victories, and then, while they were wondering what next to do, the old order rocked invincibly back into place. The revolutionary fervor abated, and where it did not, it was mercilessly crushed. At the price of ten thousand casualties, the Paris mobs were subdued by the National Guard, and Louis Napoleon took over the nation and soon exchanged the Second Republic for the Second