

THE THEORY OF ECONOMIC POLICY
IN ENGLISH CLASSICAL POLITICAL ECONOMY

Also by Lord Robbins

AN ESSAY ON THE NATURE AND SIGNIFICANCE OF
ECONOMIC SCIENCE

AUTOBIOGRAPHY OF AN ECONOMIST

THE EVOLUTION OF MODERN ECONOMIC THEORY

MONEY, TRADE AND INTERNATIONAL RELATIONS

POLITICAL ECONOMY: PAST AND PRESENT

POLITICS AND ECONOMICS

THE THEORY OF ECONOMIC DEVELOPMENT IN THE HISTORY
OF ECONOMIC THOUGHT

THE THEORY
OF ECONOMIC POLICY

IN ENGLISH CLASSICAL
POLITICAL ECONOMY

BY
LORD ROBBINS

SECOND EDITION



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Softcover reprint of the hardcover 2nd edition 1978

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*First edition 1952
Reprinted 1953, 1961, 1965, 1970
Second edition 1978*

*Published by
THE MACMILLAN PRESS LTD
London and Basingstoke
Associated companies in Delhi Dublin Hong Kong
Johannesburg Lagos Melbourne
New York Singapore Tokyo*

British Library Cataloguing in Publication Data

Robbins, Lionel, *Baron Robbins*

**The theory of economic policy in English
classical political economy — 2nd ed.**

**1. Economics — History — Great Britain
— 18th century 2. Economics — History —
Great Britain — 19th century**

I. Title

330.15'3'0941

HB103

ISBN 978-1-349-03854-1

ISBN 978-1-349-03852-7 (eBook)

DOI 10.1007/978-1-349-03852-7

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“ Mr. Ricardo, with a very composed manner, has a continual life of mind, and starts perpetually new game in conversation. I never argued or discussed a question with any person who argues more fairly or less for victory and more for truth. He gives full weight to every argument brought against him, and seems not to be on any side of the question for one instant longer than the conviction of his mind on that side. It seems quite indifferent to him whether you find the truth, or whether he finds it, provided it be found. One gets at something by conversing with him ; one learns either that one is wrong or that one is right, and the understanding is improved without the temper being ever tried in the discussion.” (Maria Edgeworth, in a letter to Mrs. Edgeworth, November 9, 1821, printed in *A Memoir of Maria Edgeworth with a Selection from her Letters*, by the late Mrs. Edgeworth, edited by her children, Vol. II, page 151.)

PREFACE TO THE SECOND EDITION

THE demand for a second edition of these lectures comes at what, for their author, is a congenial moment. At the conclusion of the last lecture in this book, having repudiated, in that context, appraisal of the theories which it recorded, I expressed an interest in such an enterprise; and quite recently, after an interval of many years, in my *Political Economy: Past and Present*, I made an attempt of just that kind. The two works therefore have some sort of organic connection. *The Theory of Economic Policy in English Classical Political Economy* is a straightforward account of what I believe to be the main propositions of an historical position: *Political Economy: Past and Present* is, among other things, a normative reconsideration of that position in the light of subsequent economic developments and necessary analytical modifications.

In re-reading a work whose origins, as related in the Preface to the First Edition, go back to lectures at the London School of Economics delivered before the Second World War, I am a little surprised to find that I have so little to recant. Needless to say the views here presented have not escaped criticism: so many people have committed themselves to a contrary view of the Classical Economists, both their conceptions of appropriate policy and their alleged interested motives, that it must be annoying to them to find their position called in question. But this has left me unruffled; and, although I know nowadays many more references which might have driven home my interpretations, I am still convinced that my broad perspective is historically valid.

The one implicit criticism which I would, naturally, take seriously is Professor Hutchinson's query concerning the validity of including Jeremy Bentham as a Classical Economist. This, I should agree, is a matter on which reasonable people may take two views. I thoroughly concur in the judgement that certainly in some matters of finance Bentham must be judged — as indeed he was by Ricardo — as standing apart from the main tradition. But I did not deal at any length with monetary policy in this book except to point out that while the Classical School, defined as I have defined it, certainly regarded the issue of the means of exchange as involving state regulation, on the question of what that regulation should be they were certainly at sixes and sevens.¹ But I would submit that, as regards the general theory of economic policy, Bentham's *Manual of Political Economy* — composite though we now know that to be — and his close connection with James Mill, Ricardo and even with John Stuart Mill provide some warrant for the citation of his views in the context of these lectures.

There is one section in these lectures which has escaped critical strictures, apart from a friendly suggestion of some exaggeration from Lord Roll in the last edition of his distinguished *History of Economic Thought*, (fn. p. 144) namely the contrast in the second lecture between the philosophical foundations of the Physiocratic and the English Classical approach to the functions of the state in general. Here I hold firmly to my main position. There seems to me to be a world of difference between the

¹ I have dealt with some aspects of this complex problem in sundry other works: my *Robert Torrens and the Evolution of Classical Economics* (1958); *The Theory of Economic Development in the History of Economic Thought* (1968); *The Introduction to the Toronto Edition of J. S. Mill's Essays on Economics and Society* (1967) reprinted in my *Evolution of Modern Economic Theory* (1970) and in *Political Economy Past and Present* (1976) — all (except the Toronto Edition) published by Macmillan, London.

naturrechtlich outlook of Quesnay and his followers and the broad utilitarianism of David Hume and the more ambiguous, though in effect utilitarian, system of Adam Smith.¹ In the original lecture I did concede to Gonnard "that the empirical and utilitarian point of view is far from being absent" from the Physiocrats. I now think, however, that my treatment of this interesting subject might have been rather more extensive than the existing text.

There is one respect in which, if I were writing these lectures today, the draft would have been decidedly different. In my introductory remarks to the first lecture at Manchester, my tone was almost apologetic. I defended the History of Economic Thought as a subject and congratulated my hosts for providing for its study. That attitude would clearly be inappropriate today. There are indeed some institutions, both here and in the United States, where the virtual total neglect of anything of the sort would suggest the attitude I was regretting; and there is certainly room elsewhere for further improvement. But the spread of interest in the subject in the last few years, the notable contributions, for example, of Professors Collison Black, Hollander, Hutchinson, O'Brien, Robertson, Stigler, Winch and many others, the appearance of scholarly editions of historical works of which the Sraffa Edition of Ricardo, the Glasgow Edition of Adam Smith, the Toronto Edition of John Stuart Mill and the invaluable translation of Walras' *Elements* and the collection of his letters by Professor Jaffé are examples, the existence of special journals and special societies devoted to the subject,

¹ On Adam Smith's use of the principle of utility, Professor T. D. Campbell's *Adam Smith's Science of Morals* (1971) casts a most valuable light. See especially pp. 206-20.

would today render such diffidence regarding my choice of subject somewhat odd.

The main addition to the present edition is a footnote citation on page 168 of a passage from Mill's *Liberty* on nationalization which I think considerably reinforces the argument of the chapter in which I deal with Mill's ambiguities as regards socialism.

I owe to Mr Duncan Forbes a correction regarding the nature of both Hume and Smith's political outlook to which I have endeavoured to do justice in the relevant sentence on page 3 (see his most illuminating paper on "Sceptical Whiggism, Commerce and Liberty" in *Essays on Adam Smith*, edited by Andrew S. Skinner and Thomas Wilson, Oxford, 1976).

ROBBINS

PREFACE TO THE FIRST EDITION

THE following pages owe their origin to a short course of lectures on *Theories of Economic Policy* which I delivered at the London School of Economics in 1939. The main views which they contain were all set forth in the two lectures there devoted to the Classical system. But the limitations of time within which I had to work left me dissatisfied with my treatment and I contemplated a further development before publication.

Then came the war with nearly six years' suspension of academic activities, and after that three more very strenuous years in which the reconstruction of our faculty arrangements absorbed most of the waking hours of my life. So that it was not until last year, when the University of Manchester did me the honour of asking me to deliver the Simon Lectures for 1950, that I was able once more to take up my investigations where I had left them in 1939. The work this involved was embodied in the first three lectures of the present book, which, although somewhat expanded, remain in substance as they were then delivered. I owe my many friends at Manchester a deep debt of gratitude, not only for their invitation and their kindly tolerance as listeners, but also for sending me back to a branch of our subject which I have always found especially congenial.

When, however, I came to revise these three lectures for publication, it seemed to me that, even on the very broad plane of generalization which I had chosen, my treatment would be lacking if I did not add sections dealing with the attitude of the Classical Economists to

socialism and with their more general position in the history of social philosophy. An invitation in the spring of this year to hold a visiting fellowship at the Institute for Advanced Study at Princeton, supplemented by a generous travelling grant from the Rockefeller Foundation, afforded an ideal opportunity in which to carry through the necessary work, which in the end proved to involve a doubling of the original number of lectures. I should like to express my warmest thanks to Dr. Robert Oppenheimer, the Director of the Institute, and to Dr. Walter Stewart, the head of the Economics Section, for the unforgettable kindness and hospitality which I enjoyed as their guest.

The introductory section of Lecture I sets forth the scope and the limitations of my intentions and these are again emphasized in the concluding section of Lecture VI. There is, therefore, no need for me to repeat myself on that score in this preface. I ought, however, perhaps to add one further word regarding my method of presentation. The argument of the lectures involves a view of the Classical system which, although I am sure it would have seemed obvious to an earlier generation, must appear as novel and perhaps paradoxical to many contemporary readers. I have, therefore, had recourse to copious quotations from the original texts, preferring that the authors I discuss should speak in their own words rather than that I should run the risk of misrepresenting them by oblique reference. I have done this with all the better conscience, in that most of them had a command of phrase and exposition greatly superior to anything I could hope to achieve by paraphrase. In quoting at length, therefore, I conceive that I accomplish two purposes: I provide demonstration, more convincing than otherwise would be possible, of the interpretations which I

put forward ; and, at the same time, I present to a generation of readers, largely unacquainted with their excellence, specimens of exposition and argument which, whatever the deficiencies of my accompanying comments, should provide some net compensation for the trouble of reading the book.

In thus presenting these lectures to the public, I hope I shall not be thought to be making any high claims to originality or new contributions to scholarship. My subject is not one on which, at this time of day, it would be easy to be very original without risking distortion of important facts ; moreover, my indebtedness to others is abundantly evident in my references. As for scholarship, it has been my good fortune to know some of the really great scholars in this field ; and I hope that I know my place. All that I would claim as a justification for publication is that the assembling of the material in this form may perhaps be useful to students and may also — although I am not very hopeful in this respect — be some safeguard for a few years against the grosser forms of misunderstanding and misrepresentation of which, in recent years, this aspect of the Classical system has all too frequently been the subject.

Many friends have helped me with criticism and advice. I will not name them lest they should be involved in any disapprobation I may incur ; they know, I hope, that I am sincerely grateful. I must, however, explicitly tender thanks for invaluable editorial labours to Miss Helen Beven, secretary to the economics department at the School of Economics, and to my daughter, Anne Robbins.

LIONEL ROBBINS