Prologue: economists and human beings

> THERE IS NO WEALTH BUT LIFE. Life, including all its powers of love, of joy, and of admiration. That country is the richest which nourishes the greatest number of noble and happy human beings; that man is richest who, having perfected the functions of his own life to the utmost, has also the widest helpful influence, both personal, and by means of his possessions, over the lives of others.
>
> John Ruskin, *Unto this last*, 1862

I

With a crucial substitution of 'and' for 'but', the motto Ruskin chose for his own version of political economy suggested the title for this book, though since for him it was part of a damning indictment of the science and related arts which most of the cast who appear in these essays were cultivating, my purpose in using it is rather different. In echoing a sentiment expressed by Wordsworth in *The excursion* ('We live by Admiration, Hope, and Love'), Ruskin was adding his voice to what Arnold Toynbee later described in some famous lectures on the industrial revolution as a 'bitter argument between economists and human beings'. The argument was part of a broader assault on the allegedly self-interested, mechanical, and materialistic thinking of a despoiling industrial age – an assault that was to be hailed in the twentieth century as the 'romantic' or 'cultural' alternative to utilitarianism and political economy. Following a path indicated by a personal blend of the ideas of Carlyle and Wordsworth, Ruskin's campaign against political economy occupied his remaining decades of active life. Since these coincided with the last decades of the nineteenth century as well, one could say that he lived to falsify Toynbee's conclusion that by the 1880s the argument between economists and human beings had been resolved in favour of human beings. Indeed, many of those influenced by Ruskin's writings were still speaking as though resolution had not been achieved in the twentieth century. Wealth-producing and

wealth-distributing activities, and those who claimed to have developed a science capable of explaining them, remained anathema to the life-enhancing pursuits that Ruskin, and the cultural critics who were proud to call themselves his descendants, sought to foster.

Although the conflict between wealth and life has preoccupied moralists of all persuasions over a far longer span of time, the period of modern history that witnessed the rise to pre-eminence of Britain as a commercial, financial, and industrial power furnished striking examples of that conflict played out against a dramatic backdrop. Since it also coincided with the emergence of political economy as a more or less autonomous branch of the moral sciences, it was inevitable that much of the debate on the respective claims of wealth and life would take place around and in opposition to the science that took material wealth as its province. That it also took place *within* political economy is one of the themes addressed in the following essays.

The argument between economists and human beings featured in the final part of *Riches and poverty: an intellectual history of political economy in Britain, 1750–1834*, to which this interconnected and overlapping set of essays is a sequel. The essays do not form a unilinear sequence leading to a triumphant set of conclusions. They can be read individually, but they are meant to be read as they are numbered because the sequence has a narrative logic that goes beyond mere chronology. This prologue provides some contextual scenery and help with understanding that logic.

The first of the sections below (section II) says something about the territory this book shares with its predecessor, and how that territory will be explored in what follows. It also explains why 1848 has been chosen as a starting date and why the 'condition-of-England' debate which preceded and followed the startling events of that year provides the relevant context for appreciating the focal significance of John Stuart Mill. Section III then confronts the question of Mill's connection with those events, usually treated as calamitous, that constitute the phenomenon traditionally known as the Industrial Revolution at a time when the initial capitals were obligatory. Section IV takes off from Mill's secular religion of humanity to consider the role played by Christian providentialism in a popular form of political economy that endorsed unqualified conclusions in favour of free trade and *laissez-faire* and ran counter to the empiricism of Mill's late nineteenth-century successors. Section V continues with the apparently successful embodiment of the maxims of orthodox political economy within British economic institutions and policies before other challenges, in the form of depression, the rise of socialism, and tariff

nationalism, had to be faced by late nineteenth- and early twentieth-century economists. Section VI confronts the main theoretical dispute over the causes of exchange value, and gives reasons why one of the binary distinctions with which the dispute has become associated, the contrast between 'classical' and 'neo-classical' economics, does not feature as prominently in these essays as might be expected. Section VII shows how the essays in this book relate to other kinds of writing on these historical themes.

II

Riches and poverty attempted to sustain a narrative covering successive phases in the intellectual history of political economy. It tried to show how Adam Smith, in the *Wealth of nations*, fashioned a distinctive branch of the science of the legislator in the course of exploring the invisible connections linking the fortunes of rich and poor in commercial societies. Although the origins of the debate Smith transformed can be traced to the first half of the eighteenth century, the science he created was first put to serious use in providing guidance to legislators and those attempting to influence their actions during the last part of the century, roughly speaking between the American and French revolutions. The final third of the book followed the fortunes of a more controversial and tightly focused version of the science when it was taken up by Smith's English successors, Robert Malthus and David Ricardo, during the first three decades of the nineteenth century. Alongside the currency debates aroused by suspension of cash payments by the Bank of England in 1797, the Malthusian population principle, together with a posited law of diminishing returns in agriculture with which it was associated, gave the new science much of its purchase on urgent public events during the Napoleonic wars and the post-war period of depression and reconstruction. It also provoked the fierce opposition from the Lake poets and Carlyle that signalled the opening salvoes in the dispute Ruskin was to raise to new heights of bitterness during the second half of the century.

Apart from a brief epilogue on later developments, *Riches and poverty* ended in 1834, largely for symbolic reasons. This was the year in which Malthus and Coleridge, one of Malthus's most persistent romantic adversaries, died. It was also the year in which the Poor Law Amendment Act was passed, a landmark piece of legislation that its opponents regarded as one of the more malevolent clauses in Malthus's last will and testament. Perhaps even more ominously, the act authorised a bureaucratic manifestation of the utilitarian mind in the form of commissioners with

a licence to collect evidence and argue for additional legislative and administrative powers. When first implemented during a period of depression in the manufacturing districts of Lancashire and the North of England generally, districts for which neither the old nor the new Poor Law was designed, it provoked demonstrations that merged with those associated with Chartism, the most challenging mass political movement of the 1830s and 40s.

At the risk of provoking questions about the missing intervening years, the opening and closing dates for the essays in this book chose themselves.[1] The beginning of the First World War and the violent dismantling of the Edwardian annexe to the Victorian era serve as an entirely conventional ending point. As a point of departure 1848 has equally conventional claims to attention: it was, of course, a year of Europe-wide, though short-lived, revolutions, sparked by the fall of the Orleanist monarchy in France in February, an event echoed in Britain by the last of a long sequence of mass meetings by supporters of the 'People's Charter' on Kennington Common on 10 April. In both countries economic depression during the late 1830s and 40s played a major part in underlining the discontents of the working classes, those excluded from the political nation on both sides of the Channel. The right of workers to associate 'in order to enjoy the advantages of their labour' was part of the French provisional government's original goals, and was followed in March by Louis Blanc's programme for co-operative workshops. The petition drawn up by the London Working Men's Association in 1838 to accompany demands for the six political points of the Charter refers throughout to economic grievances: regular employment at fair wages was one of the main goals they expected to achieve via the Charter.

It was to be sixty years before anyone thought of inventing the term 'hungry forties' to describe the decade, and when they did so it was with propagandist intent; they coined a phrase that allowed the discontents articulated by the Anti-Corn Law League in the period between its foundation in 1838 and the abolition of the Corn Laws in 1846 to be combined with the Irish famine of 1846–7 to form the basis of a campaign to prevent return to an era of taxes on food.[2] The period gave birth to an

[1] The intervening years are partially covered in the opening essay on Mill below. For a collection of primary sources covering the period that separates Ricardo from Mill, 1817 to 1848, together with an editorial assessment, see Terry Peach (ed.), *David Ricardo: critical responses*, 4 vols. (London: Routledge, 2003).

[2] The term was invented in 1904 by Jane Cobden Unwin as part of the free trade case against Joseph Chamberlain's campaign in favour of tariff reform and imperial preference; see *The hungry*

expression of its own under which these and other matters could be ranged: the 'condition-of-England question'. The expression first appeared in Carlyle's pamphlet on *Chartism* in 1839, the success of which led him to return four years later with more extensive commentary on the ominous spiritual and economic condition of the working classes in *Past and present*. Benjamin Disraeli's *Sybil or the two nations* (1845), Elizabeth Gaskell's *Mary Barton*: *a tale of Manchester life* (1848), Charles Kingsley's *Alton Locke: tailor and poet* (1850), and Charles Dickens's *Hard times: for these times* (1854) are the best-known novelistic tributes to the importance of Carlyle's theme. The last of these was actually 'inscribed' to Carlyle and was indebted to his writings for some of its attitudes to the 'dismal science' and antagonism to the 'cash nexus', two of Carlyle's more lasting coinages. *Hard times* has proved to be the most arresting expression of a state of affairs in which the moral defects of contemporary society, symbolised by its apparent commitment to a united brand of utilitarianism and political economy, are encapsulated in one of the novel's leading characters, Thomas Gradgrind.

The event that justifies 1848 as the starting point for this book, however, is the publication of John Stuart Mill's *Principles of political economy, with some of their applications to social philosophy*, a work that, in the English-speaking world at least, was to be a guiding light for all serious students of the science and its related art for the next two decades. Mill had begun work on this in 1846, and despite devoting six months to journalistic writings on the consequences of failure of the Irish potato crop, he still managed to complete a book that amounted to nearly half a million words in less than two years. It belongs alongside the other emblematic works cited in the previous paragraph, though it is understandable why a treatise of that size and complexity has received less attention from historians than the literary and more obviously polemical sources. In a conjectured adversarial arena containing only two camps labelled human beings or economists, Mill's *Principles* has to be placed in opposition to Carlyle's *Chartism*. Despite the lack of any supporting evidence, some cultural historians and literary critics in the twentieth century found it hard not to see in Mr Gradgrind a satirical portrait of the educational regimen imposed on the infant Mill by his father; they also maintained that the assault on political economy in *Hard times* had to

forties: life under the bread tax, descriptive letters and other testimonies from contemporary witnesses (London: T. Fisher Unwin, 1904).

have as its target Mill's book published a few years before.[3] As in the case of other artificially staged confrontations between political economy and 'romantic' dispositions, reality was more complex, offering scope for reversing the presumed moral polarities.

The first of the two essays devoted to Mill that comprise Part I of this book tackles that issue among others; and the opening essay (4) in Part II focuses on Ruskin's idiosyncratic decision, when planning his own serious foray into political economy, to make Mill the focus of his attack. Alfred Marshall, the author of the work that replaced Mill's *Principles* and rechristened political economy as the science of economics in 1890, was sufficiently conscious of the Carlyle–Ruskin critique to allow his scientific enterprise to be seen not merely as a response to it, but as an attempt to pre-empt any repetition of it. The pair of essays (9 and 10) on Marshall in Part IV of this book address that issue, and the second of them argues that Marshall's interest in well-being as well as wealth can be seen as an indirect response to the accusation that economics was incapable of coming to terms with the 'illth' associated with industrial forms of capitalism. The essays on Ruskin and Marshall are also necessary as background to an essay (11) in Part V on the economic heresies of J. A. Hobson, who thought of himself, and came to be regarded, as the chief twentieth-century standard-bearer for Ruskin's brand of 'economic humanism'. As a coda to these historical essays on the economist-versus-human being theme, an essay on the fate of Mr Gradgrind in the twentieth century has been included as an appendix to show how persistent some caricatures can be in cultural history. Fortunately, there are signs in the early years of the twenty-first century that the engagement of literary historians with the serious economic literature of the past is moving beyond the old stereotypes, making rapprochement with intellectual histories of economic debate possible.[4]

III

The success of the *Principles*, as part of Mill's larger achievement as philosopher-cum-moral scientist, justifies placing him in the position

[3] See pp. 373–4 below.

[4] See, for example, Philip Connell, *Romanticism, economics and the question of 'culture'* (Oxford: Oxford University Press, 2001). For commentary on how rapprochement has become possible and may yield insights into the Victorian novel, see Catherine Gallagher, *The body economic: life, death, and sensation in political economy and the Victorian novel* (Princeton: Princeton University Press, 2006).

here that Adam Smith occupied in the first two parts of *Riches and poverty*. The *Wealth of nations* was the model Mill chose for his *Principles*, a blending of an updated version of the science with applications to present – and, in Mill's case, conceivable future – social conditions. But Mill was far less deferential towards Smith than most of his successors as political economists have proved to be: he regarded the *Wealth of nations* as 'in many parts obsolete, and in all, imperfect'. The science had been substantially improved since Smith's death in 1790, chiefly as a result of the work of David Ricardo, whose opinions on value, distribution, and economic growth Mill accepted as the theoretical skeleton for his own work. Mill's equivalent to Smith's eighteenth-century science of the legislator differed so much in style and substance that detailed comparison would be pointless. In any event it was not a comparison that Mill had either the inclination or possibly even the information to mount.

It may suffice to say that Mill, whether as a youthful propagandist for the creed of Jeremy Bentham and his father, James Mill, or as a leader of radical liberal opinion during the mid-century decades, was a far more evangelising and combative figure than Smith. He brought these qualities to his self-imposed task of advancing the cause of intellectual and social progress in Victorian Britain, with the result that he became the last economist of note to combine intellectual leadership of the small community of devotees of the science with occupation of a role that went well beyond mere expertise in handling economic problems. This role is best described as that of 'public moralist', a term first coined by Stefan Collini in the 1980s that has become an indispensable part of the interpretative vocabulary. It is as an occupant of this role that Mill will largely be considered here, though the essays in Part I are not intended as surveys of what is now well-trodden ground so much as attempts to single out features of his work that were to prove fruitful or anathema in the eyes of those who figure in later essays.

No matter how successfully Mill occupied the role of public moralist, it is in the nature of things that publics tire of their moralists. Mill's *Principles* went through seven editions during the author's lifetime, including a cheap edition for working-class readers that sold over 100,000 copies before his death in 1873. By then the work had begun to lose its hold on devotees. More seriously, perhaps, his standing as a public moralist was both confirmed and compromised by the various causes with which he was associated as an MP between 1865 and 1868 and as a private citizen thereafter. He had taken the lead in advocating extension of the suffrage to women; and he had organised the campaign to prosecute Governor

Eyre for crimes committed when suppressing a revolt among ex-slaves in Jamaica. In what was perhaps his most impassioned political pamphlet, *England and Ireland*, written in the wake of the Fenian 'outrages' of 1867, Mill had advocated solutions to the Irish problem that earned him a reputation as a hothead who had capitulated to immoderate demands. In founding the Land Tenure Reform Association in 1869 Mill attached his name, and a good deal of the authority he brought to the subject as a political economist, to proposals for reform in England that were tantamount to property confiscation in the eyes of opponents who were too enraged to read them carefully.

Mill's preoccupation with land tenure reform in Ireland and England features in the second essay (3) in Part I, alongside another of his major concerns, public access to undisturbed natural environments. These interests can be cited as evidence of Mill's predisposition in favour of rural and agrarian issues as opposed to those connected with manufacturing in the new industrial cities. Raymond Williams and Noel Annan, an unlikely twentieth-century pairing in most matters, agreed in expressing impatience with Mill's apparent lack of concern with industrial problems. Williams, when writing his influential mid twentieth-century study of *Culture and society*, regretted that Mill spent so much time discoursing on 'civilisation' and its discontents instead of addressing the problems of 'industrialism'.[5] For Annan, if Mill had been capable of a true critique of his own times, 'surely one of [his essays] would have been concerned with urbanisation and industrialisation and their appalling problems'.[6] Mill's only mention of an 'industrial revolution' is a passing reference to the effect upon an underdeveloped region or nation of the opening up of foreign trade.[7] He devoted a good deal of attention to wage determination, strikes, and co-operative workshops, and he was concerned about the monotony and loss of opportunities for self-development associated with wage labour; but anyone interested in technological innovation, mechanisation, and factory production would be advised to turn, as Mill frequently did, to Charles Babbage's book *On the economy of manufactures*.[8]

[5] *Culture and society, 1780–1950*, 1958 (Penguin edn, 1961), p. 67.
[6] 'John Stuart Mill', originally published in 1964, as reprinted in J. B. Schneewind (ed.), *Mill: a collection of critical essays* (New York: Anchor Books, 1968), p. 33.
[7] 'The opening of a foreign trade . . . sometimes works a sort of industrial revolution in a country whose resources were previously undeveloped . . .'; *Principles*, CW, III, pp. 593–4.
[8] For Mill's appeal to Babbage's authority, see *Principles*, CW, II, pp. 106–7, 111–13, 124–6, 128–9, 131–2; III, pp. 770, 1008–10.

Mill does not fit the stereotypes that were later created to sustain a particular understanding of the industrial revolution. Awareness of the actual or potential benefits of technological innovation was accompanied by anxiety about the ways in which population increase could prevent wage-earners from enjoying them. Mill's evaluation of the cultural basis for Britain's industrial leadership was almost entirely negative: those factors that conferred superiority were at best a mixed blessing, at worst something that should not be envied or emulated by other nations. He also adopted Ricardo's stoicism in regarding Britain's wealth, the wealth that depended on unstable world markets, as genuine, though subject to vicissitudes that had to be endured if the larger benefits were to be secured. This meant that he was not prepared to adopt the incipient catastrophism he discerned in Carlyle and which was to become the defining feature of much subsequent commentary, from Friedrich Engels's diagnosis of the *Condition of the working class in England in 1844* onwards. Engels's account drew heavily on his own observations of Manchester life and British accounts of factory conditions; he also made incidental use of Carlyle's *Chartism* and *Past and present*. When later reworked in *Das Kapital*, of course, this diagnosis became an enduring element in all subsequent Marxian analyses of capitalism. English translations of these works by Marx and Engels did not appear until 1886 and 1892 respectively, with the French translation of *Capital* in 1873 acting as a halfway house for some early commentators. This delay, together with a natural preference for works addressed to a British audience, meant that the first native catastrophist interpretation of the industrial revolution was that of Toynbee, an unorthodox Anglican radical-liberal, whose *Lectures on the industrial revolution of the eighteenth century in England* were published posthumously in 1884. Toynbee did more than give the revolution its capital letters: he began the process whereby the phenomenon it described became central to late nineteenth- and twentieth-century British consciousness and historiography. For some of the economists, and more especially the economic historians, who figure in these pages the history of industrial Britain became, for the first time, a separate branch of inquiry, requiring them to follow in Toynbee's footsteps by looking for explanations of what was peculiar and instructive about British historical experience.

Toynbee admired the improved spirit of Mill's *Principles*, while regretting that the work was insufficiently emancipated from Ricardian methods. Mill's unenthusiastic view of the industrial revolution prevented him from joining what Ruskin later designated as the 'steam-whistle' party – those

like Dickens or the historian, Macaulay, who treated technology as the key to an optimistic future for industrial societies. Mill famously declared in the *Principles* that no machine had so far lightened the day's work of anyone. It is therefore not surprising that evidence of his attending or commenting favourably on the Great Exhibition of 1851, the showcase for Britain's global industrial hegemony, has yet to be found. In correspondence and journalistic writings he was contemptuous of the whole self-seeking commercial creed of the Anglo-American world, and found almost anywhere on the Continent, but especially France, a more civilised place in which to live.

Mill, then, was not as insouciant about industrialisation and its consequences as some of his later critics contend. Nor should an interest in agrarian questions and land tenure reform be regarded as escapist or atavistic: it chimed well with some of the larger currents at work in British society and politics. Indeed, land tenure reform provides a case where an idea closely associated with Mill's political economy, the idea of an 'unearned increment' in the rental incomes of landowners, became embedded in popular political movements devoted to curbing the privileges of the landowning classes and improving access to land for a landless wage-earning class. An economic theorem, arising to a large extent from peculiarities in the English system of land tenure, penetrated deeply into English radicalism and socialism throughout the period covered by the essays in this book. Precisely for that reason it was important for a later generation of would-be professionals – those making a living, or hoping to do so, by teaching economics within a reformed university system – to clarify where the science stood on the emotive issues aroused by that theorem. The two essays (7 and 8) in Part III deal with that issue among others, and it also reappears in the second of the essays (10) on Marshall in Part IV.

IV

Mill's failure to be re-elected to parliament in 1868 could be attributed to the part he played in any of the causes mentioned so far, as well as to the well-publicised fact that he had contributed to the election expenses of Charles Bradlaugh, a notorious atheist. Controversy continued after Mill's death, when the nature and extent of Mill's own irreligion, or rather his support for a secular religion of humanity, was revealed to a wider public by the posthumous publication of his *Autobiography* and his *Three essays on religion*. In the twentieth and twenty-first centuries Mill's heterodox