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THE DEBATE ON ECONOMIC AND SOCIAL SECURITY IN THE LATE EIGHTEENTH CENTURY

LESSONS OF A ROAD NOT TAKEN

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"The heart of flint that has disgraced the beginning of the nineteenth century", William Godwin wrote in 1820, was the characteristic, in particular, of "as many of us as studied the questions of political economy".[1] Political economy, he wrote in his extended response to Malthus's **Essay on Population**, is inimical to "all the ramifications of social existence"; it sees the world as a cold and cruel scene, or as "a city under the severe visitation of a pestilence".[2] Like the poet Robert Southey, Godwin thought that the tendency of economists was to treat men in isolation from their social and public lives. "Adam Smith's book is the code, or confession of faith of this system", Southey wrote in 1812. "Pluck the wings of his intellect, strip him of the down and plumage of his virtues, and behold in the brute, denuded, pitiable animal, the man of the manufacturing system!"[3]

The point of this essay is to look at ideas of social development — including the social security and social integration of the poor — in the political economy of the late 18th century, and at their reflection in subsequent *laissez-faire* economics. The cruel reputation of political economy is quite undeserved, I will suggest, in relation to Adam Smith, and to his most distinguished followers in the period before the French Revolution. Social development, in their writings, was not inimical to but rather a condition for the development of commerce. The flint-hearted view of society, in which men and women are surrounded only by incentives, and inspired only by fear, was an innovation of the decade after Smith's death in 1790, and of the period of intense fright that followed the French Revolution.

I will look first, in what follows, at Smith's own description of some of the constituents of social security and insecurity in the **Wealth of Nations**. I will then look at the development of these and related ideas in pre-Revolutionary France, and in particular at proposals of the great French statesman Turgot, and of the mathematician and economist Condorcet, for the reform of social assistance and for a social security insurance fund. These proposals were the object of intense criticism, it will be seen, in the period following the Revolution, and in discussions of the reform of the English Poor Laws; the rejection of social security was indeed of central importance to the quite different development of Smith's thought in Thomas Robert Malthus's **Essay on Population** of 1798. There were two sharply opposed views of social security in the *laissez faire* political economy of the late eighteenth century, associated respectively with Condorcet and with Malthus. Malthus's views have been far more influential than Condorcet's in subsequent economic thought. But Condorcet's ideas — or the road which was not taken in 1790s — are of continuing interest, it will be proposed, for modern economics.

I will suggest, in conclusion, that Turgot's and Condorcet's ideas of social integration can illuminate modern debates over economic and social policy. The political economy of the late Enlightenment provides no support for the view of many contemporary proponents of *laissez faire* that social security is inimical to economic development, or that social equality is a form of luxury, to be promoted only in countries which are already rich. The characteristic presumption of Smith's early friends and followers in France was rather that political liberty, and the social integration of the poor, were causes (as well as consequences) of economic development. Smith and his early followers were fierce critics of social institutions, including established

religious and charitable foundations. But they were also concerned to invent new institutions, and new policies for social development. The debate over social institutions was indeed of central importance to the qualified optimism of the period immediately before the French Revolution. "I too believe that humanity will win in the long run", Goethe wrote of Herder, from Naples in 1787: "I am only afraid that at the same time the world will have turned into one huge hospital where everyone is everybody else's humane nurse".[4]

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The "liberty and security of individuals" were for Adam Smith the condition for the growth of commerce in early medieval Europe, and its "most important" consequence as well. The security was that of burghers, and especially of "tradesmen and mechanics", who were thought of as "a very poor, mean set of people". They were subject to social discrimination: "The lords despised the burghers, whom they considered not only as of a different order, but as a parcel of emancipated slaves, almost of a different species from themselves". The burghers were also at the mercy of "irregular and oppressive" taxes and compulsory services, and of unjust laws, such as those regulating insecure tenancies, or the "barbarous institutions" of entails, whereby "the security of thousands" might be "endangered by the caprice or extravagance of one man".[5]

The great transformation in European commerce came with the legal reforms of the feudal period: with what Smith's contemporary William Robertson described as the "revolutions in property" which led to the rise of a "spirit of industry", and to a revolution in the "character of the human mind".[6] Smith's own "great revolution" — "a revolution of the greatest importance to the public happiness" — was a revolution in individual rights: the end of servitude, the right to own property, and the "regular execution of justice". Insecurity is in Smith's description inimical to industry,[7] and in particular to the improvement of landed property. Security is by contrast the great object of individual endeavour. Even the short-sighted merchant, in Smith's famous metaphor of the invisible hand, is in quest of security: "by preferring the support of domestic to that of foreign industry, he intends only his own security".[8]

The characteristic of modern Europe, in Smith's description, and especially of modern England, is that liberty and security are to be extended to the poor and the landless. A civilized society is one in which even the poor have the right to secure lives. The security which was won so laboriously in medieval cities was the security of tradesmen and burghers. But Smith identifies individual security as the condition for industry among the labouring poor as well. It is not only yeomen who can be secure, independent and respectable: it is the "equal and impartial administration of justice which renders the rights of the meanest British subject respectable to the greatest, and which... gives the greatest and most effectual encouragement to every sort of industry".[9]

Smith was a fervent supporter of high wages, to take a first illustration, which he described as both the cause and the effect of national prosperity. He said of "the liberal reward of labour" that "as it is the necessary effect, so it is the natural symptom of increasing national wealth", and that "to

complain of it is to lament over the necessary effect and cause of the greatest public prosperity". It was "abundantly plain", he said, that an "improvement in the circumstances of the lower ranks of the people" was of advantage "to the society". Such improvement was also a matter of social justice: "no society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable. It is but equity, besides, that they who feed, clothe and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well fed, clothed and lodged".[10]

The "liberal reward of labour" is for Smith an essential means of improving production. It "increases the industry of the common people. The wages of labour are the encouragement of industry, which, like every other human quality, improves in proportion to the encouragement it receives". He was entirely unconvinced by the proposition that people work harder when they are more afraid, or in years when real wages are low (which are "generally among the common people years of sickness and mortality"). It "seems not very probable", he said, "that men in general should work better when they are ill fed than when they are well fed, when they are disheartened than when they are in good spirits, when they are frequently sick than when they are generally in good health".[11]

Smith was well aware that he was questioning the received wisdom of contemporary employers, in regard to the invigorating effects of poverty. "Masters of all sorts", he said, "make better bargains with their servants in dear than in cheap years, and find them more humble and dependent in the former than in the latter. They naturally, therefore, commend the former as more favourable to industry". He conceded that "some workmen" will be idle for three days if they can earn their weekly wages with four days' work. But "this, however, is by no means the case with the greater part". A labourer is likely, rather, to be encouraged by the prospect of "bettering his condition" — that is to say, of changing his position in society — and of "ending his days perhaps in ease and plenty"; "where wages are high, accordingly, we shall always find the workmen more active, diligent, and expeditious, than where they are low; in England, for example, than in Scotland". Smith indeed describes the condition of Scottish women workers in pathetic terms. "In most parts of Scotland, she is a good spinner who can earn twenty-pence a week". "Our great master manufacturers", meanwhile, "endeavour to buy the work of the poor spinners as cheap as possible"; "our spinners are poor people, women commonly, scattered about in all different parts of the country, without support or protection".[12]

It is interesting that Smith was even prepared to countenance government regulation in favour of workers: "Whenever the legislature attempts to regulate the differences between masters and their workmen, its counsellors are always the masters. When the regulation, therefore, is in favour of the workmen, it is always just and equitable; but it is sometimes otherwise when in favour of the masters".[13] Jean-Baptiste Say contrasted Smith's views explicitly, a few years later, with the opinions of master employers. "One meets leaders of industry", he said, "who, always ready to find arguments to support the consequences of their greed, maintain that the worker who is better paid works less, and that it is good that he should be stimulated by need. Smith, who had seen a great deal and was a perfectly good observer,

was not of their opinion". "The comfort of the inferior classes is in no way incompatible with the existence of the body social", Say added, paraphrasing Smith: "a shoemaker can make shoes just as well in a heated room, dressed in a good suit, when he is well-fed and feeds his children well, as when he works freezing in the cold, in a hovel, in the corner of the street.... The rich should therefore abandon this childish fear of being less well-served, if the poor man acquires comfort".[14]

Smith's description of the social context of consumption provides a second illustration of his view of social development. He is no more concerned by the supposed frivolity of the poor than by their supposed indolence. He is quite undisturbed, for example, by the desire of workers to have several days of "relaxation" in each week, which he describes as often the consequence not of indolence but of "over-work": "excessive application during four days of the week, is frequently the real cause of the idleness of the other three, so much and so loudly complained of". He is not even averse to occasional dissipation: "great labour", he says, "requires to be relieved by some indulgence, sometimes of ease only, but sometimes too of dissipation and diversion". He is struck, however, by the **lack** of dissipation in the consumption of the poor. He contrasts the "disorders which generally prevail in the economy of the rich" with the "strict frugality and parsimonious attention of the poor". The common people, he says, are in general far more "strict or austere" than "what are called people of fashion". His principal examples of "indolence" are landlords, and the established clergy.[15]

Smith describes the consumption of the poor, in a famous passage, as the means to a specifically social end: the end of decency in society, or of having a creditable position in public life. He defines "necessaries", in his account of indirect taxation, as those commodities which "the custom of the country renders it indecent for creditable people, even of the lowest order, to be without". The labouring poor are seen as prudent, reflective, civic beings, concerned for their public position and subject in particular to the emotion of shame: "a creditable day-labourer would be ashamed to appear in public without a linen shirt". These civic emotions are common, interestingly enough, to men and women alike. Leather shoes are for example necessities in England: "the poorest creditable person of either sex would be ashamed to appear in public without them". In Scotland, they are necessities only for men of the lowest order; "but not to the same order of women, who may, without any discredit, walk about bare-footed"; "in France, they are necessaries neither to men nor to women".[16]

Consumption is in general, for Smith, a means to the end of social integration, and social renown. "To what purpose is all the toil and bustle of this world?", he asks in his **Theory of Moral Sentiments**; "what is the end of avarice and ambition, of the pursuit of wealth, of power, and preeminence?". His answer is that people are concerned, above all, with their positions in society: "to be observed, to be attended to, to be taken notice of with sympathy, complacency, and approbation, are all the advantages which we can propose to derive from it". The dismal destiny of the poor consists in being looked at without sympathy, or not to be looked at at all, to be "out of the sight of mankind".[17] "A man of low condition", Smith says in the **Wealth of Nations**, "is far from being a distinguished member of any great society". When "he remains in a country village", he is at least "attended to".

"But as soon as he comes into a great city, he is sunk in obscurity and darkness. His conduct is observed and attended to by nobody".

Smith is willing, here too, to countenance the intervention of government in the interests of the social integration of the poor. He thus proposes to enliven the lives of people in great cities — for whom "respectable society" is often to be found only in small sects, whose "morals" are "rather disagreeably rigorous and unsocial" — as a matter of public policy: by support for "the study of science and philosophy", and by "the frequency and gaiety of public diversions". He is strongly opposed to "direct taxes upon the wages of labour", which he describes as "absurd and destructive", and also to "a tax upon the necessaries of life". But he favours taxes on luxuries, and especially on the luxuries of the rich. He is in favour, for example, of progressive tolls on "carriages of luxury" ("somewhat higher in proportion to their weight"), such that "the indolence and vanity of the rich is made to contribute in a very easy manner to the relief of the poor".[18]

Smith's account of public instruction, thirdly, is a further eulogy to the social integration of the poor. It is not enough that the poor should be able to appear in public without shame; they should also be able to take part without shame in public and political discussion. The budgets of the poor are generally prudent, in his description; he speaks of the labourer who works hard in the hope of ending his days in ease, or of the "labouring poor" who are impeded by unjust taxes in their ability "to educate and bring up their children".[19] But he sees an essential role for government in providing free or subsidized education for "the children of the common people". He is insistent, from the beginning of the **Wealth of Nations**, on the equality of natural talents. The difference between the philosopher and the common street porter, he says, "seems to arise not so much from nature, as from habit, custom and education". Their "very different genius" is the consequence of the division of labour, more than its cause. People are at first "very much alike". They are not born "stupid and ignorant", but are made so by their "ordinary employments"; by the simple, uniform nature of the work they can get, and by the circumstance that their parents, "who can scarce afford to maintain them even in infancy", send them out to work as soon as they can.[20]

The public "can facilitate, can encourage, and can even impose" a system of education on "almost the whole body of the people", Smith says. The "most essential parts of education" are "to read, write and account", and even the poorest people should "have time to acquire them" before they begin their working life.[21] Smith is resolute in identifying education as something which is good in itself, and not as the means to a distinct, commercial end. When he does talk of universal instruction as a means, it is in relation to the political ends of the society, or to the common interest in political security. People "of the inferior ranks" who are instructed are "more disposed to examine, and more capable of seeing through the interested complaints of faction"; they are less susceptible to "wanton or unnecessary opposition to the measures of government". This is the Enlightenment idyll, of universal public discussion among thoughtful, reflecting, self-respecting individuals. It is also Smith's own particular idyll, of reciprocal respectability. People who are instructed, he says, "feel themselves, each individually, more respectable, and more likely to obtain the respect of their lawful superiors, and they are therefore more disposed to respect those superiors". Even parents, he says in

the **Theory of Moral Sentiments**, should treat their children with respect, since "respect for you [their parents] must always impose a very useful restraint upon their conduct; and respect for them may frequently impose no useless restraint upon your own".[22]

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Smith's ideas of social and economic security were strikingly close to those of his great French contemporary Turgot — of whom he wrote that he was "a person whom I remember with so much veneration", whose policies "did so much honour to their Author... and would have proved so beneficial to his country" — and Turgot's reforms of the 1770s constituted the first major political experiment in these ideas.[23] For Turgot, as for Smith, the two principal objectives of economic reform were to end restrictions on free trade in subsistence food, and restrictions on industry imposed by guilds, corporations and apprenticeship regulations. "The unlimited, unrestrained freedom of the corn trade" is the best preventative of scarcity, Smith wrote in 1776, and the best policy "for the people"; for Turgot, a few years earlier, "freedom is the only possible preservative against scarcity".[24] Smith proposed to "break down the exclusive privileges of corporations, and repeal the statute of apprenticeship, both of which are real encroachments upon natural liberty"; for Turgot, "the destruction of the mastership guilds", with the "total freeing" of the poor from corporate restrictions, was as significant as the reform of the corn trade, and "will be for industry [manufacturing] what the former will be for agriculture".[25]

Turgot's objective, as a provincial administrator and later as Minister of Finance of France from 1774 to 1776, was to try to introduce "complete freedom" in agriculture and industry. But the process of reform was turbulent, as he discovered, and especially so in a country where people were still poor and insecure. Smith wrote the **Wealth of Nations**, in the course of the 1760s and 1770s, at the end of a period of prodigious growth in the English economy, during which England came to surpass Holland as the emblem of economic modernity in Europe, and in which the standard of living of the English poor increased substantially; in E.A. Wrigley's words, "real wages were probably rising from the mid-seventeenth century until about 1780".[26] In France, by contrast, people in the poorest regions were still vulnerable, as late as the 1770s, to the intense insecurity of impending scarcity.

Turgot was himself "Intendant" of the Limousin region during one of the last subsistence crises in eighteenth century France, and the experience of the crisis exercised a profound influence on his subsequent policies. Food prices increased sharply in the Limousin in 1769-1770, following a sequence of bad harvests, and mortality began to increase, especially in remote rural areas. The freedom of the corn trade could not prevent scarcity "in the first years when it is established", Turgot concluded; "if commerce is to be able to prevent scarcities entirely", he wrote to Dupont de Nemours, "the people would already have to be rich". The prospects of the landless poor were evidently insecure. The margin of the "superfluous" is for the poor "very necessary", Turgot wrote; it provides the possibility of "some small enjoyments", or "of a small fund which becomes their resource in unforeseen cases of illness, of rising prices, of being out of work". But in the crisis of

1770, “the people have only been able to survive by using up all their resources, by selling, at very low prices, their furniture and even their clothes”.

The security of the poor in France was based, in general, on individual charity or on religious institutions; on parish charity in the countryside, and on large hospitals or “foundations” in the cities. The charity of individuals (or their “moral economy”) provided insufficient security in the crisis of 1770. There was a tendency for prosperous farmers to send away their share-croppers, Turgot wrote, and to “turn out their domestics and servants”; “the purely voluntary submissions” of the well-off, he determined, should be augmented in certain parishes by a “roll” of contributions, proportionate to the contributor’s means. He also became aware of the fragility of the system of parochial relief. He directed his officials, for example, to distribute copies of his instructions to individual landowners in each parish; “this attention will be particularly necessary in those parishes where you know that the local priest, either by lack of capacity, or by some vice of his character, or simply because he does not have the confidence of his inhabitants, cannot manage the operation on his own and make it succeed”.[27]

The large hospital foundations had been the object of Turgot’s bitter criticism as early as 1757. They were places of “vanity, envy, hatred”, he wrote (in an article in d’Alembert and Diderot’s **Encyclopédie**), where the wardens went from patient to patient, “mechanically and without interest”, distributing food and remedies “sometimes with a murderous negligence”. They were to be contrasted, in particular, with the “free associations” or “societies” of citizens for voluntary support of those in need, of which “England, Scotland and Ireland are full”: “what happens in England can also happen in France, and the English, whatever one might say, do not have the exclusive right of being citizens”.[28]

When Turgot himself was Minister of Finance, he initiated a major reform of relief and welfare policies. His principal strategy, in the Limousin, had been to provide short-term employment in public works, and he attempted to generalize the policies in other regions. He established a system of “Charity Offices and Workshops”, on the grounds that the poor who are able to work “need wages, and the best and most useful alms consist of providing them with the means of earning”. He laid special emphasis on “the employment of women”, which he described as “an objective no less worthy of attention” than the employment of men; he proposed that the Charity Offices should