1962

Reality and Social Reform: The Transition from Laissez-Faire to the Welfare State

Calvin Woodard

Follow this and additional works at: https://digitalcommons.law.yale.edu/ylj

Recommended Citation
Available at: https://digitalcommons.law.yale.edu/ylj/vol72/iss2/3

This Article is brought to you for free and open access by Yale Law School Legal Scholarship Repository. It has been accepted for inclusion in Yale Law Journal by an authorized editor of Yale Law School Legal Scholarship Repository. For more information, please contact julian.aiken@yale.edu.
EVERY society has standards which render certain conduct and conditions intolerable. And each society endeavors, by pressure exerted through its various institutions, to abolish such conduct and conditions. One such institution is the state which acts through the law.

Two principles are of decisive significance in determining the nature and form of those standards: tradition and reality. Tradition—by which I mean the experience of the past crystallized into customary modes of looking at and responding to the world—comes down to man in countless conscious and unconscious ways. But perhaps its most powerful, if less conspicuous, influence is exerted on man's expectations. By so doing, tradition determines what he regards as normal or natural, good and worthwhile; and, thereby it gives direction to human activities and social aspirations.

Reality, meaning man's ability to control his environment to his own ends, is at least as determinative, for it limits the range and types of conduct and conditions which man and hence society can reasonably hope to abolish. No society can long live with standards which are completely and hopelessly unattainable; and, therefore, man's ability to abolish any given conduct or condition generally precedes society's acceptance of a standard condemning such conduct or condition. One way or another, society must come to terms with conduct or conditions, however deplorable, however repulsive, which man has no rational hope of abolishing. Thus, from time immemorial, societies (and men) have lived and died by standards which condemn pecadillos with grotesque harshness while leaving intact those factors which caused wholesale misery and suffering. Societies have, in short, had to be satisfied with changing the changeable and living with the rest.

Standards, then, are the means by which society strikes a balance between reality and tradition. They determine not only the conduct and conditions conceived to be intolerable: they also dictate the terms in which the problem is cast, the nature of the solutions sought and, hence, the forms of pressure demanded of its several social institutions.¹

¹Instructor in History and Research Associate in Law, Yale University.

1. As will be discussed more fully in the text, the terms in which a problem is cast are decisive in determining the relative significance of social institutions. Thus when problems are cast in supernatural terms, the Church must be the dominant institution, for the evils confronting society appear to have religious overtones (such as "sin") with which the Church alone can deal. Failure to perceive the significance of this fact—the relationship between man's point of view and the dominant social institution—has caused much unfair criticism of certain social institutions, and particularly of the Church for its failure to maintain, in the modern world, the central position it held during the Middle Ages. R. H. Taw-
History can thus be viewed as the chronicle of the rise and fall of various standards. And the most cataclysmic phases in the saga of any society, the so-called “water-shed” periods, are those in which fundamental standards are supplanted by new ones; standards which, by condemning conduct and conditions theretofore condoned, or vice versa, generate a new type of pressure either to reform the existing, or to devise new, social institutions. One of the greatest functions fulfilled by reformers is to sense that, in one way or another, for one reason or another, man’s ability to control his environment has developed to a point where society can realistically aspire to abolish conduct or conditions theretofore conceived to be, and accepted as, unalterable. Hence, by agitation and ingenious resort to reason, they demand new patterns of social behavior which, by weakening the grip of tradition, bring expectations (and eventually standards) in line with reality.

In the last hundred years or so, western societies have gone through, and indeed are still going through, such a cataclysmic phase. We have been in the process of sloughing off an old, and adjusting to a new, set of standards. By an examination and analysis of the problem of poverty, I shall undertake to illustrate how changes in traditions and reality have wrought a change in social concern, a fundamental alteration in the type of conduct and conditions re-

ney, for example, bitterly condemned the Reformed Church for its “tacit denial of spiritual significance in the transaction of business and in the relationship of organised society.” Tawney, Religion and the Rise of Capitalism 188 (1929). And he, along with many reform-minded “social gospel” clergymen, fervently believed that the Church should be restored to its rightful place in the modern world: the center of society. But Tawney failed to see that the Church with its power over things spiritual, could not deal with the problems confronting modern society as it could in the past. For our problems are cast not in religious terms but in economic ones. Thus Tawney himself diagnosed poverty as being “not a problem of individual character and its waywardness, but a problem of economic and industrial organization.” Quoted in Young & Ashton, British Social Work in the 19th Century 67 (1956). Whereas the Church could do a great deal about the problem of wayward character, it can really do very little about industrial organization.

During the Middle Ages (to quote Father Jarrett) “the evils of trade were thought to spring from a wrong principle or motive on his part who entered it, that it was precisely the intention of the trades which had to be just right, and that therefore economics became a moral question to be solved only by moral answers.” Jarrett, Social Theories of the Middle Ages, 1200-1500, at 164 (1926). Accordingly, that which we now call economics was a part of moral theology, and the leading authority was Thomas Aquinas, whose Summa Theologica “remained the groundwork of all later writers [on economic matters] until the end of the 15th Century.” O’Brien, An Essay on Medieval Economic Teaching 18 (1920).

But in the modern world, as the quotation from Tawney indicates, we have increasingly appraised problems in non-religious, and particularly, economic terms. And, as we say, the Church cannot even purport to control the forces which govern the economy—rates of interest, business cycles, unemployment, depression of trade. Once the problems ceased to be cast in religious terms, the role of the Church could not continue to be central; and the more amoral or scientific the appraisal of those problems became, the more removed from the center of society the Church became. It could scarcely be otherwise. We shall discuss, in the text, the dynamics of this shift in point of view.
garded as "intolerable" and, consequently, in both the types of social action called for, and the chief social institutions called upon.

As regards the particular problem of poverty, I shall denominate the contemporary standard by the phrase, welfare state standard, and the old by the term, laissez faire standard. These phrases—laissez faire standard and welfare state standard—will be used henceforth as terms of art and will be defined presently.

Though the phrase, welfare state, is notoriously ambiguous, it implies, in all its various interpretations and definitions, certain basic assumptions which, when taken together, adumbrate a standard regarding poverty. They may be stated as follows: poverty is an "economic" phenomenon that can, must, and should be abolished; the state is the sole social institution capable of dealing with the economic forces which give rise to that phenomenon; hence the chief responsibility for abolishing poverty rests on the state and the state must, in turn, exert its faculties towards that end.

These assumptions, when taken together, constitute the welfare state standard toward poverty. But as trite and commonplace as they may seem to modern readers they are peculiar to the twentieth century and of themselves demarcate the difference between the past and present. Certainly, the widespread acceptance of the welfare state standard has brought about one of the greatest intellectual and moral upheavals in western history—one, indeed, analogous in import and ramifications to the Reformation of the sixteenth century. For it has vitiated the old laissez-faire standard (which dominated Anglo-American attitudes towards poverty throughout most of the nineteenth century) as ruthlessly and irrevocably as Luther and his confederates destroyed the authority of the Medieval Church; and, as a concomitant, its acceptance has occasioned a wholesale defrocking of old, and canonizing of new, values and virtues. Whereas men formerly prided themselves in the strength of their convictions, we are now at pains to purge ourselves of all "value judgments"; where men once glorified faith as the crowning virtue we now honor most the questioning mind which takes nothing for granted; and where men once strove to fulfill "duty" (Wordsworth's Ode to Duty was the favorite poem of T.H. Green, the idealist philosopher) we now find meaning in the struggle for human "rights." Throughout society, in every aspect of life, the changes have been felt; and such basic relationships as man and wife, father and son, debtor and creditor, employer and employee have all undergone radical change. Indeed, vices have become virtues, and virtues vices, at a pace comparable only to that of the sixteenth century and seventeenth century when the

---

2. For some of the interpretations, and misinterpretations, given the phrase, see Trmuss, Essays on "The Welfare State" 34-55 (1958).

3. The welfare state standard is, it seems to me, deducible from the Employment Act of 1946—a statute which has been of particular significance in our post-war history. For a full discussion of the importance of this statute, see E. V. Rostow, Planning For Freedom: The Public Law of American Capitalism 12-16 (1959); Bailey, Congress Makes A Law (1950).
“Protestant ethic” exalted and sanctified such quondam vices as usury, trade, and the accumulation of wealth (theretofore known as “cupidity”). To explain this development through an examination of the problem of poverty, we must look to the deposed *laissez-faire* standard before turning to its modern counterpart. For the welfare state standard is the creation of those reformers who, in the face of the monumental changes in reality effected during the nineteenth century, reacted against the narrowness with which the *laissez-faire* standard defined the problem of poverty and dictated the orthodox methods of dealing with it. I shall attempt to show first, how in 1800 the *laissez-faire* standard represented a reasonable reconciliation of tradition with reality; secondly, the nature of the changes in reality that took place thereafter; thirdly, how those changes gave rise to a new mental outlook which inspired new demands and expectations incompatible with, and ultimately destructive of, the old standard; and how, as a consequence of these developments, the modern welfare state standard emerged, and is possibly undergoing modification itself at present.

II

Although the term “laissez faire” is as ambiguous as the phrase “welfare state,” still modern scholars seem to be in accord on one point: *whatever* it means, it was never anything more than a myth in English or American his-

4. From the time of Sombart, Weber and Tawney, everyone has been familiar with the idea that religious doctrine, and particularly Protestantism, was closely related to the rise of capitalism. That relationship has usually been thought to be a causal one: by reforming religious doctrine so as to sanction, and indeed encourage, certain economic traits and activities theretofore condemned, the Church, in effect, inspired the spirit of capitalism. There is, no doubt, much truth in this. But I am persuaded to agree with Robertson that the reforms of Church doctrine, the glorification of the doctrine of the “calling,” was itself the result, the consequence of deeper causes. “All has gone to prove one point,” he concluded, “the Churches, one and all, have had to accommodate themselves to an extraneous development of busy commercial spirit; that Capitalism has created, or found already existent, its own spirit, and set the Churches the tasks of assimilating it.” ROBERTSON, THE RISE OF ECONOMIC INDIVIDUALISM 165 (1933). See also Gordon Walker, *Capitalism and the Reformation*, 8 Econ. Hist. Rev. 1, 19 (1937).

One good reason for believing this is that in many commercial countries (e.g., northern Italy and Holland) the Reformation did not destroy the Catholic Church. Yet—and this is the point—in such areas the doctrine of the Catholic Church was altered to sanction economic activity. Thus St. Antonius of Florence adapted Catholic doctrine to reality by con-doning payments of interest—a “reform” not recognized in agrarian countries such as Ireland or even other parts of Italy. Conversely, in agrarian parts of Protestant countries—the American South is a classic example—Protestantism has become as rigid and dogmatic (though militantly anti-Catholic) as the medieval Catholic Church. And we should not forget Sombart’s splendid conclusion that “Puritanism is Judaism.” SOMBART, THE JEWS AND MODERN CAPITALISM 249 (Epstein transl. 1913).

5. For a discussion of the origin and history of the phrase *laissez-faire* see MACGREGOR, ECONOMIC THOUGHT AND POLICY ch. 3 (1949).
And this assertion is no doubt true so long as it simply means that the law was used and frequently used to attain economic ends during the nineteenth century.

But *laissez-faire* cannot be exorcised from history simply by showing that the law was so used in the past. Of course it was used in the past. To say no more than that begs the decisive question: whether the law was used in ways which clashed with the particular proscriptions of the *laissez-faire* doctrine. For *laissez-faire* was not merely a blanket injunction. To the contrary, as ex-

6. Studies which have reached this conclusion are, for England, Brebner, *Laissez Faire and State Intervention in 19th Century Britain*, The Tasks of Economic History 59-93, Supplement to 8 J. Econ. Hist. (1948); MacDonagh, The Nineteenth Century Revolution in Government, 1 Hist. J. 52-67 (1958); and Roberts, Victorian Origins of the Welfare State (1960). Studies reaching similar conclusions for the United States include Handlin, Commonwealth Massachusetts, 1774-1861 (1947); Hartz, Economic Policy and Democratic Thought: Pennsylvania 1776-1860 (1948); and Hurst, Law and the Condition of Freedom in the Nineteenth Century United States (1956). From a rather different point of view, Lord Robbins reached the same conclusion in The Theory of Economic Policy in English Classical Political Economy (1952). He found that the classical political economists, those who were traditionally thought to be the champions of *laissez-faire*, were not so at all. “The invisible hand,” he wrote, “. . . is not the hand of some God or some natural agency independent of human effort; it is the hand of the law giver . . .” Id. at 56.

I cannot doubt the facts that these writers rely upon in concluding that *laissez-faire* was a myth in the nineteenth century: the law was used, very frequently and imaginatively in both England and America. But I do believe that in their efforts to “revise” history so as to weed out the *laissez-faire* predilections of earlier historians, modern historians are in danger of blinding themselves and their readers to vital distinctions between nineteenth and twentieth century attitudes towards, and uses of, the law. For example, in their enthusiasm to compensate for Dicey’s personal (Utilitarian) bias, many authors seem prepared to dismiss his really splendid book, Law and Public Opinion in England during the 19th Century (1905), and its conclusion that the period 1825 to 1870 was the “Age of Benthamism or Individualism.” See, e.g., Stone, The Myths of Planning and Laissez Faire: A Re-orientation, 18 Geo. Wash. L. Rev. 1, 15-23 (1949), reprinted in part in Cohen & Cohen, Readings in Jurisprudence and Legal Philosophy 773-79 (1951). In its place we are being presented with a picture of the nineteenth century that looks strikingly like the modern day—so much so that one can legitimately wonder if there was any difference at all. I think there was. And in this article I shall attempt to show that difference as regards the limited, but important, problem of poverty.

Forty years ago Dean Pound made the precise point—for quite the opposite reason—that I would stress. He said:

In the last century legal history was written as a record of the unfolding of individual freedom, as a record of continually increasing recognition and securing of individual interests, through the pressure, as it were, of the individual will. But it would be quite as easy to write it in terms of a continually wider and broader recognition of securing of social interests, that is, of the claims and demands involved in the existence of civilized society, not the least of which is the social interest in the individual human life.

Pound, Interpretations of Legal History 163 (1923). Pound feared the social interests aspect of the past was being ignored by *laissez-faire* historians; I fear the individualist aspect of the past is being dismissed too cavalierly by those seeking the roots of the welfare state. The time has come, I think, when the history of the nineteenth century must be written in terms that account for both, not simply one or the other of these trends.
The importance of government, or the extent of the functions assigned it, is not measured by the amount of legislation which its law-making bodies turn off from year to year, but rather by the nature of the administrative duties imposed upon it, or by the extent of the power assigned to its courts. ... It is especially the administrative function of government that the doctrine of Laissez Faire attacks.  

The advocates of *laissez-faire* were not so much intent upon hamstringing the state as they were upon increasing the economic opportunities of the individual. And insofar as the law could contribute to that end, the champions of *laissez-faire* were by no means loath to make use of it.

---

7. I have considered this point—that the champions of *laissez-faire* sanctioned many uses of the law even as they advocated *laissez-faire*—in a review of Hurst, *op. cit. supra* note 6, Woodard, Book Review, 19 LA. L. REV. 560 (1959).


9. Any attempt to define the *laissez-faire* doctrine (as distinguished from the *laissez-faire* standard regarding poverty) lies outside the scope of this article. Suffice it to say that that doctrine was frequently evoked to proscribe state action on the grounds that it tended to weaken the moral character of the poor. As Henry Fawcett said, the “crucial test” to be applied to all legislation designed to assist the poor was this: “does the remedy tend to raise or lower the spirit of self help?” Stephen, *The Life of Henry Fawcett* 161 (5th ed. 1886). All uses of the law that threatened the spirit of self-help were *verboten*. And most of the great issues involving *laissez-faire* in the nineteenth and twentieth centuries, those which give that doctrine much of its historical significance, have centered around that very test. Reformers urging old age pensions, child labor acts, unemployment insurance, national health programs, assistance for unwed mothers, and state regulation of hours and conditions of work have all, sooner or later, had to confront, and overcome, the charge that the proposed law would undermine the spirit of self-help. In the nineteenth century, that charge was rarely overcome.

But there was another side of the coin: if legislation which weakened self-help was *per se* bad, that which strengthened it was *per se* good. Thus we find the seeming paradox of many *laissez-faire* champions supporting and even advocating legislative action. David Ricardo, for example, did not hesitate in extolling the virtue of saving banks (because they were “calculated to improve the character of the poor”) to demand that depositors should have a check on bank managers which “should be afforded by the legislature.” *7 Works and Correspondence of David Ricardo* 16 (Sraffa ed. 1952). And J. R. McCulloch (whom Carlyle caricatured as “McCrowdy,” the quintessence of a dogmatic political economist) ended his *A Treatise on the Circumstances Which Determine the Rate of Wages* (1851) (wherein the phrase “wages fund” was first used) with this sentence; “[H]ence it appears that it is the duty of governments ... to lend their aid to establish a really useful system of public instruction.”

But more was required of the state than this. It also had to provide inducements and incentives to individuals. For men, not machines, were assumed to be the chief source of the nation’s wealth. And as early as 1759, Adam Smith indicated the primary means of inducing men to work: “What is the reward most proper for encouraging industry, prudence and circumspection? Success in every sort of business.” *1 A. Smith, The Theory of Moral Sentiments* 296 (11th ed. 1792). And success, of course, required opportunities to ex-
As regards poverty a standard deriving from the *laissez-faire* doctrine dominated Anglo-American attitudes down to the end of the nineteenth century. The law was either used to assist the poor in ways compatible with that standard, or, when incompatible, such instances were regarded as "exceptions" to a still inviolate general rule. And the welfare state standard regarding poverty did not, and could not, come into existence until *laissez-faire* (and its derivative standard) ceased to dominate the aspirations of men and circumscribe the role of the state in dealing with the poor.

The *laissez-faire* doctrine was the product of a particular point of view: one which treated men as the center (and measure) of the universe. Under it, all of what we term "social" problems were conceived to be "moral" ones which reflected, one way or another, the conduct or character of men. And so long as this point of view prevailed, so long as men believed that "the proper study of mankind is man," the welfare state standard on poverty was not only unknown but inconceivable. For this approach inevitably subordinated amoral aspects of worldly phenomena (including economic causes and consequences) to their moral aspects (the imprudent conduct, the lack of virtue and bad character, of man). Poverty was thus a moral problem because it involved the moral character of the poor. As J. S. Mill said:

> It is most true that the rich have much to answer for in their conduct to the poor. But in the matter of their poverty, there is no way the rich could have helped them, but by inducing them to help themselves. . . .

For, he continued, "if the whole income of the country were divided among them in wages or poor-rates, still, until there is a change in themselves there can be no lasting improvement in their outward condition."11 The problem was, at bottom, a moral, rather than an economic one.

---

ploit one's talents to the utmost and to enjoy the fruits of one's labor to the fullest. James Mill stated it with characteristic clarity and vigor:

> To obtain all the objects of desire in the greatest possible quantity, we must obtain labour in the greatest possible quantity; and to obtain labour in the greatest possible quantity, we must raise to the greatest possible height the advantage attached to labour. It is impossible to attach to labour a greater degree of advantage than the whole of the product of labour. Why so? Because if you give more to one man than the produce of his labour, you can do so only by taking it away from the produce of some other man's labour. The greatest possible happiness of society is, therefore, attained by assuring to every man the greatest possible quantity of the produce of his labour.


This passage brings together and unites the two aspects of *laissez-faire* we have been discussing: any legislation that would assist the poor without regard to their moral character would not only destroy their incentive to work, but also—by taking from the diligent—deprive them of the right to enjoy the fruits of their labor, thereby destroying their incentive to work.

Whatever else *laissez-faire* may have meant, I am convinced this is a vital part of it; and I am most certainly not convinced that this aspect of it was in any way mythical.


11. Id. at 198.
Paradoxically enough, the fin de siecle champions of the welfare state standard berated Mill and his colleagues, the so-called Classical Political Economists, for their failure to recognize the moral aspects of the problem. Thus in 1893 Neville Keynes (the father of Maynard) wrote:

... although in the past there may have been a tendency with a certain school of economists to attempt the solution of practical economic questions without adequate recognition of their ethical aspects, there is, at the present time, no such tendency discernible amongst economists who have any claim to speak with authority. 12

To Keynes and his contemporaries, the “ethical aspects” of the problem did not involve the moral character of the poor. Rather they involved the “unjust” suffering of victims of economic forces beyond their power as individuals to control. Therefore, when I say the laissez-faire standard treated poverty as if it were a moral problem, I mean that it assumed the chief cause to be the moral failure of the poor; and when I say that the welfare state standard treats poverty as if it were an amoral problem, I mean it assumes the chief cause to be amoral economic forces.

To be sure, it is possible to use the word “moral” as Keynes did. Used thus, the welfare state standard is “moral” in that it refuses to lay the blame for poverty on innocent victims. And the laissez-faire standard appears, in retrospect, to have been “immoral” in that it laid the blame for poverty on individuals not really responsible for it. Indeed, modern readers are probably more likely to use the term “moral” in this latter sense. Nonetheless, in this paper, I will use it primarily in the former sense—to characterize a point of view that makes the character of man the measure of what we now call “social problems.”

This moral point of view which permeated the laissez-faire doctrine, when applied to the problem of poverty, produced a standard composed of three separate tenets. These tenets, which taken together constituted the laissez-faire standard, may be stated as follows: first, poverty is an inevitable condition of human life; second, man’s worldly condition is, by and large, a reflection of his own moral character; and, last, private voluntary charity is the proper source of relief for the legitimate needs of “the poor.” 13 Each of these tenets was

---

13. A typical expression of the attitude underlying the laissez-faire standard appears in The Original, a weekly published in 1835, by Thomas Walker, a fellow of Trinity College, Cambridge. The weekly papers were subsequently bound into a single volume which, by 1838, had gone through four editions, and which, in 1870, was reissued under the editorship of Dr. W. A. Guy, a prominent laissez-faire reformer. Speaking of the Poor Laws and proposals to extend their benefits to aid more poverty stricken persons, Walker indicated the conditions which had to be met before he would approve of state action; and these conditions precedent gave rise to a rebuttable presumption against such action which was very similar in import to what I have called the laissez-faire standard:

Till government, both general and local, should be put into the most efficient order, till every encouragement should be given to prudence, and till charity should be excited by all possible means, it would be too much to say that any other resources would be necessary; and recurring to any other resources prematurely would be to retard improvement in the right quarters.

The Original 306 (Walker ed. 1838).
deeply rooted in the tradition and eminently compatible with the reality of the late eighteenth century.

The first tenet, that poverty was inevitable, stemmed from the conviction that poverty was something more than an economic problem. To the moralistic minds of the eighteenth and nineteenth centuries it was similar in character, and closely allied to those other two scourges of humanity, "sin" and "evil." As such it simply could not be abolished and certainly not by the state.¹⁴ For the root of the problem lay deep inside man, perhaps, indeed, in the nature of man. And a world without poverty was as inconceivable as a world without sin and evil.

Christ's celebrated dictum, "Ye have the poor always with you," echoed down through the ages, and had been reaffirmed by the experience of each subsequent generation. And the efficacy of this message was reinforced by the fate of those brave souls who, daring to believe otherwise, set out to abolish poverty: the grandiose dreams and quixotic schemes of sundry utopians had uniformly resulted in failure. Tradition thus taught that poverty was inevitable, and experience perpetuated tradition.

And the tenet was equally justified by reality for as of the late eighteenth century, man did not have sufficient command of the economic forces that caused poverty to abolish it. Economic poverty can be abolished only by two ways: increasing the total wealth available to society, thereby lifting it, as it were, en masse to a higher standard of living; or redistributing the existing wealth—taking from the rich to give to the poor—so as to elevate all persons and classes above a certain arbitrarily defined "poverty-line."¹⁵

¹⁴. Once the problem was appraised in "moral" (as opposed to "economic") terms it did not, by its nature, admit of solution by legislative action. Of course, as Patrick Colquhoun observed:

The People are to the Legislature what a child is to a parent:—As the first care of the latter is to teach the love of virtue, and a dread of Punishment; so ought it to be the duty of the former to frame laws with an immediate view to the general improvement of morals.


But as Colquhoun's friend, Jeremy Bentham, pointed out, the role of the state in dealing with problems involving personal ethics must be "indirect."

All [the legislator] can hope to do, is to increase the efficacy of private ethics, by giving strength and direction to the influence of moral sanction. With what chance of success, for example, would a legislator go about to extirpate drunkenness and fornication by dint of legal punishment? Not all the torture which ingenuity could invent would compass it ....


Of course Bentham himself was extraordinarily ingenious in concocting schemes to induce the poor to improve their moral character. His "Panopticon" scheme became the basis of the much-hated "New Poor Laws"; and his proposals for teaching the public the cost of breaking the law, through the policy of deterrence, are alluded to below. See text accompanying note 58 infra.

¹⁵. The notion of a "Poverty-Line" did not come into being, as such, until the end of the nineteenth century when Charles Booth made his celebrated study of the slums of Lon-
REALITY AND SOCIAL REFORM

As of the end of the eighteenth century society had a Hobson’s choice: it could only choose to deal with poverty through some sort of redistribution of existing wealth and even that choice, implemented in the most radical fashion, could not eradicate poverty. It is true, of course, that deep changes had been wrought throughout the eighteenth century, changes inherent in the phrase, “industrial revolution,” which could, and ultimately did, give society the power (and hope) of abolishing poverty through increased production. But those changes were not apparent until later in the nineteenth century. In 1800 England was, as regards

...
industrialism, still in what W. W. Rostow has called its “take off” stage; and any cause for optimism which we can read back into that period was buried deep beneath a flood of humanity, by the most precipitous increase in population in England’s long history. (Between 1695 and 1801 the population increased by about two-thirds, the most rapid increases coming after 1750.)

Thus in 1800 reality was not governed by the numerous industrial innovations of the preceding century. Rather it mirrored other economic activities, agriculture and foreign trade, which were deeply influenced and largely governed by factors which man had little ability to control. For agricultural output was sharply conditioned by such factors as the quantity of arable land, the fertility of the soil, the length of the growing season, and meteorological conditions generally; and profits from foreign trade were contingent upon the

16. W. W. Rostow, The Stages of Economic Growth (1960). Rostow contends that a nation becomes “industrialized” by going through three “stages” of development: (i) a “take-off” period, which he defines as “an industrial revolution, tied directly to radical changes in method of production having their decisive consequences over a relatively short period of time” (id. at 57); (ii) a period of “maturity” in which “an economy demonstrates the capacity to move beyond the original industries which powered its take-off and to absorb and to apply efficiently over a very wide range of its resources...the most advanced fruits of (then) modern technology” (id. at 10); and (iii) an “era of high mass consumption” where “the leading sectors (of the economy) shift towards durable consumers’ goods and services” (ibid.).

According to Rostow, England’s “take-off” began in 1782 with the construction of the first cotton mill; its “drive to maturity” was concluded in 1851; and it broke through to the “era of high mass consumption” only in the 1930’s. For the United States, the dates of the same stages would be 1840, 1900, 1913—to date. Id. at xii.

Rostow’s general theory of the “stages of economic growth” and its applicability to the various corners of the world has been received with mixed reaction. But as a description of the developments of two specific economies, that of England and the United States, it seems to me perfectly valid. I shall have occasion to allude to these “stages” from time to time and the reader is asked to hold them in mind.


18. For the year 1812 Patrick Colquhoun estimated “the New Property Created Annually in Great Britain and Ireland” to be £ 430,500,000 derived from the following sources:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>£ 216,817,624</td>
</tr>
<tr>
<td>Mines and Minerals</td>
<td>9,000,000</td>
</tr>
<tr>
<td>Manufacturers</td>
<td>114,230,000</td>
</tr>
<tr>
<td>Inland Trade</td>
<td>31,500,000</td>
</tr>
<tr>
<td>Foreign Commerce and Shipping</td>
<td>46,373,748</td>
</tr>
<tr>
<td>Other</td>
<td>12,000,000</td>
</tr>
</tbody>
</table>

Colquhoun, Treatise on the Wealth, Power, and Resources of the British Empire 96 (1814).

If the value of the “manufacturers” item seems overstated, we might bear in mind Ashton’s warning of the many uses of the word “manufacturer” in the eighteenth and early nineteenth centuries: “It related, on the one hand, to the man who employed several thousands of his fellows, and on the other, to the small craftsman who worked at the loom or the bench aided by a single apprentice or journeyman.” Ashton, op. cit. supra note 17, at 21.
mysteries of exchange rates (which, in turn, were affected by accidental discoveries of precious metal deposits), the whims of foreign governments with their power to impose tariffs and declare war, as well as the risks and hazards of long sea voyages. In short, the wealth of the nation was still governed by factors over which man had very limited control. So long as this was the case society had no rational hope of abolishing poverty by increasing wealth.

The only alternative was, as we have said, to effect some sort of redistribution of wealth so that the poor could share in the surplus of the rich. And for this purpose the notion that poverty was inevitable was highly convenient, for it realistically restrained the expectations of the poor, and limited the obligation of the rich. Given the economic reality of the times, nothing could have been more disastrous than to adopt a standard that encouraged people to expect the abolition of economic poverty; for expectations soon ripen into demands—demands which could not have been fulfilled, and which could be urged only with irreparable harm to the basic institutions and traditions of society. It made far more sense to come to terms with reality and adopt a standard that assumed poverty to be inevitable and regarded only the most extreme forms of economic deprivation as intolerable.

Thus we find in eighteenth and nineteenth century parlance a tendency to give poverty a very narrow meaning. As Edmund Burke wrote, in condemning the egalitarian principles of the French Revolution:

> Hitherto the name of 'poor' (in the sense that it excites compassion) has not been used for those who can, but for those who cannot labour—for the sick or infirm, or orphan infancy, for languishing and decrepid age... I do not call a healthy young man, cheerful in mind and vigorous in arms, I cannot call such a man poor.\(^\text{19}\)

For, he added (with striking insight into the reality of the situation) to “affect to pity as poor those who must labour or the world cannot exist” is to “trifle with the condition of mankind.”\(^\text{20}\)

Fittingly enough resignation to the inevitable was extolled as a virtue. As the author of a widely-read series of “Sermons on the Doctrines and Duties of Christianity” proclaimed in 1803:

> It is the duty of the poor to be contented, and never to murmur at the dispensations of Providence. If we are perfectly convinced of this great truth, that all the events of life are directed by an all-wise and good God, who orders them in the way that is best for us, and will at last make all work together for good to those who love Him, we shall be ready to follow the example of Christ, and to say, “Not my will, but thine be done!”\(^\text{21}\)

This, then, was one consequence of the moralistic outlook. Poverty was not reckoned to be simply an economic problem; and insofar as it was a moral

---

20. *Id.* at 280.
one, it could not be abolished by state action. In short, poverty was treated as an inevitable condition of human life.

The second tenet underlying the *laissez-faire* standard was that man’s worldly condition was a reflection of his own moral character. And this tenet, which appears to be logically inconsistent with the notion that poverty is inevitable, was actually conjoined with it to form the conclusion that economic deprivation was, by and large, caused by the moral shortcomings of its victims. This conclusion was a by-product of the already mentioned tendency to identify poverty with those other great human and social imponderables, sin and evil. As these were reckoned to stem from the defects in the soul or character of man, so poverty was assumed to be caused by lack of virtue. And the cause, once determined, dictated the remedy. Thus the orthodox, and to a remarkable extent the unorthodox, eighteenth and nineteenth century solution to this great problem was to regenerate the moral character of man, and particularly of the lower classes.

Tradition lent credence to this tenet. From the time of the Reformation, if not before, the most influential teachers and preachers had decried those secular vices which contributed most to poverty: drunkenness, promiscuity, indolence, and lack of thrift. The great seventeenth century divine, Jeremy Taylor, devoted two chapters of his enormously influential *Rules and Exercises of Holy Living* to denouncing those vices; and the “Reformation of Public Morals,” a movement revived by John Wesley in 1763, became so effective that Dr. Radzinowicz devoted a chapter of his history of the English criminal law to these “Evangelical Police.” Tradition reeked with a concern for moral character rivaled only by the extent to which this tenet comported with reality.

As we have said, man could not, at the end of the eighteenth century, rationally entertain hopes of abolishing economic deprivation. For the wealth of the nation stemmed largely from economic activities, agriculture and foreign trade, which were governed, or greatly influenced, by factors beyond the control of man. But even so there was another very important source of wealth—the textile trade based on home manufacturing—over

---

22. Jeremy Taylor’s enormously influential *Rules and Exercises of Holy Living* begins with a “consideration of the general instruments and means serving to a holy life”; and the first of three such instruments was “care of our time.” God, he pointed out, provides the good things of the world to serve the needs of nature, by the labours of the ploughman, the skill and pains of the artisan, and the dangers and traffic of the merchant: these men are, in their callings, the ministers of the Divine Providence, and the stewards of creation, and servants of a great family of God, the world, in the employment of procuring necessaries for food and clothing, ornament and physic. *TaylOR, Rules and Exercises of Holy Living* 5 (1682). And, he warns, that “time, which we spend in our idle talk as unprofitable discourse” is sin for which man is accountable. *Ibid.*

which man could exercise a very significant degree of control. For man himself—the source of (human) labor—was, at this time, a decisive factor in determining the total quantity and quality of the output.

Hence in confronting the problem of poverty, men of the eighteenth century tended, quite reasonably, to concentrate on improving the one source of wealth that was alterable: the character of man. If, it was thought, the indolent and profligate, the intemperate and promiscuous could only be made to conduct themselves reasonably and prudently, a great deal of economic want and misery would disappear.

To this end, probably the greatest character building program of all times was launched: church, educational institutions, the family, and the state joined together in exhorting men, and particularly the lower classes, to reform their moral character. By so doing, individuals would not only improve themselves economically; they would also augment the wealth of the nation. For in this period man’s moral character was, literally, “affected with a public interest.”

This message was meaningful, for the moral qualities that were extolled so vigorously were decidedly secular in nature and economic in import. Although the abolition of poverty was by no means in sight there was manifest opportunity for economic advancement. As Professor T. S. Ashton stated (in referring to a writer who, in 1780, held that “every man has his fortune in his own hands”):


24. In 1704, Daniel Defoe stated this point quite clearly in a pamphlet, entitled Giving Alms No Charity. There he said:

The poverty and exigence of the poor in England is plainly derived from one of these two particular causes,

Casualty or Crime.

By Casualty, I mean sickness of families, loss of limbs or sight . . . .

The crimes of our people, and from whence their poverty derives, as the visible and direct fountains are:

1. Luxury
2. Sloth
3. Pride

25. The phrase “affected with a public interest” was first used by Sir Matthew Hale in his book De Portibus Maris, published in the late seventeenth century to justify the regulation of certain types of private property, viz. public houses and common carriers. Two hundred years later, in 1877, the United States Supreme Court used this same phrase to justify the increased regulation of private property. See Munn v. Illinois, 94 U.S. 113 (1877). The point we are making, however, does not concern private property but human character. When moral conduct is the most essential factor in the production of wealth it is a public, as well as a private, virtue. And it behooves society through the law, religion and learning, to use all its force to cultivate virtue as it did in the post-Reformation period. This, then, is what I mean when I say that, prior to the growth of industrialism, man and his moral character were “affected with public interest.”
anyone who looks closely at English Society in the mid and late 18th Century will understand how it was possible for it to be said, for at this time vertical mobility has reached a degree higher than that of any earlier, or perhaps any succeeding, age.\textsuperscript{26}

Hence it seemed plausible to preach that moral improvement—the cultivation of frugality, diligence, temperance, and sexual restraint—would reap material gains.\textsuperscript{27}

The third tenet of the \textit{laissez-faire} standard was that private voluntary charity was the best means of ministering to the legitimate needs of the poor and was vastly superior to the Poor Law in principle and more effective in practice.\textsuperscript{28} This tenet was also a natural concomitant of the moral outlook. As regards “the rich” it imposed a non-legal, moral obligation to assist their less fortunate fellow-men; as regards “the poor” this meant distinguishing between the “deserving” (the non-able bodily infirm, sick and children who were unable to take care of themselves) and the “non-deserving” (those who could, if they only would, provide for themselves).

The distinction between these two classes of the poor was important in determining the type of relief: the “deserving” were entitled to a full measure of sympathy and the most economic assistance possible; the “undeserving” were entitled to no sympathy at all (though they were frequently given moral advice). And for the purpose of recognizing this distinction, private voluntary charity was vastly superior to legal relief. As J. S. Mill observed:

> What the state may and should abandon to private charity, is the task of distinguishing between one case of real necessity and another. Private charity can give more to the more deserving. The state must act by general rules. It cannot undertake to discriminate between the deserving

\textsuperscript{26}. A\textsc{sh}t\textsc{on}, \textit{The Industrial Revolution} 1760-1830, at 17 (1948).

\textsuperscript{27}. The initial impact of industrialism was not to decrease the demand for human labor but to increase it by giving rise to new skills and new opportunities.

\textsuperscript{28}. The role of private voluntary charity, as opposed to the Poor Law, has been greatly neglected in studies dealing with social reform. Most historians have assumed that the Elizabethan Poor Law of 1601 shifted the burden of caring for the poor to the State. Yet W. K. Jordan has found, in his monumental study of philanthropy, that, ... the major responsibility continued to be borne by ever-expanding charitable endowments during the whole of our period, the great legislative undertakings having been regarded essentially as emergency measures to be employed when periods of economic crisis imposed greater burdens than private funds and voluntary institutions could assume.

\textsc{Jord}\textsc{an}, \textit{Ph}l\textit{anthropy in England} 1480-1660, at 98 (1959). Though there are no comparable studies of philanthropy during the period after 1660, there is (as I have pointed out) every reason to believe that the “charitable urge” became increasingly more pronounced through the eighteenth and nineteenth centuries.

Be that as it may, there was, at the end of the eighteenth century, a strong reaction against the Poor Law as a remedy to social problems. The failure of the Speenhamland experiment accounts for much of it. Nevertheless, the tradition that every man had a legal right to subsistence was deeply ingrained; and the most influential Poor Law commentators of the nineteenth century—men like Edwin Chadwick and Nassau Senior—were prepared to reform the Poor Law rather than to abolish it. Of course “reform” meant to limit it to the narrowest possible scope, to providing minimum assistance necessary for survival.
and the undeserving indigent. It owes no more than subsistence to the first, and can give no less to the last . . . . Private Charity can make these distinctions.  

As in the case of the other two tenets, the faith in the efficacy of charity (which was a vital, if often overlooked, aspect of *laissez-faire*) was supported by both tradition and reality. The religious minded who gained their inspiration from the Gospel, Saints, and the Church Fathers were taught the virtue of Christian charity; and the more secular minded who looked to this world and its populace for their inspiration, were taught the virtue of militantly secular "Philanthropy."  

But everyone learned, one way or another, that they were under obligation to the poor. Certainly, a most impressive pattern of private charity has been documented during the period 1480 to 1660, and there is good reason to believe that the pattern continued throughout the eighteenth century—a period one commentator has called "The Age of Beneficence."  

The bane of all pauper legislation has been the legislating for extreme cases. Every exception, every violation of the general rule to meet a real case of unusual hardship, lets in a whole class of fraudulent cases, by which that rule must in time be destroyed. Where cases of real hardship occur, the remedy must be applied by individual charity, a virtue for which no system of compulsory relief can be or ought to be a substitute.  

*Poor Law Commissioners' Report of 1834*, at 263 (1905 ed.)  

Given the inefficient and poorly organized government of the day, this attitude was quite reasonable. Indeed, when the Poor Law reformers of 1834 sought a precedent for their proposal to centralize the administration of the Poor Law under one commission, the sole precedent they could find was a statute which provided for a single barrister to examine the accounts of friendly societies. *Stephen, The English Utilitarians* 169 (1900).  

The word "philanthropy" was first used, according to the *Oxford English Dictionary*, in 1607. And it is obviously a secularized version of "charity"—a term meaning (in contrast to the abstraction and complexities of the Christian doctrine) the love of man by God! Indeed "philanthropy" was the Reformation equivalent of charity; and Jordan found that, between 1480 and 1660, the purposes for which the rich gave their funds became as secular as the new word. Specifically, the contribution for purely religious purposes (such as cathedral building and soul saving) fell from about 53% at the earlier date to about 15% later on. *Jordan, op. cit. supra* note 28, at 247-48. The new purposes were for such secular undertakings as university scholarships, schools, and hospitals.  

The only reason the distinction between charity and philanthropy did not continue to be significant was that the former as expounded by the Reformed Church became as secular in import as the latter. Thus Hannah More, who played such an important role in the great Sunday School movement of the eighteenth century, undertook this work because she believed it her calling to "train up the lower classes to habits of industry and Piety," an end that she was convinced could be accomplished only by teaching them the Gospel. *Thompson, The Life of Hannah More* 116 (1838).
Charity was compatible with reality for two reasons. First, it was marvel-
ously flexible. The obligation of the rich to help the poor was not fixed but
could and did differ with the circumstances.\textsuperscript{33} Thus the amount of wealth
actually redistributed, or transferred, from one class to another could vary as
the need arose; in times of famine it could be increased; in times of feast it
could be decreased. Such a method of relief was highly advantageous at a
time when surplus wealth was not abundant enough to support large scale
compulsory transfer of wealth from one class to another.

Secondly, charity permitted necessary redistributions of wealth under cir-
cumstances that maintained the social status quo.\textsuperscript{34} For the relationship be-
tween donor and donee was such that the actual transfer of wealth, while
increasing economic equality, actually perpetuated and enforced social in-
equality. And at a time when the supply of wealth was not sufficient to abolish
poverty, charity fulfilled the great function of providing emergency means of
redistributing wealth without creating expectations in the recipients in-
compatible with economic reality.\textsuperscript{35}

\textsuperscript{33} The traditional inspiration for charity, and for Protestant philanthropy, was the salvation of the donor's soul. In fact the poor—the recipients of the assistance—were rather like third party beneficiaries to a contract between the rich and God. As Sir Thomas Browne wrote in 1643:

\begin{quote}
I give no alms only to satisfy the hunger of my brother, but to fulfill and accomplish the will and command of my God; I draw not my purse for his sake that demands it, but His that enjoined it ....
\end{quote}

\textit{2 Works of Sir Thomas Browne} 417 (Wilkin ed. 1852).

\textsuperscript{34} From the very beginning charity implied social differences that were repugnant to social equality. Thus St. Thomas Aquinas wrote that “beneficence is an effect of love in so far as love moves the superior to watch over the inferior.” \textit{Summa Theologica,} pt. II, 2d pt., Q. 31, Art. 2. And this same air of condescension continued to permeate post-Reforma-
tion charity. For example, Highmore tells us that every person relieved by "The Lying in Charity for the Delivery of Poor Married Women at their Own Habitation" (established 1801) was "expected to return thanks to Almighty God at her usual place of worship, and to the governor who remembered her; and upon neglect, is refused any benefit from this charity for the future." \textit{Highmore, Pietas Londinensis} 387 (1810). Likewise the patients cured by the Eastern Dispensary (established 1782) were required to "return thanks" to the persons granting them letters of admission "on neglect of which they are excluded the fu-
ture favour of the charity.” \textit{Id.} at 345.

In all these cases, as indeed in charity generally, a considerable redistribution of economic
wealth was brought about under circumstances that maintained, and even strengthened, the
social order and status quo. And it was this aspect of charity that came under fire at the end
of the nineteenth century. For the stigma of "charity," like that of "pauperism," was abhor-
rent to the advocates of "social justice," who demanded equality. They urged compulsory
(rather than voluntary) redistribution of wealth administered by the State, before whom
all citizens were equal, in order to avoid the element of "giving" inherent in charity.

\textsuperscript{35} Many historians have failed to recognize that institutionally propagated or san-
tioned checks on individual ambition can be socially desirable. Thus during the Middle Ages,
there was (to quote W. J. Ashley) "such an absence of opportunities for productive invest-
ment as relatively to justify" restrictions on trade and usury. \textit{W. J. Ashley, An Introduction
To English Economic History and Theory} 156-57 (1888). And under such circumstances
social institutions were, quite reasonably, concerned to restrain (or divert to the Other
World), rather than stimulate, the ambition of society's members. Certainly the glorifica-
This, then, was the *laissez-faire* standard—one which was well suited to the tradition and reality of the late eighteenth century. Cast in moral terms, it assumed poverty to be an inevitable condition of human life; and, as a result, it refused to consider economic want to be an intolerable condition *per se*. Rather it condemned only the moral causes and consequences: insofar as the poor were victims of circumstances acknowledged to be beyond their control they were deserving of assistance and the rich were morally obligated to assist them; insofar as the poor were able-bodied and capable of taking care of themselves, they were deemed to be victims of their own shortcomings and society could do nothing for them except to help them to help themselves through moral reform. Consequently, the role of the state in dealing with poverty could only be "indirect" (since the evil could not be abolished by legislation) and subordinate if not insignificant (for other social institutions, such as the Church, universities and the family were as well, if not better, suited to influence and build moral character).

III

As of 1800, therefore, the *laissez-faire* standard was a reasonable approximation of both tradition and reality. Not the least reason for believing this is that the most effective reformers of the day—men like Bentham, Colquhoun, Bishop Shute Barrington, and Sir Thomas Bernard—spent their time and energy endeavoring to implement rather than undermine that standard. It was not until much later, in fact after 1870, that the most effective reformers were those (such as the Marxists, the Single Taxers, the Fabians and the...
Socialists) who advocated measures which were not only incompatible with, but openly destructive of, the laissez-faire standard.

Even so, at the beginning of the nineteenth century, and indeed for some years before, great changes were at work which would ultimately transform reality so completely that the aforementioned tenets of the laissez-faire standard would become anachronistic. That change was, of course, the growth of industrialism.

Few terms are more frequently used today; and probably none—not even welfare state or laissez-faire—is more ambiguous. Whatever industrialism means, it is certainly more than a mere source of wealth. For it not only subsumes the other (traditional) sources of wealth; land, labor, and capital: it destroys the distinctive features of each and refashions all in its own image. Thus, for example, land-based economies have been characterized by a relatively inexpandable output and a large serf-like class “wedded to the soil.” But industry has completely destroyed these characteristics. Through various industrial and scientific innovations the unalterable conditions which made agricultural output inexpandable—conditions involving fertility and weather and knowledge of crops—have been brought more or less under man’s control; and mechanical equipment has not only freed but alienated the agrarian classes from the soil. Therefore, the land-based sector of an industrial society bears the marks of the highly developed manufacturing sector and not those of the pre-industrial land-based society. This complete change in the character of a traditional source of wealth was a part of the Great Transformation, a change which converted land, labor and capital into commodities.

Although we scarcely possess the perspective necessary to delineate the fundamental nature of industrialism, a number of characteristics and ten-

ment written at the end of the nineteenth century brilliantly demonstrates George’s role in the demise of the laissez-faire standard:

[W]hatever view may be taken of his ideas about land, the great conception he contributed to the thought of the ‘eighties was that poverty was an evil preventable by State Action. That was criticism, and a damning criticism, of the economic doctrines then current, not perhaps amongst the economists themselves, but amongst politicians and social reformers. They held that poverty was caused by weakness of character, by indulgence in drink, by inefficiency, idleness, and want of thrift. The State, they thought, could not beneficially interfere except in certain well-accustomed ways ... . Against this philosophy, comfortable enough for the possessing classes if they could persuade themselves to regard the sufferings of others with equanimity, Progress and Poverty burst like a bombshell.


38. For discussion, if not definition, of the term “industrialism,” see 2 THE DICTIONARY OF POLITICAL ECONOMY 399-401 (Palgrave ed. 1900), and 8 ENCYCLOPEDIA OF SOCIAL SCIENCE 18-26 (1932).

39. Karl Polanyi makes this point in his brilliant work, The Great Transformation (1944). His analysis is in terms of the rise, and acceptance, of the notion of a “Self-Regulating Market mechanism”—which I think was, rather, a reflection of economic reality in the early nineteenth century: a stage at which amoral industrialism was in the process of developing, but had not advanced far enough to provide sufficient output to warrant governmental policy being visibly shaped by the interest of consumers as well as producers.
dencies have emerged which appear particularly relevant to our analysis of the welfare state and *laissez-faire* standards regarding poverty. First, an industrial society appears theoretically capable of producing any desired quantity of material output; secondly, industrial processes are such that the quantity of human labor exerted plays a very small part in and has a minor bearing on the volume of output; and, thirdly, the high initial investment required for industrial enterprises, together with the economics of large scale and full capacity production, create incentives to attain and maintain high levels of output. Such levels are inherent in this process itself and abstractly determinable without reference to the particular characteristics (and certainly not the moral character) of the demand for its output. Consequently a *sine qua non* for industrial prosperity is a large enough class of potential consumers to absorb the output produced when operating near the maximum capacity.

These are among the features which appear to distinguish an "industrial" economy. And taken together they create a reality that is utterly incompatible with each of the tenets of the *laissez-faire* standard. For the vast material output realizable by industrialism is inconsistent with the notion that poverty is inevitable; the decreasing role that human labor plays in the production of industrial wealth inevitably weakens the proposition that moral character is the decisive factor in determining man's economic well-being; and the minimum level of consumption which society must maintain to absorb output produced at the abstractly ascertainable optimal level of production cannot be guaranteed through the creation of new purchasing power by private voluntary charity. This method of creating new consumers is too dependent upon the caprice of the rich to meet the chronic (as opposed to occasional) need for increasing purchasing power. Furthermore, charity has social overtones abhorrent to the economic equality inherent in mass production. Thus industrialism demands a method of redistributing wealth that can be relied upon to provide an evergrowing minimum number of consumers free of the stigma of charity. The state, armed with the compulsion of the law, is eminently qualified to meet this need.

Thus reality, in an industrial society, is decidedly at odds with the *laissez-faire* standard. But—I would emphasize—the features discussed above represent deductions based on hindsight. While reasonably clear now, they were not so easily seen earlier. Rather, they appeared, to nineteenth century observers, only as poorly defined tendencies. Until those tendencies became pronounced enough to be recognized as inhering in the nature of industrialism itself, until society could be convinced that this was the reality with which it must learn to live, the *laissez-faire* standard, with its roots deep in tradition, con-

---

40. This is not an attempt on my part to take issue with the proposition that profit is maximized when marginal cost equals marginal revenue. Rather, it is simply a statement which, translated into economic terms, means that the shape of the cost curve is to some extent ascertainable independently of considerations of demand; and that because of the high fixed costs of most industrial enterprises, the per unit cost will, subject to certain qualifications, tend to decrease as volume increases.
continued to govern social policy. Deviations from that standard continued to be regarded as “exceptions” rather than the general rule.41

The *laissez-faire* standard itself was a delicately balanced reconciliation of two antithetical philosophical propositions: on the one hand, the notion that poverty was inevitable revealed a haunting strain of fatalism; and on the other hand, the conviction that man was morally responsible for his worldly condition revealed an equally deep belief in free will and the possibility of progress. The growth of industrialism did not immediately destroy the *laissez-faire* standard, but rather upset the balance between the two irreconcilables—fatalism and free will—by emphasizing the latter, thereby giving rise to a giddy optimism that led nineteenth century moralists to glorify the omnipotence of the individual. But extraneous circumstances, to be discussed presently, tended to conceal this effect down through the first decade or so of the nineteenth century. Indeed, those factors actually reinforced and perpetuated the fatalistic strain.

The changes in reality wrought by industrialization, and the corresponding effects on the *laissez-faire* standard, fall into three time periods: the first, when fatalism prevailed, was roughly down to the end of the Napoleonic Wars; the second was from 1814 down through the “Great Depression” (which continued off and on throughout the last quarter of the century); and the final one, during which *laissez-faire* fell and the welfare state standard arose, began at the turn of the century, give or take a decade either way, and is still going on. (In the United States, the latter stage did not reach fruition until the New Deal, some twenty years after the equivalent changes were effected in Great Britain.)

It is difficult to say when the so-called Industrial Revolution began. But we are not, in this article, so much concerned with the date of its inception as with the time at which its effects became palpable. For it would be at that time, and not at some more obscure, although more scholarly accurate, date that we would expect it to become a part of reality. To quote a leading economic historian:

*When Arnold Toynbee gave currency to the term “industrial revolution” he set the beginnings of the movement at 1760; and the tendency of*

---

41. The orthodox nineteenth century attitude towards poverty focused attention on the “general rule”—circumstances under which man is morally responsible for his own economic well being. Other circumstances were “exceptions” which, by their nature, should not form the basis of social policy. This view was well expressed by Col. Robert Torrens:

> From all that has been said, it must be evident that the important power of increasing, or of diminishing, the reward of labour, is, by the essential order of society, placed in the hands of the labourers themselves. Irregularities in the seasons bringing on scarcity and famine, foreign incursions, or domestic commotions, destroying property, or suspending production by rendering it insecure, may sometimes occasion a depression of wages, which no prudence on the part of the labouring classes can avert or mitigate. But under all ordinary circumstances, when the usual course of nature is preserved, and when law and order are maintained, it depends upon the labouring classes themselves whether wages shall ascend to the ultimate maximum, or sink to the extreme minimum.

**Torrens, On Wages and Combinations** 26 (1834).
Later scholars has been to seek an earlier terminus a quo. The roots of modern industrial society can be traced back indefinitely into the past, and each historian is at liberty to select his own starting point. If, however, what is meant by the industrial revolution is a sudden quickening of the pace of output we must move the date forward, and not backwards from 1760. After 1782 almost every statistical series of production shows a sharp upwards turn. More than half the growth in the shipment of coal and the mining of copper, more than three-quarters of the increase of broadcloths, four-fifths of that of printed cloth, and nine-tenths of the exports of cotton were concentrated in the last eighteen years of the century.\textsuperscript{42}

Taking 1782 as the date at which industrialism made its first spectacular change in economic reality, at least two factors served to conceal the nature of the changes being introduced. First, the enormous increase in population led many thinkers, notably Malthus, to fear for the worst, despite changes in economic reality.\textsuperscript{43} And, second, the war with France excited men’s fears, and diverted their attention away from these profound economic developments. Those who did consider such matters did so with gloom and trepidation.\textsuperscript{44}

Thus despite the fact that seminal innovations were introduced during the eighteenth century—innovations which included the steam engine, Crompton’s mule, Arkwright’s frame and developments in the techniques for mining coal and making steel—their potentialities were too dimly perceived and weakly felt to make reasonable men doubt that poverty was inevitable. Contemporaneous events only served to confirm the fatalistic aspect of the laissez-faire standard.

With the close of the Napoleonic Wars, industry burst forward at a pace that catapulted England to preeminence as a world power.\textsuperscript{45} And America was not far behind, In some sectors of the economy such as textiles it caused

\begin{table}[h]
\begin{tabular}{lccc}
  & 1790 & 1816 & 1856 \\
Wool  & 3,245,352 & 8,117,869 & 116,211,392 \\
Cotton & 30,574,374 & 94,140,330 & 1,023,886,304 \\
\end{tabular}
\end{table}

\textsuperscript{42} Ashton, \textit{op. cit. supra} note 17, at 125.
\textsuperscript{44} Thus so astute an observer as William Playfair, who was remarkably cognizant of the upswing in manufacturing and trade experienced towards the end of the eighteenth century, wrote in 1807: “The increase of the trade of Britain to foreign parts, within these last fifteen years, though a very natural effect of the cause that have operated during that period, is not itself a natural increase, because the causes that produced it are uncommon, temporary, and unnatural."

\textsuperscript{45} Playfair, \textit{An Inquiry into the Permanent Causes of the Decline and Fall of Powerful and Wealthy Nations} 193 (1807). Accordingly he could only conclude, after a survey of England’s situation: “There is something very gloomy in this view of national affairs, and yet there is no apparent method of making it more pleasing.” \textit{Id.} at 207.

\textsuperscript{46} The magnitude of the advance in industrialism in the period after the Napoleonic Wars is indicated by the quantity of raw materials imported by England’s two leading staple industries, cotton and wool:

\textit{Ure, The Philosophy of Manufactures} 468 n. (3d ed. 1861).
enormously expanded output; in other sectors such as the iron and steel industries it created new demands for labor and those in turn provided the mean for further industrialization. Accordingly the belief grew that (as one writer in 1836 noted) “they had made the greatest advance in civilization that can be recorded in the annals of mankind.” The extent to which this optimism supplanted the gloom of the earlier generation is perhaps best illustrated by J.S. Mill’s description of how he and his contemporaries received, and enlivened, the gloomy teachings of their elders:

Malthus’s population principle was quite as much a banner, and point of union among us, as any opinion belonging to Bentham. This great doctrine, originally brought forward as an argument against the indefinite improbability of human affairs, we took up with ardent zeal in the contrary sense, as indicating the sole means of realizing that improbability by securing full employment at high wages to the whole laboring population through a voluntary restriction of the increase of their numbers.

This great optimism, this great opulence, effectively killed the fatalism which manifested itself in the tenet that held poverty to be inevitable. Increasingly as the nineteenth century progressed, reality taught men that poverty was not, and should not be considered inevitable.

But the weakening of this strand of fatalism did not immediately destroy the laissez-faire standard. Rather it simply shifted the emphasis, and brought to the fore, the free will strand that held man to be morally responsible for his economic well-being. The interim reasoning ran thus: if poverty is not inevitable; and if man is morally responsible for his economic well-being; then surely moral factors are the only deterrents to wealth unlimited. This reasoning accounts, I think, for both that extraordinary concern for moral character shared by all Victorians and the enthusiasm with which they sought “the Elevation of the Labouring Classes.” Men of all professions, religions and backgrounds echoed William Ellery Channing’s conclusion: “the great obstacles to the improvement of the labouring classes are in themselves, and may therefore be overcome.”

However, industrialism continued to grow, and the more it grew the more pronounced became its tendencies to reduce the significance of man as a producer and to increase his value as a consumer. The result was to intensify the conflict between this reality and the free will tenet of the laissez faire standard.

The conflict was concealed for a long time because industrialism created (during its early stages) demands for new skills and hence increased demands for human labor. Yet as early as 1836, a commentator could write:

The vast improvement made during the last few years in the machinery applied to spinning has caused such an economy in the application of labour, that not one-half of the persons is now required for carrying

46. 1 Porter, The Progress of the Nation 1 (1836).
forward the various manufacturing processes with a given weight of cotton, that were employed for producing an equal result thirty years ago.\textsuperscript{40}

And, in the wool trade, which was the paradigm of home industry, the plight of the hand-loom weavers was notorious.\textsuperscript{50}

How could these bald facts be reconciled with the notion that man is responsible for his economic well-being? The answer is that they could not be reconciled. But man lives with many unreconciled paradoxes and so it was in the nineteenth century. As an example, we may take the way society modified the \textit{laissez-faire} standard in response to the innovations in the textile industry.

In consequence of the application of Adam Smith's division of labor principle, together with the widespread use of the power loom, the flying shuttle and other such mechanical devices, the demand for human labor was very substantially reduced. Yet in the face of this development, nineteenth century reformers did not draw what to us appears the obvious conclusion: that man's value as a producer had been permanently reduced and that therefore moral character could not be responsible for his economic condition. For industrialism had not at that time so completely altered reality as to support such a radical break with tradition. Indeed, as Clapham has pointed out, "no single British industry had passed through a complete technical revolution before 1830."\textsuperscript{61}

Progressively, however, as the value of man as a producer decreased, and his value as a consumer increased, reformers have been able to press successfully for legislation which, in addition to humanitarian benefits, had the dual effect of withdrawing segments of the labor supply from the market and increasing the purchasing power of the working classes. Quite naturally this movement began with, and centered around, the plight of factory children.\textsuperscript{52} It has progressed at

\textsuperscript{49}. 1 \textit{Porter}, \textit{op. cit. supra} note 46, at 230.

\textsuperscript{50}. Col. Torrens, an influential political economist of the Ricardo school, was moved by the plight of the hand-loom weavers to demand legislative relief for them. As would be expected, he believed the wider use of machinery was socially beneficial; as might not be expected, he held that "humanity and justice demand, that those who thus suffer for the public good should be relieved at the public expense." \textit{Torrens}, \textit{op. cit. supra} note 41, at 44. See generally \textit{Robbins, Robert Torrens and the Evolution of Classical Economics} (1958).

\textsuperscript{51}. J \textit{Clapham}, \textit{An Economic History of Modern Britain, The Early Railway Age 1820-1850}, at 143 (1939).

\textsuperscript{52}. It is round the occupation of children that the battle of the century has raged; and the great change that marks it is the gradual transference of children under fourteen from wage-earning to education. The transference is not yet complete. In 1901, 16.9 per cent of children from ten to fifteen were still returned as occupied (200,534 girls and 365,205 boys), and there were still 84,695 half-timers on the school registers in 1907; nevertheless the theory is now accepted that it is socially wrong and economically unsound to treat a child as an instrument of production. In all the great industries there has been a steady decline in the use of child labour. Yet in the first quarter of this century, of all those employed in cotton factories a half were under sixteen years of age, one in every six was under nine years of age; and there were
a pace that parallels precisely the stages of economic growth through a series of Factory Acts. In 1802, during the “take-off” period, the minimum age for employment was first set at eight; by 1844, when the “drive-to-maturity” was almost completed, the age was raised to nine; in 1874, after “maturity” had been attained, it was raised to ten. Again, during the same “stages” the number of hours “children” were permitted to work fell from twelve to nine to six and a half. And, at approximately the same pace, the benefits of factory legislation—including minimum wages, improved working conditions, and more effective enforcement of such provisions—were extended to new classes of workers: first to “young persons” (aged 13 to 18), then to women, and, in 1878, to all factory workers, irrespective of age, sex, or presumed moral responsibility. But—and this is the point—by concentrating their concern on children, nineteenth century reformers were able to vindicate the principle that “men” were morally responsible for their plight. Laissez-faire, in short, remained inviolate though an exception had been made for an ever widening group which was (all of a sudden) adjudged unable to take care of itself. Thus Lord Shaftesbury, who was the most conspicuous figure in pushing the important Factory Act of 1844 through Parliament, stipulated to the mill operatives as a condition for his support of the bill:

... that there should be a careful abstinence from all approach to questions of wages and capital; [and] ... the labour of children and young persons should alone be touched.\(^53\)

This stipulation was necessary for the moralistic nineteenth century mind: the moral responsibility of the “able-bodied”—if not children—had to be affirmed if the values of the time (those of the laissez-faire standard) were to stand. Hence it was in a sense inevitable that, a few years later, Parliament would go out of its way to reaffirm the notion of man’s moral responsibility. It did this in 1856 by defining the scope of an earlier factory act, which required guard rails to be put around machinery in factories employing children, to exclude those in which only able-bodied men worked. As the able-bodied could and should take care of themselves, the revised statute specifically provided:

The said section 21 [which required the fencing of machinery] so far as the same refers to mill-gearing, shall apply only to those parts thereof with which children and young persons and women are liable to come in contact, either in passing, or in the ordinary occupation in the Factory.\(^54\)

---

54. As quoted in Hodder, The Life and Work of the Seventh Earl of Shaftesbury 85 (1892).
55. An Act for the further Amendment of the Laws relating to Labour in Factories, 1856, 19 & 20 Vict., c. 38 (pub.). Repealed, Factory and Workshop Act, 1878, 41 & 42 Vict., c. 16, § 107 (pub.).
Commenting on this act, Stanley Jevons said, “Adult males, then, were to be left to be crushed to death. . . .” But he was writing some thirty years later—long after industrial maturity had been attained—at which time the inadequacy of this attempt to reconcile the *laissez-faire* standard with reality had become apparent. To the older generation, however, it had fulfilled the very important function of reaffirming a known truth that was rapidly ceasing to reflect economic reality.

In fact we can see, running throughout the statute books of the nineteenth century, similar attempts to affirm the notion of man’s moral responsibility for his economic well-being, even as action inconsistent with that proposition was taken. Exception after exception has been piled on to the proposition that man is morally responsible for his economic well-being. And ultimately that proposition was to be virtually transformed by society’s coming to equate the notion of “able-bodied” with one who is well-fed, decently clothed, medically attended, emotionally adjusted, adequately trained or educated, and provided with ample job opportunities as well as being physically strong.

From a twentieth century vantage point, these “exceptions” served two functions. First, these humanitarian reforms provided a rational scheme for gradually contracting the available labor supply at a time when technological unemployment made a contraction mandatory. And second, these exceptions expanded the class of the “deserving” poor—those whose plight resulted from circumstances which society *acknowledged* to be beyond their control—thereby progressively redefining the groups who were to share in the augmented wealth of the nation at a pace consonant with the changes in reality. In short, such humanitarian exceptions rationalized both the decreasing demand for human labor and the increasing need for consumers of the new industrial wealth.

IV

Thus far we have spoken of the demise of the *laissez-faire* standard in terms of a clash with reality. But despite that clash, the welfare state standard itself was not a foregone conclusion. For it depended upon a frame of mind, a mental outlook, that was prepared to accept the proposition that poverty is an economic, not a moral phenomenon. And, as we have indicated, such an outlook was very rare indeed in the nineteenth century. Hence we must consider the changes in outlook that made this new standard possible.

That change came about largely through the teachings of the much abused classical political economists. For they were the first to look at human (as opposed to natural) phenomena in the detached analytical manner of modern science. And it was through their works that the educated public became

---

55. JEVONS, THE STATE IN RELATION TO LABOUR 70 (3d ed. 1894).
acquainted with the application of science to man and society. As such the classical political economists deserve to be remembered as pioneer social scientists.

Though the political economists differed among themselves on many issues including definition of terms, they were in accord on one vital point: political economy was the "science of wealth." They believed that wealth, like Newton's universe, was governed by abstract, autonomous laws—laws which, in sharp contrast to the teachings of clerics, philosophers and poets of the day, had no more to do with morals than earthquakes, floods and falling bodies.

To appreciate the novelty of this assertion we need only consider the intellectual milieu in which the classical political economists preached their message. When in 1798, John Bowdler called for a "thorough reform [which] would set all right, and restore, us to peace and happiness," he did not contemplate political reform; nor did he envision structural changes in the economy. Rather he demanded a moral regeneration of "all ranks of people throughout the kingdom." What I have called the "moral" outlook determined the way society approached every "social problem" for it is only in this century that we have come to regard them as "social" rather than "moral". This approach applied equally to the despised criminal and the successful merchant, to failure and to success, in all their individual manifestations. Thus the notion of crime and punishment—even among such enlightened followers of Beccaria as Bentham, Patrick Colquhoun, and Sir Samuel Romiley—reflected an overwhelming preoccupation with the moral responsibility of the individual. Bentham, for example, urged that hangings should be made the occasion for teaching the public a hard lesson in the consequence of breaking the law—a lesson to be driven home by the use of black scaffolds, weird omens and appropriate background music. This moral approach, which we call the theory of "deterrence," makes sense only if man is reckoned to be fully capable of governing, and hence responsible for, his own conduct. Granting those assumptions, it is quite logical to consider (as James Fitzjames Stephen did) criminal law to be "the organ of the moral indignation of mankind."

57. The best example of the influence of the classical political economists involves Charles Darwin, who confessed in his autobiography that he derived his theory of the natural selection from a perusal of Malthus' Essay on Population. Likewise, however, the influence of the classical political economists can be gleaned from the following description of the impact of J.S. Mill's teachings, and particularly his Principles of Political Economy, at Oxford in the 1850's: "... to doubt or assail the doctrines of Mill was the anathema maranatha, the unpardonable heresy of my student days." LORD GOSCHEN, ESSAYS AND ADDRESSES ON ECONOMIC QUESTIONS 330 (1905); and for a similar account of this influence in Cambridge, see SIDGOWICE, HENRY SIDGOWICE: A MEMOIR 36 (1906). From a more practical point of view, the idealist philosopher Bernard Bosanquet advised his niece, who was about to start a career of social work, to read "the famous chapter upon the future of the working classes" in Mill's Principles.

58. Quoted in 3 RADZINOWICZ, op. cit. supra note 23, at 141.


60. See RADZINOWICZ, SIR JAMES FITZJAMES STEPHEN, 1829-1894, at 39 (1957).
Attitudes toward “wealth” were governed by this preoccupation with man and his moral character and responsibility. To many persons this term was primarily an ethical one, denoting virtue, rather than an economic one referring solely to gold, silver and other things of material value. The words of Henry Venn, in his influential *Complete Duty of Man*, are indicative of the orthodox view of wealth in the eighteenth and early nineteenth centuries:

... if [he wrote] whilst your heart is whole with him, he is pleased to make prosper whatever you do, your wealth is plainly his gift, as much as if it come to you by legacy or inheritance. It is the act of God to call you up to a higher station, who was content in your own, and to intrust you with more talents to improve for his glory.\(^6\)

This was the state of public opinion in which the classical political economists proclaimed that wealth was a phenomenon that could be, through scientific analysis, reduced to quasi-natural laws. And from what has been said we can gather some idea of the magnitude of the innovation. Certainly, if wealth were governed by amoral laws (as they urged) the classical political economists were attaching a very important qualification to the proposition that man was morally responsible for his worldly condition. Indeed they implied though they did not assert, that wealth was completely unrelated to man’s moral character. Hence we can readily understand the indignant reaction, and the violent criticism, evoked by the new science: many gentle, and sincere persons believed that the classical political economists were, by divorcing “wealth” from morality, glorifying an avaricious “economic man” who was driven by godless laws to a crass and virtueless accumulation of riches.\(^6\) And, to such persons, this seemed nothing more than scientific Mammonism—a repulsive and disgusting mockery of all that was good and worthwhile in man and life.

At its inception, however, political economy was but a mere branch of moral philosophy, a “science” which, according to William Paley, “teaches men their

\(^{61}\) *Venn, Complete Duty of Man* 267 (1st Amer. ed. 1804).

\(^{62}\) Among the bitterest critics of the classical political economists were Ruskin and Dickens. And both perceived quite clearly the nature of the problem which had given rise to the science of wealth and the tendencies of that particular type of learning. Having blasted the mammonism of the classical political economists in *Unto This Last* and *Muncer Pulveris*, Ruskin formed the Guild of St. George to “slay the dragon of Industrialism.” *Ruskin*, JoHn 171 (1902). And Dickens gave a brilliant parody of utilitarian education in his *Hard Times*. Indeed, one cannot read Bitzer’s mechanical response, and coldly factual definition of a “horse,” without feeling that the Gradgrinds have won: we cherish positive knowledge with the same ardor, and blindness, as Mr. Gradgrind himself. But Dickens, like Ruskin, became an ineffectual critic because he was unable to adjust to reality, and particularly the way of thinking inherent in an amoral source of wealth. Thus he remained morally-oriented to the end—though he placed moral responsibility for poverty not on the poor (as did most Victorians) but on the rich: his solution was to convert Bounderboys into Brothers Cheerable—a transformation that, as we saw in the case of Mr. Dombey, could be effected only through love. And when he turned his hand to a practical solution to the problem of the day, he took part in activities which we can only term peculiarly Victorian: starting a refuge to protect and succor fallen women like “Little Emily.” *Collins, Dickens as a Social Worker*, 15 *Social Work* 525 (1958).
duty and reason of it." And Adam Smith, who is uniformly heralded as the father of English political economy, regarded his Wealth of Nations as a supplement to his earlier work, The Theory of Moral Sentiment. In his own mind political economy was not an independent subject but a part of a larger whole. (His lectures at the University of Glasgow, where he was Professor of Moral Philosophy, gave equal attention to police, natural religion, moral sentiments and political economy.)

Despite its origins and affiliations with moral philosophy, political economy treated wealth as an economic phenomenon governed by amoral laws. And the aim of its expounders, and particularly the classical political economists, was to discover those "laws." Their discoveries reflected, quite accurately, the growth of amoral industrial wealth. Indeed the rise and growth of political economy itself paralleled to an astonishing degree the rise and growth of industrialism—so much so that we can correlate the discovery of new economic laws (including "pure theory") with changes which society was, in reality, undergoing at the time. Political economy, as such, came into existence almost at the exact moment that the effects of industrialism were first being felt. As J.R. McCullouch, who held the first university chair on the subject in England, wrote in 1825:

Political Economy is of very recent origin. Though various treatises of considerable merit have previously appeared on some of its distracted parts, it was not treated as a whole, or in scientific manner until after the middle of the last century.

And we may observe, as a general rule, that the more pronounced industrialism became, the more abstract and scientific the laws of wealth became; and the more mechanical the society's chief producers grew, the more important mathematics and statistics became. Thus, for example, the greatest single difference between Adam Smith and David Ricardo (who published his Principles in 1815) was that Smith, under the influence of the Physiocrats, was much more kindly disposed toward agriculture and landed wealth. Ricardo, on the other hand, dwelt upon the evils inherent in the law of diminishing returns; and he did not hesitate to treat rent and rentiers as scourges of society. The change in economic theory, as expounded by these two writers, thus reflects a growing impatience with one of the traditional sources of wealth; it also manifests an increasing confidence in, and recognition of, an alternative source of wealth. Industrialism had, in short, come into its own—in theory as well as in reality.

63. 2 Paley, Works 1 (1824).
64. A. Smith, Lectures on Justice, Police Revenue and Arms xiii-xiv (Cannan ed. 1889). Professor D. W. Brogan has reminded me that Smith devoted the last years of his life to a manuscript which he ordered his executor to destroy after his death. The nature of the manuscript is not entirely clear though it was apparently a history of moral philosophy.
66. If Ricardo propounded an economic theory that justified industrialism, it was not until several years later—after 1830—that industrialism acquired a philosophy. Then, at almost the same time, two such books were published. In 1832 Charles Babbage published his
This hand-in-hand growth of the new sources of wealth and the modification of the laws of wealth continued. J. S. Mill, who was raised on Ricardo's theory, supplied revisions to it in 1849. Under what he thought to be the influence of Harriet Taylor (and what I would consider, at least partially, that of this change in economic reality), Mill discovered that the laws of distribution, as propounded by Ricardo in 1815, were not iron-clad. By so doing he effected a gentle shift in the emphasis of political economy from production as it had been under Smith and Ricardo to distribution. But it was not until later, after the industrial system had become fairly established as England's primary source of wealth that Jevons, Wicksteed, and Marshall developed the idea; and by so doing they turned the attention of theorists to consumption, an aspect of economic theory that, as Marshall noted in 1890, “until recently—has been somewhat neglected.” And the change, interestingly enough, was made, simultaneously, by several independent thinkers—evidence, to my mind, that “pure theory” was a response to, and reflection of, a changing economic reality.

The pattern thus seems reasonably clear: when industrialism came into existence moral philosophy developed a secular branch, political economy; and that moral science provided first an intellectual justification for the new ways of production, and later a critical analysis of the characteristics of this novel system based not on human, but mechanical, labor. As the mechanical aspects became more prominent this branch of the moral sciences, which became progressively more “scientific” and less moralistic, grew quite as spectacularly as did amoral industry in the nineteenth century. So much so that in 1861 Sir Henry Maine noted that it was “the only department of moral inquiry which has made any considerable progress in our day.” By the end of the nineteenth century political economy was formally divorced from the moral sciences, had become simply economics—a subject far more statistical, than ethical, in approach (Marshall's Principles of Economics, published in 1890, was the first major treatise to drop the “Political” from the title).

In the twentieth century, as industrialism has come to dominate every aspect of economic activity, economics has become increasingly “a box of tools” again.

---

68. 1 MARSHALL, PRINCIPLES OF ECONOMICS 142 (2d ed. 1891).
70. MAINE, ANCIENT LAW 305 (10th ed. 1885).
71. The phrase is Joan Robinson's, quoted in SCHUMPETZER, op. cit. supra note 69, at 15.
tools being amoral, impersonal things ideally suited to deal with amoral impersonal concepts like “national income,” “structural unemployment,” and “economic poverty.” Indeed it threatens to become purely econometrics, a subject as remote from morals as an indifference curve is to duty. Thus, the history of economic thought, from moral philosophy to econometrics, has paralleled, and reflected the stages of growth of industrial wealth. For the very reason that theory reflects reality, poverty did not become an economic problem in theory, until industry had grown to a point that its maximum levels of output could be attained, but not maintained, without more consumers. In England that was not until the Great Depression at the end of the nineteenth century and, in America, until the depression of the nineteen-thirties.

In considering the shift from the laissez-faire standard to the welfare state standard, it is important to realize that the scientific approach of the classical political economists was strictly confined to the amoral laws which governed the production of wealth. Everything else was, as Cairnes said, “simply out of the pale of Political Economy.” Poverty was not treated as a distinct analyzable economic phenomenon. Rather it was reckoned to be simply the negative reciprocal of wealth, so that the classical political economists assumed the increase of the one would automatically bring about the decrease of the other. It remained for a later generation to show (as Henry George did so brilliantly) that “progress” did not necessarily diminish “poverty”; and it was left to subsequent theorists (such as Marshall, Pigou, and Keynes) to seek the laws of poverty with the same avidity that Smith, Ricardo and Mill had sought the laws of wealth. Despite all the jargon about “laws” and “science,” however, the amoral laws of wealth expounded by classical political economists were, as regards poverty, moral in import. And in fact they all served to prove one basic proposition: individual regeneration was the only hope of the poor. The unanimity of the classical political economists on this score is well illustrated by comparing the attitudes of those celebrated disputants, Ricardo and Malthus. Ricardo differed with Malthus enough on theoretical matters to write a paragraph-by-paragraph critique of the latter’s Principles of Political Economy. When, however, Ricardo came to the passage in which Malthus held that “it is quite obvious . . . that the knowledge and prudence of the poor

73. The automatic either/or reasoning runs throughout the thinking of the classical political economists: just as they believed the relationship between wages and profits, and wages and the size of the labor force, to be such that the increase of the one automatically brought about a decrease of the other, so they believed that an increase of wealth would automatically bring about a decrease of poverty. This approach was no doubt influenced by Bentham’s “Bifurcate Mode” analysis by which everything was reduced to an either/or. See, especially, his Philosophy of Economic Science in 1 Jeremy Bentham’s Economic Writings 88-89 (Stark ed. 1952).
74. Notes on Malthus, in 2 The Works and Correspondence of David Ricardo (Sraffa ed. 1951).
themselves, are absolutely the only means by which any general and permanent improvement in their condition can be affected,” he said:

I am particularly pleased with your observation on the state of the poor—
it cannot be too often stated to them that the most effective remedy for the
inadequacy of their wages is in their hands.  

And this conclusion, which may appear to be unrelated to economic theory,
was in fact subtly interwoven into the very foundation of classical political
economics and the “laws” of wealth, and particularly the “wage fund theory,” the
“labor theory of value,” and the orthodox account of the source and manner of
accumulating capital.

The “wage fund theory” was nothing other than the economic counterpart
of the Malthusian population principle. As adopted by the classical political economists the population principle included the highly important qualification made by Malthus in his second edition of the Essay on Population: that “moral restraint” as well as “positive checks” (such as war, disease and famine) could be effective “checks” on the growth of population.

That population principle was incorporated in political economy’s celebrated “wage fund” doctrine. According to this doctrine, the level of wages was determined by the ratio between the number of wage-earners and the amount of capital available for wages. If, therefore, the wage earners would only exercise “moral restraints”—chastity, late marriages, and prudence—they could, by holding the supply of laborers below the demand, raise the level of wages. But without such “moral restraints” the increasing number of wage earners would spread misery and offset any new accumulation of capital. The hope for society therefore depended very much upon the moral character, and especially the chastity, of the working class.

Likewise the “labor theory of value” had its moral implications. While holding the “natural price” of wages to be the cost of the laborer’s subsistence, Ricardo (following Col. Torrens) held that this was not a fixed price but one which “essentially depends on the habits and customs of the people.” If, therefore, the laboring classes would only adopt good habits and higher standards of living, the cost of their subsistence and hence their wages would rise. But this depended not on economic, but moral, factors.

And finally, the orthodox theories of classical political economy relating to the source and method of accumulating capital depended upon moral character. Thus Adam Smith wrote:

75. Malthus, Principles of Political Economy 299 (2d ed. 1836).
76. 8 Ricardo, op. cit. supra note 74, at 183-84 and see also 2 id. at 262.
77 1 Malthus, An Essay on Population 14 passim (Everyman’s ed. 1914).
78. For a discussion (and restatement—after the fact), of the Wages Fund doctrine see Taussig, Wages and Capital (1896).
79. 1 Ricardo, op. cit. supra note 74, at 96-97. Col. Torrens had stressed the same point with such vigor in his Essay on the External Corn Trade that he insisted that Ricardo give him credit for the idea. And in fact Ricardo grudgingly added a footnote in the second edition of his Principles.
Parsimony, and not industry, is the immediate cause of the increase of capital. ... Capitals are increased by parsimony, and minimised by prodigality and misconduct.80

James Mill characteristically hammered down this conclusion in his *Elements of Political Economy* by pronouncing it to be “a proposition which excludes all exceptions.”81 And Nassau Senior went so far as to designate saving—or, to use his terminology, “abstinence”—a “Secondary Instrument of Production.”82 In other words, a moral quality, frugality, was a linch-pin in the system of classical political economy.

Thus, we see embodied in, or underlying, these several fundamental doctrines of classical political economy the assumption that the sciences of wealth (and its laws) could operate to the benefit of society only on the condition that people, and especially members of the working classes, conducted themselves morally and rationally, like, in short, economic men. All roads in political economy lead to this conclusion; and the message of these writers was that he who would alleviate the plight of the poor must improve their character.83

The initial, and most enduring, contribution of the classical political economists was to apply the amoral, detached approach of the natural sciences to man. By so doing, they became, if not the first, certainly the first widely influential social scientists. Even so, however, they strictly limited their scientific analysis to only one aspect of human activity, the production of wealth, and they left unchanged their traditional appraisal of poverty. Ironically, classical political economy was robbed of its authority by subsequent theorists who, adopting the “scientific outlook” of the classical political economists, refused to confine it to wealth and overran what the classical political economists would have deemed the sacrosanct “private preserves” of morality. But the initial poaching, if it may be so called, was done by one of their own, Malthus, who, in this respect, was far ahead of his times. The shifts in Malthus’ thinking between 1798 and 1830 indicate both the direction of economic thought during the next hundred years and the growth of industrialism.

In 1798 Malthus stated, in his *Essay on Population*, that since the quantity of food increased arithmetically, and the number of mouths increased geometrically, starvation was, sooner or later, inevitable. Such, he said, was the law of nature. In the second edition, however, he modify his own law by admitting that man, through “moral restraints,” might vitiate the inevitableness of this “law.” And in the succeeding six editions (there were seven in all) he steadily

82. *Senior, Political Economy* 58 (Encyclopaedia Metropolitana series, 6th ed. 1872).
83. The laws of wealth, as expounded by the classical political economists, purported to be scientific and amoral. But those laws were, in fact, closely related to man and his moral character. The classical political economists were, in fact transitional figures: on the one hand they were innovators by seeking amoral laws of human affairs; on the other hand they were traditionalists in so far as their laws were, when shorn of jargon and affectation nothing more than moral imperatives.
REALITY AND SOCIAL REFORM

retreated from his own inexorable principle, by adding embellishments and qualifications, which reveal an underlying dissatisfaction with his own premise that population must, in the long run, outstrip production.

This is understandable for reality was, as we have seen, materially changing during the period in which he wrote, a change that can be best described by adapting Malthusian terminology: whereas the demand for human labor was increasing arithmetically, the output per hour of such labor was increasing not geometrically but astronomically. And Malthus showed himself to be sensitive to this development. In his *Principles of Political Economy* (first edition 1815 and under revision at the time of his death in 1834) he was preoccupied with the problem of "gluts"—excesses of production which, for one reason or another, could not be consumed. Ricardo, McCulloch, James Mill and the other classical political economists, following J. B. Say, believed such a situation was impossible but Malthus persisted in his enquiry, thereby shedding light on a problem that did not become critical until a later stage of economic development.

Despite his inexorable population principle, we can observe, in the works of Malthus, a gradually decreasing anxiety about demand inevitably outstripping supply and an increasing awareness of the possibility that supply might actually exceed demand. In his work more perhaps than any of his colleagues, we see most clearly the great change that industrialism was to make in the nature of economic crises: the problem would cease being "famine" (or inadequate supply) and become "gluts" (inadequate demand). Malthus' defeat in his own time on this score was so decisive and his ideas so ignored that Maynard Keynes lamented:

> Despite his inexorable population principle, we can observe, in the works of Malthus, a gradually decreasing anxiety about demand inevitably outstripping supply and an increasing awareness of the possibility that supply might actually exceed demand. In his work more perhaps than any of his colleagues, we see most clearly the great change that industrialism was to make in the nature of economic crises: the problem would cease being "famine" (or inadequate supply) and become "gluts" (inadequate demand). Malthus' defeat in his own time on this score was so decisive and his ideas so ignored that Maynard Keynes lamented:

---

84. We get an excellent idea of the technological developments taking place at the time (1798) that Malthus wrote his celebrated *Essay* from the following comment by Porter:

> In the year 1800, the quantity of cotton imported for use into the United Kingdom was 56,010,732 pounds, having been only 31,447,605 pounds in 1790, and 17,992,882 pounds in 1785. The total value of manufactured cotton goods exported in 1800 was 5,406,501 £ having been 1,662,369 £ in 1790. At the earliest of these two dates, Sir Richard Arkwright's inventions had very recently been thrown open to the public by the setting aside of his patent in the Court of King's Bench. The first steam-engine constructed for a cotton-mill was made by Mr. Watt in 1785, and put to use at Papplewick in Nottinghamshire; it was four years later that the application of steam power to the same purpose was first made in Manchester. In the year 1800 the number of such engines in that town had increased to 32, the aggregate power of which was estimated as equal to the labour of 430 horses. This increase shows that a great impulse had been given to the manufacture, which already was considered to be a thing of great national importance. If, however, we measure its amount at that time in comparison with the extension which it has since received, the cotton trade of 1800 dwindles into insignificance. At that time the application of the improved machinery was confined to the production of yarn; for although Dr. Cartwright's power-loom was invented as early as 1787, the first practical application of his machine was not made until 1801, when a weaving factory was erected by Mr. Monteth, at Pollockshaws, near Glasgow, and furnished with 200 self-acting looms.

If only Malthus, instead of Ricardo had been the parent stem from which 19th Century economics proceeded, what a wiser and richer place the world would be today.\textsuperscript{85}

But we should not forget: Keynes wrote in the twentieth century, after industrialism had long been firmly established; and Malthus wrote at the time when that new source of wealth was still only partially developed. If Malthus saw the latent tendencies of industrialism more clearly than Ricardo—the tendencies that would, by Keynes’ day, became patent—Ricardo firmly understood the nature of economic reality as of the time he wrote.

In the years following 1870—after, that is industrial maturity had been fully attained—the character of economic crises changed. Increasingly the problem ceased being the traditional one of “famine”—a dearth of supply—and become one of “gluts”—a lack of effective demand. And the remedies for the former problem could not suffice to solve the latter for the one needed more producers, the other more consumers. And the laissez-faire standard’s preoccupation with the moral character of the poor was really calculated to increase the number of producers. Furthermore by perpetuating the moral outlook, which distinguished so sharply between the deserving and the non-deserving poor, it had the effect of limiting the number of potential consumers. That standard was, in short, unsuited to deal with the problem at hand. For the attainment of its aims—the complete moral regeneration of the laboring classes—would not suffice. Until more effective demand was created, all the temperance, diligence, thrift and sexual restraint in the world would not solve the problem.

Sensing this change in reality, economists began to turn their attention from wealth toward poverty. For the first time they began to treat it as an independent economic problem that could be subjected to amoral analysis. “Now at last,” wrote Alfred Marshall, in the book that served as a Bible for a generation of economists, “we are setting ourselves seriously to inquire whether it is necessary that there should be any so-called ‘lower classes’ at all.”\textsuperscript{86} And in his inaugural lecture of 1885 while criticizing the morally oriented Ricardians, he indicated the direction of all subsequent economic theory regarding poverty.

Their most vital fault [he wrote] was that they did not see how liable to change are the habits and institutions of industry. In particular they did not see that the poverty of the poor is the chief cause of their poverty: they had not the faith that modern economists have in the possibility of a vast improvement in the condition of the working classes.\textsuperscript{87}

Marshall and his successors thus concentrated on trying to understand “the habits and institutions of industry.” They have dismissed as irrelevant, or ignored, those cardinal virtues which, from the time of the Reformation, have

\textsuperscript{85} Keynes, Essays in Biography 120 (1951 ed.).
\textsuperscript{86} Marshall, op. cit. supra note 68, at 3.
\textsuperscript{87} Quoted from Marshall’s inaugural lecture at Cambridge in 1885, reprinted in Memorials of Alfred Marshall 155 (Pigou ed. 1925).
constituted the panacea to poverty, and which were cornerstones of the laws of classical political economy: temperance, sexual restraint, diligence, and thrift. The fate of these virtues embodies the patterns of change we have been tracing.

(a) Temperance. Drink was the bane of the classical political economists not only because besotted workers could not perform efficiently or earn higher wages, but also because such non-productive expenditure constituted a grievous dissipation of capital:

> It needs but the slightest knowledge of the fundamental principles of political economy to perceive that the increasing want of employment is the result of deficient or misexpended capital. Mr. John Stuart Mill states that “while, on the one hand, industry is limited by capital, so on the other, every increase of capital gives, or is capable of giving additional employment to industry: and this without assignable limits. But for the enormous waste of capital somewhere, there would exist in this country ample means of employment for all able to work. How this waste is occasioned is obvious to all. It is the universal passion for alcoholic liquors.”88

Such was the prevalent attitude among educated persons prior to 1870: drunkenness was a cause of poverty because it deterred the production of wealth.

The new economists rejected this view. Alcoholism became a physical rather than a moral shortcoming—a disease which disabled otherwise able-bodied workers. Its effect on the production of wealth became negligible. In 1912 when Pigou published his *Wealth and Welfare* he limited his discussion of this once vital factor to the following observation: “the drink bill is diminishing, while wages are rising . . . .”89 And the implication of this remark was that drunkenness had been caused by low wages, not *vice versa*. A modern historian has taken the argument even further by suggesting that drunkenness in the nineteenth century was largely the consequence, not of poverty, but of wealth. “It was,” he says, “at heart a crisis of new money wealth, the demands of new social standards and old consumption pattern.”90 Amid the confusion only one thing is clear: the economic significance of drunkenness has materially decreased.

(b) Sexual restraint. The economic ramification of promiscuity was of course over-population; and, to Malthus, this was the great threat to civilization. To the classical political economists all discussion of wages and profits and capital began with this principle. Yet after 1870 it ceased to be important. Indeed many books, such as Wicksteed’s *Common Sense and Political Economy* (published in 1910) made no reference to the problem at all. One reason, no doubt, was that Charles Bradlaugh and Annie Bessant had popularized a solution to the population problem that was infinitely more effective than ex-

---

hortation in economic treatises. But Schumpeter gives an explanation more closely related to economic theory. Speaking of the classical political economists he notes that “hypotheses about actual and expected rates of increased population entered into their theorising...”  

91. Schumpeter, op. cit. supra note 69, at 889.
92. Id. at 889-90.
94. In 1910 A. C. Pigou read a paper before a Paris Conference on Unemployment entitled “The Problem of Involuntary Idleness”—a title that clearly indicates the point we are trying to make: that “Unemployment” is indolence minus the moral element. This speech is referred to in 34 J. Royal Stat. Soc. 72 (1910-11).
95. The allusion is to Marshall’s paper “The Old Generation of Economists and the New,” which was read in 1897. It is reprinted in op. cit. supra note 87, at 295.
REALITY AND SOCIAL REFORM

Once concern for moral character disappeared the laissez faire standard was doomed. Once men were free to regard poverty as a purely economic phenomenon devoid of all moral overtones, the underlying tenets of that standard—that poverty is inevitable, that man's economic status is a reflection of moral character, and that private voluntary charity is the best means of relieving the poor—were in grave danger. And in fact each fell, being replaced by those which we said, at the outset, constituted the welfare state standard. Society had, once again, brought tradition and reality into line and struck a balance with the new source of wealth by formulating a new set of tenets that comprise the welfare state standard; poverty is intolerable; all “needy” persons (an economic test) are thought to be victims of circumstances beyond their control; and the state is reckoned to be capable of, and therefore obligated to, regulate these economic forces which conspire to cause poverty.

V.

And so it was that the laissez-faire standard fell and the welfare state standard came into being: as the former ceased to reflect reality (though it comported admirably with tradition), it failed to restrain the expectations of men; and as the latter was based on reality (though it clashed violently with tradition) it could not be ignored for long. Tradition yielded, so much so that, today, the tenets of the welfare state standard have penetrated our thinking, our expectations and our point of view so deeply that we are scarcely conscious of them: we not only accept the notion that poverty is an “economic” problem—we can scarcely conceive of it being treated otherwise; we are so used to the idea that poverty is abolishable that the fatalism of the laissez-faire standard seems medieval in remoteness as well as in flavor; and we all take for granted so much governmental action that Sir William Harcourt's famous comment made at the turn of the century—that “we are all socialists now”—is far truer today than it was when he spoke.

The point we have been trying to make throughout this article is that no standard which ceases to reflect reality can endure. For the “reformers”—those sensitive individuals whose powers of perception and depth of feeling exceeds their ability to submit to the discipline of logic and theory—inevitably make demands which clash with, or go beyond, the “provable” by existing standards. Yet those demands come too close to reality to be ignored. Standards, not reality, yield. In the light of the fate of the laissez-faire standard it may be worthwhile to consider the extent to which the welfare state standard now comports with reality.

In this country, since 1900, tradition and reality have taught that human problems can, and indeed must, be solved by scientific analysis. Accordingly, the “scientific outlook” applied by the classical political economists to wealth, and by the “new economists” (as Marshall called them) to poverty, has gradually been extended to every phase of human life. Almost without exception the “social sciences,” as academic disciplines, date back no further than 1870—sociology, political science, anthropology, psychology, psychoanalysis, eugenics,
history (as a science) and the inductive approach (“the case method”) to the
study of law are all instances in point. And their rise—together with the lethal
blow that Darwin dealt the notion that Man is a divine species created in the
image of God—has destroyed forever the old-fashioned belief in human su-
periority as well as moral responsibility. Like the child who has discovered,
and can never forget (however much he may try), that there is no Santa
Claus, modern man is too knowledgeable, too clinical—yes, too amoral—to be
morally oriented again. And so long as this scientific outlook obtains so will
some variation of the welfare state standard. It is well that it should be so.

Nevertheless, there are straws in the wind that unmistakably indicate a cer-
tain divergence between prevailing standards and reality. And, in a curious
way, “reforms” are being urged today that are strikingly similar to those ad-
vocated by the classical political economists during the first half of the nine-
teenth century. We may cite a few examples. First, competition—the main-
spring of classical political economy—seems to be enjoying something of a
revival. Certainly the fate of the Labour Party in England, and widespread re-
awakening of the “Conservative Conscience,” as indicated by the extraor-
dinary popularity of Senator Goldwater in this country, suggests a tacit af-
firmation of the vitality of some form of competition. Once again antitrust policy
seems to be a rival to “planning” as a staple in government economic policy.
Adam Smith and his friends would scarcely be dismayed by this turn of
events.

Again, the greatest fear of the classical political economists, that which
shrouded the works of Malthus and Ricardo with gloom, was the possibility of
a “Stationary State”—for, as J.R. McCulloch warned, “should the national
capital diminish the condition of the great body of the peoples would deterior-
ate; the wages of labour will be reduced; and pauperism with its attendant
train of vice, misery, and crime, will spread its ravages through society.”

Today we are confronted with the same fear expressed somewhat differently.
The New Frontier stands for, and demands, new “programs of economic
growth.” But make no mistake, we have no more choice today than did
Ricardo’s readers. As a distinguished American scholar has noted, such pro-
grams are absolutely “indispensable, if we are to avoid having to choose . . . be-
tween totalitarianism and chaos.” In other words, the same urgent need for
“progress,” for moving ahead, seems to be back once again, just as it was in the
early nineteenth century. And whether we call it a fear of the “Stationary
State” or a need for “economic growth” the consequences are remarkably
similar. Once again, the spectre of Malthus’ population principle reappears—
though of course we stake our hopes on amoral birth control rather than moral
restraints. Again, the old fashioned virtue of thrift is coming back into promi-
nence, not so much on an individual as on an institutional basis. Corporations
are once again being reminded that their primary function is to make profits

97. E.V. Rostow, Planning for Freedom: The Public Law of American Capital-
for their stockholders, not to promote good public relations. And of course the widely publicized Newburgh case, the over-hauling of our welfare laws and the increased emphasis on getting those on welfare back in the labor force, suggests that, once again, indolence as well as unemployment, is being regarded as a fundamental problem.

These signs—the resurgence of faith in competition, a compulsive need for economic growth and the reaffirmation of the virtue of diligence and thrift and a fear of over-population—are similar enough to (though admittedly different from) the teachings of the early nineteenth century “reformers” to make us wonder if present day reality might somehow be analogous to that of the past. I think we can account for these phenomena in at least two ways: First, we, today, are moving into a new era, one still poorly defined and perceived, in which the source of wealth is as new to us as “industrialism” (as we have defined it) was to Ricardo and his contemporaries. One aspect of that change involves the development of a new type of energy which underlines our industrial order. For the shift from water power and charcoal in the eighteenth century, to coal, coke and steam in the nineteenth century, to hydroelectricity and petroleum in the twentieth century has not only paralleled the growth of industrialism but also provided the energy necessary to attain and sustain an ever-increasing maximum level of output. The revolutionary possibilities of nuclear energy bid fair to produce an equally new phase of industrialism. And technical innovations—notably the computer—are of equal import. Together they make our situation analogous to the growth period at the beginning of the nineteenth century: once again man's relevance as a producer of wealth is threatened in a variety of ways. (Indeed, scholarship itself is not immune to this obsolescence.) Man's place in the world must, in short, be reappraised and redefined.

Hence, as regards these new and still dimly felt phenomena, it may well be that we are in an era of growth—rather like the nineteenth century “take-off” period. And if this is so, it would not be surprising that we are experiencing a reaction to the consumer-oriented welfare state standard. For history seems to suggest that in growth periods (perhaps by definition) society places its foremost emphasis on production—sometimes to the neglect or detriment of the non-producer segment of society. Certainly the doctrine of laissez-faire, as preached by the classical political economists, was, whatever else it may have been, a philosophy of growth.

A second suggestion to be extracted from resurgence of laissez-faire-like reforms is that poverty, to mention but one of a variety of social problems, is being redefined in international terms. Our discussion of the welfare state

---

98. See, for example, Dean Rostow's vigorous reassertion of the notion that "maximization of profits"—and not some more socially-oriented purpose—should still be the measure of corporate responsibility. E.V. Rostow, To Whom and For What Ends is Corporate Management Responsible, in THE CORPORATION IN MODERN SOCIETY 46-71 (Mason ed. 1959).

standard has, thus far, been implicitly cast in national terms. But the artificiality of purely national boundaries becomes more apparent every day. Indeed the very existence of the United Nations, the growing interest in “international law,” the agitation for the Common Market, the Kennedy administration’s trade bill, the appeal of international communism are all manifestations of the fact that reality is, for the first time, genuinely international in scope. For all parts of the world contribute to, and increasingly are sharing in, the same source of wealth. And once we redefine the problem in international terms we inevitably revert to a situation in which the moral element is more important. For there are many areas of the world, and many parts of each country, in which reality still consists of agrarian (or something other than industrial) sources of wealth. And in those areas some type of moral reform seems quite necessary to remake the under-developed areas into industrial societies. With agriculture becoming increasingly industrialized even those areas of the world which produce raw materials do not need, and can ill afford, to have a large percentage of the population tied to the soil; and as more mechanically produced wealth spreads to those areas the need for consumers will increase.

Blue collar to white collar has been the way of the West. But such cannot be the way of the rest of the world. For they must go, in many instances, from bareback or homespun to the equivalent of the white collar. The so-called “under-developed” countries are in fact fully developed in non-industrial (mainly agrarian) ways. And long tradition has taught those peoples not equality but deference, not freedom but discipline. We made our break from the stultifying limitations of a land-based economy in the sixteenth century when the growth of the wool trade, in particular, and the concommitant spread of home industry and new opportunity, gave rise to a new reality which could no longer be contained by land based feudal institutions. The result was that great moral upheaval to which we have already alluded. (It was more than a little symbolic that the “Divine Rights” of the Lord Paramount of all the lands of England should have been denied by a judge who sat on a wool sack.) But the new reality to which we adjusted was quite different from that to which underdeveloped countries must now adjust: we moved into a period during which human (not mechanical) labor was preeminent, one in which the moral (not the scientific) outlook predominated, one in which the ideas of Locke and Adam Smith (not Norbert Wiener and Paul Lazarsfeld) were vital, new and indigenous. And we must not expect any country, however undeveloped, to make in the twentieth century, the same transition that we did in the sixteenth and seventeenth centuries. Nor should we expect or demand that they accept our post-Reformation values. For those values have never been a part of their traditions, and are not now, a part of their reality. And, not infrequently the values which we want to extoll the loudest and insist upon most strongly are those which draw their greatest support from our tradition rather than from present day reality. Not the least among these is “individual freedom” an
idea frequently used in a way to blind us to reality and which (as we say) runs squarely counter to the subservience and discipline inculcated in non-western societies by generations of all-pervading tradition.

Our hope for the future lies in discovering the values inherent in the new reality, for the spread of industrialism will, in time, provide the world with a reality common to all and not peculiar to the traditions of the West. Building on this reality, we have the firmest basis for international—or perhaps I should say uni-industrial—understanding in the history of mankind.

From the fall of the *laissez-faire* standard, we can learn a solemn lesson about the cost of clinging too long, and insisting too strenuously (I almost said self-righteously), to the tenets of a standard which has ceased to comport with reality. The footnotes of nineteenth century history are full of references to individuals and groups who made really splendid efforts to attain the ends of the *laissez-faire* standard. Many of them—such as Thomas Chalmers of Glasgow, Sir Charles Loch of the Charity Organization Society in London, Robert Treat Paine of the Associated Charities in Boston—accomplished untold good in a cold and cruel world. They are largely forgotten, even by many historians. Yet every schoolboy knows something about Robert Owen, Karl Marx, the Webbs, the Fabians, and the New Dealers. Why? Because they had the courage and vision to reject the *laissez-faire* standard at a time when it was out of step with reality.

Now we, who are confronted (apparently) with a changing reality, are dealing with a brand new problem, international poverty. And we must consider whether our ways of dealing with it are too traditional, whether we are not, *vis-à-vis* this particular problem, like those gentle souls in 1880 who insisted that only the “deserving” poor should be permitted to share in the wealth of the nation. And we have witnessed the fate of such reformers: the lower classes refused to be preached to; they simply would not be satisfied with a pittance when they could, as easily, demand more. For reality was on their side. During the last seventy or so years reform has all flowed in the same direction: towards creating new consumers, or consumers with higher purchasing potential through the destruction of class and caste lines. Those reformers who tried to turn the tide—however logical their reasoning, however powerful their precedents, however forceful their argument—are remembered principally for the futility of their efforts. They were guilty of committing history’s one unpardonable and unforgivable sin: of being out of step with reality.

And we are, or may be, in a similar state as regards the underdeveloped countries. Our staunch insistence that only those nations which meet our moral standards (though cast in political terms)—those which are democratic, hold free elections, swear subservience to the United States—may be productive of more harm than good. For we are trying to dictate the terms upon which the amoral (and increasingly internationally) produced wealth can be distributed. And those terms which seem reasonable enough to us (as did the “Ideal of Charity” at the turn of the century to the rich)— appear to others
calculated to perpetuate our superiority and their subservience. Reality demands equality.

We have a right, and duty, to protect our tradition. But we must also live with reality. We must decide which of our traditions are important enough, and in what ways they clash least with reality, before we commit ourselves irrevocably to them. In making these decisions we must pay more attention to the mere existence of “radical” agitation (“right” and “left”) than to the logic of their arguments. For man can put any proposition logically. It is only those reflecting reality that he can translate into social policy.
CONTRIBUTORS TO THIS ISSUE

BAYLESS MANNING. B.A. 1943, LL.B. 1949, Yale University.

DELMAR KAMLEN. B.A. 1934, University of Wisconsin; LL.B. 1937, Columbia University.


WILLIAM V. O'BRIEN. B.S. 1946, M.S. 1948, Ph.D. 1953, Georgetown University.