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

LESSONS OF A ROAD NOT TAKEN

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

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

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

I will suggest, in conclusion, that Turgot’s and Condorcet’s ideas of social integration can illuminate modern debates over economic and social policy. The political economy of the late Enlightenment provides no support for the view of many contemporary proponents of *laissez faire* that social security is inimical to economic development, or that social equality is a form of luxury, to be promoted only in countries which are already rich. The characteristic presumption of Smith’s early friends and followers in France was rather that political liberty, and the social integration of the poor, were causes (as well as consequences) of economic development. Smith and his early followers were fierce critics of social institutions, including established
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religious and charitable foundations. But they were also concerned to invent new institutions, and new policies for social development. The debate over social institutions was indeed of central importance to the qualified optimism of the period immediately before the French Revolution. “I too believe that humanity will win in the long run”, Goethe wrote of Herder, from Naples in 1787: “I am only afraid that at the same time the world will have turned into one huge hospital where everyone is everybody else’s humane nurse”.4

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

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

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

Smith was a fervent supporter of high wages, to take a first illustration, which he described as both the cause and the effect of national prosperity. He said of “the liberal reward of labour” that “as it is the necessary effect, so it is the natural symptom of increasing national wealth”, and that “to
complain of it is to lament over the necessary effect and cause of the greatest public prosperity”. It was “abundantly plain”, he said, that an “improvement in the circumstances of the lower ranks of the people” was of advantage “to the society”. Such improvement was also a matter of social justice: “no society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable. It is but equity, besides, that they who feed, clothe and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well fed, clothed and lodged”.10

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

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

It is interesting that Smith was even prepared to countenance government regulation in favour of workers: “Whenever the legislature attempts to regulate the differences between masters and their workmen, its counsellors are always the masters. When the regulation, therefore, is in favour of the workmen, it is always just and equitable; but it is sometimes otherwise when in favour of the masters”.13 Jean-Baptiste Say contrasted Smith’s views explicitly, a few years later, with the opinions of master employers. “One meets leaders of industry”, he said, “who, always ready to find arguments to support the consequences of their greed, maintain that the worker who is better paid works less, and that it is good that he should be stimulated by need. Smith, who had seen a great deal and was a perfectly good observer,
was not of their opinion”. “The comfort of the inferior classes is in no way incompatible with the existence of the body social”, Say added, paraphrasing Smith: “a shoemaker can make shoes just as well in a heated room, dressed in a good suit, when he is well-fed and feeds his children well, as when he works freezing in the cold, in a hovel, in the corner of the street... The rich should therefore abandon this childish fear of being less well-served, if the poor man acquires comfort”.14

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

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

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

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

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

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

The public “can facilitate, can encourage, and can even impose” a system of
education on “almost the whole body of the people”, Smith says. The “most
essential parts of education” are “to read, write and account”, and even the
poorest people should “have time to acquire them” before they begin their
working life.21 Smith is resolute in identifying education as something which
is good in itself, and not as the means to a distinct, commercial end. When
he does talk of universal instruction as a means, it is in relation to the
political ends of the society, or to the common interest in political security.
People “of the inferior ranks” who are instructed are “more disposed to
examine, and more capable of seeing through the interested complaints of
faction”; they are less susceptible to “wanton or unnecessary opposition to
the measures of government”. This is the Enlightenment idyll, of universal
public discussion among thoughtful, reflecting, self-respecting individuals. It
is also Smith’s own particular idyll, of reciprocal respectability. People who
are instructed, he says, “feel themselves, each individually, more respectable,
and more likely to obtain the respect of their lawful superiors, and they are
therefore more disposed to respect those superiors”. Even parents, he says in
the Theory of Moral Sentiments, should treat their children with respect, since “respect for you [their parents] must always impose a very useful restraint upon their conduct; and respect for them may frequently impose no useless restraint upon your own”.22

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

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

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

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

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

When Turgot himself was Minister of Finance, he initiated a major reform of relief and welfare policies. His principal strategy, in the Limousin, had been to provide short-term employment in public works, and he attempted to generalize the policies in other regions. He established a system of “Charity Offices and Workshops”, on the grounds that the poor who are able to work “need wages, and the best and most useful alms consist of providing them with the means of earning”. He laid special emphasis on “the employment of women”, which he described as “an objective no less worthy of attention” than the employment of men; he proposed that the Charity Offices should advance spinning wheels to “poor women”, and should pay for instruction in spinning in each village. He insisted, as Minister of Finance, on providing income for women and children as well as for male labourers, since it was they who suffered most in periods of scarcity; “it is this part of the family for whom one must find employment and wages”, and the wages should be “distributed to all consumers, even to the children of whom the family is constituted”.29

Turgot’s other major reform of relief policies consisted of efforts to reduce the numbers of people who were unemployed for long periods. France was in the sway, in the 1760s and 1770s, of one of the Ancien Régime’s periodic preoccupations with the problem of conspicuous indigency. The notorious “Depots of Mendicity”, or workhouse-prisons, had been established in the
1760s; as a student in Strasbourg, Goethe followed Marie Antoinette’s progress towards Paris as a young bride, and observed with some irony that “before the Queen’s arrival, the very reasonable regulation had been made that no deformed persons, no cripples, nor disgusting invalids, should show themselves on her route”. Begging, in the words of a famous survey of 1779, “turns Society into... a monstrous collection of enemies who know only how to fear, to hate, to avoid and to harm one another”.

Turgot’s policy, as Minister, was to close down the Depots of Mendicity (which were run by unscrupulous private “entrepreneurs” who shaved all the inmates’ heads and “speculated on subsistence food”). “His Majesty’s intention is that you should immediately release all those who are confined”, Turgot wrote in 1775 to the Intendant in Normandy; the only exception was to be made for those who are “absolutely dangerous and incorrigible”. All others were to be sent home, with travelling expenses, and with a pension for those who could not earn their own living. A few were suitable to enroll in special companies of “soldier workers”, where they would be trained and would also be remunerated with a share of their “net product”. These people, Turgot said firmly to the Intendant, should be provided with shoes, and should not be accompanied on their way by marshals, since “they are destined to be free”.

Turgot’s strategy, in general, was to provide political guidelines, and public finance, for short-term income security. In his elaborate plan of local government — his Mémoire sur les Municipalités of 1775 — one of the roles of the proposed “municipal assemblies” was to be the oversight of support for the poor. There would be “a general plan given by government”, but the implementation of the policies against poverty would be in the hands of local assemblies. It is interesting that Turgot envisaged quite extensive public participation in the discussion of these policies. The assemblies would in general be elected only by people who owned property in land (and who were thus liable for direct taxes). But in their functions with respect to relief, the assemblies should also take account of the “views of people without landed property”; Dupont de Nemours recounts that Turgot made clear in his pencil emendations to a draft of the local government plan that such consultation was essential in matters “which can affect the freedom of individuals”.

Turgot “tried to provide a rational basis for assistance, and to impose upon it a reflective practice”, the historian of French social policy Camille Bloch wrote in 1908. His achievement was to “orient assistance clearly towards a public, official organization”; “he wanted it to favour the dignity of the individual”. His principal innovations, like the free market reforms which were so admired by Adam Smith, barely survived his own period of office. Even the Depots of Mendicity were re-established. But the cumulative effect of Turgot’s policies, over the “last years of the Ancien Régime”, was to promote “the movement in favour of local home-based assistance, and assistance through the provision of employment”.

Condorcet was Turgot’s biographer and close friend, and in the years following Turgot’s fall he developed a quite general theory of social security in periods of economic transformation. The “quantity of happiness”, he wrote in his Reflections on the Corn Trade, published in 1776 in support
of Turgot’s reforms, is not a proper object of government policy. But “welfare” (bien-être) is a necessary (although not sufficient) condition for happiness. Condorcet defines welfare in the minimal sense “of not being exposed to misery, to humiliation, to oppression”. It is in this sense a proper government objective, or a “duty of justice”: “it is this welfare which governments owe to the people”. “That all members of society should have an assured subsistence each season, each year, and wherever they live; that those who live on their wages, above all, should be able to buy the subsistence they need: this is the general interest of every nation”.

Like Turgot and like Smith, Condorcet believed that the causes of indigence and misery were to be found in “bad institutions”. In his essay of 1788 on Provincial Assemblies, which was a continuation of Turgot’s work on Municipalities, he sought to identify the “causes of poverty”, which included the lack of “general competition”, “bad laws in relation to the corn trade”, “the spirit of regulation”, and the “chains” with which commerce is encumbered. The most efficient policies are those whose effect is to prevent people from becoming poor, as distinct from supporting them in “public establishments”: “Calculate how much the Poor Rate, in England, has cost for supplying their consumption, and see what an enormous difference there would be in the effects if this same capital had been employed in industry”.

One outcome of Turgot’s and Condorcet’s ideas was to be found in the reform of social assistance in the early years of the Revolution. The “Committee on Mendicity” of the Constituent Assembly, led by another of Turgot’s younger associates, the Duc de la Rochefoucauld-Liancourt, described assistance as a matter of justice, rather than compassion. It could not be organized on a purely local basis (“as in England”); “whenever one finds a class of men without the means of subsistence, then there is a violation of human rights; then the social equilibrium is broken”. Nor could it be left to the Church, or to individual foundations. The state should therefore assume both the responsibilities and the rights (including the property) of religious incorporations. Liancourt’s early twentieth century biographer describes a liberation of individuals and of the state: “In the face of the corporations, "fictions and moral persons", there arose the secular state, enfranchised at the same time as the individual from subjections and privileges”. The duties of the state, or of society, were meanwhile to be substantially more extensive than those of the old institutions: “it is no doubt an imperious duty of society to assist poverty, but the duty of preventing it is no less sacred and no less necessary”.

Condorcet himself proposed two principal policies to prevent poverty. The first, which he identified repeatedly with Smith, was for universal public instruction. Of all the causes of poverty, he said, there was only one which was the result of economic progress rather than of bad institutions. This was the poverty which follows from the “invention of machines”, leading to unemployment among “workers who only know how to do one thing”. But if workers were better instructed, then this cause of poverty would be transitory. The enormous scheme of general competitive equilibrium would only work efficiently if people could move from one industry and one employment to another: “It will no doubt take some time to reestablish equilibrium, but the time will be shorter to the extent that there is greater freedom”.

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Like Turgot, Condorcet was insistent that women as well as men should be educated, and not only trained but retrained: “We are proposing an education which is common to men and to women, because we do not see any reason for it to be different”. Public instruction was moreover of political as well as economic importance. People who did not know how to count, or who did not understand local laws, were dependent on others: “social institutions must combat, as much as is possible, this inequality which produces dependency”. Instruction was necessary, above all, to “make a reality out of the enjoyment of the rights which are assured to citizens by law”; “does a being enjoy his rights, when he is ignorant of them, when he cannot know if they are being attacked?”

Condorcet’s second policy to reduce poverty, and to promote social equality, was the direct outcome of his and Turgot’s experience with the subsistence crises of the 1770s. One cause of poverty, he said, was poverty itself: “every family which has neither landed property, nor moveable property, nor capital, is exposed to fall into misery at the smallest accident. Thus, the more families there are who are deprived of these resources, the larger the number of the poor”. His proposal, in these circumstances, was for a system of social savings banks: “it is by opening savings banks, by means of which small savings can ensure succour in illness and in old age, that one can prevent misery”.41

In the course of the Revolution, Condorcet developed his ideas for the security of small savings into a major system of social security. He described the dreadful prospects for women whose existence “depends absolutely on the length of the husband’s life”, and “the great number of invalids, old people, women and children who fall from a state of comfort to a state of poverty and misery”. It was essential, he said, for a man whose subsistence depended on his labour to be able “to ensure by his savings the means of subsistence in old age”, as well as resources for his wife and children in case of his sickness or death. This required that there should be secure means of placing very small — even daily — savings. Such means could be provided, he said, by “associations of individuals, or by companies, or even by the state”. But associations would be too small to provide national benefits, and private companies would find the business insufficiently profitable.

The state could by contrast set up social insurance establishments on a scale such as to take advantage of “tables of general mortality” for very large numbers of insured individuals. Associations and private companies, Condorcet said, had the option of only admitting “people of whom a doctor, whom they trusted, would state that they could reach the mean life expectancy for people of their age; but this means could not be appropriate for an establishment created for the public”. Public establishments would have the further advantage of helping to reduce the national debt. They would in general, by increasing “the number of people whose lot is secured”, help to bring about a different sort of society: “something which has never before existed anywhere, a rich, active, populous nation, without the existence of a poor and corrupted class”.42

Condorcet’s establishments for social security became, at the very end of his life, the foundation of his ideal of future progress. He speaks, in the
Esquisse des Progrès that he wrote while in hiding from the Jacobin Terror, of the great enterprise of “using chance to oppose chance itself”. People will in the future be secure in their old age, with their savings augmented by those of others who died before retirement. Families will have some “compensation” if they are afflicted by the premature death of a father. The insurance establishments “could be formed in the name of social authority”, but they could also, Condorcet now concluded, be “the result of associations of individuals”, since the principles of social insurance would be more familiar. “The application of calculation to the probabilities of life expectancy, and to financial placements” will used, henceforth, in the interest of “the entire mass of society”. The coming epoch would be one not of “entire” economic equality — which Condorcet considered to be inimical to industry — but of the “social equality” which would follow from instruction and social insurance; “social equality will be sufficient, virtually on its own, to destroy two principal causes of corruption and prejudices, which are indolence and bad example”.43

Condorcet’s ideal of social security was the subject of very little practical or political interest after his death in the Revolutionary Terror. But it played an indirect role, in the course of the 1790s, in the subsequent counter-revolution of political economy. Malthus qualifies his Essay on the Principle of Population, on the title page of the first edition, with the subtitle “as it affects the Future Improvement of Society with Remarks on the Speculations of Mr. Godwin, M. Condorcet, and other Writers”, and his denunciation of Condorcet begins with establishments for social protection. Condorcet begins with establishments for social protection. Condorcet, Malthus notes, “proposes that a fund should be established, which should assure to the old an assistance, produced, in part, by their own former savings... [T]he same, or a similar fund, should give assistance to women and children, who lose their husbands, or fathers”. “These establishments...might be made in the name, and under the protection, of the society. Going still further, he says that by the just application of calculations, means might be found of more completely preserving a state of equality, by preventing credit from being the exclusive privilege of great fortunes, and yet giving it a basis equally solid, and by rendering the progress of industry, and the activity of commerce, less dependent on great capitalists”.

Malthus’s conclusion is full of derision for what he describes as Condorcet’s “enchanting picture”: “such establishments and calculations may appear very promising upon paper, but when applied to real life, they will be found to be absolutely nugatory”. One reason is the softening of “the goad of necessity”: “If by establishments of this kind, this spur to industry be removed... can we expect to see men exert that animated activity in bettering their condition, which now forms the master spring of public prosperity?” The other reason, and “by far the greatest difficulty”, is the principle of population itself. “Were every man sure of a comfortable provision for a family, almost every man would have one; and were the rising generation free from the "killing frost" of misery, population must rapidly increase”.44

Malthus’s Essay played a critical role in the reconstruction of political economy in the decades after Smith’s death. Smith himself, Malthus writes, makes a “probable error” in mixing two distinct inquiries: into “the wealth of
nations” and into “the happiness and comfort of the lower orders of society”. In his *Principles of Political Economy*, Malthus identifies more of Smith’s infelicities, including using “exceptionable” language about landlords and speaking of them “rather invidiously, as loving to reap where they have not sown”; underestimating “the production contributed by the capitalist”; and talking about humanity — “if humanity could have successfully interfered, it ought to have interfered long before”, Malthus concluded, “but unfortunately, common humanity cannot alter the funds for the maintenance of labour”. Smith’s supposed indulgence of the poor, and of their interest in a secure existence in society, was indeed a source of recurring irritation to his early critics. Edmund Burke, for example, wrote in 1795 that “nothing can be so base and so wicked as the political canting language, ‘the laboring poor’”. This is a phrase which Smith uses repeatedly in the *Wealth of Nations* (and ten times in the few pages of his discussion of wages). Providence sometimes withholds “necessaries” from the poor, Burke says; “it is not in breaking the laws of commerce, which are the laws of Nature, and consequently the laws of God, that Divine displeasure is to be softened”.

One of Smith’s oddest critics, William Playfair, chides Smith explicitly for ignoring the useful goading of the poor. In a footnote added to Smith’s chapter on wages, reproduced in Playfair’s annotated “eleventh edition” of the *Wealth of Nations* (of which the *Edinburgh Review* wrote that “in the whole course of our literary inquisition, we have not met with an instance so discreditable to the English press”), Playfair writes that “Mr. Smith in this case, as well as in that of bearing increased taxation, puts down nothing for that great spring of industry — necessity”. “Mr. Smith sets nothing down for Necessity, the nurse of Industry”, he adds in a later footnote; the negative effects of high taxes are “counterbalanced in a great degree by the spur they are to industry”. Even education, for Playfair, is a distraction from industry, or “business”. He thus objects, in his “supplementary chapter” on education, to Smith’s concern with the instruction of the poor: “Whether or not it contributes to the comfort and happiness of the working man, to read and write, is a question not necessary to decide, and probably not very easy... Reading frequently leads to discontent, an ill-founded ambition, and a neglect of business...”

Malthus’s first Essay was a work of polemic, written in one of the periods of worst trepidation over the effects of the French Revolution on the English poor. But its influence on the subsequent interpretation of political economy, and especially on ideas of economic and social security, was very much greater than that of Malthus’s later, more reflective writings on population, or of his own *Principles of Political Economy*. In the controversy over the successive Essays, even the *Wealth of Nations* was read in the light of Malthus’s theory. Some critics continued to distinguish between Smith and his followers. Godwin, for example, quoted Smith’s eulogy to high wages in his answer to Malthus, and said that “it is refreshing to come to such sentiments as are here put down, after the perusal of such a book as that of Mr. Malthus”. Sismondi complained in 1819 that “in England, the disciples of Adam Smith have distanced themselves from his doctrine”, whereas Smith himself “considered political economy as an empirical science; he made the effort to examine every fact in its social context”.

But for many early nineteenth century critics of political
economy, as for Southey, Smith was little more than the precursor of Malthusian reform.

The idea of social security, or of the social context of individual enterprise, was of central importance to the controversy between Malthus and his critics. Malthus himself was convinced, quite generally, of the beneficial effects of fear: “if no man could hope to rise, or fear to fall, in society; if industry did not bring with it its reward, and idleness its punishment, the middle parts would certainly not be what they now are”. His view of human nature (or at least of the human nature of the poor) is dispiriting. We must “consider man as he really is, inert, sluggish, and averse from labour, unless compelled by necessity”, he writes in the first Essay; the tendency of leisure, “taking man, as he is”, is to “produce evil rather than good”; “the general tendency of an uniform course of prosperity is, rather to degrade, than exalt the character”. The English Poor Laws had “powerfully contributed to generate that carelessness and want of frugality observable among the poor... [T]he labouring poor, to use a vulgar expression, seem always to live from hand to mouth”. The danger of Condorcet’s social establishments, Malthus notes in the first Essay, was that they would free the poor from the frost of misery; in the Essay of 1826, it was that the poor would be “free from the fear of poverty”.

For Malthus’s critics, by contrast, incentives for hard work were to be found in hope (or in greed) as much as in fear. Is the “primary source of evil” to be found “in human institutions, or in the laws of nature”, Southey asked, and are “lust and hunger” to be seen as “independent of the reason and the will”? It is not “the Law of Nature”, for Godwin, which is the cause “of mischief to society”, but “the Law of very artificial life”. Malthus “has always a certain quantity of misery in bank”, William Hazlitt wrote: “so many poor devils standing on the brink of wretchedness, as a sort of outguard or forlorn hope, to ward off the evils of population from the society at large”. Condorcet’s social fund would have provided either temporary assistance, or assistance to “a surviving family, in case of accidents”, Hazlitt says: “did Mr. Malthus never hear of any distress produced in this way, but in consequence of the idleness and negligence of the deceased?”. Hazlitt, like Condorcet, thinks that the security of the poor is most unlikely to have “degraded the human character”; “if the English poor laws are formed upon this principle [of security], I should, I confess, be very sorry to see them abolished”.

The English Poor Laws were for Malthus the source of “poverty and wretchedness”. He compared England unfavourably with Germany, for example, of which no part “is sufficiently rich to support an extensive system of parochial relief”. “From the absence of it”, he said, the lower classes are in some parts “in a better situation” than the English poor. Holland’s ability to associate commercial prosperity with social security he attributes, quite oddly, to trade, emigration, and “extreme unhealthiness” (with consequent high mortality): “these, I conceive, were the unobserved causes which principally contributed to render Holland so famous for the management of her poor, and able to employ and support all who applied for relief”. The Irish critic George Ensor summarized Malthus’s account quite starkly: it was “disease and rapid mortality” which enabled Holland “to support its poor with distinguished facility.”

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Ensor’s own account, by contrast, was that the great advantage of Holland consisted in its political institutions: “the fact is, Holland was a republic”, its people were industrious, and “considering its territory pre-eminently opulent... this opulence was transmitted down to the lowest orders of the people”. Idleness and negligence were more generally the effect, as much as the cause of social evils. “Why should the Irish be industrious, who will not receive the profit of their industry?”, Ensor asked. The English complain in India, he says, citing Orme’s *History*, that “the people are without industry, and without energy”. But indolence can itself be a counsel of prudence. Ensor quotes Orme’s own observation, “concerning these very people aërially predisposed to indolence, ‘that a dread of extortion or violence from the officers of the district makes it prudent in him to appear and to be poor’.”

The profound distinction, in these controversies, is over the effects of insecurity; over whether it is fear or hope which drives the lives of the poor and the rich. One of Malthus’s inconsistencies, as Hazlitt observed, is to presume different incentives, or checks, for different groups of people. If the “fear of misery” were to be the check to population “among the rich”, Hazlitt said, then “the world would be one great work-house”, with no “room for such a number of poor gentlemen”. It is only the poor, by implication, who must be goaded by necessity; and only the rich who are to be goaded by hope. But for Smith, as has been seen, the rich and the poor are “very much alike”. Hope, or the restless desire of bettering one’s condition, is a universal inducement to industry. Fear is the inducement to universal misfortune. In Smith’s words, “fear is in almost all cases a wretched instrument of government, and ought in particular never to be employed against any order of men who have the smallest pretensions to independency. To attempt to terrify them, serves only to irritate their bad humour”. For Condorcet, in his essay on monopoly of 1775, “fear is the origin of almost all human stupidities, and above all of political stupidities... [I]n curing men of fear, one would cure them of many prejudices and many ills”.

Condorcet’s establishments for social insurance and Malthus’s Poor Law reforms constitute the two opposite destinies of late eighteenth century political economy. Both Condorcet and Malthus presented their proposals as in the spirit of Smith and of the *Wealth of Nations*, and both believed that their reforms would lead to economic prosperity. My principal concern, in this paper, has been with Condorcet’s policies; with the road not taken, or the *laissez-faire* that was not to be. Malthus’s view of Smith has had far more influence than Condorcet’s on subsequent economic thought. But I would like to suggest, in conclusion, that the effort to reconstruct other prospects — to look back, beyond the political discontinuity of the French Revolution, at the economic ideas of the 1780s — can be enlightening for modern debates.

There is very little support in this early political economy, in the first place, for the view of modern proponents of free market economics that social security is inimical to economic development. Adam Smith’s own opinions about the benefits “for the society” of high wages, and about the civic
existence of the poor, lend no credence to a presumption of the enlivening
effects of fear; or to the presumption of some of Smith’s modern supporters
(Mrs. Thatcher, for example) that “there is no such thing as society”.
Condorcet and Turgot have at least as good a claim as Malthus to represent
the true inheritance of Smith’s free market theories. Social justice is not, for
these early exponents of laissez-faire, “an ideal that condemns modern
commercial society”, in the words of a recent report; it is “an economic
necessity”, and “something that society requires because everyone’s quality
of life is dependent in part on a high degree of social well-being”.60

The arguments of the 1770s and 1780s in favour of social security are of
some interest, secondly, for modern economic policies. Smith thought that
the well-being of the poor was both an end in itself and a means to the end of
public prosperity; it was “but equity, besides”. For Condorcet, social well-
being was a constituent of the well-being of individuals, and “the idea that
there exist a hundred thousand unhappy people around us is a painful
experience just as real as an attack of gout”.61 For David Hume, in his essay
“Of Commerce”, generalized well-being was simply suited to human nature:
“a too great disproportion among the citizens weakens any state. Every
person, if possible, ought to enjoy the fruits of his labour, in a full possession
of all the necessaries, and many of the conveniences of life. No one can
doubt, but such an equality is most suitable to human nature”.62

Social security was at the same time an important means to economic
transformation. Turgot and Condorcet were convinced that some sort of
minimum income security was a condition for economic development. They
were preoccupied (as was Malthus) by the psychological and institutional
conditions for a transition to free markets. Turgot concluded that when the
people were so poor as to be subject to periodic crises of their very
subsistence, then conditions were unpropitious for enterprise, risk and stable
market institutions. People do not feel secure in such a society, or willing to
risk the overthrow of old, oppressive institutions. Conditions of social
insecurity are unpropitious, too, for public instruction. Enlightenment or
education — and the prospect that everyone, including the very poor, will be
able to see through interested arguments in favour of government regulation
— was for Turgot and Condorcet of critical importance to free market
reforms. But the poor could only educate their children if they had some
minimum security of income, and people could only remain educated, or
instructed, if they had some minimum leisure. “Enlightenment” was a
condition for economic reform, as well as its consequence.

There is some eighteenth century evidence, thirdly, that the provision of
minimum security for the poor, and their consequent integration in local or
national society, are indeed associated with economic development. Holland
and England, the two great commercial empires, were also the two countries
most famous (or notorious) for their systems of poor relief. The relation
between commercial prosperity and the political condition of the poor was a
subject of intense interest at the time, as it was for Malthus and George
Ensor. One possibility, as Richard Smith has written, is “that causation runs
from the poor-relief and the minimization of risk and uncertainty that it
entailed to economic success, as well as (or instead of) from economic
success to poor-relief”.63 This was the assumption, at least, of Turgot and of
Condorcet. It was the assumption, too, of other contemporary theories of
political and economic transformation. “Through their dependence on chance men become frivolous and idle”, as in Naples, Hegel wrote in his account of poor relief: “in England, even the very poorest believe that they have rights; this is different from what satisfies the poor in other countries”. The Prussian reformer Schön attributed his involvement with the legal (and commercial) reform edicts of 1807 to a visit to the English countryside: “It was through England that I became a statesman. Where the labourer, busy among the cabbages, called out to me in exultation that he had read that my King was about to join the Coalition against France along with England — you have, in the truest sense of the word, public life”.64

The politics of social security, finally, is strikingly different in eighteenth century and in modern debates. All the economists with whom we have been concerned were critical of state regulations. Condorcet’s ideal, as late as November 1792, was of a “virtual non-existence” of the state, based on “laws and institutions which reduce to the smallest possible quantity the actions of government”.65 But they were even more critical of the existing “intermediate” institutions of religious, guild, local and parish regulation, whereby the poor were at the mercy of the “corporation spirit” of the guilds, or of what Smith described as “the caprice of any churchwarden or overseer”.66 They were favourable, in principle, to individual charity, but quite unimpressed (as in the French crisis of 1770) by its adequacy as a system of social security. They looked forward to the security of individual rights in a new, more enlightened state.

The characteristic of “Smith and his disciples”, Carl Menger wrote in 1883, is their “one-sided rationalistic liberalism, the not infrequently rash effort to do away with that which has endured... the just as rash urge to create something new in the domain of political institutions”. The “Anglo-French Epoch of Enlightenment”, Menger said, can be charged with a “pragmatism” which “did not know how to value the significance of "organic" social structures... and therefore was nowhere concerned to conserve them”.67 The early laissez-faire economists were not conservatives, on this view. They saw no prospect, in particular, that the existing social institutions of local, religious and corporate charity could constitute the foundations of social equality. There was no perpetual model, that is to say, of optimal institutions for social security, true of all societies, all times, and all configurations of political power. There was rather, for Condorcet, a process of perpetual political consultation, including the consultation, foreseen by Turgot, of people without political power. This was one of the “pragmatic” ideals of political economy before the French Revolution; it is a reasonable ideal, still, for the politics of social development.
Endnotes

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7 “Industry” is used frequently throughout the text as a synonym for useful or diligent work. It is not usually a narrow reference to manufacturing.

8 WN, pp. 421-22, 456.

9 WN, pp. 425, 610.

10 WN, pp. 91, 96, 99.


13 WN, pp. 157-58.


15 WN, pp. 100, 265, 789, 791, 794.

16 WN, pp. 869-70.


18 WN, pp. 725, 795-96, 865, 871.

19 WN, p. 508.

20 WN, pp. 28-29, 782-85.

21 WN, pp. 785-88; see also Andrew S. Skinner, Adam Smith and the Role of the State: Education as a Public Service (mimeo, University of Glasgow, 1993).

22 WN, p. 788; TMS, pp. 220-22.


25 WN, p. 470; OT, V, p. 159.


28 OT, I, pp. 587, 592.

29 OT, III, pp. 125-26, 212-17, 225, 250; V, pp. 499-503.


33 OT, IV, pp. 515-20; V, p. 426.


35 The villainous M. Valenod in Le rouge et le noir, “a chronicle of 1830”, is thus director of the Depot in Verrières, where he is disturbed during a dinner party by an inmate singing; Stendhal, Le rouge et le noir (Paris: Pocket, 1990), pp. 168-69.

36 Bloch, L’assistance, pp. 182, 208, 210, 443.

37 OC, XI, pp. 111, 155.


40 OC, VIII, pp. 458-59, 474-76; see also VII, p. 452.

41 OC, VIII, pp. 453, 461.


43 OC, VI, pp. 247-48, 591.


45 WM, I, p. 107; V, pp. 63-64, 181.


49 It was written, too, under the intermittent effect of “a very bad fit of the toothache”, of which Malthus himself said that he was scarcely unaware even “in the eagerness of composition”: WM, I, p. 81.


51 WM, I, p. 129.


53 Southey, Essays, pp. 78, 81, 86, 111; Godwin, Of Population, pp. 20, 601-2.


59 OC, XI, p. 54; WN, p. 798.


61 OC, V, p. 361.


65 OC, X, p. 607; see also Emma Rothschild, Condorcet on Economic Choice (mimeo, Centre for History and Economics, King’s College, Cambridge, 1992).

66 WN, p. 154.