I. Introduction

The late Prof. D. H. Macgregor has traced the use of the phrase "laissez faire" at least back to April 1751 when it occurred in a French journal. However, he concluded erroneously that the term was not used in English political economy until after J. S. Mill introduced the phrase in his Principles of Political Economy (1848) in a celebrated chapter bearing the heading "Of the Grounds and Limits of the Laisser-faire or Non-Interference Principle." Here Mill pleaded the case for "laissez faire" as a general rule; the admissible exceptions (and there were many) were sanctioned only after the justification for interference had been demonstrated by the party desiring interference.1

Mill's statement had been voiced much earlier by other classical economists, however. Malthus affords a good illustration. In 1815 he wrote that a perfect freedom of trade ... is a vision which it is to be feared can never be realized. But still it should be our object to make as near approaches to it as we can. It should always be considered as the general rule. And when any deviations from it are proposed, those who propose them are bound clearly to make out the exception.2

Likewise the classicists maintained that some circumstances commanded the acceptance of interference as a general rule. Thus Ricardo maintained that it was necessary "for government interference to do for them [i.e., the citizenry] that which they cannot do for themselves."3

Provision for certain public works and institutions was so considered "because the profit could never repay the expense to any individual or small number of individuals, though it may frequently do much more than repay it to a great society";4 or because the initial outlay was too large for the private sector to consider.5 This was indeed a wide range for future debate.

"Laissez Faire" in English Classical Economics

To my knowledge, Ricardo and Malthus did not use the phrase "laissez faire." However, in his comment on Macgregor's investigations, Lord Robbins found the phrase in the literature prior to Mill. He cites its presence in Wheatley (1807-22), J. S. Mill (1833), Torrens (1844), and in McCulloch (1848), though he is quick to add that these instances only confirm Prof. Macgregor's contention that true to classical tradition, the non-interference rule is stated only to demonstrate the need for a departure from "laissez faire" in the specific issue under discussion. Lord Robbins believed that "a systematic search would reveal further examples." The writer has not undertaken this systematic search. The instances of the uses of the phrase given below were catalogued while studying another aspect of English classical political economy concerning the question of emigration and colonization policy. These instances provide yet another opportunity for comment on the essentially utilitarian approach of the classical economists to questions of policy. One can't say they had a systematic theory of economic policy; one may say that perhaps modern Western students have fared no better in their thought on this question. After all, the burden of John Maynard Keynes' argument in his well-known essay The End of Laissez-Faire was pure Smith and Ricardo. Keynes wrote that the most important Agenda of the State relate not to those activities which private individuals are already fulfilling, but to those functions which fall outside the sphere of the individual, to those decisions which are made by no one if the State does not make them. The important thing for Government is not to do those things which individuals are doing already, and to do them a little better or a little worse; but to do those things which at present are not done at all.

8 R. Torrens, A Letter to Lord Ashley, on the Principles which Regulate Wages and on the Manner and Degree in which Wages Would be Reduced by the Passing of a Ten Hours Bill (London, 1844), 64-65; 79.
9 J. R. McCulloch, A Treatise on the Succession to Property Vacant By Death: Including Inquiries into the Influence of Primogeniture, Entails, Compulsory Partition, Foundations, etc. over the Public Interests (London, 1848), 156.
11 See the penetrating review of Lord Robbins' work by Frank H. Knight, "Theory of Economic Policy and the History of Doctrine," Ethics, LXII (June 1953), 276-92.
II. Laissez faire

In chronological order (omitting the references of Lord Robbins), the phrase occurred in Charles Bosanquet (1808), a London merchant whose writings on monetary questions gave occasion to some of Ricardo's more important early writings; Edward Copleston (1819), Bishop of Llandaff; James Mill (1824); Thomas Tooke (1827), monetary economist and author of the famous Free Trade Petition of London Merchants to the House of Commons in 1820 that pleaded for commercial reforms that would expand trade; Edward Gibbon Wakefield (1830), the great colonizer and editor of Adam Smith; Herman Merivale (1837), Oxford economist, destined for greatness in the Colonial Office; and three minor writers on political economy, John Broadhurst (1842) and Samuel Laing (1844), both critical of classical economics, and Robert Godley (1847), follower and popularizer of Wakefield's plan of Systematic Colonization.

The historian of ideas is not interested in the first use of the phrase but in the developments in thought leading to its general use. Perhaps this may be best studied through reporting the policy context in which the phrase occurs.

In his article on the Economists which appeared in the 1824 Supplement to the Encyclopedia Britannica, James Mill had written that “the Marquis d'Argenson was celebrated for the sound and important maxim, pas trop gouverner; and the memorable advice of the merchants to the meddling Colbert was well known, Laissez nous faire (III, 708).” As a historian of thought Mill claims to show a similarity between classical and French economic theory, and he adds approvingly that the whole system of the Economists “was founded upon the certain maxim, that, in general, each man is a better judge of his own interest, than another to whom it is a matter of indifference.” Thus, when Edward Gibbon Wakefield pleaded for a price on colonial lands that was restrictive, i.e., above the free market price, on the grounds that a free market price would doom the colony to failure since colonists would purchase so much land that an effective division of labor was impossible with scattered settlements, Mill opposed Wakefield on just the ground that the individual is the best judge of the alternatives.13 In the main Wakefield agreed with this principle. But in this specific case he felt that interference was necessary and in so doing he explicitly refers to this opposition as based on an “axiom in political economy which is expressed by ‘Laissez nous faire.’”14

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14 In this specific instance Wakefield is referring to the critique of his plan by Wilmot–Horton and Torrens in “Appendix containing the Written Controversy between the Right Hon. Wilmot–Horton and Colonel Torrens, and the Other Members of the Committee of the National Colonization Society,” appended to Charles Tennant [Wakefield], A Letter to the Right Hon. George Murray, etc., etc., etc., on Systematic Colonization (London, 1830), 39–41. Wakefield favored private enterprise for carrying out the colonization. See Ghosh, op. cit., 392. In espousing a system of national emigration, Wakefield's disciple, John Robert Godley, An Answer to the Question What is to Be Done with the Unemployed Labourers of the United Kingdom? (London, 1847), 29, used the phrase in concluding that a “policy
Such exchanges are often taken out of their particular circumstance and the familiar caricature of classical thought emerges from the exegesis. As Prof. Knight has warned, the classical emphasis was on the "stupidity of governments rather than the competence of individuals." Mill himself noted important reservations with regard to the non-interference principle. In his support of the Poor Laws, Ricardo's dogmatic disciple, J. R. McCulloch, quite implicitly notes that the individual is not always the best judge of his own interest. He further advocated the regulation of mines to the extent of forced ventilation because "it is useless to trust anything to the disinclination of the pitman to engage in dangerous mines." This by no means exhausts the instances where McCulloch thought interference of laissez faire, in this matter, is not only inadequate, but absolutely pernicious. . . ."

In a review of Wakefield an anonymous writer in an article, "Colonization," Edinburgh Review, XCL (Jan. 1850), 18, used the phrase in the same fashion.

15 F. H. Knight, Freedom and Reform (New York, 1947), 2–3. Thus, Malthus, "Newenham on the State of Ireland," Edinburgh Review, XIV (April 1809), 152, wrote that "the great advantage of a free country does not consist in its requiring higher qualities in its governors, but in its being better secured against their bad qualities;—in being better fenced against the folly or wickedness of a sovereign,—and having better means of removing a foolish or wicked minister."


17 McCulloch felt that the provision of the Poor Laws kept an otherwise short decline in the level of living from occurring. Such a decline would create depressing psychological conditions such as to lower the standard of living. See McCulloch's letter to Macvey Napier in Selections from the Correspondence of the Late Macvey Napier (London, 1879), 80; and Principles of Political Economy . . ., 343–53.

was necessary. Indeed, Edward Copleston had inserted the “laissez faire” phrase on the title pages of the first and third edition of three letter pamphlets to Robert Peel. In the second edition he substituted a famous quotation of Burke’s which reads: “it is one of the finest problems in legislation, ‘What the State ought to take upon itself to direct by the public wisdom, and what it ought to leave with as little interference as possible to individual direction.’” That the laissez-faire principle was based on utility and not on dogma is attested by the fact that McCulloch quoted Burke to the same effect. From what one reads in some books about books, who would imagine that among the classical thinkers some had decided that the “State ought to take upon itself,” inter alia, child labor laws, public education, construction of public works, regulation of chemists and apothecaries, nationalization of the note-issue, government stamp on plate and money, legislation to protect savings in savings banks and the prevention of speculative banking business, government interference in the running of charities, assistance to the technologically displaced worker, taxation of the future unearned increment (rents), income, property, and inheritance taxes, a capital levy to retire the national debt, and a plan for the emancipation of slaves? The extent of the attention to details in their departures from “laissez faire” is reflected in the plan for regulating the sale of coal at retail. Legislation was sought prohibiting the sale of coal by measure (size) instead of by weight since the fraudulent practice of wetting coal to increase the weight could be reduced. Furthermore, provision for inspection stations for delivery wagons carrying coal was advanced by McCulloch to overcome “as Bentham would call it, [the] fraud-generating and fraud-protecting system followed here.”

Perhaps the closest to unanimity on policy among the classical economists occurred in the debate on emigration. Bosanquet and Broadhurst used the phrase “laissez faire” in pleading for colonization on the grounds that the colonial trade was a trade more secure from tariffs, etc., than a free trade. Thus Bosanquet exclaimed that “if trade could be left free and unfettered, it would in most cases take very good care of itself; but alas! ‘laissez nous faire,’ though an excellent maxim, is grown quite obsolete.”


20 See his “Prussian Political Economy,” Edinburgh Review, XLVIII (Sept. 1828), 90. Keynes, op. cit., 59 also cites Burke in this fashion; but interestingly enough, his reference for the Burke quotation is from McCulloch’s Principles of Political Economy, where Keynes found it quoted.


22 Thoughts on the Values to Great Britain of Commerce in General and the Value and Importance of the Colonial Trade in Particular (London, 1808), 48-49. Bosanquet also said (2) that though Adam Smith may not be generally hostile to commerce, “yet will the young student not rise from the perusal of his work with strong prejudices against merchants and mercantile interests.” J. Broadhurst, Political Economy (London, 1842), 211-12, used the phrase in pleading for colonization as affording a more secure trade than a free trade.
Many classical economists were to develop this theme; by and large, the classicists did advocate emigration and colonization to alleviate Britain's economic ills. They would have preferred free trade; but given the restrictionist commercial policies of the world, they readily embraced the emigration-colonization alternative. In fact, Tooke used the phrase in pledging his support of R. J. Wilmot-Horton's plan of Systematic Emigration. This plan would meet the expenses of emigration through a mortgage of the poor-rates in the emigrants' parish. He wrote to Wilmot-Horton that he had never met anyone who "carries further than myself the doctrine in favour of laissez nous faire," but

occasions may arise when any great agricultural, or commercial, or other improvement may be in view, presenting every fair probability of eventual returns in use or money, more than equivalent to the original outlay, but from moral or political causes not admitting of being undertaken by individuals singly, or in companies. In such cases (which, however, are rare, and ought not to be highly admitted) the interference of government in the application of capital and industry may be considered as being calculated merely to remove obstructions to what would otherwise have been the spontaneous direction by individuals of their funds and labour into the same channel.

Along with other classical economists he gave support to emigration as one of these "occasions" demanding interference. Notwithstanding this, Samuel Laing, in a national prize-winning essay, warned legislators who must provide for emigration not to "sink spellbound under the influence of theories of "laissez faire." Again, Laing used the phrase in charging that the deductive nature of classical economics inevitably led to unqualified "laissez faire"; but, ironically he quotes copiously the statistical investigations of McCulloch and G. R. Porter, alleged arch-apostles of undiluted "laissez faire." The final misrepresentation of the classical school concerned the wages question. Laing sees in classical economics Malthusian salt in lieu of bread: "How to diminish population? Here comes the last and terrible application of the principles of laissez faire, as developed in the writings of Malthus." Yet there was a strong criticism of Malthus within the classical tradition. The analytical tools developed by Malthus—the analysis of economic problems and policies in terms of relative changes in population and subsistence—were part of the classical system. But the classicists at-

23 See my "The Development of the Theory of Colonization... ," 201-06.
24 In a letter dated 16 June, 1827 and reprinted in The Causes and Remedies of Pauperism in the United Kingdom Considered; Introductory Series. Being a Defence of the Principles and Conduct of the Emigration Committee Against the Charges of Mr. Sadler (London, 1830), 214-15.
26 Ibid., 58. Compare Thorstein Veblen, The Place of Science in Modern Civilization (New York, 1919), 82-179.
27 Laing, op. cit., 58. He used the phrase also in lamenting the whiskey trade (154), and in appealing to a Conservative government to meet the crisis in the nation (166). Laing's support of the Factory Acts and of the continuation of private note-issue (currency) is about all that really distinguishes his policies from those of the classicists.
attached far different properties to the strategic variables in the population principle than did Malthus. They showed that population had not outpaced subsistence, and that moral restraint could be an effective check on population growth. The desire to improve oneself was as strong as the drive to procreate. "This great doctrine," to use J. S. Mill’s description of the population principle, "[was] originally brought forward as argument against the indefinite improvability of human affairs, we took [it] up with ardent zeal in the contrary sense, as indicating the sole means of realizing that improvability..."

The classical economists would agree with Laing that "the [view that] mere absolute amount of national wealth is equivalent to increase of national happiness, has been completely disproved." On the one hand, they were at pains to show that national wealth, by giving time for leisure, was a prerequisite for the development of national happiness—and by happiness they meant to include appreciation and continuing development of the fine arts. On the other, the maximizing of output was construed simply as a means: the very process of maximizing the national output produced those desirable characteristics in individuals associated with prudence, reason, moderation, self-reliance, and the like. Thus, even though they believed that private enterprise was more efficient than public enterprise, it is very unlikely that the deadening sinecure-laden civil bureaucracy, which the classicists recognized in their day, was an important factor in their preference for spontaneous activity of the market. Participation in the

28 Autobiography (London, 1873, reprinted 1955), 88–89. See also, Nassau William Senior, Two Lectures on Population. Delivered Before the University of Oxford in Easter Term, 1828. To Which is Added, a Correspondence Between the Author and the Rev. T. R. Malthus (London, 1829); Robbins, Theory of Economic Policy... , 73–82.

29 J. R. McCulloch, Treatises and Essays (Edinburgh, 1859).

30 George J. Stigler, Five Lectures on Economic Problems (New York, 1950), 1–11. This is part of a long tradition in English economic thought. See Talcott Parsons, The Structure of Social Action (Glencoe, 1949), chap. iv. Even Cardinal Newman, The Idea of a University (Garden City, 1852, reprinted 1959), 122, admitted grudgingly that this emphasis by the political economists on the pursuit of wealth as a source of moral improvement was proper. His caveat was simply that "though they speak the truth, they do not speak the whole truth; that their deductions must be compared with other truths. . . ." including theology. The anonymous Oxford economist that the Cardinal cites is Senior, An Introductory Lecture on Political Economy Delivered Before the University of Oxford on the 6th of December, 1826 (London, 1827). Although this was the general classical position there were misgivings. Even though Adam Smith gave a classic discussion of the beneficial results of the division of labor he nevertheless pleaded for public education to offset the deleterious effects of specialization on the individual who otherwise "becomes as stupid and ignorant as it is possible for a human creature to become." Smith, op. cit., 734–35. This was challenged by McCulloch, Outlines of Political Economy (New York, 1825), 100–01. However, McCulloch himself was to become a critic of the factory system, and became more favorable toward paternalism. See Mark Blaug, Ricardian Economics (New Haven, 1958), 241–42.
This classical emphasis on the educative function of the market reached its culmination in J. S. Mill's more elaborate social philosophy. Merivale (1837) had pleaded Adam Smith's cause; he claimed that Smith's principles had been passed into legislation, and are axioms of political science. He too emphasized the destructive and reformist-educational aspect of Smith's work. But he does not develop this as did Mill, nor did he develop the educational features in terms of the effects of the market process on the moral fibre of the individuals concerned. Merivale simply concluded with the lament that many erroneously held that "governments had tried the laissez faire theories of Smith and Turgot to the uttermost, and had thrown them aside in mere weariness and through a desire for new excitements." Earlier, however, the classical economists had shown vividly how enlightened governmental interference could lessen, and even remove, the need for further interference. For example, their support of a public plan of emigration was on the very grounds that given sufficient time the individuals remaining in the mother country would be transformed, through their own initiative, into more prudent individuals and responsible citizens than they were before the emigration. This was so because the temporary vacuum created in population by the emigration allowed the rate of real wages to rise. This would permit the leisure necessary for reflection. A sense of prudence and responsibility parallel to the higher level of living would emerge and thus raise the standard of living, i.e., the natural rate of wages. Therefore the public-supported emigration was justified because it had its own built-in corrective; the conditions necessitating the initial emigration were destroyed by the emigration itself.

This train of thinking had a profound effect on Mill. In a letter to Carlyle (1883), he criticized Harriet Martineau for reducing "the laissez faire system to absurdity as far as the principle goes, by merely carrying it out to all its consequences." Nonetheless, like Merivale, Mill concluded that the "principle like other negative ones has work to do yet, work, namely of a destroying kind, [and] I am glad to think it has strength left to finish that, after which it must soon expire. . . ."

32 "Definitions and Systems of Political Economy. Senior on Political Economy," Edinburgh Review. LXVI (Oct. 1837), 43. He wrote also (44) "that these curious speculations [of the Utopian socialists] may one day afford to our posterity more serious matter for reflection then they do to ourselves. . . ." See also Robbins, The Theory of Economic Policy . . ., 111-68.
Thus when some say that Mill, by "his discussions of all possible and probable exceptions reduced [laissez faire] to the shadow of a maxim,"\textsuperscript{85} surely they have overlooked the importance to Mill, and to the classical philosophy, of the rôle of interference in creating those conditions propitious for non-interference. The penultimate paragraph of Mill's outstanding economic treatise embodies this social philosophy that he embellished in other writings. This paragraph concludes that

a good government will give all its aid in such a shape as to encourage and nurture any rudiments it may find of a spirit of individual exertion. It will be assiduous in removing obstacles and discouragements to voluntary enterprise, and in giving whatever facilities and whatever direction and guidance may be necessary: its pecuniary means will be applied, when practicable, in aid of private efforts rather than in suppression of them, and it will call into play its machinery of rewards and honours to elicit such efforts. Government aid, when given merely in default of private enterprise, should be so given as to be as far as possible a course of education for the people in the art of accomplishing great objects by individual energy and voluntary co-operation.\textsuperscript{86}

\textsuperscript{85} Marian Bowley, \textit{Nassau Senior and Classical Economics} (London, 1937), 265n. Similarly, J. Bartlett Brebner, "Laissez-faire and State Intervention in Nineteenth Century Britain," \textit{Journal of Economic History. Supplement, The Tasks of Economic History} (VIII, 1948), 59-73. However, Prof. Brebner is correct in noting that Bentham was really the archetype of intervention. Speaking of Bentham, he used the English equivalent of the phrase—"Leave us alone,"—on the title page of an 1821 manuscript entitled \textit{Observations on the Restrictive and Prohibitory Commercial System; Especially with a Reference to the Decree of the Spanish Cortes of July 1820}, reprinted in \textit{Jeremy Bentham's Economic Writings}, ed. W. Stark (3 vols.; New York, 1954), III, 283. He had used the French phrase in a private letter in 1808 in which he claims his \textit{Defence of Usury} is an example of the \textit{laissez-nous faire} principle in action. See Maclagan, \textit{op. cit.}, 67. Maclagan correctly notes that the phrases were used interchangeably in the French literature, i.e., \textit{laissez-nous faire} (freedom of business) became associated with \textit{laissez-faire} (freedom of commerce), though "the confusion between freedom of business and freedom of commerce began early" (60). The English classicists used the phrase interchangeably also. However, it was meant always to refer to a program of national commercial policy, as noted above. They knew that private enterprise was not the same as free enterprise. The American writer, H. C. Carey, used the phrase in his \textit{Essay on the Rate of Wages} (Philadelphia, 1835), 9; cf. 179. Of course, Thomas Carlyle used the phrase extensively throughout his tracts, thus see his \textit{Chartism}, chap. vi.

\textsuperscript{86} \textit{Principles of Political Economy...}, 978, 955. In a letter dated Feb. 15, 1851 Mill wrote that "the jealousy which prevails in this country of any extension of the coercive and compulsory powers of general government I conceive to be, though not always wisely directed, and often acting the most strongly in the wrong places, yet, on the whole, a most salutary sentiment, and one to which this country owes the chief points of superiority which its government possesses over those of the Continent." \textit{Correspondence Between John Stuart Mill Esq., Author of "Principles of Political Economy" and the Metropolitan Sanitary Commission on the Proper Agency for Regulating the Water-Supply for the Metropolis, as a Question of Economical and Administrative Principle} (London, n.d.), 22.
III. The Classical Order

From the demand side the classical case for economic freedom considered the consumer, albeit an imperfect creature, as generally the best judge of where his interests lay. On the supply side, they believed self-interest, not egotism, but an interest associated with the immediate group, uniquely situated, was the most effective incentive to production. Their vision of competition concerned the long run. Sufficient time must elapse to allow resources to flow in the direction desired by their owner-managers. These decision units acted independently and were of sufficient numbers to eliminate supranormal gains in the industry. They possessed also the information of the market opportunities as well as the freedom to exploit this knowledge.

The institutional framework was taken as given. This was done, not to consecrate these institutions, though they were ideologically disposed toward economic liberalism, but as a methodological practice of taking some things as given for analyzing the problem at hand. (Indeed, there is a Ricardian Socialist tradition.) The owner-manager operated a medium-sized firm in a system of Free Competition constrained by English law, administrative practice, and extant moral habits. From all this, a system of voluntary cooperation was established, which, through the social institutions of the market, brought about a tolerable semblance of order.

From the standpoint of modern economic theory this classical system is seriously defective. There is a marked dichotomy between the theory of pricing of the products in the classical system, and the problem of imputing the income produced in this process. The latter was not considered as a similar problem of valuation at all; and the former is altogether a cost theory. Only a most generous interpretation of the classical system would claim that the classical economists sensed the need for developing a theory of the social organization of economic activities. Surely they did not devote enough thought to the most fundamental problem of economic policy, the distribution of power among individuals, and between individuals and the state. Contrasted to modern equilibrium theory, the classical market


38 Knight, op. cit., 282, 284; and idem, On the History and Method of Economics (Chicago, 1956), esp. 37-88. These problems perplexed Mill throughout his life. Quite early he wrote that the classical economists "revolve in their eternal circle of landlords, capitalists and labourers, until they seem to think of the distinction of society into those three classes, as if it were one of God's ordinances, not man's, and as little under human control as the division of day and night. Searcely any one of them seems to have proposed to himself as a subject of inquiry, which changes the relation of those classes to one another are likely to undergo in the progress of society; to what extent the distinction itself admits of being beneficially modified, and if it does not even, in a certain sense, tend gradually to disappear." See "Miss Martineau's Summary. . . ," (320).
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provided only "a rough pointer and rough discipline whereby the tumultuous forces of self-interest were guided and held in check." 39 Perhaps they were more aware of their defects than we choose to think. As we have seen, there were numerous instances encompassing diverse areas of policy where the direct hand of the interfering legislature was required to supplement this market process. Laissez faire was "a rule of expediency, always subordinate to the principle of utility, and never a dogma." 40 Even a cursory study of the uses of the phrase "laissez faire" by the classical economists demonstrates this.

University of Alberta, Calgary.

39 Robbins, Theory of Economic Policy... , 16.