17.1 The *Wealth of Nations* and Jeremy Bentham

Contrary to received opinion, the *Wealth of Nations* was not an instant success. Of the leading British journals of the day, the *Annual Register* gave it a brief, tepid review, while the *Gentleman's Magazine* ignored it altogether. The most influential journal, the *Monthly Review*, was ambivalent about the book. Indeed, there were no citations to the *Wealth of Nations* in articles on economics for ten years after its publication, and no one mentioned the book in Parliament until 1783. It was only in the 1780s that the book began to roll.

By 1789, the *Wealth of Nations* had already gone into five editions. Between 1783 and 1800, MPs in Britain appealed to the authority of Adam Smith 37 times. The noted English philosopher Jeremy Bentham (1748–1832), son of a wealthy lawyer, proclaimed himself a fervent disciple of Smith. His first economic work, however, was bold enough to take his master to task for inconsistency in his own free market views by upholding usury laws. In *The Defence of Usury* (1787), Bentham pointed out that usury laws create a scarcity of credit. He also stressed that usury is what would now be called a victimless crime and therefore not really a crime at all. He had noted elsewhere, in a work on morals and legislation, that 'Usury which, if it must be an offence, is an offence committed with consent, that is, with the consent of the party supposed to be injured, cannot merit a place in the catalogue of offences, unless the consent were either unfairly obtained or unfreely; in the first case, it coincides with defraudment; in the other, with extortion'. In short, in the latter cases, no special laws against usury would be needed beyond the common legal prohibitions of force and fraud.

There are hints in Bentham's *Defence of Usury*, for the first time in Britain, that the fundamental cause of interest is time-preference. Thus Bentham refers to lending as 'exchanging present money for future', and also defines a saver as someone who has 'the resolution to sacrifice the present to [the] future'. He also understands that added to pure interest is a risk premium proportionate to the risks a creditor expects to incur in a particular loan.

Some Smith biographers have accepted the legend that Bentham's *Defence of Usury* converted Smith to the free market in lending position, but there is no real evidence to that effect. Moreover, it goes against what we know of Smith's general intractability. A Scottish friend wrote to Bentham that Smith is supposed to have told a third party that he admired the *Defence*, and that he could not complain about the treatment Bentham had accorded to Smith. The friend concluded that Smith had 'seemed to admit that you were right'. On reading this, the eager Bentham wrote to Smith asking him whether he had actually converted him to opposition to usury laws. Smith, however, received the letter virtually on his deathbed, and he could only send Bentham a copy of the *Wealth of Nations*. All this is far too flimsy an evidence of any recantation by Smith.

17.2 The influence of Dugald Stewart

Adam Smith's lectures converted the merchants of Glasgow to a free trade position, but most of his influence was spread through the *Wealth of Nations*. A triumphant *movement* of Smithian disciples really begins only with Dugald Stewart (1753–1828). Stewart was the son of Matthew Stewart, a professor of mathematics at Edinburgh University. Stewart succeeded his teacher Adam Ferguson as professor of moral philosophy at Edinburgh in 1785. Stewart made himself the leading disciple of Smith and, after the death of his master, Stewart became his first biographer, reading his *Account of the Life and Writings of Adam Smith* in 1793 to the Royal Society of Edinburgh. But by this time, Britain was in the throes of a hysterical counter-revolution – a veritable White Terror – against the French Revolution and all its ancillary liberal views. Consequently, Stewart was very circumspect in his memoir, and stayed off any controversial topics, such as the necessity for free markets.

Stewart was a highly prolific writer, and an outstanding and notable orator, but he kept his lectures as well as writings bland and acceptable to the powers-that-be. Thus, in 1794, Stewart recanted his earlier praise of the great French *laissez-faire* liberal and close friend and biographer of Turgot, Marie Jean Antoine Nicolas de Caritat, the marquis de Condorcet (1743–94). This Girondist revolutionary was too hot a topic, and Stewart also made sure to praise the British Constitution in his lectures.

By the turn of the century, however, the worst of the counter-revolutionary hysteria had blown over, and Stewart felt safe enough to propound his true classical liberal views, in books and in lectures. Hence, in 1799–1800, Stewart began to lecture on political economy in addition to his general lectures on moral philosophy. He kept giving these lectures until his retirement from Edinburgh in 1810. His 1800 lectures remained unpublished until printed, as Stewart's *Lectures on Political Economy*, in 1855.

Since the retirement of the great Thomas Reid, founder of the 'common sense' school of philosophy, from his post as professor of moral philosophy at Glasgow in the 1780s and his death a decade later, Dugald Stewart had become the only distinguished philosopher in all of Great Britain. Oxford and Cambridge were still in deep decline. With the European war blocking trips to or from the Continent, it became the fashion for bright young students all over Britain to come to Edinburgh and study under Dugald Stewart.

In this way, and clinging passionately to the Smithian line, Dugald Stewart, in the first decade of the nineteenth century, profoundly influenced and converted a host of future economists, writers and statesmen. These included James Mill, John Ramsay McCulloch, the earl of Lauderdale, Canon Sydney Smith, Henry Brougham, Francis Horner, Francis Jeffrey and the Viscount Palmerston. Economics was thereby developed as a discipline, Stewart giv-

ing rise to text writers, publicists, editors, reviewers and journalists. Typical of this illustrious group was the case of Francis Horner (1778–1817), who was born in Edinburgh, the son of a merchant, and studied under Stewart at the university. Returning from England, Horner enrolled in Stewart's new 'special course' in political economy in 1799, where he studied the *Wealth of Nations* and eagerly read Condorcet and Turgot. Horner indeed was so impressed by Turgot that he wanted to translate Turgot's writings into English. Becoming a lawyer shortly thereafter, Horner went to London and became an MP in 1806.

Inspired by Stewart's teachings, his students, Sydney Smith, Henry Brougham, Francis Jeffrey and Francis Horner founded the *Edinburgh Review* in 1802, as a new, scholarly Whig periodical devoted to educating the intelligent public in liberty and *laissez-faire*. This Whig magazine was the only economic journal in Great Britain and as such enjoyed great influence.[1]

The last decade of teaching by Dugald Stewart proved, however, to be the last great burst of the Scottish intellectual ascendancy in Great Britain. For the shades of night were rapidly closing in on the Scottish Enlightenment. In the first place, Tory repression of liberal and Whig ideas during the generation of war with France continued to be far greater in Scotland than in England. More important in the long run was the great revival of militant, evangelical Protestantism that swept western Europe and then the United States in the early years of the nineteenth century. The liberal, moderate and even deistic views that had spread throughout the western world in the last half of the eighteenth century were swept aside by resurgent Christianity. In Scotland, the result was an intellectual counter-revolution against moderate control of the Presbyterian church, and a purging of the Scottish faculties of moral philosophy and theology of moderate, sceptical, and secularist teachings. Smith and Hutcheson were now denounced in retrospect as guilty of a 'refined paganism', and with a resumption of strict theological control of the moral philosophy faculty, Scottish universities lost their pre-eminence in Britain and slid rapidly downhill, intellectually if not theologically. Neither classical liberal social philosophy nor political economy could survive in that kind of academic climate.

As a result, intellectual leadership shifted from Scotland to England, and out of academia altogether for a considerable period. Since English universities were still not hospitable to the new discipline of political economy, the locus of economic thought now shifted from Scottish academics to English businessmen, publicists and government officials. The shift was symbolized by the fact that while the *Edinburgh Review* continued to be published for decades and its nominal home was still Edinburgh, three of its four editors had moved to England within a few months of the start of the publication. One of them, who died at a very young age, was Francis Horner. Moving to

London as an attorney, Horner quickly became a Whig MP, and his expertise on monetary matters made him chairman of the famous bullion committee in 1810 which was to strike a crucial blow for hard money. There he worked closely with David Ricardo. In the first issue of the *Edinburgh Review*, Horner reviewed the famous monetary work of Henry Thornton, as well as a highly important essay by Lord King in a later issue. Horner was a member of prominent Whig clubs in London, the King of Clubs and Brooks', in both of whom he had David Ricardo as a fellow member. Horner also shared scientific interests with Ricardo, and both men were members of the board of the Geological Society of London.

Another illustration of the intellectual shift from Scotland to England is what happened to two bright young Scotsmen who studied under Stewart and were later to become major leaders in British economics. James Mill (1773–1836) was the son of a Scottish shoemaker, who studied under Stewart and was then licensed to preach in the Presbyterian ministry. Failing to find a ministerial post in the increasingly militant Calvinist climate in Scotland, Mill was obliged to move to London, where he became editor of the *Literary Journal*. Eventually, Mill found employment in the London office of the East India Company, which gave him a base to pursue his very active economic and philosophical work in his off hours. The younger John Ramsay McCulloch (1789–1864), who studied with Stewart in his last years, wrote economic articles in *The Scotsman* and the *Edinburgh Review*, and organized an economics lecture series. But despite his obvious merits, McCulloch was unable to find an academic post in Scotland, and finally moved to London to teach political economy at the newly established University of London. But after four years, he spent the rest of his life working as a financial controller in England, again writing and being active in economics in additional to his regular work.

One beneficial result of the Stewart-led sweep of Smithianism in Great Britain is that it swamped the competing strain to 'political economy', the 'political arithmeticians'. These 'political arithmeticians, or statistical collectors', as Stewart contemptuously called them, had formed a competing school in economics since the writings of Sir William Petty (1623–87) and his followers in the late seventeenth century. The arithmeticians generally scorned the classical method of arriving at economic laws deduced from broad insights into human action and the economy. Instead, in a Baconian fashion, they tried in vain to arrive at theoretical generalizations from hodge-podge collections of statistical facts. With little insight into the laws of the free market or the counterproductive nature of government intervention, the political arithmeticians tended to be mercantilists and British chauvinists, proclaiming the economic superiority of their homeland. But this school was demolished by the Smithians, first by Smith himself who declared, in the *Wealth of Nations*,

that 'I have no great faith in political arithmetic', and then by Stewart, who engaged in a searching methodological critique of this allegedly 'scientific' school of thought. Stewart wrote: 'The facts accumulated by the statistical collector are merely *particular results*, which other men have seldom an opportunity of verifying or of disproving; and which...can never afford any important information'. In short, in contrast to the replicable quantitative findings of natural science, statistics of human action are mere listings of particular, non-replicable events, rather than the embodiment of enduring natural law. Stewart concluded that 'instead of appealing to political arithmetic as a check on the conclusions of political economy, it would often be more reasonable to have recourse to political economy as a check on the extravagance of political arithmetic'.

After the 1790s, then, Adam Smith held total sway over economic thought in Britain. Amidst a flourishing swarm of views, all the major protagonists in England, as we shall see below, from Bentham to Malthus to Ricardo, considered themselves devoted Smithians, often trying to systematize and clarify the admitted confusions and inconsistencies of their master.

17.3 Malthus and the assault on population

One of the first Smithian economists, and, indeed, a man who was for two decades the only professor of political economy in England, was the Rev. Thomas Robert Malthus (1766–1834). Malthus was born in Surrey, the son of a respected and wealthy lawyer and country gentleman. Malthus graduated from Jesus College, Cambridge, in 1788 with honours in mathematics and five years later became a fellow of that college. During that same year, Robert Malthus became an Anglican curate in Surrey, in the parish where he had been born.

Malthus seemed destined to lead the quiet life of a bachelor curate, when, in 1804, at nearly 40, he married and promptly had three children. The year after his marriage, Malthus became the first professor of history and political economy in England, at the new East India College at Haileybury, a post he retained until his death. All his life, Malthus remained a Smithian, and was to become a close friend, though not disciple, of David Ricardo. His only marked deviation from Smithian doctrine, as we shall see, was his proto-Keynesian worry about alleged underconsumption during the economic crisis after the end of the Napoleonic Wars.

But Malthus was, of course, far more than a Smithian academic, and he gained both widespread fame and notoriety while still a bachelor. For 'Population' Malthus became known worldwide for his famous assault on human population.

In previous centuries, in so far as writers or economists dealt with the problem at all, they were almost uniformly pro-populationists. A large and

growing population was considered a sign of prosperity, and a spur to progress. The only exception, as we have seen, was the late sixteenth century Italian absolutist theorist Giovanni Botero, the first to warn that population growth is an ever-present danger, tending as it does to increase without limit, while the means of subsistence grows only slowly. But Botero lived at the threshold of great economic growth, of advances in total population as well as standards of living, and so his gloomy views got very short shrift by contemporaries or later thinkers. Indeed, absolutists and mercantilists tended to admire growing population as providing more hands for production on behalf of the state apparatus as well as more fodder for its armies.

Even those eighteenth century writers who believed that population tended to increase without limit, curiously enough *favoured* that development. This was true of the American Benjamin Franklin (1706–90), in his *Observations Concerning the Increase of Mankind and the Peopling of Countries* (1751). Similarly, the physiocrat leader, Mirabeau, in his famous *L'Ami des Hommes ou traité de la population* (*The Friend of Man or a Treatise on Population* (1756), while comparing human reproduction to that of rats – they would multiply up to the very limit of subsistence like 'rats in a barn' – yet advocated such virtually unlimited reproduction. A large population, said Mirabeau, was a boon and a source of wealth, and it was precisely *because* people will multiply like rats in a barn up to the limit of subsistence that agriculture – and hence the production of food – should be encouraged. Mirabeau had picked up the 'rats in a barn' metaphor from Cantillon, but unfortunately did not inherit Cantillon's highly sensible and sophisticated 'optimum population' realization that human beings will flexibly adjust population to standards of living, and that their non-economic values will help them decide on whatever trade-offs they may choose between a slightly larger population or a smaller population and higher standards of living.

Mirabeau's co-leader of physiocracy, François Quesnay, however, converted him to a gloomy view of the influence of the alleged tendency to unlimited population growth on standards of living. Adam Smith, Malthus's standard-bearer in economics, managed, in typically confused and contradictory fashion, at one and the same time to provide Malthus with all his ammunition for gloom-and-doom while remaining a cheerful proponent of large and growing numbers of people. For on the one hand, Smith opined that people would indeed insist on breeding up to the minimum of subsistence – the essential Malthusian doctrine. But, on the other, Smith asserted cheerfully that 'the most decisive mark of the prosperity of any country is the increase of the number of its inhabitants'.

At about the time that Adam Smith was sinking into confusion and paving the way for the unfortunate anti-population hysteria of Robert Malthus, the unheralded Abate Antonio Genovesi, the first professor of economics on the

Continent (at the University of Naples), was pointing the way to a very different solution to the population question. In his *Lezione di economia civile* (1765), this excellent utility-value theorist was reminiscent of Cantillon's insight about an 'optimum' population. Under any given conditions, he pointed out, population can either be too large or too small for optimum 'happiness' or living standards.

Robert Malthus was moved to consider the population question by wrestling in friendly and repeated argument with his beloved father, Daniel, a fellow country squire in Surrey. Daniel was a bit of a radical, and was influenced by the utopian and even communistic opinions of the day. He was a friend and great admirer of the French radical, Jean Jacques Rousseau.

The 1790s was the era of the outburst of the French Revolution, and it was a decade when ideas of liberty, equality, utopia, and revolution were very much in the air. One of the most popular and influential radical works in England was William Godwin (1756–1836)'s *Enquiry Concerning Political Justice* (1793), which was for a time the talk of England. Godwin, son and grandson of dissenting ministers, had himself been a dissenting minister when he lapsed into secularism and became a radical theorist and writer. In his utopian belief in the perfectibility of man, Godwin has been generally bracketed with the distinguished French philosopher and mathematician, Condorcet, whose great paean to optimism and progress, *Esquisse d'un tableau historique des progrès de l'esprit humain* (*Sketch for an Historical Picture of the Progress of the Human Mind*) (1794) was, remarkably, written while in hiding from the Jacobin Terror and in the shadow of his arrest and death. But the two optimists were very different. For Condorcet, close friend of Turgot and admirer of Adam Smith, was an individualist and a libertarian, a firm believer in free markets and in the rights of private property. William Godwin, on the other hand, was the world's first anarcho-communist, or rather, voluntary anarcho-communist. For Godwin, while a bitter critic of the coercive state, was an equally hostile critic of private property. But in contrast to late nineteenth century anarcho-communists such as Bakunin and Kropotkin, Godwin did not believe in the imposition of rule by a coercive commune or collective in the name of anarchistic 'no-rule'. Godwin believed, not that private property should be expropriated by force, but that individuals, fully using their reason, should voluntarily and altruistically divest themselves of all private property to any passer-by. This system of voluntary abasement, brought about by the perfectibility of human reason, would result in total equality without private property. In his voluntarism, Godwin was thus the ancestor of both the coercive communist and the individualist strains of nineteenth century anarchist thought.

In his way, however, Godwin was every bit as, and even more, appreciative of the benefits of individual freedom and a free society as was Condorcet.

He was sure that population would never grow beyond the limits of the food supply, for he was convinced that 'There is a principle in the nature of human society, by means of which everything seems to tend to its level, and to proceed in the most auspicious way, when least interfered with by the mode of regulation'.

The marquis de Condorcet, sensibly enough, was also not worried about excessive population growth wrecking he future libertarian and free market 'utopia' that he envisaged for the future of man. He was not worried because he believed that on the one hand science, technology and free markets would greatly expand the subsistence available, while reason would persuade people to limit population to numbers that could be readily sustained. William Godwin, however, was not content with this intelligent treatment of the problem. On the contrary, in the first place, Godwin worried, in proto-Malthusian fashion, that population did always tend to press on resources so as to keep living standards down to subsistence level. He believed, however, in some sort of leap in being, a New Godwinian Man, and institutions where 'reason' would instead prevail. It would prevail, in fact, by reason making man master of his passions, to such an extent that sexual passion would gradually become extinct, and advancing health would make man immortal. We would, then, have a future human race of immortal and ever-ageing adults, a utopia that seems impossibly dotty:

> The men therefore...will probably cease to propagate. The whole will be a people of men, and not of children. Generation will not succeed generation, nor truth have, in a certain degree, to recommence her career every thirty years... There will be no war, no crimes, no administration of justice, as it is called, and no government. Every man will seek, with ineffable ardour, the good of all.

William Godwin had learned of the alleged eternal pressure of population down to subsistence from Dr Robert Wallace (1697–1771), a Scottish Presbyterian minister, who had set forth his allegedly utopian government in his *Various Prospects of Mankind* (1761). Wallace's ideal utopia was a world government which imposed totalitarian communism compelling equality and eradicating private property. The state would bring up all children, and all would be taken care of. The fly in the ointment, however, the serpent in Eden, would be population growth. The marvellous conditions provided by world communism would lead to population growing so rapidly that mass misery and starvation would prevail. As Wallace lamented:

> Under a perfect government, the inconveniences of having a family would be so entirely removed, children would be so well taken care of, and every thing become so favourable to populousness, that...mankind would increase so prodigiously, that the earth would at last be overstocked, and become unable to support

> its numerous inhabitants...There would not even be sufficient room for containing their bodies upon the surface of the earth.

Hence, utopian communism would have to be abandoned.

William Godwin was too ready to accept Wallace's mechanistic worry about population growth, but thought rather bizarrely that the withering away of sex would provide the cure for Wallace's problem and ensure that egalitarian anarcho-communism would prevail.

Daniel Malthus was just the sort of man to be deeply impressed by the Godwinian utopia, and he and his son Robert spent many happy hours arguing over Godwin's *Political Justice*, its second edition (1796), and his follow-up collection of essays, *The Enquirer* (1797). Robert decided to write a book clobbering these utopian fantasies once and for all, and dredged up the spectre of population growth as the inevitable rock upon which such fantasies would inevitably founder and collapse. Hence the publication in 1798 of the first edition of Malthus's immensely popular and controversial *Essay on the Principle of Population as It Affects the Future Improvement of Society*. The *Essay* went through five more editions in Malthus's lifetime, gained him the nickname of 'Population Malthus', and gave rise to literally millions of words of heated controversy.

There was virtually nothing in Malthus's *Essay* that had not been in Giovanni Botero two centuries earlier – or, for that matter, in Robert Wallace. As in Botero, all improvements in living standards are in vain, giving rise to an immediate and deadly pressure of population growth upon the means of subsistence. Once again, such mechanistic burgeoning of population can only be limited by the 'positive check' of war, famine and pestilence; supplemented by the rather weak 'preventive' check of fewer births spurred by continuing starvation ('preventive or negative' check). There is only one thing that Malthus added to the Botero model: the spurious mathematical precision of his famous statement that population tends to 'go on doubling itself every twenty-five years, or increases in a geometrical ratio', while 'the means of subsistence increase in an arithmetical ratio'.

It is not easy to see why Botero's anti-population hysteria was properly and understandably ignored in an age of joint growth in population *and* living standards, while Malthus, writing in a similar period of growth, should sweep the western world. One reason was undoubtedly the fact that Malthus set himself, with verve and self-assurance, against the highly popular and influential writings of Godwin as well as against the ideals of the French Revolution. Another was the fact that, by the time his *Essay* appeared, British intellectuals and public were turning rapidly away from the French Revolution in a burst of reaction, oppression, and continuing war against France. Malthus had the good fortune of being in tune with the latest twist of the

Zeitgeist. But a third element explained his instant renown: the spurious air of the 'scientific' that his alleged ratios gave to a doctrine in an age that was increasingly looking for models of human behaviour and its study in mathematics and the 'hard' physical sciences.

For spurious Malthus's ratios undoubtedly were. There was no proof whatever for either of these alleged ratios. The absurdly mechanistic view that people, unchecked, would breed like fruit flies, cannot be demonstrated by simply spelling out the implications of the alleged 'doubling itself every twenty-five years', e.g.:

> Taking the population of the world at any number, a thousand millions, for instance, the human species would increase in the ratio of 1, 2, 4, 8, 16, 32, 64, 128, 256, 512, &c, and subsistence as 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, &c. In two centuries and a quarter, the population would be to the means of subsistence as 512 to 10.

In a few more centuries, at the same rate, the 'ratio' of population to subsistence would begin to approach infinity. This is scarcely demonstrable in any sense, certainly not by referring to the actual history of human population which, in most of Europe, remained more or less constant for centuries before the Industrial Revolution.

Still less is there proof of Malthus's proclaimed 'arithmetical ratio', where he simply assumes that the supply of food will increase by the same amount for decade after decade.

Malthus's one attempt at proof of his ratios was extraordinarily feeble. Priding himself on relying on 'experience', Malthus noted that the population of the North American colonies had increased for a long while in the 'geometric ratio' of doubling every 25 years. But this example hardly demonstrates the fearful outstripping by population of the 'arithmetically increasing' food supply. For, as Edwin Cannan astutely notes, 'This population must have been fed, and consequently the annual produce of food must also have increased in a geometrical ratio'. His example proved nothing. Cannan adds that by the sixth chapter of his *Essay*, Malthus 'seems to have had some inkling of this objection to his argument', and he tries to reply in a footnote, that 'In instances of this kind, the powers of the earth appear to be fully equal to answer all the demands for food that can be made up on it by man. But we should be led into an error, if we were thence to suppose that population and food ever really increase in the same ratio'. But since this is precisely what had happened, Malthus is clearly totally unwitting that the second sentence in this note is in flat contradiction to the first.[2]

Malthus's pessimistic conclusion about man thus contrasted with the optimism of his beloved Adam Smith as well as with Godwin. For if the inexorable pressure of population growth is always and everywhere destroying any

hope of living standards being above subsistence, then the result is not only gloomy for any communist or egalitarian utopia. It provides an equally gloomy prognosis for the free market society envisioned by Smith, or, far more consistently, by Condorcet. Yet, unfortunately, in his understandable eagerness to demolish the case for egalitarian communism, Malthus threw out the baby with the bath water, and also cast an unnecessary pall on the far more rational 'utopian' prognoses of the free society and private property by Smith and especially Condorcet.

It was easy for Malthus to dismiss brusquely Godwin's absurd reliance on the demise of sex to solve the problem of over population. But his treatment of Condorcet's position was far less cogent. For the sophisticated French aristocrat had strongly implied that birth control played a major role in his optimism about the libertarian future. While modern neo-Malthusians are enthusiastic not only about birth control but also sterilization and abortion as means of family planning, the conservative Malthus drew back in horror from any hint of such measures, which he saw simply as 'vice'. Malthus denounced Condorcet's solution as

> either a promiscuous concubinage, which would prevent breeding, or...something else as unnatural. To remove the difficulty in this way, will, surely, in the opinion of most men,...destroy that virtue, and purity of manners, which the advocates of equality, and of the perfectibility of man, profess to be the end and object of their views.

A sally that might apply neatly to Godwin, but scarcely to Condorcet, for whom 'purity' was scarcely an overriding concern.

In fact, Malthus held out little hope for mankind. His one practical proposal was the gradual abolition of the Poor Law, and especially of the idea of the *right* of the poor to be supported by the state. That would discourage excessive breeding among the poor.

All in all, Schumpeter's scathing assessment of the *Essay* of 1798 was well-deserved. Malthus, he wrote, held

> that population was actually and inevitably increasing faster than subsistence and that this was the reason for the misery observed. The geometrical and arithmetical ratios of these increases, to which Malthus...seems to have attached considerable importance, as well as his other attempts at mathematical precision, are nothing but faulty expressions of this view which can be passed by here with the remark that there is of course no point whatever in trying to formulate independent 'laws' for the behavior of two interdependent quantities. The performance as a whole is deplorable in technique and little short of foolish in substance.[3]

Poor Godwin, however, unfortunately did not come to a similar assessment – at least not immediately. He was, after all, not a scholar of population

theory, and he had no immediately effective reply. It took Godwin all of two decades to study the problem thoroughly and come to an effective refutation of his nemesis. In *On Population* (1820), Godwin came to the cogent and sensible conclusion that population growth is not a bogey, because over the decades the food supply would increase and the birth rate would fall. Science and technology, along with rational limitation of birth, would solve the problem.

Unfortunately, Godwin's timing could not have been worse. By 1820, the aging Godwin – along with utopianism and even the French Revolution – had been forgotten in Great Britain. His excellent rebuttal went unread and unsung, while Malthus continued to tower over all as the much admired final word on the population question.

His *Essay* being world-famous, and Godwin and Condorcet as he believed effectively disposed of, Malthus now decided to spend some years actually studying the population problem. Remarkably, Malthus's second edition of the *Essay* in 1803 (on which all five future editions were based) was a very different work. In fact, Malthus's *Essay* is one of the rare works in the history of economic thought whose second edition in effect totally contradicted the first.

The second edition incorporated the fruits of Malthus's study on population through his travels in Europe. Filled with copious statistics, the new edition was fully three times the size of the first. But that was the least of the changes. For whereas in the first edition the 'preventive check' was minor and hopeless, as well as a generally 'vicious' possibility for solution, Malthus now acknowledged that *another* negative, or preventive check, one that entailed neither vice nor misery, was a real possibility for ameliorating or even suspending the eternal pressure of population upon the food supply. This was 'moral restraint', i.e. chastity and restraint from early marriage, which was moral and not 'vicious' because it involved neither birth control nor other forms of 'irregular gratification' or 'improper acts'. Indeed, for Malthus, 'moral restraint' now became the 'most powerful' check on population of them all, more powerful even than vice or the misery and starvation of the previously dominant 'positive check'.

As a result, human beings were no longer viewed as the puppets of inexorable and gloomy forces, which could now be overcome by moral restraint and moral education. In the first edition, indeed, Malthus stood opposed to any growth of leisure or luxury in society, for such increasing ease would eliminate the extreme pressure needed to awaken naturally slothful man into working hard and maintaining maximum production. But now, his view had changed. Now, Malthus realized that if the poor were to acquire the qualities of the middle class, and hence a 'taste for the conveniences and comforts of life', they would be more likely to exercise the moral restraint necessary to maintain that

way of life. As Malthus now wrote: 'It is the diffusion of luxury therefore among the mass of the people...that seems to be most advantageous'.

Malthus now emphasized another proposed moral reform in keeping with his new position: that people try to reduce the number of children by marrying at a later date. Such moral restraint, he was now convinced, entailed neither of the two dread checks of vice or misery. Alexander Gray's discussion of this theme is marked by his characteristic insight and wit:

> Contrary to the usual view as to what is involved in Malthusianism, he restricts himself to telling us not to be in too great a hurry to get married, with a special appeal to his women readers, who, 'if they could look forward with just confidence to marriage at twenty-seven or twenty-eight', should (and would) prefer to wait until then, 'however impatiently the privation might be borne by the men'. This is the voice of a dear and kindly old uncle, rather than the monster for whom Malthus has so frequently been mistaken; and it as ineffective as the advice of an uncle in such matters usually is. For even with marriage at twenty-eight there is time for a disconcerting and devastating torrent of children.[4]

Oddly enough, however, Malthus's new view was not very far removed from his enemy Godwin's invocation of 'virtue, prudence, or pride' in limiting the growth of population. Shorn of the nonsense of the withering away of sex, Godwin was now vindicated, and Malthus seemed implicitly to agree by taking the refutation of Godwin and Condorcet – who had now faded from public view – out of the title page of the second edition.

Unfortunately, however, Malthus never acknowledged any change whatever. Godwin rightly complained that Malthus had co-opted his own major criticism without credit or even acknowledging the abandonment of his own views. Malthus maintained from 1803 onwards that his thesis had not at all been changed, but only elaborated and improved. His changes were stuck into the text in passing, while he continued to place great importance upon his arbitrary ratios. His changes were evasive rather than frank; for example, in his second edition, Malthus quietly removed the self-contradictory note in which he denied that food could ever increase 'geometrically', or as much as population. In fact, he virtually admits that food has sometimes increased geometrically in 'new colonies', i.e. in North America. Instead, he now confined his self-confident assertions to prophecy – a prophecy which the growth of living standards in England proved to be wrong within his own lifetime. And yet Malthus continued to write that his ratios were self-evident, even though he conceded that it was impossible to find out what the rate of increase of 'unchecked' population would actually be. In the end, as Cannan justly declares, 'the *Essay on the Principle of Population* falls to the ground as an argument, and remains only a chaos of facts collected to illustrate the effect of laws which do not exist'.[5]

Malthus, in fact, had executed a cunning and successful tactical manoeuvre: he had introduced enough qualifications and concessions to fuzz over his argument. He and his followers could maintain the full arrogance and error of the first edition and then, if challenged, beat a clever retreat by bringing up the qualifications and asserting that Malthus had anticipated and met all the charges against him. He was able to maintain the hard-nosed position of his first edition, while being able to fall back on the cloudy concessions of his second. As Schumpeter writes: 'the new formulation made it indeed possible for adherents to this day to take the ground that Malthus had foreseen, and accounted for, practically everything opponents might say'. He adds that 'this does not alter the fact that all the theory gains thereby is orderly retreat with the artillery lost'. Unfortunately, however, neither Malthus's followers nor even many of his astute critics realized this point. And so, Malthus and his followers had ensconced themselves in the security of a theory that, regardless of the facts, could never be refuted. Or, they could fall back on what Schumpeter calls the 'horrible triviality' that *if* indeed population increased geometrically forever and food barely increased at all, then enormous crowding and misery would result.[6]

Unfortunately, Malthus's own self-serving interpretation of the changes of his second edition was adopted by nearly all his contemporaries – friends and critics alike – as well as by historians until recent years. Most of Malthus's readers, for one thing, had been swept away by the verve and panache of his first edition, and simply didn't bother reading the much longer and stodgier second. Instead, they simply and conveniently interpreted the new material as merely empirical documentation of Malthus's original thesis. Even his more thoughtful readers interpreted moral restraint as just another negative check on population, a mere refinement of the basic theory.

And so, thus protected and interpreted, Malthus's fallacious and inchoate principle of population carried the day and, adopted enthusiastically by Ricardo and his followers, was to become enshrined into British classical economics. As we shall see further in Volume II, even though Nassau W. Senior in effect devastatingly refuted Malthus, his own piety toward Malthus and his image allowed Malthusianism to remain at least officially enshrined in economic thought. It is an unfortunate story. Thus, as Schumpeter writes:

> the teaching of Malthus' *Essay* became firmly entrenched in the system of economic orthodoxy of the time in spite of the fact that it should have been, and in a sense was, recognized as fundamentally untenable or worthless by 1803... It became the 'right' view on population... which only ignorance or obliquity could possibly fail to accept – part and parcel of the set of eternal truth that had been observed once for all. Objectors might be lectured, if they were worthy of the effort, but they could not be taken seriously. No wonder that some people, utterly disgusted at this intolerable presumption, which had so little to back it, began to

> loathe this 'science of economics', quite independently of class or party considerations – a feeling that has been an important factor in that science's fate ever after.[7]

Certainly, the triumph of the Malthusian fallacy played an important role in the common view that the science of economics itself was and is cold, hard-hearted, excessively rational, and opposed to the lives and welfare of people. The idea of economics being anti-human reached a bold and unforgettable expression in Dickens's Scrooge, the caricature of a Malthusian who cackled that poverty and starvation would be helpful in 'reducing the surplus population'.

In the last half of the nineteenth century, as Schumpeter writes, 'the interest of economists in the population question declined, but they rarely failed to pay their respects to the shibboleth'. Then, in the early decades of the twentieth century, at the very same time as the birth rate in the western world began to decline sharply, economists revived their interest in Malthusian doctrine. Schumpeter's irony was properly bitter: 'An ordinary mortal might have thought that the fall in the birth rate...and the rapidly approaching goal of a stationary population, should have set worrying economists at rest. But that mortal would thereby have proved that he knew nothing about economists'. Instead, at the same time that more economists stressed Malthusianism, others stressed precisely the reverse:

> While some of them were still fondling the Malthusian toy, others zestfully embraced a new one. Deprived of the pleasure of worrying themselves and of sending cold shivers down the spines of other people on account of the prospective (or present) horrors of overpopulation, they started worrying themselves and others on account of a prospectively empty world.[8]

By the 1930s, in fact, economists and politicians were howling about the imminence of 'race suicide', and an excessively falling birth rate. The Great Depression, as we shall see, was blamed by some economists on a birth rate which had started falling decades before. Governments such as France, mindful also of their need for cannon fodder, gave bounties to large families. Then, by the 1960s and 1970s, anti-population hysteria arose again, with ever more strident calls for voluntary or even compulsory zero population growth, and countries such as India and China experimented with compulsory sterilization or compulsory abortion. Characteristically, the height of the hysteria, in the early 1970s, came *after* the 1970 census in the United States noted a significant decrease in the birth rate and the beginnings of an approach toward a stationary state of population. It was also observed that various Third World countries were beginning to see a marked slowing of the birth rate, a few decades after the fall in death rate due to the infusion of Western