

A METHODOLOGICAL APPROACH TO SIR JAMES STEUART'S POLITICAL OECONOMY*

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I

It is mainly since the Keynesian Revolution that Sir James Steuart (1713-80), known as the "last Mercantilist"⁽¹⁾ but also long regarded as a "neglected political economist" in the stream of British economic thought,⁽²⁾ has come to the attention of many historians of economics. Although Steuart's work is now gaining its rightful place in the history of economic thought, many unsolved questions remain in his masterpiece, the *Principles of Political Oeconomy* (1767).⁽³⁾ The concept of "the spirit of a people" is one such question. The objective

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(1) Haney (1911), pp. 106, 107; Burt (1972), p. 44; etc.

(2) For example, Beer (1938), pp. 241-2; Macfie (1967), p. 16.

(3) Sir James Steuart, *An Inquiry into the Principles of Political Oeconomy: being an Essay on the Science of Domestic Policy in Free Nations, in which are particularly considered Population, Agriculture, Trade, Industry, Money, Coin, Interest, Circulation, Banks, Exchange, Public Credit, and Taxes*, 2 vols., 1st ed., London, 1767.

of this paper is to elucidate the significance of this concept in his theory of political oeconomy in relation to methodology.

There have been two opposing interpretations of this concept among historians of economics, especially in Japan. One view relates it to the formation of modern man's "spirit of liberty" during the transformation from feudalism to modern society (the so-called age of crisis in history). According to this view, the role of the "Statesman" in *Political Oeconomy* was to lead the unproductive masses toward productive activity under the changing conditions of society. It may be said, therefore, that Steuart's interest in political oeconomy was based not so much upon his political conservatism as upon his emphasis on the *nationalistic* responses to die *Zeitkrise* in mid-eighteenth century Europe.

In contrast, others believe that Steuart employed "the spirit of a people" in his statesman's economic policy in order to sustain the position of the old ruling classes: the landlords and aristocrats, who are considered victims of the historical development of a modern society. This view emphasizes the conservative character of Steuart's concept of "the spirit of a people."⁽⁴⁾

The core of this unsolved question in *Political Oeconomy* is intimately connected with the following ideas: the significance of "modern society," the crucial role of the "Statesman," the dual character of political oeconomy as *art* and *science*, and on the policy-making level, the structure and class-consciousness of Steuart's classic work. Regarding the last two, we may say that the various questions concerning "the spirit of a people" are a problem of methodology of

(4) There are no full studies on "the spirit of a people" in English-speaking countries. In Japan, Prof. N. Kawashima holds the former opinion while Prof. T. Uchida holds the latter: N. Kawashima, *Studies in Steuart*, (in Japanese), Tokyo, 1972, pp. 82-92, 112, 115-8; T. Uchida, "Studies on James Steuart: An Essay," (in Japanese), *Keizaikagaku (Economic Science)*, Vol. 15, No. 3, Nagoya University, 1968. A new work by Prof. N. Kobayashi on this topic was also recently published. (Kobayashi, 1983)

political oeconomy as well as a problem of man's position in society.

II

Steuart, believing Europe to have set the world on a fundamentally new course of development, begins his work with the following statements:

"The great alteration in the affairs of Europe within these three centuries, by the discovery of America and the Indies, the springing up of industry and learning, the introduction of trade and the luxurious arts, the establishment of public credit, and a general system of taxation, have entirely altered the plan of government every where.

From feudal and military, it is become free and commercial" (*Works*, I, p. 13).

Freedom and independence, which in feudal society had been enjoyed only by the aristocracy, spreads throughout the lowest classes in the modern nation.⁽⁵⁾ Steuart tolls the coming of a new era by contrasting "free" with "feudal" as well as "commercial" with "military." Steuart initially discusses the contrast between "free" and "feudal" society, but does not always consistently appraise this new aspect in history in the rest of his work.

The introduction of liberty into society, Steuart argues, brings about a change in the form of human relations, from subordination based upon personal bonds, to general interdependence among people on an equal footing. "[T]he failure of the slavish form of feudal government, and the extension thereby given to civil and domestic liberty, were the source from which the whole system of modern policy has sprung" (*Works*, I, p. 227). Thus, the "*free and perfect society*" which develops is, by his own definition, "*a general tacit contract, from which reciprocal and proportional services result univer-*

(5) "Under the feudal form of government, liberty and independence were confined to the nobility" (*Works*, I, p. 326). But "the state of affairs in Europe, and in England particularly, is changed entirely, by the establishment of universal liberty. Our lowest classes are absolutely free..." (*Works*, I, p. 92).

sally between all those who compose it" (*Works*, I, p. 109. *Italics* in the original text). Calling himself "a friend of liberty," he states:

"Hence I conclude, that the best way of binding a free society together is by multiplying reciprocal obligations, and creating a general dependence between all its members" (*Works*, I, p. 110).

Steuart includes "general dependence," *i.e.* interdependence, described in the above within the government-subordination relationship by taking a broad view of the concept of "general dependence."⁽⁶⁾ He nevertheless regards the principles of subordination and dependence as belonging not so much to modern categories as to superhistorical ones. An idiosyncratic point of his argument is that the historical *form* of such concepts in the Aristotelian sense is given more importance than the general *matter* of them. For Steuart, the particular concept which organizes the interdependent network of man in modern society is "industry."

"The last refinement, and that which has brought liberty to be generally extended to the lowest denomination of a people, without destroying that dependence necessary to serve as a band of society, was the introduction of industry..." (*Works*, I, p. 317).

This dependence, which is based upon modern liberty, appears in the form of "reciprocal wants" in political oeconomy. "Industry" is the most fundamental factor creating interdependence in modern society.⁽⁷⁾ This view indicates Steuart's recognition of the liberation

(6) Steuart defines both *subordination* as the authority which superiors have over inferiors, and *dependence* as certain advantages which the latter draw from their subordination. It may be said that the principles of subordination and dependence have conservative features because of their superhistorical definitions. For example, "[A] servant is under *subordination* to his master, and *depends* upon him for his subsistence" (*Works*, I, p. 316).

(7) "*Industry* likewise is different from *labour*. *Industry*, as I understand the term, must be voluntary; *labour* may be forced: the one and the other may produce the same effect, but the political consequences are vastly different... *Industry*, therefore, is only applicable to free men; *labour* may be performed by slaves" (*Works*, I, p. 224).

of modern productivity from its feudal restraints.

On the other hand, Steuart did not overlook the possibility that the wealth produced by industry might transfer political authority from the old ruling classes to the new manufacturers and merchants. Another seemingly negative aspect of modern liberty begins to appear as well. A "spirit of liberty" and "industry" symbolize Steuart's modern society. "But where every one lives by his own industry, a competition comes in, and he who works cheapest gains the preference.... From this result the principal cause of decay in modern states: it results from liberty, and is inseparably connected with it" (*Works*, I, pp. 92-3). Furthermore, "a spirit of liberty may form a noble constitution, and a spirit of liberty may break the same to pieces" (*Works*, I, p. 179).

Steuart seems to point out in these sentences the same kind of dualism in his notion of "liberty" as the Aristotelian idea of "dependence" described above. As modern society grows more complex, and its elements increasingly interdependent, the danger threatening its own existence increases as well. Steuart sees "the spirit of liberty" as creating such a danger, and so views modern society as inherently unstable. We can say that his "modern society" was still at the stage of the primitive accumulation of capital under absolutism, when wars and the impoverishment of villages were widespread.

As a "political economist,"⁽⁸⁾ Steuart kept his eye on these social realities. The social conflicts of the period were evidenced by a significant decrease in population.⁽⁹⁾ Continuing the debate on population between Robert Wallace and David Hume, Steuart showed much

While labour, in the superhistorical context, produces nothing but value in use, industry is the free and productive labour which must produce value in exchange only in modern society. Cf. Marx (1859), S. 56.

(8) Johnson (1937), p. 209; Skinner (1966), p. lviii.

(9) "Depopulation is as certain a mark of political diseases, as wasting is of those in the human body. The increase of numbers in a state shews youth and vigour; when numbers do not diminish, we have an idea of manhood, and of age when they decline" (*Works*, I, p. 91).

interest in the population problems as follows: "No problems of political oeconomy seem more obscure than those which influence the multiplication of the human species, and which determine the distribution and employment of them, so as best to advance the prosperity of each particular society" (*Works*, I, pp. 88-9). The abuses caused by "the spirit of liberty" must be corrected by a State without oppressing that spirit. This view sets the stage for Steuart's treatment of economic problems in Book I of *Political Oeconomy*, "On Population and Agriculture."

III

Steuart approaches specific questions concerning political oeconomy as a detached scientist. He begins by stating his position as a "citizen of the World," referring to the universal and objective validity of his own doctrines and policies. It is not meant, however, that the "citizen of the World" should put himself at the vantage point of "negative impartiality." He must develop political oeconomy from the viewpoint of objectivity; this can be seen in Steuart's definition of political oeconomy.

Steuart differentiates between political oeconomy and government, by analogy with the following definitions of Aristotle⁽¹⁰⁾ and Montesquieu⁽¹¹⁾: (i) A statesman is defined *a priori* as a practitioner of the *art* of political oeconomy, whose objective is "to provide food, other necessaries, and employment to every one of the society" (*Works*, I, pp. 19-20). He carries out the same function in *political oeconomy* as

(10) Johnson (1937), p. 214.

(11) It is clear that Steuart follows "the great Montesquieu" when he proposes the skeptical view of natural law and adopts the idea of historical relativism, as follows: "All governments have what they call their fundamental laws; but fundamental, that is, invariable laws, can never subsist among men, the most variable thing we know: the only fundamental law, *salus populi*, must ever be relative, like every other thing. But this is rather than a law" (*Works*, I, p. 9). Also, "All actions, and indeed all things, are good or bad only by relation" (*Works*, I, p. 8). See also Hirschman (1976), pp. 70-87, 117-128.

does a master (functioning as a steward) in *economy*.¹²² (ii) A statesman is different from a "speculative person" who develops the *science* of political oeconomy. (iii) Hence, Steuart's political oeconomy has integrated the dual aspects of *art* and *science* despite his opinion of it as "a single great conceptual system."¹²³ While a speculative person as a "citizen of the World" extracts principles from the actual society, a statesman governs the society by applying those principles to it. (iv) In the final chapters of his work, Steuart stresses the *art* of political oeconomy rather than the *science* of it.

In *Political Oeconomy*, the author speaks to the statesman, his imaginary reader. He urges the statesman to improve "the general good of that society" and then "to be constantly awake, ...impartially just in his indulgence for every class of inhabitants, and disregardful of the interest of individuals, when that regard is inconsistent with general welfare"¹²⁴ (*Works*, I, p. 200). It may be said that the introduction of such a statesman into modern political oeconomy reflects the anarchy of commodity exchange in a free economy. It is far from the Smithian world (the "commercial society") of so-called predetermined harmony based upon the "system of natural liberty." Steuart's political oeconomy was in the world of economic

(12) "The whole economy must be directed by the head, who is both lord and steward of the family. It is however necessary, that these two offices be not confounded with one another. As lord, he establishes the laws of his oeconomy; as steward, he puts them in execution.... What oeconomy is in a family, political oeconomy is in a state" (*Works*, I, p. 2).

(13) Skinner (1981), p. 21. Marx called Steuart "[den] ersten Briten, der das Gesamtsystem der bürgerlichen Ökonomie" due to his appreciation of this feature in *Political Oeconomy* (Marx, 1859, S. 64).

(14) Skinner points out that "Steuart was interested in the issue of welfare with particular regard to the level of employment, for reasons which are entirely consistent with his earlier definition of the exchange economy" (Skinner, 1981, p. 29). Steuart's political oeconomy is, however, not the same sort of "static welfare economics" which Sen explains, nor is it "economics" as in L. Robbins' view (Sen, 1957, p. 25). It is a system of political oeconomy with the double aspect of *art* and *science*, of which the "dominant theme was to be change and growth" (Skinner, 1966, p. 1x).

control,¹⁵ devoid of the Smithian idea of the "invisible hand." A statesman must be "at the head of affairs" with "an artful hand." The author sets forth his view that "[i]t is the business of a statesman to judge of the expediency of different schemes of oeconomy, and by degrees to model the minds of his subjects so as to induce them, from the allurements of private interest, to concur in the execution of his plan" (*Works*, I, p. 4).

What, then, is the *art* of political oeconomy which a statesman must practice? According to Steuart, the principles of self-interest, expediency, duty and passion regulate human behavior in all ages, but the statesman's concern for the principles of self-interest should be paramount.¹⁶

"The principle of self-interest will serve as a general key to this inquiry; and it may, in one sense, be considered as the ruling principle of my subject, and may therefore be traced throughout the whole. This is the main spring, and only motive which a statesman should make use of, to engage a free people to concur in plans which he lays down for their government.

"...Self-interest, when considered with regard to him [a statesman], is public spirit; and it can only be called self-interest, when it is applied to those who are to be governed by it" (*Works*, I, pp. 218-9).

As shown by Steuart, the principle of self-interest or "private interest or utility" is "the main spring" carrying through to his political oeconomy. This can be seen in his exposition of the economic behavior of "free and independent" individuals. In Book I, he sets forth the example of the exchange process between "farmers" and "free-hands" and in Book II he discusses the competitive equilibrium

(15) On the problem of economic control in *Political Oeconomy*, see Sen (1957), chap. IX.

(16) Skinner claims that the two ruling principles which dominate Steuart's analysis are "self-interest" and "a constant desire for the material requirements of well-being" (Skinner, 1963, p. 439).

mechanism (*that is*, “a balance of work and demand”) determining the prices of goods. Unlike Smith, however, Steuart does not hold self-interest to be a universal principle, but simply a principle which a statesman should employ.

“Public spirit,” on the other hand, although indispensable to a statesman, is unnecessary for the governed. Steuart’s argument for the dual principle of human behavior is in opposition to the Smithian principle of “sympathy.” In other words, it may be noted that the statesman in *Political Oeconomy* differs from the “impartial spectator” in the *Theory of Moral Sentiments*.

“Were public spirit, instead of private utility, to become the spring of action in the individuals of a well-governed state, I apprehend, it would spoil all.

“I expect, therefore, that every man is to act for his own interest in what regards the public; and, politically speaking, every one ought to do so. It is the combination of every private interest which forms the public good, and of this the public, that is, the statesman, only can judge” (*Works*, I, pp. 221-2).

In a well-governed state, public spirit, or good will cannot be a key factor in resolving various social problems. It may very well encourage people to obey the law, but in an ill-governed state will be admired as “every sentiment of disinterestedness.” We can discern the two *faces* which Steuart shows in the context of his argument. First, as a detached scientist he distinguishes his principles from the systems to which the principles are applied. In this exposition, (i) Steuart presents the law in contrast with self-interest. In Smith’s theory, the law can be defined as self-interest mediated by the principle of “sympathy.” (ii) Steuart recognizes that the same principle does not always produce the same effect on political oeconomy due to the difference in the forms of government. He seems to have been influenced by Montesquieu on this point.⁽¹⁷⁾ When the sentences quoted

(17) For instance, Steuart points out that “[the] difference in the form or administration of government, is the only one which it is essentially necessary to

above, however, are reinterpreted, another *face* of the author appears in the form of his distrust of the people. A statesman must not interest the people in public affairs because they are concerned only with their own interests. Steuart considers the people as "slaves to their own wants" (*Works*, I, p. 52) who have no ability to deal with public affairs. Following the latter view, the author in *Political Oeconomy* begins to take the same stand as his imaginary reader, the statesman.

His reasoning concludes as follows: he first focuses on the statesman's ability to govern. An "unable statesman" cannot establish interdependence among the people. In an economic sense, this means that the statesman would be unable to provide employment to "the necessitous" nor to create a stable society with optimum population based upon the social division of labour. This state of political oeconomy is expressed in Steuart's terms as "a moral incapacity of multiplying." Nevertheless, what seems more important for Steuart is the gradual introduction of social reforms. "Sudden revolutions," he says, "are constantly hurtful, and a good statesman ought to lay down his plan of arriving at perfection by gradual steps" (*Works*, I, p. 111). As shown in his discussion of the introduction of labour-saving machines into manufactures (Bk. I, Chap. 19), a statesman must always support gradual reforms. These views fettered Steuart as a political economist, and in the end forced this Scottish aristocrat-in-exile as a Jacobite to adhere to his own class-consciousness.

examine in this inquiry," and insists that while the equality of democracy discouraged industry through the modification in expense, the inequality of monarchy encouraged industry through the progress of luxury (*Works*, I, pp. 322-4).

It may be said that his view expressed above was influenced by Montesquieu's analysis of luxury and of the nature and principles of the three types of government—the republican, monarchical and despotic. For example, "Le luxe est donc nécessaire dans les États monarchiques; il l'est encore dans les États despotiques... Les républiques finissent par le luxe; les monarchies, par la pauvreté" (Montesquieu, 1748, livre VII, chapitre 4).

IV

"The spirit of a people" affects the objectives and limits of both the *art* and *science* of political oeconomy in different ways. This is why in Book I, Chapter 2 of *Political Oeconomy* Steuart treats the methodology of political oeconomy in connection with the concept of "the spirit of a people."

Chapter 2 consists of three parts: the nature of "the spirit of a people," the necessity for the statesman's regard for this concept, and finally, its influence on the *art* of political oeconomy. On the other hand, the speculative person dealing with the *science* of political oeconomy should not disregard the problems in the *art*, and must always give careful consideration to it in his attempts to deduce the principles and apply them to reality (*that is*, the establishment of "true proposition" through positive verification). Such being the case, the notion of "the spirit of a people" becomes connected with the methodology of political oeconomy.

[1] Generally speaking, the statesman's objective in the *art* of political oeconomy is the improvement in "the good of the people" as shown before. "[S]o we may with equal certainty decide, that in order to make a people happy, they must be governed according to the spirit which prevails among them" (*Works*, I, pp. 9-10). In particular, "[i]n every new step the spirit of the people should be first examined..." (*Works*, I, p. 14). It is a set of opinions concerning morals, government and manners received by the people and confirmed by habit, and in the long run, forms the basis of all laws.⁽¹⁸⁾ Steuart

(18) Cunningham claims that Steuart was greatly affected by Montesquieu in his views of "the spirit of a people." See Cunningham (1891); also Skinner (1981), p. 25. For example, Montesquieu refers to as follows: "Plusieurs choses gouvernent les hommes: le climat, la religion, les lois, les maximes du gouvernement, les exemples des choses passées, les moeurs, les manières; d'où il se forme un *esprit général* qui en résulte." (*EL*, XIX. 4.) Moreover, "C'est au législateur à suivre *l'esprit de la nation*, lorsqu'il n'est pas contraire aux principes du

himself also calls it "the spirit of government and of the people" (*Works*, I, p. 133). We may say, alternatively, that the concept of "the spirit of a people" is defined as the *free manifestation of self-interest in modern individuals* including "the spirit of industry" and "the spirit of liberty."

When a society enters a new stage of economic development, "the spirit of a people" must change of itself. It changes, however, only by slow degrees (*Works*, I, p. 14), so a statesman cannot depend on that change.¹⁹ Steuart then states that "[i]n turning and working upon the spirit of a people, nothing is impossible to an able statesman" (*Works*, I, p. 14), if he makes use of "reason" rather than "artifice." On the other hand, Steuart regards the naive application of principles to reality without careful consideration of "the spirit of a people" as "abuse," and cautions a statesman against such action. His exposition of "the spirit of a people" does, indeed, mean that a statesman or an "artful hand" of the State forms a society, but in fact, socio-economic factors such as this spirit or customs of the people regulate the activities of government. It is this interpretation of history and society which connected Steuart with the Scottish Historical School.²⁰ It also is why he is regarded as an economic evolutionist

gouvernement; car nous ne faisons rien de mieux que ce que nous faisons librement, et en suivant notre génie naturel" (*EL*, XIX. 5).

(19) Of course, Steuart points out a few exceptional cases. For example; "Nothing is more certain than that the spirit of a nation changes according to circumstances" (*Works*, II, p. 20). Also, his phrase, "the total revolution in the spirit of the people of Europe" (*Works*, II, p. 150). However, the view that "the spirit of a people" relates to the making of modern man at a new stage in history (as discussed in I of this paper) is not the main theme of Steuart's political oeconomy. Such change is not, in principle, brought about by statesmanship, but transformed by slow degrees in response to the changes in the so-called infrastructure. Steuart's criticism of natural law seems to be related to his negative class-consciousness.

(20) Skinner (1963), p. 438. According to Skinner, Steuart's materialistic interpretation of history and society was influenced by Montesquieu's comparative static approach to the study of society.

in the history of economic thought.²⁰ After emphasizing the crucial significance of “the spirit of a people” for the *art* of political oeconomy, Steuart then begins to reconsider this concept in connection with the *science* of political oeconomy, *that is*, the problems of methodology.

[2] The sections of *Political Oeconomy* relevant to methodology are found primarily in the Preface, in the Introduction to Book I, and in Book I, Chapter 2, entitled “On the Spirit of a People.” His main points are summarized below.

(i) The general procedure for research in political oeconomy is divided into three parts: first, the extraction of principles (*i. e.* “such ideas as are abstract, clearly, simply and uncompound” *Works*, I, p. 218) through induction from reality=[A]; secondly, the feedback of the principles to reality (*or* “the objects on which they have an influence”) through deduction (*i. e.* “the whole chain of reasoning”)= [B]; thirdly, the establishment of a system of *art* and *science* (*i. e.* “a regular science”) through the combination or arrangement of the available principles (which have been already called “general rules,” “true propositions” and “truth”)= [C]; (*Works*, Preface).

(ii) A speculative person as a “citizen of the World” has to extract these principles on the basis of “observation” and “reflection” in the process of [A]. At the initial stage of [B], however, individuals concerned with political oeconomy are divided into two types; at this point, the statesman plays the more important role in political oeconomy than does the speculative person. Taking “the spirit of a people” into account, he applies principles to reality, and makes and executes his plan by trial and error. On the other hand, the speculative person steps “from consequence to consequence” (Chap. 2) and makes inferences (*i. e.* “deductions” in *Principles* and “definitions” in *Works*) to establish general propositions. It goes without saying that he also takes that spirit into account. Furthermore, the two processes are

20) Grossman (1943), pp. 506-7; Sen (1957), pp. 18-19.

simultaneous and repetitive.

(iii) The function of the speculative person, in stages [B] and [C], is to arrange or combine the principles. He builds some models based upon certain assumptions and an idea, and verifies the validity of his assumptions in the models.²² The method available to him is the arrangement of various categories "from great simplicity to complicated refinement" by employing the concept of "historical clue" (Chap. 2).

(iv) That is to say, it is an arrangement of various categories according to their "historical and genetic" order. This seems to be substantiated by the full title of *Political Oeconomy* as shown in Note 3 of this paper. Steuart's "system" appears to be just such an arrangement. This is also included in so-called methods of "conjectural economic history" which have been used occasionally by David Hume and extensively by Richard Cantillon.²³ While Steuart, like Cantillon, seeks to "employ the scientific methods of isolation and abstraction in economic analysis,"²⁴ he is also aware of "the difficulties in the way of quantifying *a priori* the dependent variables in particular conjecture of economic forces and relationship."²⁵ It is the "historical and genetic" approach to the study of economic institutions that Steuart has finally adopted.²⁶ The historicism in *Political Oeconomy* stems from this context.²⁷ A further implication of Steuart's description is that there

²² For example, Steuart says, "We have already laid down the principles which appear the most natural to engage mankind to labour, supposing all to be free..." (*Works*, I, p. 77). The term *coeteris paribus* used in Book I, Chapter 7 and Book II, Chapter 3 of *Political Oeconomy* is also related to such model-building.

²³ Johnson (1937), p. 215.

²⁴ Sen (1957), p. 28.

²⁵ Vickers (1959), p. 244.

²⁶ Unlike Steuart, Smith did not adopt this approach, resulting in a relatively slight emphasis on the problems of the underdeveloped economy in the *Wealth of Nations*. Cf. Skinner (1981), p. 40, n. 3; see also, Kobayashi (1967).

²⁷ It is a sort of "carefully detached" empiricism. Steuart owes this feature of political oeconomy to Hume (Skinner, 1966, pp. 1x f).

exists a certain doubt about the excessive abstraction of "general rules"; a speculative person should try repeatedly to refine them during the process of systematization of political oeconomy. This is based upon Steuart's own understanding of the difficulties in the logical transition from [B] to [C], *i. e.* the problem of ascertaining universal principles.²⁸ It is this understanding that has prevented the author from "running into what the French call "*Systèmes*" when his inquiries are "connected with the complicated interests of society" (Preface).²⁹ It seems, at the same time, that he cannot help differing slightly in his opinion on this point from that of Hume.³⁰

(v) The *art* and *science* of Steuart's political oeconomy has a dual structure: first, at the beginning of Book I he sets the super-historical process of metabolism of "mankind in general" in "society in the cradle"; and secondly, in Book II he inquires once again into modern society from its inception by extracting the principle of "industry" (Chap. 2). The systematization of political oeconomy at the stage of the primitive accumulation of capital cannot be possible

(28) "I am not fond of condemning opinions; but I am very much for limiting general propositions" (*Works*, I, p. 78). Also, "I do by no means establish this as an universal proposition; but I say it is true *for the most part*: and the intention of this chapter is to enable us to judge how far these limitations should extend" (*Works*, I, p. 143).

(29) "Système" seems to indicate "l'esprit de système" as noted in the 18th century French *Encyclopédie*, just as he used the term "the French" to refer to the Physiocrat.

(30) For example, Hume refers to the problem of ascertaining universal propositions as follows: "But however intricate they may seem, it is certain that general principles, if just and sound, must always prevail in the general course of things, though they may fail in particular cases; and it is the chief business of philosophers to regard the general course of things. I may add, that it is also the chief business of politicians, especially in the domestic government of the state, where the public good, which is or ought to be their object, depends on the concurrence of a multitude of causes; not, as in foreign politics, on accidents and chances, and the caprices of a few persons" (Hume, 1752, Rotwein, ed., 1970, p. 4). Steuart's criticism of Montesquieu's and Hume's quantity theory of money is based upon this point. See also, Hume (1748) on his criticism of Montesquieu's environmental political theory.

unless it is composed in this manner.³¹

(vi) Finally, the *art* and *science* of political oeconomy, which are divided in the process of [B], can be integrated into a grand system of political oeconomy (*that is*, a “regular science”) only by the emphasis of the statesman and the speculative person upon “the spirit of a people” in the process of [C]. When the statesman makes and executes his policies on the one hand, and the speculative person verifies and arranges the available principles in the design of models on the other hand, they both have to take this spirit into account. Steuart stresses here the inclusion of “the spirit of a people” into his procedure for research.³² “[T]hat principles,” he says, “however universally true, may become quite inefficient in practice, without a sufficient preparation of the spirit of a people” (*Works*, I, pp. 3-4). Thus, a “regular science” of political oeconomy develops through emphasis on the *art* of it.

The most remarkable feature in these arguments is that the notion of “the spirit of a people” has become the central theme in the methodology of political oeconomy. Steuart himself, as a speculative person, sought to participate in this process on the basis of “the spirit of liberty.”

[3] In the explanation of “the spirit of a people” which follows, Steuart’s tone modulates from the positive to the negative; *i. e.* the

31) As shown before, Steuart’s method of systematization of political oeconomy was in marked contrast to the Smithian method, which Smith employed in his analysis of his “commercial society.” Cf. Schumpeter (1954), p. 146; Sen (1957), p. 18.

32) The following statements clearly indicate the author’s intention: “This question [*i. e.* the theme of Book I, Chapter 16] comes immediately under the influence of the principles already laid down, and must be resolved in consequence of them. It is with a view to make the application of these, that I have proposed it; and, in the examination, we shall prove their justness, or discover their defects... It may be answered in general, that every such difference must proceed from what I call the spirit of the government and of the people, which will not only decide as to numbers, but as to many things” (*Works*, I, p. 133).

introduction of his own class-consciousness into scientific analysis. We ought, perhaps, to infer the reverse meaning of the following statement: "I have sometimes entered so heartily into the spirit of the statesman, that I have been apt to forget my situation in the society in which I live" (*Works*, I, p. xvi). Social reforms during his time hastened the fall of landlords and aristocrats, who were eclipsed by "the weight and consideration of wealthy merchant, and even the ease and affluence of the industrious tradesman." Consequently, their "warlike mobility" and "lofty sentiments" could not help surrendering to "the spirit of a moneyed interest." Saying that "I find nothing more affecting to a good mind, than to see the distress of a poor nobility in both sexes," Steuart entreats the statesman to help the poor nobility whose "military spirit" would be very useful in times of war (*Works*, I, pp. 83-5). His argument in this context must be understood in light of the reality of mid-18th century Europe, that is, the old military regime during the Seven Years War (1756-63).

This negative point of view enters into his notion of "the spirit of a people" in Book I, Chapter 2 of *Political Oeconomy*. The following sentences are therefore of interest.

"Can any change be greater among free men, than from a state of absolute liberty and independency to become subject to constraint in the most trivial action? This change has however taken place over all Europe within these three hundred years, and yet we think ourselves more free than ever our fathers were. Formerly a gentleman who enjoyed a bit of land knew not what it was to have any demand made upon him, but in virtue of obligations by himself contracted. He disposed of the fruits of the earth, and of the labour of his servants or vassals, as he thought fit... This, I say, was formerly the general situation of Europe, among free nations under a regular administration..." (*Works*, I, pp. 16-17).

Steuart was afraid, nevertheless, that the situation of Europe after three hundred years had undergone a complete change. "He" in the above sentences has been burdened by heavy taxes. As this is nothing

but "the great abuse of governors,"³³ they must build a new taxation system consistent with "the spirit of the people." If so, "we see them [*i. e.* the people] upon many occasions submitting with cheerfulness to very heavy impositions, provided they be well-timed, and consistent with their manners and disposition" (*Ibid*). It is evident that the "free men" described above were not the common people but the old landlords and aristocrats and that their "absolute liberty" did not exist among the common people. One cannot help but conclude that Steuart's concept of "liberty" is arbitrary. What is perhaps more important is his conservative attitude toward "the spirit of a people," an attitude which he fully employs in order to rationalize the survival of his own ruling classes. The following statement seems to indicate that Steuart has foreseen the possibility of his own theoretical failures, the most representative of which appears in his Bullionist view of "the balance of wealth" in Book II, Chapters 26 and 27 of his *Political Oeconomy*.

"The great art of governing is to divest one's self of prejudices and attachments to particular opinions, particular classes, and above all to particular persons; to consult the spirit of the people, to give way to it in appearance, and in so doing to give it a turn capable of inspiring those sentiments which may induce them to relish the change, which an alteration of circumstances has rendered necessary" (*Ibid*).

This is inconsistent with Steuart's usual view. He shifts the true meaning of the *art* of political oeconomy from reasonable statesmanship to "artifice" or trick, especially in the latter half of the statement cited above. This shift in his argument accentuates all the more the conservative aspects of "the spirit of a people" in his theory of polit-

33) Montesquieu has also given attention to the relation between liberty and the taxation system as follows: "Les grands avantages de la liberté ont fait que l'on a abusé de la liberté même... La liberté a produit l'excès des tributs; mais l'effet de ces tributs excessifs est de produire à leur tour la servitude, et l'effet de la servitude, de produire la diminution des tributs" (*EL*, XIII. 15).

ical oeconomy.

V

The analyses in each section of this paper indicate Steuart's inclination toward political conservatism: for example, his dualistic interpretation of "liberty," his opinion on the moderation of social reform, and the arbitrary use of "the spirit of a people" for the old ruling classes.

Admitting the necessity of social reforms based upon "the spirit of liberty," Steuart calls upon the statesman's concern for "the spirit of a people" so as to prevent the downfall of the ruling classes as a result of the reforms. This is his true motivation behind his concern for "the spirit of a people." This concept is also supplemented by another concept of "the spirit of a class" (Book I, Chap. 11) and shaped into the more concrete concepts of "the spirit of nations" (Book I, Chaps. 12, 13) and "the spirit of the times" (Book I, Chap. 7). The notion of "the spirit of nations" is adapted from Montesquieu's "l'esprit des lois" and related to his comparative study of governments. This is seen in Steuart's comparative social history in *Political Oeconomy*, where "liberty" in the ancient Spartan Republic provides a standard for comparative studies (*e. g.* Book I, Chaps. 12, 14; Book II, Chaps. 13, 14, etc). It also seems to indicate Steuart's rather close correspondence with the view of Adam Ferguson in the Scottish Historical School.³⁴

34) However, Ferguson is much more conservative than Steuart in his political philosophy (Adam Ferguson, *An Essay on the History of Civil Society*, Edinburgh, 1767, especially Part V, Chaps. 2-4). Ferguson's notion of "the national spirit" is tinged with the moral sense of a Scottish nationalist. For example, "The public safety, and the relative interests of states; political establishments, the pretensions of party, commerce, and arts, are subjects which engage the attention of nations. The advantages gained in some of these particulars, determine the degree of national prosperity. The ardour and vigour with which they are at any one time pursued, is the measure of a national spirit. When those objects cease to animate, nations may be said to languish; when they are during any considerable time neglected, states must decline, and their people degenerate" (Ferguson, 1768, p. 322).

Steuart must be appreciated as a “political economist” and his political oecconomy as a “regular science.” His own methodology of political oecconomy has given rise to various negative as well as positive features in his economic theories. Steuart’s positive contributions to economic theory and policy are as follows: the extraction of the concept of “industry” peculiar to modern society, the combination of the social division of labour with “effectual demand” management policy, his *de facto* understanding of the process of primitive accumulation of capital (Book I), the concept of “positive profit” yielded in the production process, the elucidation of the process of equilibrium price determination, the criticism of the quantity theory of money (Book II), and the plan of various fiscal and monetary policies discussed in the successive Books of *Political Oecconomy*. These achievements by Steuart are due to his own methodology of political oecconomy. On the other hand, the same methodology has caused some class-conscious distortions in the policy-making area in his system of political oecconomy. These are particularly apparent in Mercantile (sometimes, Bullionist) policies at the stage of “foreign and inland” trade, which did not mean the emergence of capitalist society but the perpetual process of primitive accumulation of capital.⁶⁵

Accordingly, the true nature of Steuart’s political conservatism⁶⁶ ought to be considered in connection with his theory and policy, at

65) Steuart felt at home on the Continent, especially in the *ancien régime* of France. “...all the principles of political oecconomy, which we have been inquiring after, may freely operate in this Kingdom [France]” (*Works*, I, p. 191). See also Sen (1957), pp. 9, 12.

66) Sen makes a relevant comment on Steuart’s conservatism. “His real conservatism...does not lie in his praise of the power and authority of the state or in any lack of concern for civil liberties but in his general outlook towards society and in his anxiety to preserve the social order from any sudden and major change liable seriously to disturb the relative balance of classes. And in so far as he expects the state to control the operation of economic forces with a view to maintaining this balance, he is essentially a conservative” (Sen, 1957, p. 24). In an economic sense, it is a problem of the *planned* economy based upon compulsion (*Ibid.*, p. 132).

least with his methodology of political oeconomy. Factors to be considered in this light are the author's final inclination towards the *art* rather than the *science* of political oeconomy, the adoption of the historical and inductive method, and the introduction into methodology of the concept of "the spirit of a people" defined as the *free manifestation of self-interest in modern individuals*. These are all key features of the methodology adopted by the disciple of "the great Montesquieu," who viewed historical relativism in contrast to deism based upon the idea of natural law. Stuart's political conservatism stems from his criticism of natural law, and it is the criticism of natural law which paved the way for his methodology of political oeconomy and theory of history.

"The rights of Kings, therefore, are to be sought for in history; and not founded upon the supposition of tacit contracts between them and their people, inferred from the principles of an imaginary law of nature, *which makes all mankind equal*: nature can never be in opposition to common reason" (*Works*, I, p. 320).

For Stuart, the *interdependent* relationships among equals in modern society lay the conservative foundation for laws by combining inevitably with the relationships of *subordination*.

It may be said that Stuart's political conservatism has succeeded that of Montesquieu through his own acceptance of Hume's ideas, especially in his *An Enquiry concerning the Principles of Moral* (1751).³⁷ Stuart therefore ought to be included in the Scottish Historical School,

37) On the intellectual relationship between Montesquieu and the Scottish Historical School, see P. E. Chamley (1975). Also Marx's criticism of the concept of natural law is still of value (Marx, 1859, SS. 227-8).

Johnson refers to Stuart's predecessors as follows: "Petty's theory of the rôle of an agricultural surplus, Hume's experimental method, Wallace's and Hume's inquiries into population theory, Cantillon's anthro-economic history, Petty's and Davenant's political arithmetic, Montesquieu's environmental political theory, all these and many other intellectual ingredients were compounded in Stuart's *Political Oeconomy*" (Johnson, 1937, p. 210).

whose members range from Adam Ferguson to John Millar.⁶⁸ Stuart's conservatism, however, was not simply the repetition of Montesquieu's thought, nor the thought of a feudal reactionary. Stuart, as a political economist, clearly demonstrates this in his opinion of gradual social reforms; that is, of economic control in a free exchange economy.

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⁶⁸ Meek (1967), p. 13. John Millar also calls Montesquieu "the great Montesquieu." He writes, "The great Montesquieu pointed out the road. He was the Lord Bacon in this branch of philosophy. Dr. Smith is the Newton" (Millar, 1787, 2nd ed. 1790, p. 528n).

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