

Lord Townshend and the Influence of Moral Philosophy on *Laissez Faire*

by Salim Rashid

Department of Economics
University of Illinois

The influence of moral philosophy on the rise of *laissez faire* is a topic that several scholars have examined. The late Jacob Viner said that "the most important intellectual developments which finally prepared the group for the formulation of an economic doctrine of *laissez-faire* consisted of contributions by moral philosophers and theologians."¹ All known examples of such influence do not deal explicitly with economic issues, but rather state in general terms that "Self-Love and Social be the same"; as a result, the moral philosophers did not advance from social philosophy to economic analysis.² The gap between the two fields was, however, explicitly bridged by Charles, the third Lord Townshend.

To his contemporaries the third Lord Townshend would probably have been best known as the son of "Turnip Townshend," diplomat and scientific farmer; to those active in gay social circles he would also have been the husband of the beautiful and witty Audrey Townshend, while after his death he may have been remembered as the father of the brilliant Charles Townshend, whose plan to tax the American Colonies had such unforeseen consequences. He has been considered a dull, boorish man little given to intellectual activity. This does him great injustice. Although scion to one of the great agricultural houses of Britain, he wrote a tract opposing the bounty on corn, which he signed "By a Landowner," in order to emphasize that he was writing against a policy from which men like him benefited.³ What is of more importance is that Townshend's subsequent correspondence shows him to have become a staunch believer in *laissez faire*. We are thus faced with two thinkers in the mid-eighteenth century independently advocating *laissez faire*—Adam Smith in Scotland and Lord Townshend in England.

The extant correspondence that is relevant consists of the letters of Lord Townshend to the Reverend Josiah Tucker, one of the celebrated economists of the eighteenth century,⁴ and of Townshend's letters to the Vice-Chancellor of Cambridge University, the Reverend P. Yonge.⁵ The importance of the Townshend-

Tucker correspondence was noted by the editor of the Townshend papers, who said that it formed "a singular contribution to the history of the study of political economy." Jacob Viner also noticed the correspondence in his *Guide to the life of Adam Smith* and pointed out that Lord Townshend showed "strong free-trade tendencies."⁶ Inexplicably, however, Viner attributes the correspondence to the son and not to the father; possibly he was led to thinking that because Charles Townshend, the son, later chose Adam Smith to tutor his stepson, Charles must himself have taken an interest in economics.

Lord Townshend's first published pamphlet is entitled *National Thoughts* and it has often been ascribed to the more famous son, also called Charles Townshend.⁷ The text of the pamphlet is concerned with reforming the morals of the common people, a concern probably inspired by Henry Fielding's *Enquiry into the Causes of the Late Increase of Robbers* (1751). Lord Townshend blames drunkenness and idleness as the causes of the miserable condition of the poor and suggests as a cure the prohibiting of all small credit—no debt of less than £3 should be liable in court. This, he felt, would provide an effective check to an evil that flourished largely because of the ease of buying on credit.⁸ It is only in the appendix that Lord Townshend, along fairly well-trodden lines, attacks the corn bounty. He argues that a country should not export any commodity that is a raw material for the production of exports, and, least of all, pay a bounty on such goods. As corn was necessary for labor and labor was essential to all production, the folly of a bounty on the export of corn was evident.⁹

As he explained later to Tucker, the pamphlet was hastily written to support a bill on the poor that Townshend wished to introduce into Parliament and as such did not embody his best thoughts.¹⁰ It was while discussing this bill with a fellow Member of Parliament that Townshend was told of Tucker's tract defending the naturalization of foreign Protestants and this led Townshend to search out other pamphlets of Tucker's and to open a correspondence with him. Although agreeing on all points of principle, Tucker was initially hesitant about the harmfulness of the bounty on corn. Eventually, however, he was entirely converted by Lord Townshend's arguments against the bounty.¹¹

The unusual feature of Townshend's letters, a feature not really visible in his pamphlet, is his philosophical approach; this is well described by Tucker in one of his letters to Lord Townshend:

I am mightily pleased with yo^r Lordship's general Remarks, & manner of accounting for People's frequent & gross Mistakes in y^e Affairs of Commerce: It certainly is as yo^r Lordship observes, by arguing from Particulars to Generals; whereas in this Case a Man sho^d form to himself a General Plan drawn from y^e Properties of Commerce, & then descend to particulars & Individuals, & observe whether they are co-operating with y^e general Interest: Unless he doth this, he studies Trade only as a Monopolist, & doth more Hurt than Good to the Community.¹²

The most indicative sentence above is the attribution of mistaken views of commerce to the spirit of monopoly. It was Townshend's belief that only a free trade would properly lead to the prospering of society as a whole. This is seen in the sharp manner in which he criticizes Sir Matthew Decker for not having been a consistent advocate of freedom of trade. After praising Decker's attack on the corn bounty, Townshend notes, "Notwithstanding all this sound Doctrine he proposes to form Companies and to erect Magazines of Corn in every County. . . . A most surprising absurdity and inconsistency." Townshend then goes on to state the "correct" policy to be followed.

If Trade and Industry and all our Ports were thrown open and all Duties, Prohibitions, Bounties, and Monopolies of every kind whatever were taken off [f] and destroy'd as you have very judiciously proposed, you would, I am perswaded, soon find that private Traders here would erect Warehouses for Corn as they have done for other manufactures and we should then have them on a reg[ular] and natural footing and this Island would then be, as Holland has been, the great market of Europe for Corn. But as long as the Bounty remains this cannot be. . . .¹³

This is surely an elaborate statement of the doctrine of free trade, and its coincidence with the espousal of similar ideas by Adam Smith is remarkable.¹⁴ We know that Smith had delivered lectures in 1751 in which he claimed that liberty and justice was all that was required to provide opulence. There is no evidence to suggest that Smith knew Lord Townshend or vice versa, and the independent discovery of *laissez faire* by two individuals is perhaps evidence that such notions were "in the air."

In the *National Thoughts*, Lord Townshend's thoughts are undoubtedly paternalistic. He begins by urging the great importance of the welfare of the laboring poor for any nation. This leads him to worry about regulating credit, as mentioned earlier, as well as insisting upon the necessity of keeping the poor actively employed so that they do not lose their industrious habits. "I always consider this class of people," he explicitly states in justification of his paternalism, "as in some respects in a state of minority."¹⁵ Concern for teaching the poor their own well-being disappears from Lord Townshend's later letters. Why was this so? The most probable explanation would seem to be that, having accepted the validity of *laissez faire*, Townshend came to believe that the poor could not be helped more than by making them free to help themselves. This is consistent with the bill Lord Townshend introduced in Parliament to enable greater labor mobility.

Townshend was so impressed with the importance of a knowledge of the true principles of trade that in 1756 he instituted prizes at Cambridge for essays on economic topics. The University was initially a little worried about how so useful and topical a subject as trade would fit in with the traditional emphasis on classics and mathematics, but eventually agreed. The competition did not continue owing to an argument between the University and Lord Townshend on the question

chosen for the first year; Lord Townshend had wished for "What influence has Trade on the Morals of a Nation?"—a question that the University rejected on the grounds that it seemed to bear too closely on the recent agitation against a bill for the naturalizing of Jews. Townshend made it clear that he thought such an excuse a flimsy one.

There is not any moral Duty which is not of a Commercial nature. *Freedom of Trade is nothing more than a freedom to be moral Agents.* And since a free moral Inquiry into this most interesting Theory, on the Observance of which the happiness of this Life and of the next do entirely depend, cannot be allow'd at your University I have done, and have nothing more to add than that I am-S^r-Your obd^t humble Serv^t [emphasis added].¹⁶

This is indeed approaching economics through moral philosophy! It is also a viewpoint whose only consistent outcome would be laissez faire, a point highlighted by the suggestive nature of some of the other questions chosen by Lord Townshend; the second question, in particular, is clearly meant to be rhetorical.

Has a free trade or a free Government the greater effect in promoting the wealth and strength of a Nation?

Can any restraints be laid on trade or industry without lessening the advantages of them? And if there can, what are they?

Is there any method of raising taxes without prejudice to Trade? And if there is, what is it?²⁷

The influence of Lord Townshend on his contemporaries is difficult to gauge. The *Monthly Review* guessed the author's identity immediately upon publication of the *National Thoughts*, and this pamphlet was quoted the next year in an interchange of views on the benefits of the corn bounty.¹⁸ The copy of the *National Thoughts* now at the Goldsmith's Library in London is inscribed "To Mr. Richardson." Who is this Mr. Richardson? My guess is that it is Edward Richardson,¹⁹ a journalist who often wrote in the *Gazetteer* as the "Inquisitor," because Tucker once inquired of Lord Townshend the name of the author of a paper in the *Gazetteer* that Tucker and his merchant friends liked and wished to have reprinted. This conjecture of Lord Townshend's active involvement receives some further support from the pamphlet *Considerations on the Utility and Equity of the East India Trade* (1768). The unknown author argues for breaking the East India Company's monopoly and regrets the death of Lord Townshend, who, he asserts, had much knowledge of commercial questions. The extent to which Lord Townshend won converts is not clear, witness his failure at Cambridge, but there seems little reason to doubt that laissez faire was preached in England prior to the *Wealth of Nations*.

It is hard to overemphasize the identity of philosophical outlook between Lord Townshend and Adam Smith in the 1750s. While the former was basing the right to free trade on the rights of individuals, the latter, as we remarked earlier, was

lecturing that liberty, light taxes, and peace would raise a country to affluence, rather than any regulations on its trade. In addition, on an important policy issue—the corn bounty—their arguments are very similar. Both attack the bounty for having reduced the subsistence wages in foreign countries, thereby harming Britain's export manufacture by lowering foreign costs of production.²⁰ The extant correspondence makes it clear that Lord Townshend would have supported a full freedom of trade, both domestic and foreign, and he may thus be considered a full-fledged exponent of *laissez faire*.

NOTES

1. As quoted in M. L. Myers, "Philosophical Anticipations of Laissez-Faire," *History of Political Economy* 4 (Spring 1972):163-75. Very similar statements, however, appear in Jacob Viner, "The Intellectual History of Laissez-Faire," *Journal of Law and Economics* 3 (1960), p. 58; and *Studies in the Theory of International Trade* (New York: Harper, 1937), p. 91.
2. Myers, "Philosophical Anticipations." Further references to the literature are provided in this article.
3. *National Thoughts, Recommended to the Serious Attention of the Public. With an Appendix, Shewing the Damages arising from a Bounty on Corn* (London: R. Dodsley, 1751).
4. For an account (albeit somewhat inadequate) of Tucker, see W. E. Clark, *Josiah Tucker, Economist* (New York: Columbia University Press, 1903).
5. This correspondence is calendared in the Eleventh Annual Report, Historical MSS Commission, Appendix, part iv, pp. 371-79 and pp. 382-409, hereafter referred to as HMC. The Historical MSS Commission does not, unfortunately, know the current whereabouts of these letters, and my inquiries have hitherto been without success. The correspondence is not noticed by D. A. Winstanley in *The University of Cambridge in the Eighteenth Century* (Cambridge: Cambridge University Press, 1922). The existence of both sources was noted by Clark in *Josiah Tucker*, but he made no use of them.
6. Jacob Viner, *Guide to John Rae's Life of Adam Smith*, Preface to reprint of John Rae's *Life of Adam Smith* (1895) (New York: Augustus Kelley, 1965), pp. 83-84.
7. This pamphlet is erroneously attributed to Charles Townsend, the son, in the catalogues of the British Library (Museum), Beinecke Library (New Haven), and the Kress Library (Cambridge, Mass.).
8. *National Thoughts*, note 3, pp. 4-9.
9. The argument thus resembles that of a work attributed to Sir Matthew Decker, *An Essay on the Causes of the Decline of the Foreign Trade*, 2d ed., (London: J. Brotherton, 1750). The relevant parts of Townshend's arguments may be found in D. G. Barnes, *A History of the English Corn Laws* (New York: Crofts, 1930), pp. 24-25.
10. "For encouraging Industry, by removing certain Disabilities and Restraints contained in former Acts, presented by the Lord Viscount Townshend, and read, and ordered to be printed, 5th February (1753)." *Calendar of Bills in the House of Lords*, p. 320. Petitions for and against the Bill were presented from Norfolk and London, respectively. No action was taken on the Bill.
11. Townshend to Tucker, 6 May 1752; Tucker to Townshend, 13 July 1752, HMC, pp. 376, 379.
12. Tucker to Townshend, 22 April 1752, HMC, p. 375.
13. Townshend to Tucker, 6 May 1752, HMC, p. 377.
14. The only puzzle about the paragraph just quoted is that Townshend attributes the idea to Tucker, whereas the correspondence makes it clear that it was Townshend who convinced Tucker of the detrimental effects of the corn bounty; further evidence, described later, suggests that it was Townshend who really approached the subject from the libertarian viewpoint.
15. *National Thoughts*, note 3, p. 16.
16. Townshend to Dr. Law, 26 June 1756, HMC, p. 392.
17. Townshend to Dr. Hugh Thomas, 18 January 1755, HMC, p. 386. Lord Townshend's reason for disliking the question actually proposed is somewhat whimsical. The question asked was,

"What causes principally contribute to render a Nation populous, and what Effect has the populousness of a Nation on its Trade?" Townshend thought well of the first half, as the implied answer was that greater trade would enable a greater population to subsist. The second half, however, suggested that populousness was in turn a cause of greater trade. As nothing could be both cause and effect, the question was absurd, he declared! HMC, pp. 388-90. The prize-winning essay was that of the Reverend W. Bell. It provoked a retort by William Temple of Trowbridge, *A Vindication of Commerce and the Arts* (London: J. Nourse, 1758).

18. *Monthly Review* (March 1751), p. 378; *Considerations concerning taking off the Bounty on Corn Exported* . . . (London: M. Cooper, 1753).
19. Ninetta S. Jucker, ed., *The Jenkinson Papers, 1760-1766* (London: Macmillan, 1949).
20. Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, ed. E. Cannan (New York: Modern Library, 1937), p. 480.