

Capital Pre-Visited

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If Thomas Hodgskin came back to life and heard that he had gone down in history as a "Ricardian socialist", together with William Thompson, John Gray and John Francis Bray, none of whom were anything more than distant references to him, he would probably be extremely surprised, or even angry. He was certainly much closer to Adam Smith, whom he quotes extensively, than to the author of the *Principles*, whom he cites only occasionally. A socialist he certainly was not, as he valued individual property and dismissed any state interference as "meddling" and "unnatural". If he must be labelled, he would be better served by such terms as "Lockean anarchist". Thompson was a Smithian Benthamite, and -unlike Hodgskin -an Owenite. Gray - though an Owenite too - was above all a monetary reformer, and Bray, who came after them, drew upon everyone but acknowledged his debt to none.

The man responsible for this strange taxonomy was an Austrian, Anton Menger, whose book *Das Recht auf den vollen Arbeitsertrag in geschichtlichen Darstellung* came out in 1896 and was translated three years later into English, under the title *The Right to the Whole Produce of Labour* with a preface by H.S. Foxwell. In it, Foxwell insinuated that Marx had plagiarised Bray. "It was fortunate for Marx," he asserted, "that in Germany also Bray was then 'little known'". (106) In the same period, in 1894, Beatrice and Sidney Webb were not much kinder to the author of *Capital*, calling him "Hodgskin's illustrious disciple". (147) In both cases, saving the "Ricardian socialists" from oblivion does not appear to be a totally innocent rescue operation. Just as Marx himself praised Bray only to shoot down Proudhon better, the Fabians, and others, eulogized Hodgskin, Thompson or Bray to play down the historical contribution of "scientific socialism".

The re-discovery of Hodgskin and Bray late in the 19th century may not have been free of hidden intentions. Nonetheless, it made it possible for others to get acquainted with these four writers. Esther Lowenthal was one of them. Her famous book, *The Ricardian Socialists*, was, early in the 20th century, the first important contribution to the understanding of this "school". In France, at the same time, Elie Halévy published his *Thomas Hodgskin*. In the middle of this century, some of the major works of the "Ricardian socialists" were reprinted by Augustus Kelley in New York, making them available again to the scientific community at large. More recently, in the 1980s, a number of contributions testify to a continued interest in the works of the early British (or Irish - or American) reformers.

Of the four, only Hodgskin was English. Gray was Scottish, Thompson Irish and Bray American - though he spent twenty years in Leeds where he wrote his main work, *Labour's Wrongs and Labour's Remedy* (1839) - and was believed to be English until late in the 1920s. In terms of class membership, he was the only one who

belonged to the class they defended : the working class. He was a printer; he had experienced unemployment and "trampism" (walking from town to town in search of a job). In contrast, William Thompson was an immensely rich land owner. In 1814, he had inherited an estate of 560 hectares. "I ought to blush," he wrote at the beginning of *Labour Rewarded*, "(...) I have been living on what is called rent, the produce of the labour of others". (LR 1) Gray made a lot of money selling books (not his) and died unknown, but a rich man. Hodgskin did go through some harsh times, but even then he could rely on his half pay as a retired navy officer (he had been dismissed for opposing the hierarchy) to help tide him over.

Does it make any sense, then, to group them together? Did they not differ in everything - nationality, occupation, inspiration? Although they hardly knew each other, they shared some essential ideals, in the period from 1820 to 1840. They all criticized the rising industrial capitalism and classical political economy; they all defended the claims of the working class, trying to turn the very weapons of the economists against the "dismal science". True, their collective name, "the Ricardian socialists", was not felicitous - but it stuck. After all, *public schools* in Britain are far from being "public" - everyone knows but no-one cares - so why should not Smithian or Lockean reformers be called Ricardian?

The Productiveness of Capital

What does matter is what they contributed to the history of economic and political thought, and what can be learnt from their visit to the *terra incognita* of capital, years before Marx wrote his major work. The notion of "capital" was still shrouded in mystery. "One is almost tempted to believe," Hodgskin wrote, "that capital is a sort of cabalistic word" (LD 60) and Bray, alluding to the relationship between Capital and Labour, speaks of "unseen magic". (61) Something strange - Hodgskin would say "unnatural" - seems to be taking place. "If a man accumulates a fortune," Gray argues, "and chooses to retire upon it, the moment he ceases to do something to support himself, that fortune ought to decrease by every shilling he takes from it; as the bee fills her hive in the summer and consumes the produce of her industry in the winter". (LHH 33) Similarly Bray wonders how wealth can have "a procreative and apparently self-generating power, such as replenishes all waste from consumption; for, unless it is renewed by labour, wealth, when once consumed, is given up for ever". (109)

The productiveness of capital is probably best questioned in Hodgskin's *Labour Defended against the Claims of Capital* (1825), whose subtitle reads unambiguously : *The Unproductiveness of Capital Proved with Reference to the Present Combinations Amongst Journeymen*. Hodgskin goes back to the distinction between circulating and fixed capital. He first examines circulating capital, which, for him, is identical to the wage supply in all but name. He starts out by quoting from *The Wealth of Nations*. A weaver, Smith explains, could not apply himself to his work unless there was beforehand stored up a stock "sufficient for his maintenance, and for supplying him with the materials and implements required to carry on his work, till he has not only completed, but sold his web". (LD 36) It is fair, Smith contends, that he who has accumulated wealth (the capitalist) should be entitled, together with the weaver, to part of the reward.

Hodgskin goes on to explain that neither the food the weaver consumes - which

is a perishable commodity - nor even the clothes he wears have effectively been accumulated beforehand. They are produced on a day to day basis, at the same time as the other manufactures, by other workers. The capitalist is only the middleman between all these "coexisting" labours. As he puts it in his *Popular Political Economy*: "Labour, not capital, pays all wages". (PPE 247) In *Labour Defended*, he alludes to the social relationship between capital and labour which accounts for the capitalists' advantage. "It is by the command the capitalist possesses over the *labour of some men*, not by his possessing a stock of commodities, that HE is enabled to *support* and consequently employ other labourers". (LD 52 - original stress)

So circulating capital is not productive. Labour alone is. To be sure, circulating capital is what gives the workers time to get through the skilling process. "The only advantage of circulating capital," Hodgskin notes, "is that by it the LABOURER (...) has time to learn an art, and *his* labour is rendered more productive when directed by skill". (LD 36 - original stress) But this circulating capital is in fact nothing but the flow of coexisting productions, mediated by the capitalist. No-one would set to work, especially for a long-term task, and no-one would care to get trained or train other workers, had they not the assurance that during the days or months they worked, they would lack nothing. But this assurance is not given by the accumulated stocks, simply because they do not exist. It is provided by the labourers being confident that other workers will go on producing food and clothes. "While they are teaching the rising generation skilled labour, and instructing their children in the useful arts, (...) the farmer will continue to grow corn and the miller to grind it". (LD 48)

Hodgskin then turns to fixed capital. Here again, the capitalist claims a reward for allowing the workers to use his machines, tools or buildings. But fixed capital too, Hodgskin contends, depends upon labour. That indebtedness is twofold. In the first place, the former is the fruit of the latter. "All fixed capital," he affirms, "(...) is the creation of labour and of skill, of different species of labour and skill certainly, but of nothing more than labour and skill". (LD 56) Secondly, fixed capital, once it has been set up, is no better than a heap of scrap metal doomed to rust unless it is given life by the hand of a worker. "Whether an instrument shall be regarded as productive capital or not depends entirely on its *being used*, or not, by some productive labourer". (LD 57 - original stress) Referring to the fixed capital which is emblematic of the Industrial Revolution, the steam engine, Hodgskin remarks: "Its vast utility does not depend on stored-up iron and wood, but on that practical and *living* knowledge of the powers of nature which enables some men to construct it, and others to guide it". (LD 61 - my stress)

The *living* knowledge and skill of labour are constantly opposed to the *lifeless* inertia of capital. To emphasize the unproductiveness of capital, as opposed to the productiveness of labour alone, Hodgskin stresses this other opposition, which foreshadows Marx, between what will be termed living and dead labour. "Capital," Marx was to write, "is dead labour that, vampire-like, only lives by sucking living labour, and lives the more, the more labour it sucks". (C 216) Hodgskin turns the question: "what could a carpenter effect without his hatchet and his saw?" into "what could the hatchet and saw effect without the carpenter?". (LD 61)

Thus man is brought back to the foreground of the economics. Hodgskin keeps on opposing *things*, whether they be natural things, like the climate, the fertility of the soil, or man-made objects, like machines or tools, to *people*, who create, maintain

and operate these objects and make - or do not make - the most of the natural conditions. Thus, in his *Popular Political Economy*, in an unusual reference to New South Wales, he contrasts the "few straggling savages in the very lowest state of degradation and destitution" (PPE 8) who could hardly keep body and soul together on such a vast territory, and the happy condition of the European settlers on the same land. Similarly, Mexicans starve on a fertile land and the Indians of North America are portrayed in the same ungenerous light. On the contrary, the genius of man can work miracles. "Labour, enlightened, well-directed labour, converts the sterile rock into a fertile field; and it is no exaggeration to say that it gathers bread from the salt wave". (PPE 16) Without labour, as McCulloch - quoted by Hodgskin - puts it, we could starve in an orchard or die of thirst on the bank of a river. (PPE 20)

This emphasis on people as opposed to things, or on living labour as opposed to dead capital, results in a population-oriented growth theory. If the only stimulus to economic development comes from man, then the more men the better. "The foundation of all national greatness," he asserts, "is the increase of the people. (...) How could the forests of Germany have been cleared, and the marshes of Britain drained, had not the people outgrown the spontaneous means of subsistence which adorned the ground, sparkled on the hedges, or dropped from the stately tree?" (PPE 26) It is the "instinctive love of offspring" (*ibid.*) which forces man into developing his skills and acquiring useful knowledge. He attacks Malthus and his followers for taking a biased view of the population problem, by looking at it "with reference only to its operation under the perverting control of human institutions and an unjust distribution of the products of labour", thus finding in the principle of population "an excuse for the consequences of their own rapacity". (PPE 93) Demographic growth means want, necessity, hence exertion and invention. "Almost all discoveries and improvements," he remarks "have been made in crowded cities and in densely peopled countries". (PPE 95) Whereas William Thompson dismisses Malthus's population principle as a mere "scare-crow" and is confident that people will be "prudent" and will regulate births as the rich already do (DW 535), Hodgskin takes an opposite view - population *will* multiply, he says, but so much the better. Another point, which we will not develop here, is that, for Hodgskin, more people means an increased home market and an adequate outlet for production. "(Workers) and their productions are mutually the market for one another". (PPE 116)

Capital and Skill

Thus a growing population is associated with increased skill and knowledge. It has been apparent from many previous quotations that skill is at the centre of Hodgskin's economic analysis. The word "labour" is hardly ever used without "skill": "skilled labour", "labour and skill". Fixed capital, we saw, is for him the fruit of skill, and learning a skill is one of the main interests of circulating capital, that is to say, in Hodgskin's words, "coexisting labour". There is a direct ratio, he goes on to say, between fixed capital and skill. "As the *efficiency* of the fixed capital is increased by men obtaining greater knowledge and greater skill, it is quite possible, and is the case, that a greater quantity of commodities (...) is obtained with less capital". (LD 69) People fail to realize it because skill, unlike a machine or a building, is not a thing to be *seen*. The pre-eminence of skill is underestimated because of what Marx was to call the *fetishisation* of commodities. "The productive power of this skill is attributed

to its visible products, the instruments, the mere owners of which, who neither make nor use them, imagine themselves to be very productive persons". (PPE 251)

For Hodgskin, skill is distinct from but not inferior to knowledge. Between Watt's scientific achievements and the workers' "know-how" (as we would say today), he refuses to see a difference in value. Indeed one cannot go without the other. How come, he asks, people on the Continent, albeit fully acquainted with the theory, "are nearly incapable of erecting a steam-engine without the assistance of English workmen?" (PPE 91) The reason for Watt's success is that "he must have met with a vast deal of practical manual skill ready formed (...) or he could not have succeeded in manufacturing his own inventions. (...) Without practical manual skill, the most elaborate learning may be of no use, and without dexterous workmen, the most ingenious contrivances must be classed merely as visionary dreams". (PPE 91)

The skill of labour is therefore a wealth which is created in the working process and transmitted from generation to generation. In a brilliant formula which was singled out by Marx, Hodgskin concludes: "The only thing which can be said to be stored up or previously prepared is the *skill of the labourer*". (LD 46) In his *Theories of Surplus Value*, in which he devotes over sixty pages to Hodgskin's economic analysis, Marx takes up this idea: "The accumulation of the workers' skill and scientific power constitutes itself the principal accumulation and is incomparably more important than the *present objective* conditions which go abreast with it and merely represent it". (312 - original stress) The only real heritage of a country, Hodgskin contends, is the human treasure of its workers' skills.

Who has been paying for the "storing up" of such a treasure? Who has been bearing the cost of "skilling" the workers? Not those who reap the profits of industry, Hodgskin answers, but the labourers themselves, who, inside the workshop, teach their children what used to be called "the mystery" (E.P. THOMPSON 279), that is to say the secrets of the trade, the "adroit turns of the hand". "For the rearing and educating all future labourers (of course I do not mean book education," he specifies, "which is the smallest and least useful part of all which they have to learn) their parents have no stock stored up beyond their own practical skill. Under the strong influence of parental love, they prepare by their toils, continued day after day (...) those future labourers (...) who will inherit their productive power". (LD 50)

Next to the question of who pays for the training of skilled labour comes the question of how to reward skilled labour. Should we put trades into a hierarchy according to their skills and reward them accordingly? Is there a right price for every skilled labourer? Does it depend on how long the skilling period extends, or on any other cause?

Other questions should be asked first. What is a skilled worker? Is the master of a manufacture a "skilled worker" too? Is he entitled as such to a reward? The labour movement was at that time divided on that issue. Hodgskin's answer, like Bray's, is unambiguous. There are two men in a capitalist, they argue: the owner of capital, living on profit, and the employer, who works. Bray writes that the capitalist is entitled to "nothing except a reward for his labour equal to that which any other man receives for an equal expenditure of labour" (BRAY 59 - my stress), implying that he also is a worker and qualifies as such for a pay. In a more explicit way, Hodgskin states that management is a skill which deserves a reward, and so is salesmanship. "The knowledge and skill of the master manufacturer, or of the man who plans a produc-

tive operation, (...) and who has some tact in buying and selling, are just as necessary for the complete success of any complicated operation as the skill of the workmen". (LD 88) Unlike John Gray, Hodgskin and Bray rank employers among those who are partly productive.

But things are changing, Hodgskin goes on to say, as workers acquire more knowledge. In a passage quoted by Marx in *Capital* (Book III, chapter XXIII), he notes "The wide spread of education among the journeymen mechanics of this country diminishes daily the value of the labour and skill of almost all masters and employers by increasing the number of persons who possess their peculiar knowledge". (LD 98) In other words, the category of workers called employers are in jeopardy as they - like many others - run the risk of being "deskilled". As owners of capital, they have always been useless. As managers, they might very soon be made redundant. An argument kept cropping up at that time in conservative circles which could be summed up by the question: "what would workers do if Capital fled the country?" Hodgskin has this answer: "The combination of workmen will not frighten away their own skill, nor unlearn them what they have learned". (LD 95) Similarly Bray remarks that "were every capitalist and every rich man in the United Kingdom to be annihilated in one moment, not a single particle of wealth or capital would disappear with them; nor would the nation itself be less wealthy, even to the amount of one farthing" (59) and adds that between capital and capitalist there is as much difference as "between the actual cargo and the bill of lading". (*ibid.*)

This said, and employers being included, with reservation, among skilled workers, how should the different types of skilled workers be classified? In *Labour Defended*, there is no reference to unskilled labour. To Capital, Hodgskin opposes "skilled labourers" as a unit, apparently ignoring the masses of "common labourers", whose daily life is almost as different from theirs as theirs is from the capitalists'. "In passing from the skilled operative of the west end to the unskilled workman of the eastern quarter of London," Mayhew points out, "the moral and intellectual change is so great, that it seems as if we were in a new land, and among another race". (E.P. THOMPSON 266) Is Hodgskin oblivious to half the working class? His *Popular Political Economy* provides the clue. He did not mention unskilled labour simply because *there is no such thing*. In other words, every task implies a degree of skill. There is no clear-cut line, Hodgskin contends, between mental and physical labour. Manual labour often results in intellectual achievements (inventions). Conversely (and more originally), intellectual labour "frequently terminates in muscular adroitness" (PPE 46), and, in a remarkably modern insight, he states that "unless there be mental labour, there can be no manual dexterity". (*ibid.*) For him, labour is skill. Even a navvy is a skilled worker. "The meanest labourer must use some mental exertion". (PPE 48) What looks like an easy gesture is only hidden skill. "Easy labour is only transmitted skill," he posits. "The parents and ancestors of common labourers served an apprenticeship for them, and handed down to them their dexterity as an inheritance". (PPE 48) Again the parallel between skill and capital as something being passed down from one generation to another is apparent here.

Manual and intellectual skills are so closely interwoven that it makes it difficult to answer the question of reward and wage scales. Hodgskin does not conclude that everyone should be rewarded in the same way. He simply states that discriminating between different work activities is no easy task. "It is doubtful," he writes, "whether

one species of labour is more valuable than another; certainly it is not more necessary". (LD 89) In terms of use value, different forms of labour cannot compare, but Hodgskin emphasizes the interest of each of them and their being part of a coherent whole. All the tasks that contribute to producing a commodity are necessary. As for the price to be given to each work hour - in terms, now, of exchange value - it is a more complex problem. The wage scale is not self evident ("it is doubtful"). Hodgskin solves this delicate problem by letting the parties concerned discuss the matter. "If all kinds of labour were perfectly free," he supposes, "if no unfounded prejudice invested some parts, and perhaps least useful, of the social task with great honour, while other parts are very improperly branded with disgrace, there would be no difficulty on this point, and the wages of individual people would be justly settled by what Dr Smith calls the 'higgling of the market'". (LD 85-6) This "higgling of the market" does not mean that Hodgskin leaves it to the market to decide, and lets the commodities themselves determine the price of work. The *producers*, that is to say people, not things, should, he suggests, negotiate between one another, according to criteria chosen by them, about the relative price to be fixed for each task.

John Francis Bray's position is different. He takes the steam engine as an example. The man who feeds it with coal and water, he argues, is just as necessary for the machine to work as the man who invents or constructs it. On that point (the value in use), both he and Hodgskin would agree. But when it comes to the prices to allocate to the different tasks (in terms of the exchange value), they differ. According to Bray, in a hypothetical free society, if everyone has their training duly provided for, the man who invents, the worker who constructs and the labourer who operates the machine ought to be given the same pay. (BRAY 46)

From Productiveness to Productivity

The question of a possible equal reward for the different kinds of labour raises another question, namely why do workers work, and would they work equally if equally paid? Would industry be as productive in a system of equality as it is when workers (and employers) are forced by competition - what we now call market economy. If Thomas Hodgskin was the "Ricardian socialist" most articulate on the unproductiveness of capital as opposed to the productiveness of skilled labour, William Thompson is certainly the one who showed most concern about productivity.

Productivity is the hub of Bentham's *eudemonistic* (rather than hedonistic) arithmetic: the "greatest happiness of the greatest number" principle clearly implies an attempt at optimisation. We know that Thompson started to write his "*magnum opus*", *The Distribution of Wealth*, when living in Bentham's house, and at breakfast the two men would read out to each other the pages they had just written of *The Distribution of Wealth* and the *Leading Principles of a Constitutional Code*. Right from the first sentence of page one, Thompson pays allegiance to the principle of utility. But here the identity stops. Thompson uses his friend's premise in an equalitarian way which Bentham strongly disavowed. Esther Lowenthal rightfully points to this paradox. "It is curious," she notes, "that the great principle of the arch-individualist, Bentham, can be so turned to account as a basis for a system of complete equality". (Lowenthal 22)

Because everybody has the same capacity to enjoy or suffer, and in terms of sensitiveness to happiness there is no "Lilliputian" (DW 150), the best way of tending towards "the greatest happiness of the greatest number", Thompson argues, is to establish equality of distribution. "If now," he asserts, "any one human being could demonstrate that his organization so excelled that of his fellow men as to enable him to experience indefinitely greater happiness than the rest of his species, his claim, like that of man above the oyster, ought to be allowed, and wealth and all other means of happiness ought to be applied to him, as by such application they would be the most productive". (DW 19) This *a contrario* argument leads him to a pre-neo-classical analysis of margin decreasing utility.

Yet equality does not reign alone in Thompson's firmament. It is counterbalanced by what he calls "security". This notion he has also borrowed from his friend Bentham, who similarly posed equality and security as the two main principles of distribution. Yet while for the famous philosopher security referred to the owner of a property and meant the certainty of recouping the money he had invested, Thompson applies the word mainly to the producer and to the assurance he has of enjoying the whole produce of his labour. "Hitherto," he remarks, "the meaning of the word, security, and all the advantages in its train, have been reserved exclusively for the rich: it is time that the real producers of wealth, the active and skilful laborers, should partake of its benefits". (DW 110) What he has in mind is "the security of the 'power of producing'". (DW 584) Should there be a conflict between the owner's and the producer's security, he goes on to say, the latter ought to prevail, on behalf of Bentham's arithmetic. "Where two masses of security are incompatible with each other," Thompson asserts, "the sacrifice of the smaller mass is to be preferred". (DW 149)

Let us, however, suppose - and the example is not Thompson's - that, in a given society, one third of the population is able to provide for the whole of it. Would it not be more efficient, in an attempt to acquire as much happiness as possible, to distribute equally what is produced by this working minority, and ignore the "security" of those few producers? No, Thompson answers, and here he introduces the notion of productivity. It is not so much because it is not fair, that the produce of the third of the population should not reward the whole, but because it would diminish productivity. Why should some workers toil if others who do not are equally rewarded? Such a measure would result in the labourers working less or turning idle. That would bring about a sum of unhappiness contrary to Bentham's postulate. Without "security", Thompson remarks, the labourer "works no more with the usual alacrity, the produce is for another". (DW 257) "Distrust and apathy increase," he comments, "and diffuse themselves through the whole community. (...) From a relaxation of industry, comes a diminution of production: from a diminished production, comes a diminished consumption, a diminished enjoyment" (DW 67), while on the contrary "the whole of the products of labor being ensured to the producer, the utmost energy would be employed in production". (DW 170)

Thompson, in his emphasis on productivity, may have been influenced by the Saint-Simonians, whom he had met in France, making his own Saint-Simon's famous definition of politics as the "science of production". "He had a passion for efficiency, castigated idleness", his biographer informs us. (Pankhurst 9) Thus productivity reaches such a degree of obsession for Thompson that he is ready to sacrifice every

thing for its sake. He unwaveringly claims that "non-production is a greater evil than inequality of distribution". (DW 381) In his famous vindication of "half the human race", the gain in productivity ranks high in the list of arguments. Household chores are an "enormous waste of time and unproductive thrift", he notes (DW 372) and he assesses the loss: "Suppose (the magnitude of the loss) to be but one half the time of women, he calculates, it is one fourth of human effort". (DW 372) If meals were prepared collectively and children taken care of in like manner, the gain for society would be enormous. Women's liberation would therefore augment the number of socially useful work hours by almost 25%. Robert Owen's scheme of a co-operative village, which Thompson espouses, would mean higher productivity as workers would move from the fields to the workshop and *vice versa* according to weather conditions or economic demand and would never be forced into idleness.

This obsession with productivity should nonetheless be qualified. In the first place, Thompson is in no doubt that the sanitary conditions around the workers matter more than production. One should stop producing lead or sulphuric acid, he advises, rather than jeopardize their health. (DW 463) Secondly, he envisages cutting down the number of work hours. "If the mechanical labor of the year have been too productive, why not lessen the time of labor," he suggests, "and devote it to other pursuits more productive of happiness?" (DW 528) It is amusing to notice a shift from economic productivity towards "eudemonistic" productivity: whether it is commodities or happiness, the aim remains producing more. However, one should not set too great store by a reduction in the work hours which is put off to such a remote indefinite future.

If, for the time being, productivity is the priority, is there any room left for equality? Will not labourers work less satisfactorily if they belong to a co-operative community which will provide for them equally whatever the quality of their exertions? Would not a market economy and cut-throat competition be the ideal incentive to efficiency? As Malthus had put it, "if no man could hope to rise or fear to fall in society; if industry did not bring with it its reward, and indolence its punishment; we could not expect to see that animated activity in bettering our condition which now forms the master-spring of public property" (254). Here Thompson introduces the notion of "public opinion" as one of the key stimuli to work. Even in the present society of individual competition, he argues, workers are often rewarded equally for their week's toil, even though some produce twice as much as others. Why do they? Just for the pleasure of being the best workmen. The opinion of their fellow workers matters more than a pay differential. "We live on the smiles and frowns of our fellow-creatures", he writes (DW, 468) and he wonders why such universal motive to action has not yet been made better use of. Here Thompson shows himself a perfect "Owenite". Everybody knows Owen's famous "silent monitor", that small four-sided multicoloured block hanging next to every labourer's machine and indicating the quality of their work with the colour facing out. John Francis Bray takes up Thompson's argument of "one's fellow-worker's opinion of oneself" as an incentive to work, also pointing out that inventors often fare very badly in terms of financial revenues and yet go on inventing and exerting themselves. (BRAY 159) Productivity is spurred on by one's desire to have a good image of oneself more than good pay.

So much for individual obstacles to productivity. On a macroeconomic level, one

of the main hurdles in the race for an increase in the nation's output is, according to the "Ricardian socialists", the government's interference with free trade. John Francis Bray's position in the Corn Laws controversy is a good example of their "laissez-faire" bias.

Productivity and Free Trade

Bray wrote over a decade after Hodgskin, Gray and Thompson, as far as their main works are concerned. He expressed himself only a few months before the official birth of the Anti-Corn-Law League, whose historic figures were Henry Ashworth, George Wilson and, above all, Richard Cobden. These representatives of the industrial bourgeoisie rose up in arms against the law promulgated in 1815, at the end of the "French Wars". It stipulated that no corn should be imported into Britain as long as the price of British corn was under eighty shillings a quarter. Thus the price of corn could remain artificially high, for the benefit of land owners, who were the instigators of this legislation. Bray summarizes the arguments of Cobden and his friends as follows: "If foreign corn be allowed free entrance into the country, home-grown corn must sink in price to the level of the foreign corn. (...) As the home corn is reduced in price, the rents of farms must be reduced - and (...) as those rents are brought down, the vast social burthen imposed upon the working class by the proprietors will be reduced; and the greater part of the one hundred millions sterling, now annually lost by them, will be left in the pockets of the producers". (182-3)

The consequences of preventing such free entrance, Bray agrees, may be devastating, as Britain's agriculture is not sure to provide for her entire population. The land is "very limited in extent and unequal in fertility" (182). Thus the Corn Laws restrict the production of food and contribute to starving thousands of people. For the Anti-Corn-Law League, rent - which Ricardo had defined as an unearned revenue - is to blame for this endemic famine suffered by part of the working class. For Bray, one should go one step further and blame not rent, but the private ownership of land. One of his "First Principles" states that the earth is "the common property of all its inhabitants". (28)

Should the working class, then, join forces with the free traders? A number of voices within the ranks of the workers were raised in favour of such a union. Thus in his *History of the Chartist Movement*, Gammage quotes Henry Vincent addressing workers in Bath in defense of an alliance between the Chartists and the advocates of the repeal, an alliance which O'Connor himself calls "a victory on our enemies". (Gammage 206-7)

Bray spurns such a union with the opponents of the Corn Laws because he believes it would mean fighting the wrong battle. Free trade, he argues, would not free the working class nor put an end to exploitation. "It is the social position of the working class," he explains, "which dooms them to perform a great quantity of labour for a very little reward. (...) This reward is not measured by the deserts of those who earn it, but by the number of idlers who are to be maintained out of it - and therefore (...) any legislative enactment or social regulation which leaves untouched this position and the number of idlers to be supported, must from its nature be useless". (183) Ten years later, after the repeal of the Corn Laws, Marx was to echo Bray in his *Address on the the Question of Free Trade*: "As long as you allow the relationship of waged labour with capital to subsist, though the exchanges between

commodities may be carried out in the most favourable conditions, there will still be an exploiting and an exploited class". (Marx AFT 210)

Bray goes on to say that employers, in order to provide for the survival and reproduction of their labour force (Ricardo's natural wage), are obliged to pay their employees a comparatively high reward, owing to the high price of bread. A fall in the price of this staple food would enable them to cut wages and thus raise the profit rate. This argument is perused in the most straightforward manner by Ricardo: "If," he writes, "instead of growing our own corn, (...) we discover a new market from which we can supply ourselves with these commodities at a cheaper price, wages will fall and profits rise". (112) In fact, corn was then a wage-commodity and its fluctuating price was passed on to the workers' nominal wage level. As Marx was to say in the address we have already referred to: "The worker, before exchanging his shilling for other commodities, has first exchanged his labour against capital". (AFT 204) Workers have therefore nothing to gain from the repeal of the Corn Laws. Marx remarked that they would even lose the possibility they had of consuming a little less and putting some money by to buy themselves other commodities, a saving made possible when corn was expensive and wages comparatively high.

Bray's purpose is therefore to persuade his fellow workers not to listen to the siren call of middle class free traders. He fully realizes that this is a battle between two factions of the ruling classes: the land owners and the industry employers. "So long as the present system exists," he claims, "it will ever be, with the working man, no more than a choice between two means of losing". (183) This foreshadows Engels who, describing the same situation in 1845, wrote that "the work-men were to take the chestnuts from the fire to save the bourgeoisie from burning their own fingers". (257)

Thomas Hodgskin had taken a similar view in his *Labour Defended*, estimating that "the Corn Laws, execrable as they are in principle, and mischievous as they are to the whole community, do not impose anything like so heavy a tax on the labourer as capital. (...) They diminish the rate of profit, but they do not in the end lower the wages of labour. Whether there are Corn Laws or not, the capitalist must allow the labourer to subsist, and as long as his claims are granted and acted on he will never allow him to do more". (LD 77)

However, after this very remarkable analysis, Hodgskin "forgot" what he had to say in 1825 and slowly drifted towards hard-line *laissez-faire*. Thus in his *Lecture on Free Trade* (1845), he declared: "If I had the shadow of a shade of a suspicion that (the repeal of the Corn Laws) would lower wages (...) I should belie my whole life if I undertook its advocacy". (LFT 6) Answering Bray's argument (without mentioning him), he dismisses the idea that the Corn Laws controversy is a mere struggle between landlords and master manufacturers, with which workers have no concern. On the contrary, their repeal is for him a prerequisite of any move towards democracy. His address is an ode to trade and he even grows lyrical as he quotes Cowper's lines: "And if a boundless plenty be the robe/Trade is the golden girdle of the globe". (LFT 10) No wonder that from 1844 to 1857 he did not object to collaborating with the *laissez-faire*-oriented *Economist*.

Bray's refusal of the free traders' frying pan does not mean that he jumps into the protectionists' fire. He speaks, as we have seen, of "two means of losing" and protectionism too would, for him, be a mistake. Strangely enough, a branch of the

working class did succumb to the land owners' wooing, so that while some working class leaders, such as O'Connor and Henry Vincent, were tempted by an alliance with the industrial bourgeoisie, others were ready to "take the chestnuts from the fire" for the sake of the opposite faction, politically represented by the Tories. Their position results from their analysis of the workers' underconsumption in the middle of general overproduction. J.E. King, in an article entitled "Perish commerce! Free trade and underconsumptionism in early British radical economics", has thrown light on this little known working class protectionist literature. If the ruling classes, they say, can afford to ignore the home market and need not raise wages nor the producers' living standard, it is because they know they can rely on foreign outlets for their goods to be disposed of. "Why do not these fellows (the employers) first clothe the people at home, the complaint runs, and then send all the surplus away?" (quoted by King PC 237). The enemy who is pointed a finger at is the merchant who starves his neighbours to make money feeding people abroad. William Cobbett entitled a series of articles "Perish Commerce!" (King PC 239) and yearned for a return to the land. Thus Campbell writes: "I would wish to see the ploughshare passing not only through Manchester and Birmingham, but through London, Liverpool, Newcastle, Glasgow, Edinburgh, and all other great towns". (quoted by King PC 237)

Bray definitely turns his back on such backward-looking utopias. While impugning the validity of the repeal campaign, he remains a free trader at heart. Given the poor fertility of the British soil, "it would be the extreme of stupidity to waste labour in producing corn on the unproductive land, when the corn can be procured abroad at one half the price. (...) We must never work two hours to accomplish an object, after a method has been discovered of effecting the same thing in one hour". (183) What is now wrong with free trade, he concludes, is that it is not really "free", because exchanges are not equal. In the present system, he writes, "a really free trade can exist only in name" while "under the social system of community of possessions the principle of free trade could be carried out to its fullest extent". (184) The old question of protectionism versus free trade finds no answer within the framework of capitalist society.

In a comparison which again foreshadows Marx's *Address on the Question of Free Trade*, Bray likens free trade and machinery. Both are very harmful in the present system but both would in a system of community confer "incalculable benefits" upon man. (186) Both, Marx was to echo, result in increasing the productive capital and exacerbating class antagonism. (AFT 205)

Yet Bray is quite sensitive to the problem of underconsumption raised by the protectionist wing of the working class. But instead of advocating checks on foreign trade to keep British commodities within the home market, he resorts to the currency weapon to boost home consumption.

Underconsumption and the Monetary Reform

In this last section, we will compare John Francis Bray's approach to the money problem with John Gray's. We shall refer to Bray's main work, *Labour's Wrongs* but, instead of studying John Gray's famous *Lectures on Human Happiness* (1826), we shall examine his later work significantly entitled *Lectures on the Nature and Use of Money* (1848), first because the whole book is devoted to that question, and secondly because

it is the last step in an evolution towards monetary reform and is as clear as a caricature. As Hodgskin drifted towards hard-line laissez-faire theories, Gray carried monetary reform to such extremes that it verges on crankiness. We are fully conscious that, by doing so, we are not giving Gray a fair crack of the whip in these few pages on the "Ricardian Socialists". We shall try and do him justice elsewhere.

Bray and Gray set off along the same road. Both of them insist on the crucial role played by money. The productive classes, Bray announces, "will find the knowledge of this simple subject to be one of the strongest levers which can ever be made use of by them for the subversion of the present system". (LM 7) If, he continues, the man in the street is totally ignorant of the currency problems and often confuses money and capital, the capitalists are fully cognizant of the power they can derive from handling the monetary instrument as an efficient weapon against the producers. John Gray insists even more on the pre-eminence of money. "To our System of Exchange, he declares, is attributable at least nine-tenths of all the misery, properly called commercial, by which we are surrounded". (LM 11 - original stress) It will be possible to alter this system of exchange only if there is "a change as great in the fundamental principle of our monetary system as that which all of us here present have lived to see in the principle of locomotion". (LM 12 - original stress) For him, the claims of the Chartists, should they all be satisfied, would not heal society. A co-operative scheme ranks even lower now on his agenda. "We require no reconstruction of society. (...) A few salutary laws are all that are wanted". (LM 90)

How come, Bray wonders, men are willing to give up land and houses for money. Have these good things been transformed "by the occult operations of some cunning alchemists, into slips of paper and pieces of metal?" (139) Gray, unlike Bray, does not allude to some magic, but apologizes for talking of such a question in front of a popular audience, and, even worse, in front of ladies. Both men underline that money has no intrinsic value. Pointing to paper money, Bray exclaims: "A shadow - a rag - a bank-note!" while, for him, gold coins are just "as worthless as pebbles on the sea-shore". (139)

Why, then, is money valued so much? What is its relationship with capital? "Money," Bray answers, "is to capital, or real wealth, what the alphabet is to written language". (141) In other words, it represents real wealth, it is not capital, just as Magritte could write "this is not a pipe" on the picture of a pipe. This is not capital, Bray could say, and he warns his readers of the risk of fetishizing money. Money, he explains, is a medium aimed at making exchanges between commodities easier. Yet does it really fulfill this purpose?

To answer that question, Bray assesses the total price of the nation's estate, which according to him amounts to five thousand million pounds, and contrasts it with the currency supply, which he estimates under one hundred million. He concludes that the "alphabet" is incomplete. What is the consequence of monetary restriction? John Gray answers with a supposition. Suppose, he suggests, the existence of "a million pounds' worth of marketable property of various kinds" in the city of Edinburgh "seeking for customers". (LM 69) A fair number of customers are both able and willing to buy the whole of it. Suppose, he continues, that the property for sale is suddenly doubled while the money supply is not increased. The consequence will be an inevitable drop in prices in spite of the property having been produced by the same number of work hours. Practically, Gray goes on to say, this addition to the

existing stock would never occur, because the workers, knowing what would happen, would never bring a surplus to the market, even if they were able to produce it. "With the ability in (the producers') hands to supply every individual inhabitant of these realms with the necessaries, comforts, and many of the minor luxuries of life, their productive efforts stop - and stop they must so long as the present monetary system shall exist". (LM 78 - original stress) Monetary shortage is therefore a check on exchange and consequently on production, leading to "a nation of artificial paupers". (LM 91) Money, a convenient medium though it was, has turned against man by thwarting his natural tendency to exchange. "We have sold our birthright!" Gray expostulates. "Essau sold his for a mess of pottage, and we have bartered ours for gold!" (LM 70)

To understand Gray's Philippic against monetary restriction, we should remember the context of the period. A very harsh controversy was opposing the "currency school" and the "banking school". The former, which could claim the prestigious backing of Ricardo's writings, demanded rigorous control over money issue and aimed at compelling banks to maintain a metallic reserve strictly equal to the money in circulation, thus defending the interests of the industrial bourgeoisie, while the latter did not object to the circulating medium far exceeding the bank's gold holdings. The land owners, who were closely linked with the Bank of England and whose interests were voiced by the Tories, favoured such easy credit, as inflation meant for them an increased rent. With the Bank Act of 1844, Ricardo's views enjoyed a posthumous victory. The law enclosed credit in such a straitjacket that the situation proved unbearable for the Bank of England, which was forced to borrow from the *Banque de France* or even suspend convertibility, as it did in 1847, 1857 and 1866.

This context may throw light on Gray's fierce reaction. His is a period of deflationary policy, with a desperately tight credit. Contemporary economists speak of a "glut" and of overproduction, in the middle of dearth. "England is full of wealth," Carlyle exclaims, "(...) yet England is dying of inanition". (259)

Gray infers that what the country is in need of is the opening of a home market. There is no overproduction, he states, but underproduction of money. "Produce *ad infinitum*," he challenges, "and I shall find you a market *ad infinitum*". (LM 202 - original stress)

When it comes to the means to be used to get out of this plight, John Gray and John Francis Bray differ. "If every working man in the United Kingdom had one hundred sovereigns put into his pocket," Bray imagines, "it would make a wonderful difference in the general appearance of society, in respect to the attainment of work and food (...). The present gloom would give place to hilarity and cheerfulness. And yet such an influx of gold would not, at the moment, make the real wealth of the country greater by the value of one loaf of bread. But it would give a vast stimulus to trade, for it would set thousands to work to replace the commodities of every kind which their sovereigns would enable them to purchase and consume." (144-5 - original stress) As it is impossible to find one hundred sovereigns for each British producer, Bray, who is an opponent of the gold standard, devises a cheap circulating medium, out of paper or pottery, whose abundance would make it possible to raise nominal wages and thus boost consumption.

Unlike Bray, John Gray does not consider the problem from the worker's point

of view, but from the merchant's. He too denounces the use of gold as a measure for value, as it is one of the few commodities whose production cannot be increased at will. He too advocates a cheap circulating medium. Yet his main concern is to ease commercial exchanges. To do so, he imagines new banks, called "standard banks", which would be established in Edinburgh, London and Dublin. If a "standard merchant" has a stock in his warehouse, ready for sale, the value of which is estimated by himself to be worth £10,000, the "standard banker" immediately grants him a credit of that amount. The goods are henceforth the banker's property, but are sold by the merchant. If they fetch a higher price than anticipated, the merchant pockets the difference. If they sell for less, he will naturally compensate the banker for his loss. No interest would be charged on such credit. As money has no intrinsic value, the banker does not advance any value and deserves nothing but an ordinary salary, taking the form of a banker's commission. Even if Gray still asserts that labour is the only source of value, his "standard notes" are not Robert Owen's "labour notes". Gray is fully conscious of the difficulty of assessing the different types of labour. For him, one work hour does not necessarily compare with another. So he leaves it to the market to fix the price of goods. Unlike Bray and Thompson, and unlike what he had written earlier in his *Lectures on Human Happiness*, Gray is no adversary of competition.

Gray was not a little proud of his "discovery", which he compared to James Watt's. He went as far as giving away twelve hundred copies of his *Lectures on the Nature and Use of Money* in Britain, Ireland and France, and promised a reward of one hundred guineas to whoever might succeed in refuting his theories. The man who did refute them in the most cogent way was Karl Marx, but he did not ask for the reward. In his *Contribution to the Critique of Political Economy*, he criticized Gray's monetary idealism. Gray "imagines," Marx writes, "that commodities could refer directly to one another as products of social labour. Yet they can refer to one another only as what they are. Commodities are in an immediate manner the products of private independent separate labours, which, through their alienation in the process of private exchange, have to be confirmed as general social labour". (Cont 56) Marx further explains: "For the dogma that the commodity is immediately money (...) to become true, it is of course not enough that a bank should believe in it and conform its operations to it. On the contrary, bankruptcy would in that case take it upon itself to submit it to practical criticism". (Cont 57) Gray does not realize, Marx remarks, that by blaming money, he blames the exchange value, and the commodity, and the bourgeois mode of production. What Gray does not see, "other English socialists claim straight out" (*ibid.*), Marx adds, and he mentions John Francis Bray. Bray's criticism of the monetary system may be as naive as Gray's, but Bray has the merit of never dissociating monetary reform and a more general transformation of the economic system. Gray's mistake is to believe that, for the book of society to speak the language of equality, it is enough to add a few letters to the incomplete "alphabet".

The Taste of Pudding

Although they often are incoherent, the "Ricardian socialists" have the merit of looking for original solutions years before Marx and Engels started constructing their "scientific socialism". Marx spent a lot of time with them, in the premises of

the British Library. In his article "Utopian or scientific? A reconsideration of the Ricardian Socialists", J.E. King is right in asserting that, next to the "dual contributions of classical economy and Hegelian philosophy", they "contributed a third - important though very largely neglected - influence on Marx's thoughts". (345) It is important therefore that we should read them, for Marx's sake as well as for their own. Our first reference in this paper was to an Austrian, Anton Menger. The last one will also be an Austrian: Joseph Schumpeter. In *Capitalism, Socialism and Democracy*, he considers that their school "provided a much-needed leaven in an otherwise distressingly stodgy pudding" (308). We may disagree with Schumpeter's taste concerning the Marxist pudding, but we can concur with the idea that the leaven of early socialism should not be lost sight of.

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Note

1. We do not mean that Hodgskin had nothing to do with David Ricardo. As Elie Halevy shows, he reacted very strongly against the *Principles*, which he came to know while in Germany through a review by McCulloch in the *Edinburgh Review*. Later he considered writing a book to refute Ricardo's theories and was deterred from doing so by his friend Francis Place, who was "too much of a Ricardian" to accept that scheme. (See E. Halevy, *Thomas Hodgskin*, pp. 19 and 53.) What we do mean is that Ricardo's influence on Hodgskin has been overemphasized and Adam Smith was certainly much more of a father figure to him.

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