

# The Political Economy of Edmund Burke: A New Perspective

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## Introduction

In this paper I will throw new light on a relatively neglected aspect of Edmund Burke's economic thought. Most scholars have recognized its central assumptions as advocacy of a freely competitive market economy and justification of laissez-faire commercial policies. But this conventional interpretation is unsatisfactory and incomplete. There have been very few extensive studies of what Burke meant by political economy, although he frequently used this term and prided himself on being a political economist.

In the first section of this paper I'll gather enough documentary evidence to sketch the scope of Burke's political economy. What he meant by political economy was different from the classical school of political economy, not to mention modern sophisticated economics. Rather, it is much more akin to what is now called public finance. The second section will describe the moral nature of his political economy in relation to that of his politics. To him, political economy was an essential constituent of his politics of prudence. The third section will focus on his prudent choice of economic policies. His

political economy distanced itself from theoretical laissez-faire dogma. Finally, I'll draw some general conclusions.

## I

Edmund Burke (1729/30-97) was a prominent Anglo-Irish politician and political thinker, notable for his fierce opposition to the French Revolution. His most famous and polemic work, *Reflections on the Revolution in France* (1790), has been considered an exemplary statement of the British conservative tradition. While he has been most remembered as one of the most important founders of British Conservatism in the history of political thought, he has also been notable for possessing considerable competence as a political economist. According to the biography of Burke written by his contemporary Robert Bisset (1758/9-1805), "Adam Smith ... told him [Burke], after they had conversed on subjects of political economy, that he was the only man, who, without communication, thought on these topics exactly as he did."<sup>1</sup> Most commentators' evidence has relied almost entirely on the economic analysis of *Thoughts and Details on Scarcity* (1795), a posthumously published memorandum addressed to Prime Minister William Pitt (1759-1806) in response to the famine that hit England during the war with France, and this has led them to jump to the conclusion that the nature of his political economy lies in the defense of a self-regulating market economy and the justification of laissez-faire policies.<sup>2</sup> Here are some typical excerpts from *Thoughts and Details*:

The balance between consumption and production makes price. The market settles, and alone can settle, that price. Market is the meeting and conference of the *consumer* and *producer*, when they mutually discover each other's wants. Nobody, I believe, has observed with any reflection what market is, without being astonished at the truth, the correctness, the celerity, the general equity, with which the balance of wants is settled.<sup>3</sup>

... the laws of commerce, which are the laws of nature, and consequently the laws of God ...<sup>4</sup>

... "What the State ought to take upon itself to direct by the public wisdom, and what it ought to leave, with as little interference as possible, to individual discretion." ... the clearest line of distinction which I could draw, whilst I had my chalk to draw any line, was this: That the State ought to confine itself to what regards the State, or the creatures of the State, namely, the exterior establishment of its religion; its magistracy; its revenue; its military force by sea and land; the corporations that owe their existence to its fiat; in a word, to every thing that is *truly and properly* public, to the public peace, to the public safety, to the public order, to the public prosperity.<sup>5</sup>

This conventional wisdom, however, leaves room for further discussion because it seems significant that Burke never used the term, political economy, in *Thoughts and Details* while he occasionally showed evidence of

his efforts as a political economist in his other works. These observations, taken together, suggest that *Thoughts and Details* is not a complete statement of his political economy and that his *Letter to a Noble Lord* (1796) is more striking and important as far as this topic is concerned.<sup>6</sup>

*Letter to a Noble Lord* is a bitter attack on the Duke of Bedford (1765-1802), who had criticized the government for giving Burke a pension after his retirement<sup>7</sup>, but it is interesting to note that, within its few pages, there contained one of his more comprehensive discourses on political economy:

... The first session I sat in Parliament, I found it necessary to analyze the whole commercial, financial, constitutional and foreign interests of Great Britain and it's Empire. A great deal was then done; and more, far more would have been done, if more had been permitted by events. Then in the vigour of my manhood, my constitution sunk under my labour. Had I then died, (and I seemed to myself very near death) I had then earned for those who belonged to me, more than the Duke of Bedford's ideas of service are of power to estimate...

Does his Grace think, that they who advised the Crown to make my retreat easy, considered me only as an oeconomist? That, well understood, however, is a good deal. If I had not deemed it of some value, I should not have made political oeconomy an object of my humble studies, from my very early youth to near the end of my service in parliament, even before, (at least to any knowledge of mine) it had employed the thoughts of speculative men in other parts of Europe. At that time, it was still in it's infancy in England, where, in the last century, it had it's origin. Great and learned men thought my studies [on political oeconomy] were not

wholly thrown away, and deigned to communicate with me now and then on some particulars of their immortal works. Something of these studies may appear incidentally in some of the earliest things I published. The House has been witness to their effect, and has profited of them more or less, for above eight and twenty years<sup>8</sup>.

In 1796, the following year he wrote *Thoughts and Details* and two years after he left parliament, he definitely stated that he had made political economy an object of his studies from his early youth to the end of his service in parliament. Because it is clear that the “studies” mentioned here did not include *Thoughts and Details*, it requires us to assume that he did not regard *Thoughts and Details* as one of his major works on political economy and that the self-regulating market economy stressed in this memorandum was not a central theme of his political economy as a whole.

His words cited above, taken literally, seem to portray his political economy as a sum of studies closely relating to “the whole commercial, financial, constitutional and foreign interests of Great Britain and its Empire”. Furthermore, he asserted that political economy originated in “the last [seventeenth] century”. It follows that what he meant by political economy was basically different from the system (or science) of classical political economy founded by the great eighteenth-century political economists like Adam Smith and Sir James Steuart.

That being the case, we must ask: To Burke, what was political economy? The key to solving this problem is hidden in Burke’s own words. He

modestly and humbly stated something of his studies on political economy “may appear incidentally in some of the earliest things I published.” Of his earliest publications, *Observations on a Late State of the Nation* (1769) (his first substantial political pamphlet as an active politician), seems the most relevant to the current subject of discussion.

Burke’s *Observations* attacked the scheme of colonial taxation expressed in an anonymous pamphlet, *The Present State of the Nation* (1768), whose actual author was William Knox (1732-1810), a supporter of the former Prime Minister George Grenville (1712-70). According to Knox’s analysis, Britain experienced financial decline with its victory in the Seven Years’ War (1756-63), while France was strengthened by its defeat. He proposed that the burden of the national debt should be reduced by introducing colonial taxation in compensation for admitting American representatives into the British Parliament. Burke criticized Knox for misinterpreting statistical evidence and exaggerating England’s debt as well as understating that of France. About two-thirds of the *Observations* was devoted to a detailed investigation of Britain’s and France’s finances and balance of trade.<sup>9</sup> For Burke, the only reasonable solution was that Britain should not tax America for reasons of expediency taking precedence over law and rights.<sup>10</sup> He argued that America had already paid its share of imperial expenses:

We ought rather to infer from our having laid the colonies under many restraints, that it is reasonable to compensate them by every indulgence that can by any means be reconciled to our interest.<sup>11</sup>

So I infer that the core of his political economy is occupied by the skillful management of national financial resources and the balance of trade rather than a preference for a self-regulating market economy and the need for the accumulation of capital. From today's perspective, it might well be said that what he meant by political economy is much closer to what is now called public finance than modern sophisticated economics.

## II

This section examines the moral nature of his political economy.

Burke stressed the importance of managing public finance in the *Reflections*:

The revenue of the state is the state. In effect all depends upon it, whether for support or for reformation. ...Through the revenue alone the body politic can act in its true genius and character, and therefore it will display just as much of its collective virtue, and as much of that virtue which may characterize those who move it, and are, as it were, its life and guiding principle, as it is possessed of a just revenue. For from hence not only magnanimity, and liberality, and beneficence, and fortitude, and providence, and the tutelary protection of all good arts, derive their food, and the growth of their organs, but continence, and self-denial, and labour, and vigilance, and frugality, and whatever else there is in which the mind shews itself above the appetite, are no where more in their proper element than in

the provision and distribution of the public wealth. It is therefore not without reason that the science of speculative and practical finance, which must take to its aid so many auxiliary branches of knowledge, stands high in the estimation not only of the ordinary sort, but of the wisest and best men: ...

The objects of a financier are, then, to secure an ample revenue, to impose it with judgment and equality; to employ it oeconomically; and when necessity obliges him to make use of credit, to secure its foundations in that instance, and for ever, by the clearness and candour of his proceedings, the exactness of his calculations, and the solidity of his funds.<sup>12</sup>

Virtue is essential. To Burke, political economy with public finance at its core, was an essential constituent of his moral politics, that is, the politics of prudence. Prudence was “the first of all virtues”<sup>13</sup> in politics. In his writings and speeches, “political oeconomy” was often abbreviated to “oeconomy”. He distinguished the two rival faces of “oeconomy”. The evidence for this can be found in *Letter to a Noble Lord*, which contains a defense of the position he had taken in his *Speech on Economical Reform* (1780)<sup>14</sup>:

... mere parsimony is not oeconomy. It is separable in theory from it; and in fact it may, or it may not, be a *part* of oeconomy, according to circumstances. Expense, and great expense, may be an essential part in true oeconomy. If parsimony were to be considered as one of the kinds of that virtue, there is however another and an [*sic*] higher oeconomy. Oeconomy is a distributive virtue, and consists not in saving, but in selection. Parsimony requires no providence, no sagacity, no powers of

combination, no comparison, no judgment. Meer [*sic*] instinct, and that not an instinct of the noblest kind, may produce this false oeconomy in perfection. The other oeconomy has larger views. It demands a discriminating judgment, and a firm, sagacious mind. ...Had the oeconomy of selection and proportion been at all times observed, we should not now have had an overgrown Duke of Bedford, to oppress the industry of humble men, and to limit by the standard of his own conceptions, the justice, the bounty, or, if he pleases, the charity of the Crown.<sup>15</sup>

Please note and remember the sharp distinction “in theory” and “in fact” expressed in the citation above. I shall discuss it in the next section.

Also, perhaps in the same fashion, Burke referred to “financiers” — managers of public finance — as “oeconomists”. He condemned “false” economists in the *Speech on Economical Reform*:

Disorders, Sir, and infirmities, there are — such disorders, that all attempts towards method, prudence, and frugality, will be perfectly vain, whilst a system of confusion remains, which is not only alien but adverse to all oeconomy; a system, which is not only prodigal in its very essence, but causes every thing else which belongs to it to be prodigally conducted.

It is impossible, Sir, for any person to be an oeconomist where no order in payments is established; it is impossible for a man to be an oeconomist, who is not able to take a comparative view of his means, and of expenses, ...<sup>16</sup>

Proud of being a “true” political economist, not only prudent but well

versed in “true” economy, Burke attacked the French “false” political economists when he inveighed against the age of “sophisters, oeconomists, and calculators” in the *Reflections*:

But the age of chivalry is gone. That of sophisters, oeconomists, and calculators, has succeeded; and the glory of Europe is extinguished for ever. Never, never more shall we behold that generous loyalty to rank and sex, that proud submission, that dignified obedience, that subordination of the heart, which kept alive, even in servitude itself, the spirit of an exalted freedom. The unbought grace of life, the cheap defence of nations, the nurse of manly sentiment and heroic enterprize, is gone!

... Europe undoubtedly, taken in a mass, was in a flourishing condition the day on which your Revolution was completed. How much of that prosperous state was owing to the spirit of our old manners and opinions is not easy to say; but as such causes cannot be indifferent in their operation, we must presume, that, on the whole, their operation was beneficial.

... Nothing is more certain, than that our manners, our civilization, and all the good things which are connected with manners, and with civilization, have, in this European world of ours, depended for ages upon two principles; and were indeed the result of both combined; I mean the spirit of a gentleman, and the spirit of religion<sup>17</sup>.

It is clear that “oeconomists” in the citation above refer to the French public financiers because the phrase “the cheap defence of nations” follows

shortly after. If they had been qualified as “true” political economists, they could have successfully carried out the reform of public revenue while preserving “the spirit of our old manners and opinions” as well as “the spirit of a gentleman, and the spirit of religion” as sources of “the glory of Europe” including France. In reality, however, they not only extinguished these spirits but also threw the state into “bankruptcy”. Evidently and undoubtedly they were “false” political economists. The “sophisters, oeconomists, and calculators” were so persistently haunted by the dangerous sprit of innovation and so ignorant of proper knowledge on political economy that they failed in the prudent management of national financial resources and the balance of trade.

Again in the *Reflections*:

... They have found their punishment in their success. Laws over-turned; tribunals subverted; industry without vigour; commerce expiring; the revenue unpaid, yet the people impoverished; a church pillaged, and a state not relieved; civil and military anarchy made the constitution of the kingdom; every thing human and divine sacrificed to the idol of public credit, and national bankruptcy the consequence; and to crown all, the paper securities of new, precarious, tottering power, the discredited paper securities of impoverished fraud, and beggared rapine, held out as a currency for the support of an empire, in lieu of the two great recognized species that represent the lasting conventional credit of mankind, which disappeared and hid themselves in the earth from whence they came, when the principle of property, whose creatures and representatives they are, was

systematically subverted.<sup>18</sup>

Thus, Burke described the moral nature of political economy and political economists. This is because his political economy was an essential constituent of his politics of prudence.

### III

Did Burke's prudent political economy then contradict his advocacy of laissez-faire economic policies? Were there two Burkes? My answer is "No". Again, his *Speech on Economical Reform* offers helpful hints.

In this famous speech, Burke expressed his efforts to eliminate waste in the king's household, and replace it with public frugality. There seems to be a weak basis for Isaac Kramnick's interpretation that "it is as cold-hearted, cost-accounting calculator, economist par excellence that Burke spoke to the Commons in his speech of 1780"<sup>19</sup>, because eliminating corrupt influence as well waste, and making Parliament independent was the primary purpose of his plan for economical reform:

I am sensible, too, that the very operation of a plan of oeconomy which tends to exonerate the civil list of expensive establishments, may in some sort defeat the capital end we have in view, the independence of parliament; and that in removing the public and ostensible means of influence, we may increase the fund of private corruption.<sup>20</sup>

But what, I confess, was uppermost with me, what I bent the whole force of my mind to, was the reduction of that corrupt influence, which is itself the perennial spring of all prodigality, and of all disorder; ...<sup>21</sup>

I would therefore leave to the crown the possibility of conferring some favors, which, whilst they are received as a reward, do not operate as corruption. When men receive obligations from the crown through the pious hands of fathers, or of connections as venerable as the paternal, the dependences which arise from thence, are the obligations of gratitude, and not the fetters of servility. Such ties originate in virtue, and they promote it.<sup>22</sup>

Also, he looked back on those troubling days in his *Letter to a Noble Lord*:

My oeconomical reforms were not, as his Grace may think, the suppression of a paltry pension or employment, more or less. Oeconomy in my plans was, as it ought to be, secondary, subordinate, instrumental. I acted on state principles. I found a great distemper in the commonwealth; and, according to the nature of the evil and of the object, I treated it.<sup>23</sup>

... A disposition to expense was complained of; to that I opposed not mere retrenchment, but a system of oeconomy which would make a random expense without plan or foresight, in future not easily practicable. ... Government is made for the very purpose of opposing that reason to will and to caprice, in the reformers

or in the reformed, in the governors or in the governed, in Kings, in Senates, or in People.<sup>24</sup>

Indeed, waste and superfluity should be rooted out. But it was “secondary, subordinate, instrumental” to his plan for economical reform. To him, working towards Parliament’s independence and attaining the common good was the higher and primary purpose of politics. While admitting public frugality as a general rule, he refused to apply it mechanically to actual cases. He was convinced that politicians including political economists had to serve the general good by applying general rules to ever-changing circumstances under the guidance of prudence. The axioms of political economy which Burke laid down (strictly speaking, scattered) in his several works, were not absolutely dominant. This is why he made a sharp distinction “in theory” and “in fact”.

It is certain that Burke stated “how generally it is true, that commerce ... flourishes most when it is left to itself”<sup>25</sup> in the *Speech on Economical Reform* as if he had anticipated his own advocacy for free trade in *Thoughts and Details*. It does not mean, however, that he supported the cold logic of laissez-faire policies. In spite of his praise for laissez-faire concepts and parsimony, Burke stressed that these axioms can often admit their “exceptions” according to prudence, that is to say, discretions.<sup>26</sup> This method of thinking on economic matters he adopted seems similar to Adam Smith’s exception about laissez-faire concepts: Defense is more important than opulence. In this viewpoint, I express my approval of Bisset’s anecdote cited

in the first section of this paper. Also, it may be that Burke's discretion on economic policy is closer to Keynes's rather than Hayek's in spite of the fact that both of them were his admirers.

## Conclusion

This paper concludes that Burke was far from being a student of the cold logic of metaphysical and dogmatic laissez-faire doctrines. He was qualified as a political economist in the sense that he was a practical and prudent politician, well-informed about national finance and the balance of trade. As F. Y. Edgeworth commented rightly, "A rich vein of economic wisdom, mixed with other precious materials, runs through the whole vast tract of Burke's political writings."<sup>27</sup>

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<sup>1</sup> Robert Bisset, *The Life of Edmund Burke*, Kessinger, 2007 (originally published in 1800).

<sup>2</sup> C. B. Macpherson is the most distinguished spokesman for this position; see *Burke*, Oxford U. P., 1980. For a recent discourse with the same basic position, see Norman Barry, "The Political Economy of Edmund Burke" in Ian Crowe (ed.), *Edmund Burke: His Life and Legacy*, Four Courts Press, 1997.

<sup>3</sup> *The Writings and Speeches of Edmund Burke*, Paul Langford *et al* (eds.), Oxford U. P., 1981- (hereafter *WS*), IX, p. 133.

<sup>4</sup> *WS*, IX, p. 137.

<sup>5</sup> *WS*, IX, p. 143.

<sup>6</sup> One of the best studies along these lines is still Frank Petrella's "Edmund Burke: A Liberal Practitioner of Political Economy", *Modern Age*, Winter, 1963-4.

<sup>7</sup> Burke was a Member of Parliament from 1766 to 1794.

<sup>8</sup> *WS*, IX, pp. 159-60.

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<sup>9</sup> See F. P. Lock, *Edmund Burke*, Oxford U. P., 1999-2006, 2 vols., I, pp. 259-64; see also Donald Winch, *Riches and Poverty: An Intellectual History of Political Economy in Britain, 1750-1834*, Cambridge U. P., 1996, p. 139.

<sup>10</sup> James Conniff, *The Useful Cobbler: Edmund Burke and the Politics of Progress*, State University of New York Press, 1994, p. 190.

<sup>11</sup> *WS*, II, p. 194.

<sup>12</sup> *WS*, VIII, pp. 273-5.

<sup>13</sup> *WS*, VIII, p. 113. For a detailed discussion of Burke's view on prudence see, e. g., H. T. Dickinson, *Liberty and Property: Political Ideology in Eighteenth-Century Britain*, Holmes and Meier Publishers, 1977, pp. 304-5.

<sup>14</sup> The fact that Burke's long-struggling economical reform (1779-82) was virtually a fiscal reform on a civil list should not be overlooked. This endorses my interpretation that his political economy was essentially public finance.

<sup>15</sup> *WS*, IX, p. 162.

<sup>16</sup> *WS*, III, p. 508.

<sup>17</sup> *WS*, VIII, pp. 127-30.

<sup>18</sup> *WS*, VIII, pp. 89-90.

<sup>19</sup> Isaac Kramnick, *The Rage of Edmund Burke: Portrait of An Ambivalent Conservative*, Basic Books, 1977, p. 161.

<sup>20</sup> *WS*, III, p. 542.

<sup>21</sup> *WS*, III, p. 483.

<sup>22</sup> *WS*, III, p. 528.

<sup>23</sup> *WS*, IX, p. 154.

<sup>24</sup> *WS*, IX, p. 157.

<sup>25</sup> *WS*, III, p. 535.

<sup>26</sup> *WS*, III, p. 531.

<sup>27</sup> F. Y. Edgeworth, "BURKE" in *Palgrave's Dictionary of Political Economy*, 1894-9, 3 vols., I, pp. 194-5. This small article is still insightful, but Edgeworth took it for granted that *Thoughts and Details* was one of Burke's most typical expressions on economic matters. On this point I disagree with Edgeworth.

J. G. A. Pocock, *Burke and the Ancient Constitution: A Problem in the History of Ideas*, in idem, *Politics, Language, and Time: Essays on Political Thought and History* (Chicago and London, 1971), 202-32; idem, *The Political Economy of Burke's Analysis of the French Revolution*, in idem, *Virtue, Commerce and History: Essays on Political Thought and History, Chiefly in the Eighteenth Century*.<sup>4</sup> The effort to characterize Burke's politics in terms of an overarching ideological purpose has not fared any better than attempts to brand them in terms of his debt to particular schools of thought.<sup>5</sup> Part of the problem to date with realizing this undertaking has been the temptation to transform Burke's political statements into grand discursive abstractions. The *New Perspectives on Political Economy* (also NPPE) is a peer-reviewed semi-annual bilingual interdisciplinary open access scientific journal that publishes papers related to political economy mainly from the point of view of Austrian School of economics and liberty-oriented thinking. It is edited by Josef Å Åma and published by CEVRO Institute Academic Press in co-operation with Wolters Kluwer Czech Republic. Among the members of editorial board are Jesus Huerta de Soto, Enrico Colombatto, Richard Edmund Burke (1730-97) lived during one of the most extraordinary periods of world history. He grappled with the significance of the British Empire in India, fought for reconciliation with the American colonies, and was a vocal critic of national policy during three European wars.<sup>6</sup> In restoring Burke to his original political and intellectual context, this book strips away the accumulated distortions that have marked the reception of his ideas. In the process, it overturns the conventional picture of a partisan of tradition against progress.<sup>7</sup> It was only when British engineers made these new technologies more cost-effective during the nineteenth century that the industrial revolution would spread around the world.