1 Introduction: Politicians and Principles

Gone is that gold, the marvel of mankind,
And pirates barter all that's left behind.
No more the hirelings, purchased near and far,
Crowd to the ranks of mercenary war.
The idle merchant on the useless quay
Droops o'er the bales no bark may bear away;
Or, back returning, sees rejected stores
Rot piecemeal on his own encumber'd shores:
The starved mechanic breaks his rusting loom,
And desperate mans him 'gainst the coming doom.
Then in the senate of your sinking state
Show me the man whose counsels may have weight.

Lord Byron
The Curse of Minerva (1811)

This is a study of the interaction of economic doctrine, political practice and the train of events during difficult days for the British economy. The period was also a crucial one in the development of economic thought.

If one phrase could capture the reality of the times it would be 'silent revolution'. That phrase was on the lips of a number of the more perceptive contemporary observers and has occurred to a few modern historians. In truth, much of the original stuff of the later nineteenth and early twentieth centuries was fashioned at this juncture although, at first glance, the years concerned might be discounted as portion of a limbo extending from near the end of the turbulence of the immediate post-Napoleonic period to the first reform of parliament.¹

British society, wracked by tensions, was still struggling to find a new equilibrium after over twenty years of involvement in war. An unpopular, and sometimes reactionary, government was managing to cling to power with the aid of an ineffectual, almost diffident, opposition. At the same time, that government was beginning to effect a change in the nature of statutory social reform. One consequence of this was an alteration in the

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significance of the civil service organs of central government. A related trend was associated with the emergence of a new and powerful economic orthodoxy which had begun to take shape around the writings of a retired, Benthamite stock-jobber and loan contractor, David Ricardo (1772–1823). He and his disciples, notably James Mill and J. R. McCulloch, had started a secular version of an intellectual holy war to reform the conduct of public policy in the light of the truths of their recently formulated creed. Ricardo entered the Commons in 1819.

DAVID RICARDO

Ricardo was a man of extraordinary logical ability. To that ability was allied a substantially correct vision of the growth potential developed by the national economy during the Napoleonic period. He had also begun to anticipate the manner in which an independent and professionalised civil service might aid in the realisation of that potential. He entertained no special pessimism concerning the future of the British economy, provided the nation had good government and wise laws such as he believed he was advocating.

Ricardo was also very much his own man. He was not a spokesman for the interests of the ‘middle class’, although since they glossed over many of the fundamental divergencies of interest within that so-called ‘class’, it is possible that some of his followers would have wished to see him in that role. Again, he was not the representative voice in parliament for the businessmen of his day. Historians in search of such a voice would be better advised to look to Alexander Baring than to Ricardo. It should also be noted that Ricardo retained a remarkable degree of consistency between his parliamentary statements and published works. The old charges of inconsistency do not hold up.

Against these attributes must be set a certain parochialism which led Ricardo to generalise too readily on the basis of a limited range of commercial experience. As Professor Fetter has remarked, Ricardo usually assumed that there was ‘a stockbroker in every man’. A related and more fundamental defect was the absence of a philosophical or historical perspective which was adequate to match his powers as an economic analyst. In the words of one of his parliamentary contemporaries, Ricardo was ‘a man who might calculate well and read deeply, but who had not studied mankind’.

If Ricardo had had access to the range of social statistics available to the modern economist there would have been some counter for the consequences of these defects. His consistent preference was to reason in terms of that which was measurable, so much so that he tended to discount the significance of factors he could not submit to quantitative