



JAMES WILSON

# THE ECONOMIST: "TO FURTHER FREE TRADE PRINCIPLES"



NICHOLAS ELLIOTT



WALTER BAGEHOT

"Can there be a sufficient number of readers with intelligence to appreciate it found to make such a paper pay?" asked the free-trader Richard Cobden when *The Economist* was launched in 1843. The journal had been founded by a manufacturer called James Wilson "in order to further free trade principles".

Cobden's question was a valid one because newspapers remained a luxury good in Britain until the 1850s, with prices inflated by an excise duty on paper, a tax on advertisements, and a stamp duty. The working classes sympathised with free trade principles, but could not be relied upon to spend money on a weekly newspaper.

As it turned out there was a readership among the growing professional and trading classes. *The Economist* provided them with arguments and statistics, and gave coherent expression to their sentiments of *laissez faire*. At least one writer has credited the journal with a significant role in the development of nineteenth century classical liberal thought:

... if we wish to find the origin of the mid-nineteenth century theory of *laissez faire*, we can find it nowhere better than in *The Economist* and the people who were connected with *The Economist* during this period.<sup>1</sup>

## DEFENDER OF LAISSEZ FAIRE

By 1843 the campaign to abolish the protectionist corn laws had become a mass popular movement. It was the year that John Bright, the great liberal orator, was elected to Parliament, and a year in which the Anti-Corn-Law League distributed nine million leaflets throughout Britain.

James Wilson had personal connections with the League, and his aim was to support their cause. The League, in return, agreed to underwrite a large number of subscriptions to *The Economist*. Yet *The Economist* was independent of the League, and continued to survive and prosper after the corn laws were brought down in 1846. Wilson was astute enough to maintain some distance between his journal and the immediate free trade campaign.

The other important factor in its durability was an honest attempt by *Economist* writers to examine issues in the light of objective evidence. *The Economist* has always offered opinion, but it has never been opinionated; argument is made from facts rather than from dogmatics. So, the reader can expect a free-trade argument, but studiously supported by observation and statistics. Frederic Bastiat, the French free-trader, paid tribute to its rigour:

There never was a periodical work in which all the questions of political economy were treated with so much depth and impartiality. It is, besides, a precious collection of facts, doctrine and experience mutually supporting each other in its columns.<sup>2</sup>

This approach won respect for the journal beyond the narrow circle of the free-trade movement, and helped to ensure that its readership wouldn't ebb and flow along with the fortunes of the free-trade campaign.

## WILSON, HODGSKIN, SPENCER, SENIOR

The character of *The Economist* was created by Wilson, who served as editor from 1843 to 1859. Wilson was elected to Parliament as a Liberal M.P. and held public office in the government of Lord John Russell (1846-1852). He was also a man with strikingly libertarian views, who opposed intervention in the railways and regulation of factory hours because he saw these actions as going beyond the proper sphere of government. When a public health act was being considered, he declared that:

... the extension of the sphere of government interference from which so much has been dreaded for freedom, seems rather likely, by the vastness of the burden, to break down the Government.<sup>3</sup>

Thomas Hodgskin was Wilson's co-writer at *The Economist*. After serving in the navy during the Napoleonic Wars, Hodgskin had been unwillingly discharged, and had written an essay critical of the navy that had drawn the attention of Francis Place and the liberal Benthamites. It was through them that he came into contact with Wilson and *The Economist*.

Hodgskin was author of *The Natural and Artificial Right of Property Contrasted*,<sup>4</sup> in which he argued that there is a natural right to property, against which government frequently aggresses. Hodgskin has sometimes been described as a Ricardian socialist, but he was actually more of a libertarian anarchist, viewing the downfall of the corn laws as a first step toward the demise of government. Evidently, he was regarded as a touch too radical for the liberals of the Anti-Corn-Law League, and sometimes by Wilson, too. Hodgskin left *The Economist* in 1857, possibly because of political disagreements with Wilson.

Before becoming a popular writer, Herbert Spencer (the sociologist and author of *The Man Versus The State*) was employed as a sub-

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FOR LIFE, LIBERTY AND PROPERTY



editor at *The Economist*. Although he shared the convictions of Wilson and Hodgskin, Spencer had no editorial involvement, working instead on the statistical and factual content of the journal. Spencer published *Social Statics* in 1851, and left *The Economist* in 1853, as soon as he was able to support himself as an author.

Nassau Senior, the free-market economist, wrote on foreign affairs for Wilson and for the second editor, Walter Bagehot. Senior was apparently an accomplished journalist who excelled himself during the Crimean War - through his contacts in France, the journal was frequently able to beat other papers into print with the major stories on the conflict.

It is difficult to imagine a team of journalists with a stronger and deeper commitment to free markets than this group of writers for the early *Economist*. This was reflected in its pages, with free-market principles applied consistently to the problems of the day. Adam Smith, Frederic Bastiat, John Locke, and Edmund Burke were quoted to readers. In 1849 *The Economist* offered a uniquely eloquent justification of unfettered market forces:

The self-interest of each merchant and trader leads to establish throughout all the ramified and vast transactions of commerce, a system of order such as no Government, however enlightened or strong, could ever conceive or ever enforce. Examined in detail, or looked at in total under the most general aspect, all the great branches of human industry are found replete with order, which growing from the selfish exertions of individuals, provides the whole. Experience has proved that this order is inevitably deranged when it is forcibly interfered with by the state ...<sup>5</sup>

The Wilsonian *Economist* opposed, almost without exception, every government intervention in society. It opposed regulation of factory hours, government control of the water supply, government enforcement of urban sanitation, state education, and military involvement in other countries. With its clear statement of *laissez faire*, backed by facts and figures, *The Economist* was educative and inspirational reading for the sympathetic middle classes.

## CONTINUING THE TRADITION

In 1860 Wilson was succeeded as editor by Walter Bagehot, who already had been writing for the journal. Bagehot was vice chairman of the Stuckey Somerset Banking Co., which was to become the largest private bank of issue in England. Bagehot was the most famous editor of *The Economist*, known as a critic and a man of letters as well as an economist. He was an opinion-former, and an adviser to governments. "I had the advantage of frequent and free communication with him on all matters of finance and currency," said Prime Minister William Gladstone.

Bagehot was very firmly in the same libertarian tradition as Wilson. He wrote in his book *The English Constitution* that:

We look on state action, not as our own action but as an alien action; as an imposed tyranny from without, not as the consummated result of our own organised wishes.<sup>6</sup>

The *laissez faire* tradition was maintained by Bagehot, and continued after his death in 1877. *The Economist* of 1895 complained that:

Little by little, and year by year, the fabric of state expenditure and state responsibility is built up like a coral island, cell on cell. Every year half-a-dozen Acts of Parliament are passed which give the state new powers and new functions.<sup>7</sup>

With Bagehot as editor, and for its first seventy years, *The Economist* espoused a position of foreign policy non-intervention. It opposed the popular British military expedition to the Crimea. It cautioned against British involvement in the dispute over Schleswig-Holstein, the Austro-Prussian War, the Franco-Prussian War, and Italian unification. British neutrality was urged in the American Civil War, although the journal indicated more sympathy with the South because of the protectionism of the North.

The next editor of note was Francis Hirst, who held the position from 1907 to 1916. Again, Hirst was a strong advocate of free

markets, and he was part of the later generation of liberals - which included such figures as Lord Morley and Hilaire Belloc - that continued the libertarian tradition of Cobden and Bright. Hirst started the expansion and modernisation of the journal that helped turn it into the international enterprise it is today.

## IN THE TWENTIETH CENTURY

As World War I dealt a serious blow to the liberal movement, so it did to *The Economist*. The war entailed a massive expansion of state activity, and involved curtailment of liberties enjoyed for many years beforehand - food was rationed, trade tariffs introduced, pubs were forced to close at certain times, minimum wages were imposed, rents were controlled, industries were supported or closed by government, and civil liberties were suspended by the Defence of the Realm Act. The war was a drastic shock to the optimism of the liberals, who had looked forward to a world of enduring peace and freedom.

*The Economist* opposed involvement in the war, right up to the time of Britain's entry. Hirst told of how he wept when war broke out, feeling that "the lights had gone out in Europe."<sup>8</sup>

The 1918 *Economist* had to adapt to new conditions in Europe. *Laissez faire* was being overtaken by ideologies that placed less value on individual freedom, and the journal had to adapt to new preferences among its readership. In foreign affairs it continued to warn against entanglements, but it now encouraged the development of international peace-making bodies such as the League of Nations, and this became a regular editorial theme.

At this time, the meaning of liberalism was changing, a reflection of changes in the ideas of liberals. Many liberals now endorsed the welfare state and redistribution, and discarded the ideas of *laissez faire*. The transformation has continued until, in large parts of the world today, "liberalism" signifies a belief in big government, the complete reverse of its original meaning.

*The Economist*, as a liberal newspaper, followed the trend to an extent. Walter Layton, editor from 1922 to 1938, was a welfare state liberal who went on to become chairman of the left-leaning *News Chronicle*.

Yet the journal has always retained an evident strand of classical liberalism. Brian Beadham, an *Economist* writer of long standing, explains how the journal continued to express an unfashionable support for the market system in the postwar years of collectivist consensus. Today, he says, *The Economist* remains "foursquare in the libertarian tradition". These free-market views have often come from Norman Macrae, who has worked for the journal since 1949. A recent newspaper profile describes how Macrae

... takes constant delight in pointing out where government policies are having perverse effects - where punishment leads to crime, income support to poverty, education to ignorance, planning to nonsense.<sup>9</sup>

After almost a hundred and fifty years, the consistency is impressive. True to tradition, the modern-day reader is presented with arguments for a market economy, free trade and limited government, but always substantiated by facts and statistics.

## NOTES

1. Scott Gordon, 'The London Economist and the High Tide of Laissez-Faire', *Journal of Political Economy*, December 1955, p. 465.
2. Quoted in *The Economist 1843-1943: A Centenary Volume*, The Economist Newspaper Limited, London, 1983, p. 30.
3. *Ibid.*, p. 39.
4. Thomas Hodgskin, *The Natural and Artificial Right of Property Contrasted*, Clifton, NJ, 1973.
5. *The Economist*, September 1st 1849.
6. Walter Bagehot, *The English Constitution*, Fontana, London, 1966, pp. 262-3.
7. *The Economist*, May 25th 1895.
8. Francis W. Hirst, *In The Golden Days*, Frederick Muller, London, 1947, p. 238.
9. *The Independent*, December 31st 1988.