

POLITICAL AND COSMOPOLITICAL ECONOMY

By Friedrich List

Before Quesnay and the French economists there existed only a *practice* of political economy which was exercised by the State officials, administrators, and authors who wrote about matters of administration, occupied themselves exclusively with the agriculture, manufactures, commerce, and navigation of those countries to which they belonged, without analysing the causes of wealth, or taking at all into consideration the interests of the whole human race.

Quesnay (from whom the idea of universal free trade originated) was the first who extended his investigations to the whole human race, without taking into consideration the idea of the nation. He calls his work 'Physiocratie, ou du Gouvernement le plus avantageux au Genre Humain,' his demands being that we must imagine that *the merchants of all nations formed one commercial republic*. Quesnay undoubtedly speaks of *cosmopolitical* economy, i.e. of that science which teaches how the entire human race may attain prosperity; in opposition to political economy, or that science which limits its teaching to the inquiry how a *given nation* can obtain (under the existing conditions of the world) prosperity, civilisation, and power, by means of agriculture, industry, and commerce.

Adam Smith treats his doctrine in a similarly extended sense, by making it his task to indicate the cosmopolitical idea of the absolute freedom of the commerce of the whole world in spite of the gross mistakes made by the physiocrats against the very nature of things and against logic. Adam Smith concerned himself as little as Quesnay did with true political economy, i.e. that policy which each separate nation had to obey in order to make progress in its economical conditions. He entitles his work, 'The Nature and Causes of the Wealth of Nations' (i.e. of all nations of the whole human race). He speaks of the various systems of political economy in a separate part of his work solely for the purpose of demonstrating their non-efficiency, and of proving that 'political' or *national* economy must be replaced by 'cosmopolitical or world-wide economy.' Although here and there he speaks of wars, this only occurs incidentally. The idea of a perpetual state of peace forms the foundation of all his arguments. Moreover, according to the explicit remarks of his biographer, Dugald Stewart, his investigations from the commencement are based upon the principle that 'most of the State regulations for the promotion of public prosperity are unnecessary, and a nation in order to be transformed from the lowest state of barbarism into a state of the highest possible prosperity needs nothing but bearable taxation, fair administration of justice, and *peace*.' Adam Smith naturally understood under the word 'peace' the 'perpetual universal peace' of the Abbé St. Pierre.

J. B. Say openly demands that we should imagine the existence of a *universal republic* in order to comprehend the idea of general free trade. This writer, whose efforts were mainly restricted to the formation of a system out of the materials which Adam Smith had brought to light, says explicitly in the sixth volume (p. 288) of his 'Economie politique pratique': 'We may take into our consideration the economical interests of the family with the father at its head; the principles and observations referring thereto will constitute *private economy*. Those principles, however, which have reference to the interests of whole nations, whether in themselves or in relation to other nations, form *public economy* (l'économie publique). *Political economy*, lastly, relates to the interests of all nations, to *human society in general*.'

It must be remarked here, that in the first place Say recognises the existence of a national economy or political economy, under the name 'économie publique,' but that he nowhere treats of the latter in his works; secondly, that he attributes the name *political* economy to a doctrine which is evidently of *cosmopolitical* nature; and that in this doctrine he invariably merely speaks of an economy which has for its sole object the interests of the whole human society, without regard to the separate interests of distinct nations.

This substitution of terms might be passed over if Say, after having explained what he calls political economy (which, however, is nothing else but cosmopolitical or world-wide economy, or economy of the whole human race), had acquainted us with the principles of the doctrine which he calls 'économie publique,' which however is, properly speaking, nothing else but the economy of given nations, or true political economy.

In defining and developing this doctrine he could scarcely forbear to proceed from the idea and the nature of the nation, and to show what material modifications the 'economy of the whole human race' must undergo by the fact that at present that race is still separated into distinct nationalities each held together by common powers and interests, and distinct from other societies of the same kind which in the exercise of their natural liberty are opposed to one another. However, by giving his cosmopolitical economy the name *political*, he dispenses with this explanation, effects by means of a transposition of terms also a transposition of meaning, and thereby masks a series of the gravest theoretical errors.

All later writers have participated in this error. Sismondi also calls political economy explicitly 'La science qui se charge du bonheur de l'espèce humaine.' Adam Smith and his followers teach us from this mainly nothing more than what Quesnay and his followers had taught us already, for the article of the 'Revue Méthodique' treating of the physiocratic school states, in almost the same words: '*The well-being of the individual is dependent altogether on the well-being of the whole human race.*'

The first of the North American advocates of free trade, as understood by Adam Smith—Thomas Cooper, President of Columbia College—denies even the existence of nationality; he calls the nation 'a grammatical invention,' created only to save periphrases, a nonentity, which has no actual existence save in the heads of politicians. Cooper is moreover perfectly consistent with respect to this, in fact much more consistent than his predecessors and instructors, for it is evident that as soon as the existence of nations with their distinct nature and interests is recognised, it becomes necessary to modify the economy of human society in accordance with these special interests, and that if Cooper intended to represent these modifications as errors, it was very wise on his part from the beginning to disown the very existence of nations.

For our own part, we are far from rejecting the theory of *cosmopolitical* economy, as it has been perfected by the prevailing school; we are, however, of opinion that political economy, or as Say calls it 'économie publique,' should also be developed scientifically, and that it is always better to call things by their proper names than to give them significations which stand opposed to the true import of words.

If we wish to remain true to the laws of logic and of the nature of things, we must set the economy of individuals against the economy of societies, and discriminate in respect to the latter between true political or national economy (which, emanating from the idea and nature of the nation, teaches how a given *nation* in the present state of the world and its own special national relations can maintain and improve its economical conditions) and cosmopolitical economy,

which originates in the assumption that all nations of the earth form but one society living in a perpetual state of peace.

If, as the prevailing school requires, we assume a universal union or confederation of all nations as the guarantee for an everlasting peace, the principle of international free trade seems to be perfectly justified. The less every individual is restrained in pursuing his own individual prosperity, the greater the number and wealth of those with whom he has free intercourse, the greater the area over which his individual activity can exercise itself, the easier it will be for him to utilise for the increase of his prosperity the properties given him by nature, the knowledge and talents which he has acquired, and the forces of nature placed at his disposal. As with separate individuals, so is it also the case with individual communities, provinces, and countries. A simpleton only could maintain that a union for free commercial intercourse between themselves is not as advantageous to the different states included in the United States of North America, to the various departments of France, and to the various German allied states, as would be their separation by internal provincial customs tariffs.

In the union of the three kingdoms of Great Britain and Ireland the world witnesses a great and irrefragable example of the immeasurable efficacy of free trade between united nations. Let us only suppose all other nations of the earth to be united in a similar manner, and the most vivid imagination will not be able to picture to itself the sum of prosperity and good fortune which the whole human race would thereby acquire.

Unquestionably the idea of a universal confederation and a perpetual peace is commended both by common sense and religion.^{*67} If single combat between individuals is at present considered to be contrary to reason, how much more must combat between two nations be similarly condemned? The proofs which social economy can produce from the history of the civilisation of mankind of the reasonableness of bringing about the union of all mankind under the law of right, are perhaps those which are the clearest to sound human understanding.

History teaches that wherever individuals are engaged in wars, the prosperity of mankind is at its lowest stage, and that it increases in the same proportion in which the concord of mankind increases. In the primitive state of the human race, first unions of families took place, then towns, then confederations of towns, then union of whole countries, finally unions of several states under one and the same government. If the nature of things has been powerful enough to extend this union (which commenced with the family) over hundreds of millions, we ought to consider that nature to be powerful enough to accomplish the union of all nations. If the human mind were capable of comprehending the advantages of this great union, so ought we to venture to deem it capable of understanding the still greater benefits which would result from a union of the whole human race. Many instances indicate this tendency in the spirit of the present times. We need only hint at the progress made in sciences, arts, and discoveries, in industry and social order. It may be already foreseen with certainty, that after a lapse of a few decades the civilised nations of the earth will, by the perfection of the means of conveyance, be united as respects both material and mental interchange in as close a manner as (or even closer than) that in which a century ago the various counties of England were connected. Continental governments possess already at the present moment in the telegraph the means of communicating with one another, almost as if they were at one and the same place. Powerful forces previously unknown have already raised industry to a degree of perfection hitherto never anticipated, and others still more powerful have already announced their appearance. But the more that industry advances, and proportionately extends over the countries of the earth, the smaller will be the possibility of wars. Two nations equally well developed in industry could mutually inflict on one another more injury in one week than they would be able to make good in a whole generation. But hence it follows that the same new

forces which have hitherto served particularly for production will not withhold their services from destruction, and will principally favour the side of defence, and especially the European Continental nations, while they threaten the insular State with the loss of those advantages which have been gained by her insular position for her defence. In the congresses of the great European powers Europe possesses already the embryo of a future congress of nations. The endeavours to settle differences by protocol are clearly already prevailing over those which obtain justice by force of arms. A clearer insight into the nature of wealth and industry has led the wiser heads of all civilised nations to the conviction that both the civilisation of barbarous and semi-barbarous nations, and of those whose culture is retrograding, as well as the formation of colonies, offer to civilised nations a field for the development of their productive powers which promises them much richer and safer fruits than mutual hostilities by wars or restrictions on trade. The farther we advance in this perception, and the more the uncivilised countries come into contact with the civilised ones by the progress made in the means of transport, so much more will the civilised countries comprehend that the civilisation of barbarous nations, of those distracted by internal anarchy, or which are oppressed by bad government, is a task which offers to all equal advantages—a duty incumbent on them all alike, but one which can only be accomplished by unity.

That the civilisation of all nations, the culture of the whole globe, forms a task imposed on the whole human race, is evident from those unalterable laws of nature by which civilised nations are driven on with irresistible power to extend or transfer their powers of production to less cultivated countries. We see everywhere, under the influence of civilisation, population, powers of mind, material capital attaining to such dimensions that they must necessarily flow over into other less civilised countries. If the cultivable area of the country no longer suffices to sustain the population and to employ the agricultural population, the redundant portion of the latter seeks territories suitable for cultivation in distant lands; if the talents and technical abilities of a nation have become so numerous as to find no longer sufficient rewards within it, they emigrate to places where they are more in demand; if in consequence of the accumulation of material capital, the rates of interest fall so considerably that the smaller capitalist can no longer live on them, he tries to invest his money more satisfactorily in less wealthy countries.

A true principle, therefore, underlies the system of the popular school, but a principle which must be recognised and applied by science if its design to enlighten practice is to be fulfilled, an idea which practice cannot ignore without getting astray; only the school has omitted to take into consideration the nature of nationalities and their special interests and conditions, and to bring these into accord with the idea of universal union and an everlasting peace.

The popular school has assumed as being actually in existence a state of things which has yet to come into existence. It assumes the existence of a universal union and a state of perpetual peace, and deduces therefrom the great benefits of free trade. In this manner it confounds effects with causes. Among the provinces and states which are already politically united, there exists a state of perpetual peace; from this political union originates their commercial union, and it is in consequence of the perpetual peace thus maintained that the commercial union has become so beneficial to them. All examples which history can show are those in which the political union has led the way, and the commercial union has followed.^{*68} Not a single instance can be adduced in which the latter has taken the lead, and the former has grown up from it. That, however, under the existing conditions of the world, the result of general free trade would not be a universal republic, but, on the contrary, a universal subjection of the less advanced nations to the supremacy of the predominant manufacturing, commercial, and naval power, is a conclusion for which the reasons are very strong and, according to our views, irrefragable. A universal republic (in the sense of Henry IV. and of the Abbé St. Pierre), i.e. a union of the nations of the earth

whereby they recognise the same conditions of right among themselves and renounce self-redress, can only be realised if a large number of nationalities attain to as nearly the same degree as possible of industry and civilisation, political cultivation, and power. Only with the gradual formation of this union can free trade be developed, only as a result of this union can it confer on all nations the same great advantages which are now experienced by those provinces and states which are politically united. The system of protection, inasmuch as it forms the only means of placing those nations which are far behind in civilisation on equal terms with the one predominating nation (which, however, never received at the hands of Nature a perpetual right to a monopoly of manufacture, but which merely gained an advance over others in point of time), the system of protection regarded from this point of view appears to be the most efficient means of furthering the final union of nations, and hence also of promoting true freedom of trade. And national economy appears from this point of view to be that science which, correctly appreciating the existing interests and the individual circumstances of nations, teaches how *every separate nation* can be raised to that stage of industrial development in which union with other nations equally well developed, and consequently freedom of trade, can become possible and useful to it.

The popular school, however, has mixed up both doctrines with one another; it has fallen into the grave error of judging of the conditions of nations according to purely cosmopolitical principles, and of ignoring from merely political reasons the cosmopolitical tendency of the productive powers.

Only by ignoring the cosmopolitical tendency of the productive powers could Malthus be led into the error of desiring to restrict the increase of population, or Chalmers and Torrens maintain more recently the strange idea that augmentation of capital and unrestricted production are evils the restriction of which the welfare of the community imperatively demands, or Sismondi declare that manufactures are things injurious to the community. Their theory in this case resembles Saturn, who devours his own children—the same theory which allows that from the increase of population, of capital and machinery, division of labour takes place, and explains from this the welfare of society, finally considers these forces as monsters which threaten the prosperity of nations, because it merely regards the present conditions of individual nations, and does not take into consideration the conditions of the whole globe and the future progress of mankind.

It is not true that population increases in a larger proportion than production of the means of subsistence; it is at least foolish to assume such disproportion, or to attempt to prove it by artificial calculations or sophistical arguments, so long as on the globe a mass of natural forces still lies inert by means of which ten times or perhaps a hundred times more people than are now living can be sustained. It is mere narrow-mindedness to consider the present extent of the productive forces as the test of how many persons could be supported on a given area of land. The savage, the hunter, and the fisherman, according to his own calculation, would not find room enough for one million persons, the shepherd not for ten millions, the raw agriculturist not for one hundred millions on the whole globe; and yet two hundred millions are living at present in Europe alone. The culture of the potato and of food-yielding plants, and the more recent improvements made in agriculture generally, have increased tenfold the productive powers of the human race for the creation of the means of subsistence. In the Middle Ages the yield of wheat of an acre of land in England was fourfold, to-day it is ten to twenty fold, and in addition to that five times more land is cultivated. In many European countries (the soil of which possesses the same natural fertility as that of England) the yield at present does not exceed fourfold. Who will venture to set further limits to the discoveries, inventions, and improvements of the human race? Agricultural chemistry is still in its infancy; who can tell that to-morrow, by means of a new invention or discovery, the produce of the soil may not be increased five or ten fold? We already possess, in the artesian well, the means of converting unfertile wastes into rich corn fields; and what

unknown forces may not yet be hidden in the interior of the earth? Let us merely suppose that through a new discovery we were enabled to produce heat everywhere very cheaply, and without the aid of the fuels at present known: what spaces of land could thus be utilised for cultivation, and in what an incalculable degree would the yield of a given area of land be increased? If Malthus' doctrine appears to us in its tendency narrow-minded, it is also in the methods by which it could act an unnatural one, which destroys morality and power, and is simply horrible. It seeks to destroy a desire which nature uses as the most active means for inciting men to exert body and mind, and to awaken and support their nobler feelings—a desire to which humanity for the greater part owes its progress. It would elevate the most heartless egotism to the position of a law; it requires us to close our hearts against the starving man, because if we hand him food and drink, another might starve in his place in thirty years' time. It substitutes cold calculation for sympathy. This doctrine tends to convert the hearts of men into stones. But what could be finally expected of a nation whose citizens should carry stones instead of hearts in their bosoms? What else than the total destruction of all morality, and with it of all productive forces, and therefore of all the wealth, civilisation, and power of the nation?

If in a nation the population increases more than the production of the means of subsistence, if capital accumulates at length to such an extent as no longer to find investment, if machinery throws a number of operatives out of work and manufactured goods accumulate to a large excess, this merely proves, that nature will not allow industry, civilisation, wealth, and power to fall exclusively to the lot of a single nation, or that a large portion of the globe suitable for cultivation should be merely inhabited by wild animals, and that the largest portion of the human race should remain sunk in savagery, ignorance, and poverty.

We have shown into what errors the school has fallen by judging the productive forces of the human race from a political point of view; we have now also to point out the mistakes which it has committed by regarding the separate interests of nations from a cosmopolitical point of view.

If a confederation of all nations existed in reality, as is the case with the separate states constituting the Union of North America, the excess of population, talents, skilled abilities, and material capital would flow over from England to the Continental states, in a similar manner to that in which it travels from the eastern states of the American Union to the western, provided that in the Continental states the same security for persons and property, the same constitution and general laws prevailed, and that the English Government was made subject to the united will of the universal confederation. Under these suppositions there would be no better way of raising all these countries to the same stage of wealth and cultivation as England than free trade. This is the argument of the school. But how would it tally with the actual operation of free trade under the existing conditions of the world?

The Britons as an independent and separate nation would henceforth take their national interest as the sole guide of their policy. The Englishman, from predilection for his language, for his laws, regulations, and habits, would whenever it was possible devote his powers and his capital to develop his own native industry, for which the system of free trade, by extending the market for English manufactures over all countries, would offer him sufficient opportunity; he would not readily take a fancy to establish manufactures in France or Germany. All excess of capital in England would be at once devoted to trading with foreign parts of the world. If the Englishman took it into his head to emigrate, or to invest his capital elsewhere than in England, he would as he now does prefer those more distant countries where he would find already existing his language, his laws, and regulations, rather than the benighted countries of the Continent. All England would thus be developed into one immense manufacturing city. Asia, Africa, and Australia would be civilised by England, and covered with new states modelled after the English

fashion. In time a world of English states would be formed, under the presidency of the mother state, in which the European Continental nations would be lost as unimportant, unproductive races. By this arrangement it would fall to the lot of France, together with Spain and Portugal, to supply this English world with the choicest wines, and to drink the bad ones herself: at most France might retain the manufacture of a little millinery. Germany would scarcely have more to supply this English world with than children's toys, wooden clocks, and philological writings, and sometimes also an auxiliary corps, who might sacrifice themselves to pine away in the deserts of Asia or Africa, for the sake of extending the manufacturing and commercial supremacy, the literature and language of England. It would not require many centuries before people in this English world would think and speak of the Germans and French in the same tone as we speak at present of the Asiatic nations.

True political science, however, regards such a result of universal free trade as a very unnatural one; it will argue that had universal free trade been introduced at the time of the Hanseatic League, the German nationality instead of the English would have secured an advance in commerce and manufacture over all other countries.

It would be most unjust, even on cosmopolitical grounds, now to resign to the English all the wealth and power of the earth, merely because by them the political system of commerce was first established and the cosmopolitical principle for the most part ignored. In order to allow freedom of trade to operate naturally, the less advanced nations must first be raised by artificial measures to that stage of cultivation to which the English nation has been artificially elevated. In order that, through that cosmopolitical tendency of the powers of production to which we have alluded, the more distant parts of the world may not be benefited and enriched before the neighbouring European countries, those nations which feel themselves to be capable, owing to their moral, intellectual, social, and political circumstances, of developing a manufacturing power of their own must adopt the system of protection as the most effectual means for this purpose. The effects of this system for the purpose in view are of two kinds: in the first place, by gradually excluding foreign manufactured articles from our markets, a surplus would be occasioned in foreign nations, of workmen, talents, and capital, which must seek employment abroad; and secondly, by the premium which our system of protection would offer to the immigration into our country of workmen, talents, and capital, that excess of productive power would be induced to find employment with us, instead of emigrating to distant parts of the world and to colonies. Political science refers to history, and inquires whether England has not in former times drawn from Germany, Italy, Holland, France, Spain, and Portugal by these means a mass of productive power. She asks: Why does the cosmopolitical school, when it pretends to weigh in the balance the advantages and the disadvantages of the system of protection, utterly ignore this great and remarkable instance of the results of that system?

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