

# **Interest, Sensationism and the Science of the Legislator: French ‘Philosophie économique’, 1695-1830 \*<sup>1</sup>**

*Gilbert Faccarello,<sup>2</sup> Philippe Steiner<sup>3</sup>*

## **1. Introduction**

This paper considers some crucial elements in the development of economic thinking in France from the end of the 17<sup>th</sup> century to the Restoration period. We deal with four important authors or groups: Pierre de Boisguilbert, François Quesnay and the Physiocrats, Anne-Robert-Jacques Turgot, the Idéologues and Jean-Baptiste Say. These writers are not of course unknown to the historian of economic thought, but all too often they are studied quite separately; and for the most part it is their specific differences that are emphasized. We hope here instead to underline those elements (defined below) that form the unity of their approach, and which lend it meaning. Our study therefore constructs an ‘ideal-type’ on Weberian lines: and we will call this ideal-type *philosophie économique*.

Our starting point is given by Max Weber’s hypothesis concerning the links between religion and the economy. As is well known, in his very extensive inquiry

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<sup>2</sup> Address for Correspondence: ERMES, Université de Paris 2, 12 place du Panthéon, 75231 Paris cedex 05, France. Email: gilbert.faccarello@u-paris2.fr

into the economic ethic of world religions, and more precisely in his celebrated study *The Protestant Ethic and the 'Spirit' of Capitalism* (Weber 1904-5), Weber placed the greatest emphasis upon the importance of religion in the 17<sup>th</sup> century. His purpose was to investigate the connection between a religious ethic (Puritanism) and the 'spirit' of modern capitalism; and to show how and why the adoption by followers of Protestant ascetic sects of a 'conduct of life' based upon 'profession as a vocation' – a 'worldly asceticism' dictated by the psychological necessity of a 'certainty of salvation' – accorded with 'capitalist' behaviour based upon the systematic rationalisation of economic life, and endless accumulation. He concluded his study at the end of the 17<sup>th</sup> century<sup>4</sup> because, as he wrote, in the 18<sup>th</sup> century "Puritanism turned into pure utilitarianism". The religious ideas in question no longer served to explain the adoption of an economic practice which, throughout the 18<sup>th</sup> and at the beginning of the 19<sup>th</sup> centuries, was however taken up by very different groups, and quickly generalised.

If we consider that the 'capitalist spirit' has to be maintained and nurtured through an appropriate set of moral values<sup>5</sup> which could motivate the daily activity of a large and growing number of people — what Weber has called the capitalist *habitus* — another principle has to be found which might help us understand the phenomenon during this era. This is the reason for constructing this ideal type: *philosophie économique*, a discourse which shapes – even creates – the practices of these new times.

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<sup>3</sup> Address for Correspondence: PHARE, Maison des Sciences Economiques, 106/112 boulevard de l'Hôpital, 75647 Paris cedex 13, France. Email: Philippe.Steiner@dauphine.fr

<sup>4</sup> The same is true for Ernst Troeltsch (1911) and Jacob Viner (1972), whereas Albert Hirschman moved the Weberian question from the religious field into politics. Since then — with the notable exception of Michel Foucault's recently published lectures at the Collège de France (Foucault 1978, 1979) — few historians of economic thought have shown any interest in these questions. They have either studied the period preceding that studied here (from which perspective debates on usury are considered to be of vital importance), or considered more contemporary or general problems, examining for instance how the economic order differs from the religious vision of the world: see Frank Knight and Merriam Thornton (1945) and, more recently, Robert Nelson (1991, 2001).

<sup>5</sup> See for example Bendix (1956) or Boltanski and Chiapello (1999) whose works have demonstrated the existence of such moral values from the 19<sup>th</sup> century to the present.

But religious discourse and the preoccupation with it do not just suddenly vanish. It is difficult to imagine that economic thinking could become an essential element upon which politics *and* daily practices were focused in the 18<sup>th</sup> century without there being a link to those religious issues so permanently at the core of 17<sup>th</sup> century debates — whether these debates be political, scientific or moral. It would be difficult to accept that religion, having once been so important, just vanished from people's minds at the turn of the 18<sup>th</sup> century. Moreover, if it can be doubted that the *philosophe* managed to eliminate credulity and religious faith from the European population so quickly and comprehensively, there is even more reason to doubt that this *philosophe*, born into a world where religion was all-determining, was able to free himself from a way of thinking which had formed him. It is for this reason equally important to emphasise the way in which *philosophie économique* retained a religious heritage in some of its most central concepts.

Of course, this paper can only present a preliminary analysis of this issue.<sup>6</sup> In the following pages we shall focus on a few key points. First, we must develop the contemporary meanings of the terms *economie*, *philosophe* and *philosophie économique* (section 2). Their meaning may have been different to our modern understanding, and this meaning was furthermore itself undergoing a profound change. We then define *philosophie économique* as a Weberian 'ideal-type' (section 3) and develop its main characteristics: an interested behaviour in markets (section 4), a theory of knowledge based on sensationism (section 5)<sup>7</sup> and a science of the legislator (section 6). We conclude with some hypotheses concerning the degree of success of *philosophie économique* (section 7).

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<sup>6</sup> Further analyses can be found in two companion papers: see Faccarello and Steiner (2004, 2007).

<sup>7</sup> We use the word 'sensationism' according to its usual philosophical meaning: it refers to the approach initiated by Locke and developed by Condillac, according to which all knowledge comes from the sensations. This led to the idea that people look for 'pleasures' and try to avoid 'pains'.

## 2. From ‘œconomie’ to ‘philosophie économique’

### *The meaning of “œconomie”: from tradition to abstraction*

The word *œconomie* concerned, first of all, the organization of the house and a prudent use of resources — either in the family circle, or in the context of a religious community. The administrative meaning — the management of a religious estate following the death of an incumbent principal, pending the appointment of a successor — strengthened this dimension. These elements have, of course, mostly been borrowed from Antiquity, and in particular from Aristotle and Xenophon: *œconomique*, meaning the way a domain was administered.

However, towards the end of the 17th century, *œconomie* was also linked to the organization of the State: it meant the order through which the State could maintain and reproduce itself. This can be related to Foucault’s view of governmentality — i.e., governmental rationality — and the issue of ‘transplanting’ œconomy from the family to the State. This broadening of the traditional meaning emphasizes a figurative evolution: it raises the traditional sense to an abstract level, hitherto unused. In this figurative and abstract sense, *œconomie* still refers to the prudent use of resources, the order followed by the *œconome*.

It is true that the traditional meaning of *œconome* does not appear far removed from a more abstract meaning, since the *œconome* is qualified by his capacity to ‘save spending’; and *œconomie* in its traditional sense turns on ‘the prudence necessary to use wisely or to manage one’s skills and capacities carefully’ (*Dictionnaire de Trévoux*: 1704). From this orientation to saving, or prudence in the use of resources, one can move on to the proper balance between the means and the result of the action of the *œconome*, and therefore by extension, to the actions of anyone who acts like a good *œconome*. And from the act in itself, we move imperceptibly on to the evaluation of the result: *œconomie* is not just an order, it is a ‘good order’, ‘a harmony’, ‘a right disposition of things’, a ‘harmony between the different parts or qualities’ of a whole (*ibid.*).

In addition *aconomie* also frequently entailed a moral dimension: be it domestic morals or more generally speaking an ethic linked to community life. The theological dimension added gravity to this dimension, because the parallel between God's government of humanity and that of a father over his family opens the door to numerous analogies between *aconomie* and any other form of government of a human community. In fact, with the headwords *Œconomie légale* and *Œconomie évangélique* in the *Dictionnaire de Trévoux*, an association was made between the *aconome* and the Divine Legislator so that attention might be drawn to the tasks involved in the government of a whole people. This dimension could thus enable authors to move, with no great difficulty, from Creation and the Divine Legislator to political organization under the tutelage of a human legislator.

To sum up: in the figurative sense, *aconomie* indicates the disposition of a plurality of entities so that they form a whole characterized by perfection, whether that be aesthetic (as for a building or a speech) or functional (as for the human or animal body, military troops, beehive, or State). The definition given by Étienne Bonnot de Condillac in his (posthumously published) *Dictionnaire des synonymes* expresses this view:

'Wise use of things [...] As economy needs order, this word is often seen as an order where nothing is missing, where there is nothing superfluous, because all the parts have fair proportions between each other, because they are perfectly subordinated to the same aim. Civil *economy*, military *economy*, the *economy of the human body*, *economy* of the universe, of a building. In a word, it can be used wherever a sense of proportion is needed.' (Condillac 1950: art. 'Économie')

If we add to this definition the idea of a legislator whose objective is to satisfy the interests 'of the larger number of people' (Claude-Adrien Helvétius and Paul Henri Thiry, baron d'Holbach), then *aconomie politique* becomes a search for proportions, facilitating the achievement of an optimum — at least the optimum that humans can reach — depending upon that diversity present in society (whether expressed in terms of classes, estates, or interests).

*The 'philosophe'*

Let us consider now the term *philosophe* that enters into our expression *philosophie économique*. This terminology is representative of a character, the *philosophe*. According to Paul Hazard's well-known study (Hazard 1935), France introduced this character to Europe as a counterpoint to the 'Merchant', a new social type originating in England and which was at the time thriving intellectually, scientifically and economically.

As the *Dictionnaire de l'Académie Française* puts it, the *philosophe* is characterized by his independence, and especially by his capacity to spread the light of reason. The active dimension of the *philosophe* is also underlined and highlighted in the *Encyclopédie* (vol. XII: 1765) in an expected, yet significant, parallel with religion.

'Our philosopher does not believe himself to be in exile in this world; he does not believe himself to be in a foreign country; he wishes to enjoy as a wise *aconomie* the gifts that nature offers him [...] For him, civil society is like an earthly divinity: he praises it, honours it with integrity, with exact attention to his duties and with a sincere desire to be a member neither worthless nor a cause for embarrassment.' (*Encyclopédie*, art. 'Philosophe')

The figurative and abstract meaning of *aconomie*, entailing the idea of harmony and perfect proportions in a political body, became a prime concern for the *philosophe* in the 18th century.

*Philosophie économique'*

As for the expression *philosophie économique*, it was first coined by Gabriel Bonnot de Mably in the critique he made of Quesnay and the Physiocrats (Mably 1768). Mably was careful to indicate that he considered himself as a disciple of Quesnay and the marquis de Mirabeau in economic matters, that is to say agriculture and taxes; and he did not hesitate to state that the third part of *L'Ordre naturel et essentiel des sociétés politiques* (1767) by Pierre-Paul Le Mercier de la Rivière — the part dealing with the principles concerning wealth, trade and taxation — was quite acceptable to him. However, he declared himself to be deeply disappointed by the two first parts, in

which the topic of government is dealt with; and also by Quesnay's *Despotisme de la Chine*, which gave him the opportunity of raising a central point of difference:

'What really led the author of *Despotisme de la Chine* into error is that he began his political studies with agriculture, the nature of tax and commerce, and consequently considered these quite secondary objects of administration to be the fundamental principles for society.' (Mably 1768: 144)

This is one of the reasons why the term *philosophie économique* broke for a time into the debate over the *science nouvelle de l'économie politique*, as can be seen in contemporary journals — especially in the comparison made between the principles of Le Mercier de la Rivière and those of Montesquieu, then considered to be leading authority in matters of political science.

The terminology which associates *philosophie* and *philosophe* — whose connotation is eminently positive — with *économie* was adopted by some of the Physiocrats. In 1771 for example, Nicolas Baudouin published a work of synthesis entitled *Première introduction à la philosophie économique ou analyse des États policiés*. Pierre-Samuel Dupont, it is true, used the expressions *science économique* or *science de l'économie politique* very often. But there is no major disagreement between the members of the group: together they covered the broad field of knowledge so characteristic of *philosophie économique*; and thus, as Mably pointed out, they rendered obvious the change in understanding of political and social order.

The *Avertissement de l'auteur* that Baudouin inserted in the *Ephémérides du citoyen* when he placed his journal at the service of Physiocracy is symptomatic of this situation. Writing of the *Tableau économique*, he declared:

'Political knowledge, which has for too long been uncertain, problematic and arbitrary, seems today to at last form a body of exact, indubitable and demonstrative science backed up by evidence: everything seems to assure this science unfailing stability [...]. One formula, less mysterious than that of the founder of the Chinese Empire, [...] depicts all the principles of *social order* or of *political philosophy* summarized in an arithmetical demonstration which can be seen and verified at a glance.' (*Ephémérides du citoyen* 1767, I: 22).

But while the expression *philosophie économique* was primarily of concern to Physiocracy from the moment that it brought together an explicit political theory and economic thinking, we do not think that this expression should be limited to Quesnay and his followers. In our opinion, what is at stake is a decisive issue in economic reflection which developed in France throughout the 18<sup>th</sup> century. This concerned a political theory organized around a theory of self-interested action in society, a theory of knowledge based on sensationism, and a precise conception of the efficient action of a legislator.

### 3. ‘Philosophie économique’ as an ideal type

#### *A definition*

As an ideal-type *Philosophie économique* is characterized by three basic elements. Firstly, we find a self-interested conception of human behaviour on a pragmatic level as daily action directed to *profit* — especially monetary profit, as well as on a purely intellectual level with forms of *utilitarianism* which condition and legitimate action. In *Philosophie économique* utilitarianism can be either different from Bentham’s version (Quesnay, for example, links a theory of natural law with a utilitarian motivation to action); or close to it (for example, Helvétius’s and d’Holbach’s views of human nature and society).

Secondly, we find a theory of knowledge that explains the way in which individuals grasp the world intellectually. This theory of knowledge gives a rather particular flavour to *philosophie économique*; and the importance we lend it implies that we propose to alter the emphasis hitherto placed on theories of natural law.

Thirdly, there is the relation to the Legislator. In contrast to developments in Scotland, the rationalism inherited from Cartesianism, sustained in 18<sup>th</sup> century France through the lasting influence of Malebranche, lends a particular meaning to certain expressions of *philosophie économique* on this point — a form of what Carl Schmitt called ‘political theology’, the fact that principal political concepts are derived in a secularised form from theology — even if some authors place greater emphasis

upon the representation of interests, or the implication of enlightened citizens in a decentralized political organization.

### *Two levels of analysis*

With these three characteristics kept in mind, our study must distinguish two levels of analysis.

The first level concerns the fact that the new form of political theory emphasises the fundamental importance of the economic dimension of social and political life; in one way or another, this political theory put self-interested economic activity at the centre of its discourse. We need to start from what is most central, so we consider here four authors — Boisguilbert, Quesnay, Turgot and Say — despite the differences which exist between them. Many authors cannot be included in *philosophie économique*: this is the case for example of writers and administrators such as Melon, Dupin, Gournay and his group — especially Forbonnais — or Necker, in spite of the fact that they are usually associated with the growth of political economy in 18<sup>th</sup> Century France. These authors still considered themselves to be special advisors of the current ruler and, accordingly, they did not address the problem of the formation of a particular economic *ethos* among the population at large. Of course, great political theoreticians such as Bossuet, Montesquieu, Rousseau or Mably are also obviously no part of *philosophie économique*.

A second level of analysis is however deserving of attention and some brief comments. Here we would like to stress the existence of a practical form of *philosophie économique*. In this case the issue was not to build scholarly structures following the intellectual logic of the *philosophe*, but to translate the world vision of *philosophie économique* into daily administration and policy. We should note those who had this pragmatic attitude: they were for example military and civil engineers. These are the people who implemented *philosophie économique* practically, yet inconspicuously, with the construction of major infrastructural projects (bridges, roads, canals and, later on, railway lines).

*An ideal-type*

Defined in this way, *philosophie économique* has the characteristics of what Max Weber called an ‘ideal-type’. What does this mean? Not the description of an author’s thoughts or those of a particular political movement, nor even those of the Physiocrats. It is not the rational reconstruction of a mode of thought unaware of its own existence, nor is it a retrospective reconstruction of economic thinking in 18<sup>th</sup> century France. By highlighting certain features from historical reality, *philosophie économique* can be seen as a ‘conceptual picture’ constructed to aid understanding and explaining how, since the 18<sup>th</sup> century, *philosophical thinking* and *practical activity* have been directed to a form of economic activity acknowledged to be the foundation on which society could and should be built.

At the same time, and as has already been emphasised (above, section 1), it is important to show how, although in a very curious manner, our ideal-type displays some continuity with Weber’s ideal-typical construct of the capitalist ‘spirit.’ We believe that religious thinking — and especially the vigorous religious controversies of the 17<sup>th</sup> century — led to the development of economic reflection in eighteenth century France. Some basic concepts and ideas emerged from these controversies, and are indeed presented as solutions to theological or moral problems extensively discussed at that time. Some striking examples will be given in the following section.

#### **4. Economic behaviour led by interest**

*Intérêt*, ‘*amour propre*’ and the passions

We noted (above, section 2) the evolution of the word *aconomie*. We must turn now to the evolution of the meaning of another word, *intérêt* or *interest* — a word of material importance for our subject. It became increasingly used and played an important role in the shaping of political economy in general, and *philosophie économique* especially — together with the now old-fashioned *amour-propre* or *self-love*.

There is a rich new literature on the historical emergence of the concept of *interest*. Let us simply return to the dictionaries of the time. The *Dictionnaire de*

*l'Académie française* (1694) first defines the general meaning of the word in the following way: ‘Interest [...]. What matters, what suits [...] somebody’s honour, utility or satisfaction’. Then there is a series of phrases like ‘public, general, common interest’, ‘family interest, private interest, interest of honour, pecuniary interest’, ‘State interest’ or ‘Interest of the Princes’. Some expressions are explained. The article in fact shows the polysemic aspects of the word, and specifies that the reference to ‘the sole utility’ only happens ‘sometimes’. In the *Dictionnaire de Trévoux* (1704) we can find similar comments, with one interesting difference however: it is stated that, in the field of ethics, *intérêt* ‘sometimes means passion’. And the entry *intéresser* stresses the use of the word in the religious controversies of the time. ‘Mystics call interested love, the love of God which aims at a reward [...], because it is a mercenary love, the main motive of which is self-interest.’ (*ibid.*)

The word *interest* originated in jurisprudential language and first meant loss, and then compensation for loss: see for example the French phrase *dommages et intérêts*. But this meaning was fading away — the *Dictionnaire de l'Académie française* considers it in fact to be marginal — except perhaps for what concerns the expression *interest of money* which came out of the controversies on usury. At the same time, at the end of the 16<sup>th</sup> and the beginning of the 17<sup>th</sup> centuries, the notion of interest was, so to speak, ‘dematerialized’. This significant evolution was the result of important changes in the way of thinking in two main fields: politics and religion.

The first change is due to authors like Francesco Guicciardini and Henri de Rohan (Taranto 1992: chap. 3 and 5). It concerns the discourse on the policies of the Princes and on reason of state, but was easily extended to private persons: *intérêt* started to refer to any advantage one can obtain or any disadvantage one can eliminate: political, moral, or — but not necessarily — economic.

The dematerialization of the notion of interest also took place in religious thought and emerged in the writings of the 16<sup>th</sup> Century Spanish mystics (*ibid.*: chap. 6). An ‘interest for God’ can have both positive and negative implications. Positively, it concerns an action performed for pure love of God and his commandments. Negatively, it is a question of an interest for God driven by expectation of reward —

be it the personal satisfaction resulting from observance of religious precepts, or the wish to avoid damnation — as is emphasised in the *Dictionnaire de Trévoux*.

In general, especially in political discourse, *intérêt* first bore the connotation of perceptive behaviour — ‘Interest will not lie’ — and with the idea of dispassionate and rational analysis of a situation: an objective statement. But this characterization has to be qualified, for some authors stressed that *interest can blind*. This is the case because an interest is always necessarily linked to a passion — pride, anger, cupidity, etc. Thus, on the one hand the variety and the strength of the passions can prevent the clear perception of real interests, and the aforementioned objective statement can be wrong; and on the other hand, even if this is not the case, even if interest is precisely specified, other passions and the interests linked to them can interfere and prevent its realisation.

All these discourses unavoidably lead to considerations of *amour-propre*, as the *Dictionnaire de Trévoux* also emphasised. This phrase also comes from religious thought: it is linked to the dogma of original sin and the idea that after the Fall, egoism, exclusive love for the self, replaced the love of God in the heart of human beings. Its meaning is of course strongly negative and *amour-propre* has thus to be distinguished from the *amour de soi* that some theologians and political writers — François de Sales, Jean-Pierre Camus, Jean de Silhon — opposed to it so that they might lend emphasis to the fact that a certain amount of concern for oneself is a quite legitimate need for self-preservation. Discourse on *amour-propre* and on *intérêt* inevitably intermingled and the two concepts sometimes could be seen as equivalent. When interest is not used synonymously with *amour-propre*, we can propose this distinction: (i) interest is a potential advantage, seemingly or possibly defined in a rational way; (ii) it is linked to a given passion which has to be specified every time: in the economic field, for the *philosophes économistes*, this is *cupidity*; (iii) interest is thus a motive of action for *amour-propre* — ‘Interest is the soul of *amour-propre*’ (La Rochefoucauld 1678: 475).

*The logic of interest*

We have seen how the concept of economy had concluded with the inclusion of the idea of a harmoniously proportioned ensemble, in which everything appeared to be arranged in a just and fitting manner which engendered ‘an order where nothing is missing, where there is nothing superfluous, because all the parts have fair proportions between each other, because they are perfectly subordinated to the same aim’ (Condillac). For *philosophie économique* a political order conceived in this way must rest, without disturbance, upon the harmony which economic activities spontaneously create, provided that the play of particular interests is allowed to be freely expressed in markets.

Boisguilbert was the first to mark out this position at the end of the 17<sup>th</sup> century. He argued that if one was to uncover an order within economic activity it was enough to consider the motivations of agents, which are nothing but the translation into economic life of the selfish conduct of men, a form of conduct which is theirs following Original Sin and the Fall of Man: ‘each thinks of attaining his own personal interest to the highest degree and with the greatest possible ease,’ he writes in 1705 in his first *Factum de la France* (Boisguilbert 1966: 749). What is the characteristic of this order? It is what Boisguilbert calls an ‘equilibrium’ or a ‘harmony’, that is, a situation in which a specific system of relative prices prevails: the ‘prix de proportion’. And if, in *Le Détail de la France* (1695), he can emphasise ‘the harmony of the Republic invisibly ruled by a superior power’ (Boisguilbert 1966: 621), this is because, in his opinion, this ‘superior power’ consists of nothing other than perfect free trade in markets which secure the realization of these ‘prix de proportion’ (see Faccarello 1986).

What is particularly striking here is that Boisguilbert, starting from Jansenist religious thought (see *ibid.*), explains how a basic passion like cupidity could be neutralized in markets with the assistance of a specific social mechanism: free competition. By confronting each individual’s cupidity with the cupidity of all other people, competition eliminates socially harmful effects and enables one to obtain an orderly society, a harmony, as if each individual was charitably motivated, which in

fact he is not. Boisguilbert's employment and transformation of a way of thinking that he found in the religious and moral works of Pierre Nicole (1670, 1671, 1675) so that it might be projected into a new field exemplifies this linkage of religion to economic thinking. That the result reached by Boisguilbert was one of general value, imposing itself with the development of *philosophie économique* during the 18th century, is even more significant: Quesnay, Turgot and Say developed this fundamental idea in various but complementary ways.

The idea of 'maximizing' behaviour based on interest was also developed by these authors, and here we encounter the opinion already emphasised above of a kind of rationality linked to interest. In Boisguilbert this idea of 'maximization' was of course connected with the Fall and embedded in religious controversies. It is thus interesting to note that an important and parallel development took shape at the end of the 17<sup>th</sup> century in the writings of Nicolas Malebranche and Gottfried Wilhelm Leibniz — a development linked to theological discussion of the rationality of divine action, which would in turn give rise to the modern concept of rational action<sup>8</sup>.

Confronted with debates on the nature of predestination, human freedom and the distribution of grace, Malebranche and Leibniz put forward a rationalization of the religious vision of the world which brings out a new conception of rationality. The idea is to show that the best among all possible worlds is not a world where everything is perfect: the best world can contain 'local flaws', if we bear in mind that this world is the result of the infinite wisdom of a God reluctant to enact miracles. Divine wisdom and rationality act through a small number of general laws, and perfection depends upon the 'best' relation between means and end — and not on the end independent of the means, as Antoine Arnauld claimed.

This approach was first outlined by Malebranche. Leibniz then took it further and linked it to the technique of calculus and the research of *extrema*, while representing it as an ideal of wisdom towards which man should aim. By linking the rationality of human action to that of God and by suggesting that human wisdom —

i.e. the wisdom of the legislator, the craftsman, the engineer — is only seeking ‘the best’, Leibniz gave an important impetus to the foundation of political theology on the one hand, and on the other the definition and legitimization of instrumental rationality. While this idea was a perfect match to the rhetoric of *philosophie économique*, it was only fully appreciated in the 19<sup>th</sup> century, since calculus was only introduced to economic thinking in France after the Revolutionary period.

#### *Free Foreign Trade as an exemplary policy for philosophie économique*

Free trade is thus an essential policy element in *philosophie économique*. Such freedom is essential to the realization of the system of prices which, driven by competition, facilitates the conciliation of opposed interests in the market. But our authors go further. They all link free trade in home markets to the freedom of foreign trade. Free trade at home, they argue, can stabilize the price of corn and create a condition of wealth based on a harmonious system of relative prices only if it is supported by freedom in foreign trade.

This new political view of foreign trade, initiated by Boisguilbert, is important for another reason: it provides a solution to the problem caused by the material interests of different countries. These interests can be peaceably harmonized if the merchants are able to trade freely in international markets, pursuing their own private interests. This in turn requires that governments understand the principal condition that *philosophie économique* establishes for the realization of a condition of harmony and plenty at home: comprehensive free trade, internal and external.

In the second half of the 18<sup>th</sup> century *philosophie économique* developed this line of thought, especially in the works that aimed to disseminate Physiocratic doctrine: *L'ordre naturel et essentiel des sociétés politiques* (Le Mercier de la Rivière 1767), *Première introduction à la philosophie économique* (Baudeau 1771), or *De l'ordre social* (Le Trosne 1777). Le Mercier de la Rivière and Le Trosne explicitly presented the idea as a

<sup>8</sup> See Steiner (2005: chap. 8).

political alternative to the policy of a 'balance of powers in Europe', which policy they considered to be a fertile source of disagreement and warfare between States.

'The principle of fraternity of nations is not [...] only dictated by justice, but it also accords with the interest of each nation, independently from the behaviour of the others. It should not simply be regarded as a beautiful moral idea, a worthy conception to be taught in schools of philosophy, but also as a practical maxim of government from which we can only detach ourselves to our own detriment' (Le Trosne 1777: 413-4).

The idea took root. At the end of our period we can find it in the writings of Say, for example in this excerpt from his *Cours complet d'économie politique pratique* developing the international consequences of the *loi des débouchés*:

'What is true about one individual in relation to another is also true for a nation in relation to foreign countries; each one is interested in the prosperity of all the others, as one can only sell to nations which are in a position to buy; and a nation [...] can only buy with that which it produces. This more exact conception of the nature of things now holds sway over the enlightened views of a few nations, and should progressively change the policy of the world; because as men become more enlightened, they listen to the suggestions of their enlightened interest, which for them are more reliable than the dreams of philanthropy.' (Say 1828-9, VI: 317-318)

## 5. Sensationism

The reference to sensationism is an important element of *philosophie économique* — even if Boisguilbert had no contact with this philosophy. It represented a possible line of development for discourse on the passions, interest and self-love. On the one hand, in spite of the great diversity of passions, one principle suffices to harmonise them: one passion might create good, or evil; that is, pleasure, or pain. Passions can therefore be comprehended in terms of their generally positive or negative consequences for a person or a group.

On the other hand, Original Sin, which placed everyone in thrall to self-love, enfeebled the powers of reason. All knowledge consequently became problematic, the essential nature of things being for evermore hidden from man. How could one escape this situation? Some writers relied, in spite of this problem, on a reason which, however enfeebled, in its semi-blindness could be guided by clear rules which would

prevent it being led astray – the philosophy of Descartes or the Port-Royal *Logique* was looked to for such rules. Alternatively one could resort to experience, renouncing a search for the essence of things and limiting oneself to phenomena, their proportions and their place in a network of relationships.

'...we only know relationships. Wishing to say more is to confuse the limits of our spirit with that of nature.' (Turgot 1913-23, I: 168)

For our subject, the most important development in France is related to the theory of human knowledge offered by John Locke's famous *Essay Concerning Human Understanding* (1690). This book — translated by Locke's friend Pierre Coste, with many editions throughout the 18<sup>th</sup> century — also made a notable impact through the works of Condillac, and this contributed in large part to the diffusion of sensationism among French *élites*, and notably among the *philosophes économistes* such as Quesnay, Turgot, the Idéologues and Say.<sup>9</sup> This new theory of human knowledge engendered both the sensationist political economy of Quesnay, Turgot and Condorcet,<sup>10</sup> and the so-called French materialistic thought of Helvétius and d'Holbach<sup>11</sup>, the latter being close to Bentham's view of utilitarianism and which greatly influenced Say.

Quesnay's article 'Evidence' in the *Encyclopédie* showed that sensationism served as the foundation for an empirical theory of knowledge unencumbered by the mind/body dualism of the Cartesians. This new sensationism led to the idea that it is the utility of an action (the agreeable or disagreeable sensations) which determined behaviour (Quesnay 1756: paragraph 24); nevertheless, for Quesnay and the Physiocrats this form of utilitarianism was associated with the idea of a natural order. That meant that seeking the useful was not the criterion for the discovery of the good, but only the means of reaching it. The socio-political construction of legal despotism rendered this sentiment quite clearly: the norm of economic government

<sup>9</sup> Quesnay and Turgot were naturally primarily inspired by the original works of Locke.

<sup>10</sup> See for example Steiner (1998) and Faccarello (1991, 1992, 2006).

was fixed in the Natural Order, but it was the harmony of interests between different classes which permitted its realisation.

The stance of Turgot and Condorcet is a little different. Sensationism established fundamental natural rights which human beings can enjoy – liberty, security, property – and of which free trade is the main aspect. It also served to explain value and the equilibrium prices which established themselves in markets guided by free competition. Upon the same foundation there also rested notions of justice and morality which, with the effective realisation of free trade, must guide the political and administrative organisation of the country – both Turgot and Condorcet rejected the idea of legal despotism.

The position of Helvétius and of d'Holbach is different again. These writers did not develop a theory of self-interested behaviour in markets organised around the principle of competition, but traced all behaviour to a calculation of pleasure and pain. In a society where economic activity played a significant part, this calculation involved a love of money which, since it permitted one to reduce pain and increase pleasure, became the most common passion of all. Deprivation of such a passion in such a society would lead to the removal of any principle of action (Helvétius 1773: 580). This was also what Say suggested when he opposed self-interested behaviour founded upon a calculus of pleasure and pain to vanity (or self-love) and lamented the fact that individuals did not know how to pursue their own interest (Say 1817: 84).

However, in all cases sensationism is also linked to the other characteristic of *Philosophie économique*: it provides a new perspective upon the (cognitive) links existing between people in society, and between people and their institutional or natural context, without having recourse to God after the manner of Malebranche. On the one hand, sensationism explains how people in society can understand the functioning of social interaction, whether economic or non-economic. This understanding is grounded in their sensations, more precisely on the valuation of

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<sup>11</sup> See for example Steiner (2006).

these sensations in terms of pleasure or pain. Accordingly, sensationism is the principal link between the pragmatic level of self-interested action and the cognitive level (characteristic of human beings compared to animals). Briefly, sensationism explains how people can make judgements or choices between alternative courses of action in a rational manner.

On the other hand, sensationism explains how the consequent effect of people's behaviour is open to change and manipulation. If people behave according to their sensations and the valuation of the feelings resulting from them, then it is possible to modify the effects of their behaviour through modification of the context, especially the institutional context. As a consequence, the wise legislator can act upon the people without imposing upon them any normative rule of conduct, and without hindering them from looking after their own interests: he achieve this simply by modifying the context of self-interested behaviours. Such an approach is at the very heart of '*laissez faire*' policies and, more generally, at the very heart of economic liberalism.

If one added to these two remarks the fact that the legislator is himself a man driven by political or economic interests, then sensationism offers a powerful and integrated understanding of the way in which society functions, from laymen to the legislator, from top to bottom and from bottom to top.

## 6. Philosophie économique and the science of the legislator

*How can influence be brought to bear on the legislator?*

As a vision of political and social life *philosophie économique* is necessarily faced with its actual implementation, and in this respect it is a science of the legislator. As such *philosophie économique* evolved *pari passu* with some other important transformations of this period.

Beginning our period with Boisguilbert, the *philosophe économiste* sought to act by gaining access to the King or his ministers. He had the traditional role that the

monarchy offered the King's advisers: informing the King of the living conditions of its people to secure justice for them and that their living conditions are satisfactory.

By the middle of the 18th century this had changed, especially in the case of the Physiocrats and Turgot. Here there was a very clear movement towards what Jürgen Habermas has called the public sphere, where the central idea of 'public opinion' was formed by landowners publicly making use of their reason. This movement had a major impact upon *philosophie économique* as a science of the legislator on three points.

First of all, this turn towards public opinion produced a change in the way in which the *philosophe économiste* expressed his ideas. Instead of papers and memoranda addressed to the royal authority, he turned to printed works and even articles in journals — the work of Quesnay is exemplary in this aspect — intended for the public and for debate. Was this public opinion an ideal, or was it social reality? As an ideal it functioned as a new way of thinking about politics and the legitimising of political action, seeking to convince the 'reading and thinking public' — a good example of this can be found in the preliminary declarations of Turgot's edicts. It was however more than an ideal. For one thing, the number of publications grew dramatically after 1750 (Théré 1998). Additionally, Turgot and Baudeau began to define the social category that formed the basis of this new public opinion: the middle class. This can also be found in the writings of d'Holbach, Rœderer and Say.

Secondly, *philosophie économique* treated politics as a pedagogic practice: it needed to explain itself so that the opinions of reasonable members of the public might be guided, defining as a consequence the conditions of acceptability and legitimacy for the measures taken by the legislator. This pedagogical dimension is associated with a duality in those institutional structures at which the *philosophes économistes* were aiming. In some cases (Quesnay and Le Mercier de la Rivière for example) the importance assigned to public opinion, also strongly associated with public education, went hand in hand with the role of the *philosophe économiste* as an expert. In other cases (Mirabeau, Dupont de Nemours, Turgot), projects for the representation of interests through local assemblies were developed so that the interests of the landowners might be

discovered and channelled — these interests being considered identical to the interests of the nation.

Thirdly, with Say a new phase of relationships between *philosophie économique* and the legislator appeared. After the French revolution, Say became very cautious with respect to the positive role of the State in social life. He emphasized the autonomy of civil society with respect to government; and, following the Physiocrats, Turgot and the Idéologues, he insisted on the importance of the middle class in public opinion, and on the necessity of spreading economic knowledge through public lectures and books (his *Catéchisme* is an leading example of this). This middle class is also important in administration, the role of which is essential in the implementation of measures upon which the legislator has decided. All in all, the middle class makes up the administration and also controls it. The diffusion and reception of *philosophie économique* is therefore of the greatest importance.

*Philosophie économique* is more than rhetoric; it is quite concrete when it alters the priorities of administrative action. We have already touched on this point when considering the specific problem of foreign trade and the international policy to which it is linked. The same phenomenon can be found in the case of policy in the grain trade. Instead of adhering to the traditional idea that the merchant is dangerous because motivated by greed, and that the population therefore needs protection, especially during periods of grain shortage, *philosophie économique* sees the merchant as equal to Providence in regard to food distribution. It is therefore the merchant who needs protection from the irrational passions and ignorance of the people. Keeping this in mind, *philosophie économique* engenders a real political battle on an issue about which no-one could be indifferent; and hence the importance of the controversy over grain markets in mid-18th century France.

#### *Two modes of harmonization of interests*

Let us now turn to a more general point. Our study has shown that, from Boisguilbert to Say through Quesnay and Turgot, *philosophie économique* emphasised *two* ways in which interests might be harmonised in society.

The first concerns the functioning of the markets in a situation of free competition: in this case the harmonization of self-interested behaviour on the part of agents occurs without any intervening regulation — whether it be political or religious. The legislator and the administration would here at best be able to do no more in the market than autonomous and decentralised agents already do; it is therefore pointless to regulate markets. This mechanism differs from the one pointed out by Hirschman (1977) since it opposes the *same* passion (cupidity, or economic interest) *to itself* through the actions of different agents in the market.

However, this form of spontaneous harmonization does not exist in those fields where the social mechanism of competition cannot work. From Boisguilbert to Say, all authors emphasise this point. Say for example does so in the pages he devotes to administration and to the functioning of bicameral political representation. In this case the harmonization of interests calls for complete attention on the part of the legislator and the elected representatives: this is the domain of artificial harmonization of interests. This artificial harmonization can work in two different ways. When interests are basically the same, the role of the legislator is to create a political structure which enables these interests to be recognized as identical. When they are not identical, the legislator has to construct a system of laws; for the legislator can become manipulative and dangerous if not guided by the knowledge of general rules discovered by *philosophie économique*, or by the elected representatives of the people.

We must emphasize that in both cases artificial harmonization, and thus politics, deals with *economic* interests.

## 7. The success of 'philosophie économique' in the 19th century

In 1803 both Say and Jean-Charles-Léonard Simonde de Sismondi published a book devoted to political economy. During the Restoration economic discourse was profoundly modified so that it might confront the questions posed by industrial society — a society which differed significantly from Smith's commercial society on account of the role played by production and machinery. It was a time when the

actual foundation of society was changing due to problems created by the liberty and independence of the *Modernes* — as Benjamin Constant put it in 1819 — with the spread of the passion of equality and the passion of wealth. According to Alexis de Tocqueville in his *Démocratie en Amérique*, all this called for a ‘new political science’.

This does not mean that *philosophie économique* had failed. On the contrary, it had succeeded. It had become inappropriate to consider political theory without placing economic activity at the centre of things. Even religious thinkers had to pay due regard to issues related to economic activity so that they could modernise their religious message and propose a religious approach to this dimension of worldly activity.

This opened up a new and general issue, which can be illustrated by considering some aspects of the French debate around *industrialisme* during the 1820s and 1830s.<sup>12</sup>

Liberal economists such as Charles Comte, Charles Dunoyer, Sismondi and Say on the one hand and Claude-Henri Saint-Simon, Augustin Thierry and Auguste Comte on the other, all sought to promote political economy during the early Restoration years as the political science appropriate to an industrial system. However, they discovered during the 1820s that their views diverged in many respects, and this eventually led them into conflict with each other. The first group, and Dunoyer especially, radicalized the economic approach to society, introducing the terminology of utility and rational behaviour. The second group (Saint-Simon, Saint-Amand Bazard and Prosper Enfantin, Auguste Comte), drew on religious thought and recovered a moral dimension that the economic approach either left out, or restricted to the domestic sphere.

Hence the opposition between the two forms of *industrialisme*: one aiming at a central organization and associated with the Saint-Simonians, who linked social engineering to the promotion of ‘altruistic’ values (according to the term coined by

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<sup>12</sup> For a more comprehensive analysis, see Faccarello and Steiner 2007.

Auguste Comte); and the other *catalectic*, where Dunoyer argued that the freedom needed for economic life and utilitarian behaviour should be extended to the whole of social life, including politics.

The opposition between the two forms of industrialism entailed as well an opposition between two forms of economic *ethos*. In catalectic industrialism, the market should be a domain solely ruled by self interested behaviour, whereas other motives of action are at work in other, connected social spheres, such as the family. This does not mean that the market is a-moral, but it does mean that the morality of the free market should be fully acknowledged as a moral principle. By contrast, altruistic industrialism brings to the fore the need for a new moral principle to mitigate the social effects of generalized self-interested behaviour. This is, in the words of Auguste Comte, the most important challenge for the positive and industrial society: the prominence of altruism over self interest. In this sense, this opposition is also an opposition between two different views of the frontiers between economy, society and politics. Hence the great debate became that between socialism and liberalism, that is to say between two different forms of economic *ethos*, two different principles for economic life conduct.

It appears that the success of *philosophie économique* is linked to the emergence of an issue related to self-interested behaviour and values. If Dunoyer proposed to ground the entirety of social life upon utility and competition, the Saint-Simonians, Constant, Auguste Comte and Tocqueville were not ready to accept such a view. Leaving aside here the question of the ideal functioning of the market — decentralized according to Constant, centralized and ‘organized’ according to the Saint-Simonians, Tocqueville remaining ambiguous on this point — they all stress the fact that self-interested behaviour in the market is only one side of the problem; the other side involving values, and particularly religious values of a new form, that is to say fitted to the industrial society with its elevation of scientific achievement (such as Saint-Simon’s New Christianity or Auguste Comte’s religion of humanity).

Finally, we can emphasise the fact that *philosophie économique* was gaining momentum within industrial society in two different ways. The teaching of political

economy is a major element in the spreading of the new *ethos* among the people living in France and the most advanced European countries. The pragmatic implementation of *philosophie économique* occurred differently, through the technical activity of a growing number of engineers, whether they were *ingénieurs d'État* (with the École Polytechnique, the École des mines and the École des ponts et chaussées), or *ingénieurs civils* (with the creation of the École centrale); these people were able to use Leibniz's mathematical tools when industrial and technical issues were at stake, cost minimization and price setting included. The connection between the two levels of our ideal type is perfectly illustrated with Jules Dupuit's work as an engineer and economist.

## References

A more extensive bibliography would have been useful, drawn not only from primary sources but also from the secondary literature that has developed over the last two or three decades. But these additional references would have unbalanced the paper as a whole, and we have instead followed the usual practice of providing bibliographic detail only for those works directly cited in our article.

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### Summary

For many centuries religion dominated the thought and behaviour of peoples. From the end of the 17th Century, however, it was progressively replaced by political economy, which in turn developed its full influence during the 19th Century, imposing a new "ethos" and a new "conduct of life". So that we might better understand this fact, a Weberian ideal-type is proposed: *philosophie économique*. Illustrated by the works of Boisguilbert, Quesnay, Turgot and Say, it elaborates three main elements: interested behaviour, sensationism and a specific conception of the "science of the legislator".

**Keywords :** Pre-Classical political economy, Logic of interest, Science of the legislator, Boisguilbert, Quesnay, Turgot, Say