In this essay I will throw new light on a relatively neglected aspect of Edmund Burke’s (1730–97) economic thought. Most scholars have recognized its central assumptions as advocacy of a freely competitive market economy and justification of laissez-faire commercial policies. But this conventional interpretation is unsatisfactory and incomplete. There have been very few extensive studies of what Burke meant by political economy, although he frequently used this term and prided himself on being a political economist.

The first section of this paper will present enough documentary evidence to sketch the scope of Burke’s political economy. What he meant by political economy was different from the classical school of political economy, not to mention modern sophisticated economics. Rather, it was much more akin to what is now called public finance. The second section will describe the moral nature of his political economy in relation to that of his politics. To him, political economy was an essential constituent of his politics of prudence. The third section will focus on his prudent choice of economic policies, and how his political economy distanced itself from theoretical laissez-faire dogma.

I

While Edmund Burke has been most remembered in the history of political thought as one of the most important founders of British conservatism, he has also been noted as having possessed considerable competence as a political economist. According to the biography of Burke written by his contemporary Robert Bisset (1758/9–1805), Adam Smith “told [Burke], after they had conversed on subjects of political economy, that he was the only man, who, without communication, thought on these topics exactly as he did.” Most commentators’ evidence has relied almost entirely on the economic analysis of *Thoughts and Details on Scarcity* (1795), a posthumously published memorandum addressed to Prime Minister William Pitt (1759–1806) in response to the famine that hit England during the war with France. This has led them to jump to the conclusion that the nature of his political economy lies in the defence of a self-regulating market economy and the justification of
laissez-faire policies. Here are some typical excerpts from *Thoughts and Details*:

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

We, the people, ought to be made sensible, that it is not in breaking the laws of commerce, which are the laws of nature, and consequently the laws of God, that we are to place our hope of softening the divine displeasure to remove any calamity under which we suffer, or which hangs over us.

It is one of the finest problems in legislation, and what has often engaged my thoughts whilst I followed that profession, “What the State ought to take upon itself to direct by the public wisdom, and what it ought to leave, with as little interference as possible, to individual discretion.” The clearest line of distinction which I could draw, whilst I had my chalk to draw any line, was this: That the State ought to confine itself to what regards the State, or the creatures of the State, namely, the exterior establishment of its religion; its magistracy; its revenue; its military force by sea and land; the corporations that owe their existence to its fiat; in a word, to every thing that is truly and properly public, to the public peace, to the public safety, to the public order, to the public prosperity.

This conventional wisdom, however, leaves room for further discussion since it seems significant that Burke never used the term “political economy” in *Thoughts and Details*, while he occasionally showed evidence of his efforts as a political economist in his other works. These observations, taken together, suggest that *Thoughts and Details* is not a complete statement of his political economy and that his *Letter to a Noble Lord* (1796) is more striking and important as far as this topic is concerned.

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

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

Does his Grace think, that they who advised the Crown to make my retreat easy, considered me only as an economist? That, well understood, however, is a good deal. If I had not deemed it of some value, I should not
have made political economy an object of my humble studies, from my very early youth to near the end of my service in parliament, even before, (at least to any knowledge of mine) it had employed the thoughts of speculative men in other parts of Europe. At that time, it was still in its infancy in England, where, in the last century, it had its origin. Great and learned men thought my studies [on political economy] were not wholly thrown away, and designed to communicate with me now and then on some particulars of their immortal works. Something of these studies may appear incidentally in some of the earliest things I published. The House has been witness to their effect, and has profited of them more or less, for above eight and twenty years.  

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

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

That being the case, we must ask: to Burke, what was political economy? The key to solving this problem is hidden in Burke’s own words. He modestly and humbly stated that something of his studies on political economy “may appear incidentally in some of the earliest things I published.” Of his earliest publications, Observations on a Late Publication Entitled “The Present State of the Nation” (1769) (his first substantial political pamphlet as an active politician) seems the most relevant to the current subject of discussion.

Burke’s Observations attacked the scheme of colonial taxation that had been expressed in an anonymous pamphlet, The Present State of the Nation (1768), whose actual author was William Knox (1732–1810), a supporter of the former prime minister George Grenville (1712–70). According to Knox’s analysis, Britain experienced financial decline with its victory in the Seven Years’ War (1756–63), while France was strengthened by its defeat. He proposed that the burden of the national debt should be reduced by introducing colonial taxation in return for admitting American representatives into the British Parliament. Burke criticized Knox for misinterpreting statistical evidence and exaggerating England’s debt as well as understating France’s. About two-thirds of the Observations was devoted to a detailed investigation of Britain’s and France’s finances and balance of trade. For Burke, the only reasonable solution was that Britain should not tax America for reasons of expediency taking precedence over law and rights. He argued that America had already paid its share of imperial expenses:
We ought rather to infer from our having laid the colonies under many restraints, that it is reasonable to compensate them by every indulgence that can by any means be reconciled to our interest.\textsuperscript{12}

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

II

Burke’s concept of political economy also includes a moral element. He stressed the importance of managing public finance in his most famous work, Reflections on the Revolution in France (1790):

The revenue of the state is the state. In effect all depends upon it, whether for support or for reformation. . . . Through the revenue alone the body politic can act in its true genius and character, and therefore it will display just as much of its collective virtue, and as much of that virtue which may characterize those who move it, and are, as it were, its life and guiding principle, as it is possessed of a just revenue. For from hence, not only magnanimity, and liberality, and beneficence, and fortitude, and providence, and the tutelary protection of all good arts, derive their food, and the growth of their organs, but continence, and self-denial, and labour, and vigilance, and frugality, and whatever else there is in which the mind shews itself above the appetite, are no where more in their proper element than in the provision and distribution of the public wealth. It is therefore not without reason that the science of speculative and practical finance, which must take to its aid so many auxiliary branches of knowledge, stands high in the estimation not only of the ordinary sort, but of the wisest and best men. . . .

The objects of a financier are, then, to secure an ample revenue; to impose it with judgment and equality; to employ it oeconomically; and when necessity obliges him to make use of credit, to secure its foundations in that instance, and for ever, by the clearness and candour of his proceedings, the exactness of his calculations, and the solidity of his funds.\textsuperscript{13}

Virtue, too, is essential. To Burke, political economy with public finance at its core was an essential constituent of his moral politics—that is, the politics of prudence. Prudence was “the first of all virtues” in politics.\textsuperscript{14} In his writings and speeches, “political oeconomy” was often abbreviated to “oeconomy.” He also distinguished between the two rival faces of “oeconomy.” The evidence for this can be found in Letter to a Noble Lord, which contains a defense of the position he had taken in his Speech on Economical Reform (1780):\textsuperscript{15}

"mere parsimony is not oeconomy. It is separable in theory from it; and in fact it may, or it may not, be a part of oeconomy, according to circumstances. Expense, and great expense, may be an essential part in true oeconomy. If parsimony were to be considered as one of the kinds of that"
virtue, there is however another and an higher oeconomy. Oeconomy is a distributive virtue, and consists not in saving, but in selection. Parsimony requires no providence, no sagacity, no powers of combination, no comparison, no judgment. Meer instinct, and that not an instinct of the noblest kind, may produce this false oeconomy in perfection. The other oeconomy has larger views. It demands a discriminating judgment, and a firm, sagacious mind. . . . Had the oeconomy of selection and proportion been at all times observed, we should not now have had an overgrown Duke of Bedford, to oppress the industry of humble men, and to limit by the standard of his own conceptions, the justice, the bounty, or, if he pleases, the charity of the Crown.16

Burke draws a sharp distinction between “in theory” and “in fact.” The deeper significance of this will emerge in the next section.

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

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

It is impossible, Sir, for any person to be an oeconomist where no order in payments is established; it is impossible for a man to be an oeconomist, who is not able to take a comparative view of his means, and of expenses.17

Proud of being a “true” political economist, not only prudent but also well versed in “true” economy, Burke attacked the “false” French political economists when he inveighed against the age of “sophisters, oeconomists, and calculators” in the Reflections:

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

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

Nothing is more certain, than that our manners, our civilization, and all the good things which are connected with manners, and with civilization, have, in this European world of ours, depended for ages upon two principles; and were indeed the result of both combined; I mean the spirit of a gentleman, and the spirit of religion.18
It is clear that “oэкономists” in the citation above refers to the French public financers, because the phrase “the cheap defence of nations” follows shortly after. If they had been qualified as “true” political economists, they could have successfully carried out the reform of public revenue while preserving “the spirit of our old manners and opinions” as well as “the spirit of a gentleman, and the spirit of religion” as sources of “the glory of Europe,” including France. In reality, however, they not only extinguished these spirits but also threw the state into “bankruptcy.” Evidently and undoubtedly they were “false” political economists. The “sophisters, oéconomie, and calculators” were so persistently haunted by the dangerous spirit of innovation and so ignorant of proper knowledge on political economy that they failed in the prudent management of national financial resources and the balance of trade.

Again in the Reflections:

They have found their punishment in their success. Laws over-turned; tribunals subverted; industry without vigour; commerce expiring; the revenue unpaid, yet the people impoverished; a church pillaged, and a state not relieved; civil and military anarchy made the constitution of the kingdom; every thing human and divine sacrificed to the idol of public credit, and national bankruptcy the consequence; and to crown all, the paper securities of new, precarious, tottering power, the discredited paper securities of impoverished fraud, and beggared rapine, held out as a currency for the support of an empire, in lieu of the two great recognized species that represent the lasting conventional credit of mankind, which disappeared and hid themselves in the earth from whence they came, when the principle of property, whose creatures and representatives they are, was systematically subverted.19

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

III

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

In this famous speech, which does not deal with economic theory in spite of its title, Burke expounded his efforts to eliminate waste in the king’s household and replace it with public frugality. The speech seems a weak basis for Isaac Kramnick’s assertion that “it is as cold-hearted, cost-accounting calculator, economist par excellence that Burke spoke to the Commons in his speech of 1780,”20 because eliminating corrupt influence as well as waste, and making Parliament independent, was the primary purpose of his plan for economical reform:

I am sensible too, that the very operation of a plan of oeconomy which tends to exonerate the civil list of expensive establishments, may in some sort defeat the capital end we have in view, the independence of parliament; and that in removing the public and ostensible means of influence, we may increase the fund of private corruption.21

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

I would therefore leave to the crown the possibility of conferring some favours, which, whilst they are received as a reward, do not operate as corruption. When men receive obligations from the crown through the pious hands of fathers, or of connections as venerable as the paternal, the dependences which arise from thence, are the obligations of gratitude, and not the fetters of servility. Such ties originate in virtue, and they promote it. 23

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

My oeconomical reforms were not . . . the suppression of a paltry pension or employment, more or less. Oeconomy in my plans was, as it ought to be, secondary, subordinate, instrumental. I acted on state principles. I found a great distemper in the commonwealth; and, according to the nature of the evil and of the object, I treated it. 24

A disposition to expence was complained of; to that I opposed, not mere retrenchment, but a system of oeconomy, which would make a random expence without plan or foresight, in future not easily practicable. . . . Government is made for the very purpose of opposing that reason to will and to caprice, in the reformers or in the reformd, in the governors or in the governed, in Kings, in Senates, or in People. 25

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

It is certain that Burke stated “how generally it is true, that commerce . . . flourishes most when it is left to itself” in the Speech on Economical Reform as if he had anticipated his own advocacy for free trade in Thoughts and Details. 26 It does not mean, however, that he supported the cold logic of laissez-faire policies. In spite of his praise of laissez-faire concepts and parsimony, Burke stressed that these axioms can often admit their “exceptions” according to prudence—that is to say, discretion. 27 Such a method of thinking on economic matters seems close to Adam Smith's exception regarding laissez-faire concepts: defense is of much more importance than opulence. 28 Bisset's famous anecdote cited in the first section of this essay is thus vindicated. Burke and Smith had similar views on the prudent choice of commercial and financial policies rather than the speculative justification of a self-regulating market system. 29

In conclusion, Burke was far from being a student of the cold logic of metaphysical and dogmatic laissez-faire doctrines. He based his choice of economic policies on prudence, not on principle. He was qualified as a political economist in the sense
that he was a pragmatic and prudent politician, well informed about national finance and the balance of trade. As F. Y. Edgeworth commented rightly, “A rich vein of economic wisdom, mixed with other precious materials, runs through the whole vast tract of Burke’s political writings.”

1 I wish to thank Tony Lawson, James E. Alvey, Masanori Taishido, Hiroaki Itai, and Tomoyuki Uemiya for their helpful comments and criticisms on earlier drafts of this essay. 2 Robert Bisset, The Life of Edmund Burke (London, 1800), II, 429. 3 C. B. Macpherson is the most distinguished spokesman for this position; see Burke (Oxford, 1980). For a recent discourse with the same basic position, see Norman Barry, “The Political Economy of Edmund Burke,” Edmund Burke: His Life and Legacy, ed. Ian Crowe (Dublin: Four Courts Press, 1997). 4 The Writings and Speeches of Edmund Burke, ed. Paul Langford et al. (Oxford: Clarendon Press, 1981–) (hereafter WS), IX, 133. Burke’s italics.

5 WS, IX, 137. 6 WS, IX, 143. Burke’s italics. 7 One of the best studies along these lines is still Frank Petrella’s “Edmund Burke: A Liberal Practitioner of Political Economy,” Modern Age (Winter 1963–64). 8 Burke was a member of Parliament from 1766 to 1794. 9 WS, IX, 159–160. 10 See F. P. Lock, Edmund Burke, 2 vols. (Oxford: Clarendon Press, 1999–2006), I, 259–264; see also Donald Winch, Riches and Poverty: An Intellectual History of Political Economy in Britain, 1750–1834 (Cambridge: Cambridge University Press, 1996), 139. 11 James Conniff, The Useful Cobbler: Edmund Burke and the Politics of Progress (Albany: State University of New York Press, 1994), 190. 12 WS, II, 194. 13 WS, VIII, 273–275. 14 WS, VIII, 113. For a detailed discussion of Burke’s view on prudence see, e. g., H. T. Dickinson, Liberty and Property: Political Ideology in Eighteenth-Century Britain (New York: Holmes and Meier, 1977), 304–305. 15 The fact that Burke’s long-struggling economical reform (1779–82) was virtually a fiscal reform on a civil list should not be overlooked. This supports my interpretation that his political economy was essentially public finance. 16 WS, IX, 162. Burke’s italic. 17 WS, III, 508. 18 WS, VIII, 127–130. 19 WS, VIII, 89–90. 20 Isaac Kramnick, The Rage of Edmund Burke: Portrait of an Ambivalent Conservative (New York: Basic Books, 1977), 161. 21 WS, III, 542. 22 WS, III, 483. 23 WS, III, 528. 24 WS, IX, 154. 25 WS, IX, 157. 26 WS, III, 535. 27 WS, III, 531. 28 Adam Smith, An Inquiry into the Nature and Causes of the Wealth of Nations, ed. R. H. Campbell, A. S. Skinner, and W. B. Todd, 2 vols. (Oxford: Clarendon Press, 1975), I, 464–465. 29 In reality, Bisset described Burke’s intellectual relationship with Smith as such. Most scholars have long misinterpreted his anecdote concerning these two distinguished contemporaries. Longer citation than in the first section is needed in order to confirm it: “Mr. Burke talked in very high terms of Dr. Adam Smith; praised the clearness and depth of his understanding, his profound and extensive learning, and the vast accession that had accrued to British literature and philosophy from these exertions, and described his heart as being equally good with his head, and his manners as peculiarly pleasing. Mr. Smith, he said, told him, after they had conversed on subjects of political economy, that he was the only man, who, without communication, thought on these topics exactly as he did. It is not surprising that two such men should think in the same way, especially as both had read Aristotle’s Politics.” (Bisset, The Life of Edmund Burke, II, 428–429). 30 F. Y. Edgeworth, “Burke,” Dictionary of Political Economy, ed. R. H. Inglis Palgrave, 3 vols. (London and New York: Macmillan, 1894–99), I, 194–195. This small article is still insightful, but Edgeworth took it for granted that Thoughts and Details was one of Burke’s most typical expressions on economic matters. On this point I disagree with Edgeworth.