

Lord William Wyndham Grenville as a Political Economist



Christophe Depoortère
(CEMOI - University of Reunion Island)
February 3rd 2022



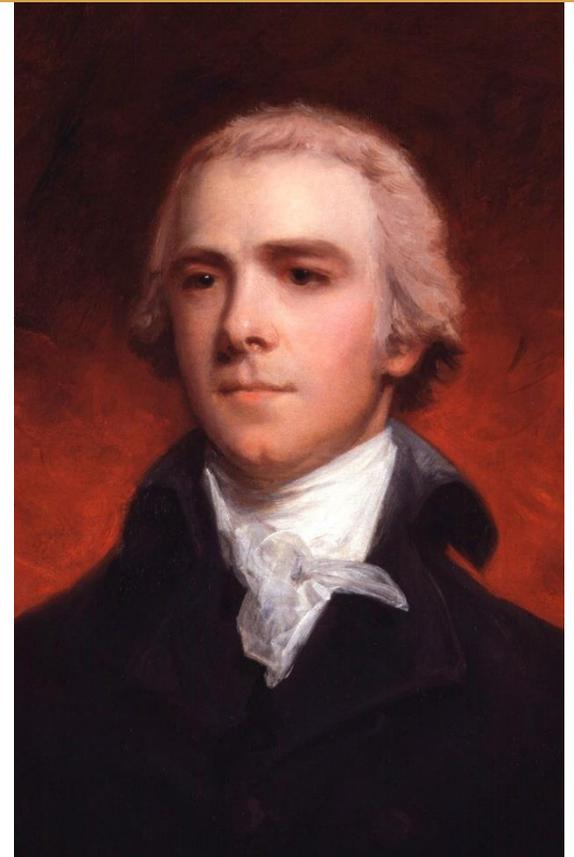
Introduction

Summary of Lord Grenville's Career

1759-1790 The formative years

1791-1801 The Foreign Office and war

1801-1807 Rapprochement with Fox and the
Ministry of all the talents



Introduction

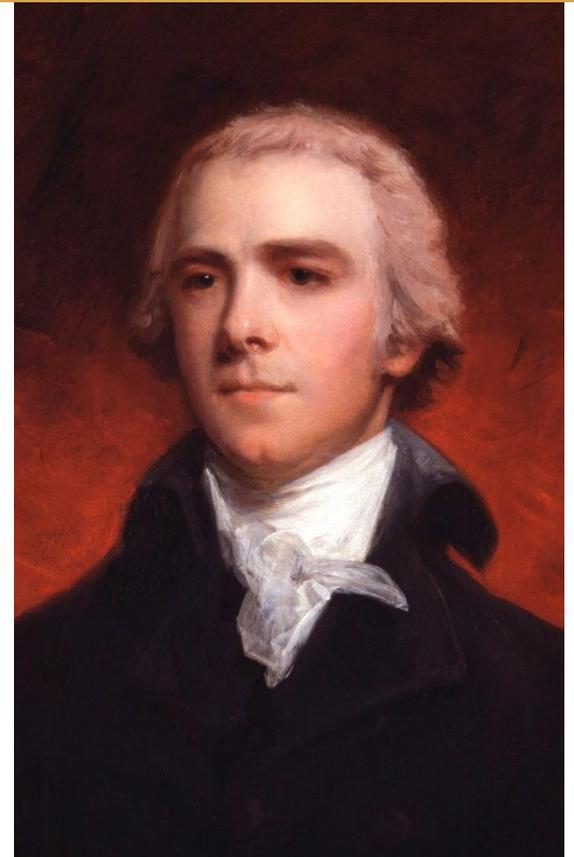
Summary of Lord Grenville's Career

1807-1817 Took the leadership of the opposition

1810-1834 Chancellor of the University of
Oxford

1817-1823 Abandoned all Party connection

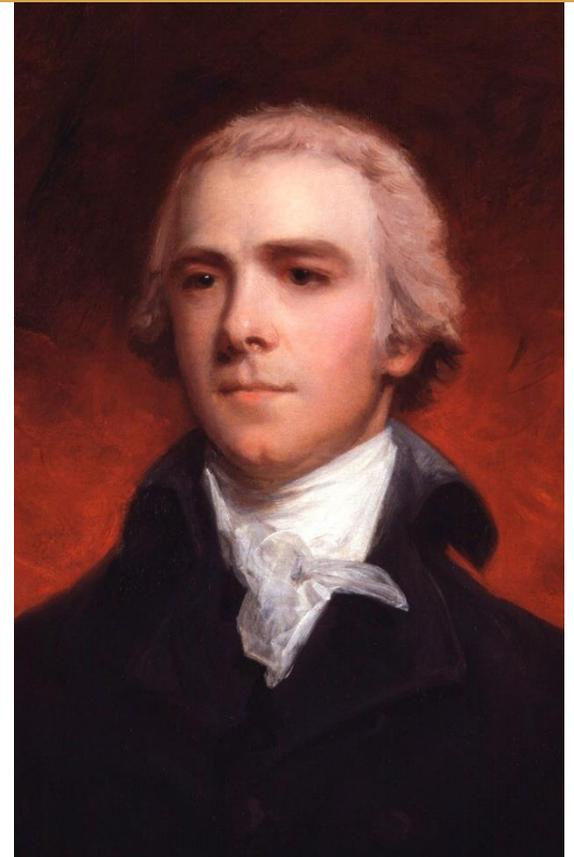
1823-1834 Gardening and Political Economy



Introduction and plan

In what respect Lord Grenville may have contributed to the development of political economy

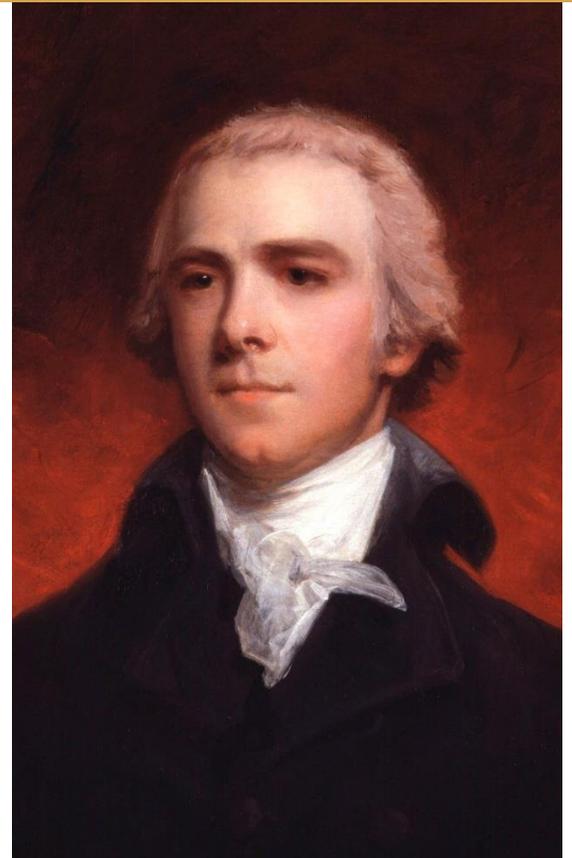
- I. Political Economy and economic policy
- II. Political Economy and education
- III. Political economy as a science



I. Political economy and economic policy

According to John Wheatley (1807), Lord Grenville was:

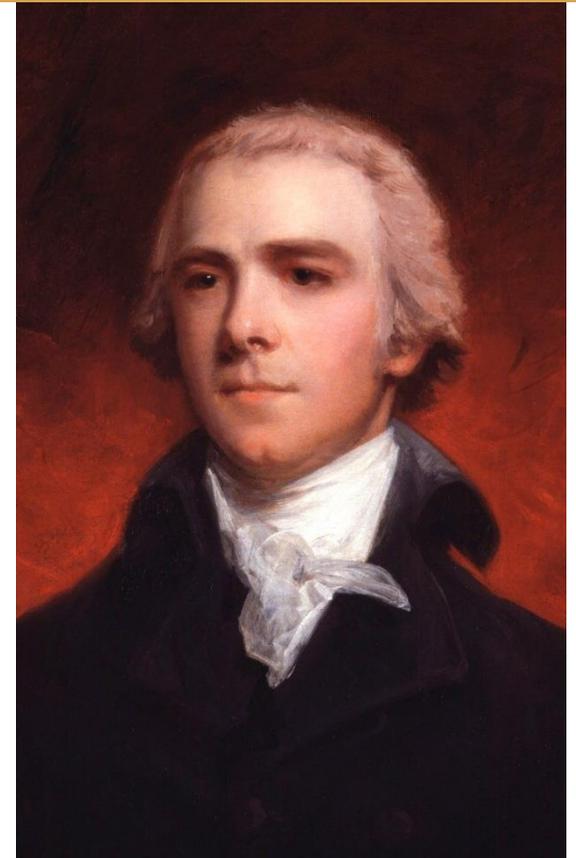
“the first statesman that acceded to the Government of this country, uninfluenced by the tenets of the old school”



I. Political economy and economic policy

Wheatley added:

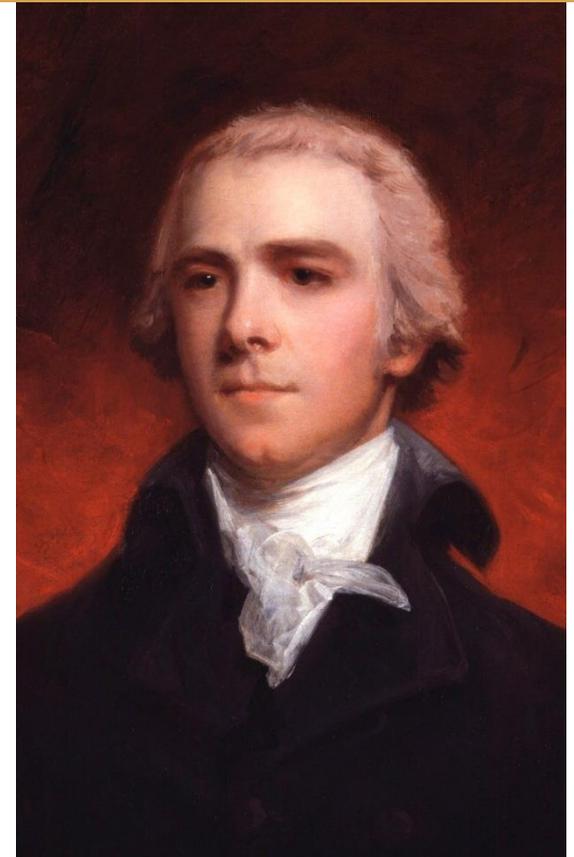
“the deep and extensive knowledge, which he displayed of the principles of public economy [...] was a [...] promise to the world, that the resources committed to his charge [of Prime Minister] would be more ably administered than by his great, though less competent, predecessor”



I. Political economy and economic policy

Two points:

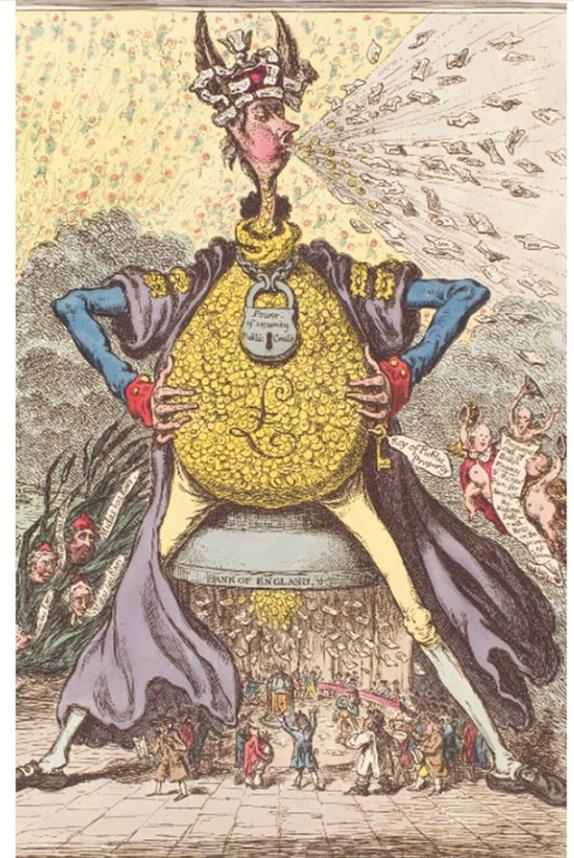
1. Grenville was uninfluenced by “the tenets of the old school” in the making of economic decision
2. Grenville was an “expert in political economy”



I. Political economy and economic policy

Debates on the Irish Bank Restriction Bill (1804)

A few words about the context

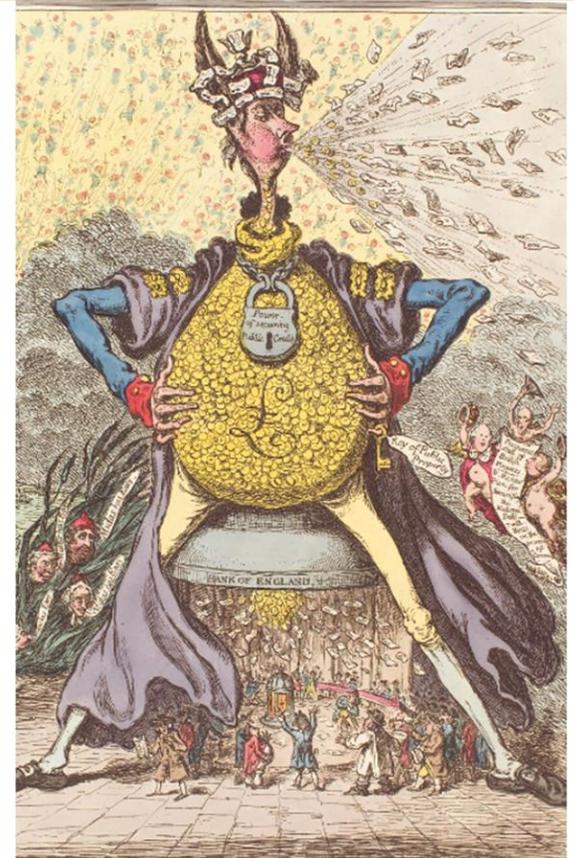


I. Political economy and economic policy

Debates on the Irish Bank Restriction Bill (1804)

Grenville suggested to withdraw gradually small bank notes from the circulation

This would induce the re-introduction of coins to the same amount and preserve or restore the value of money

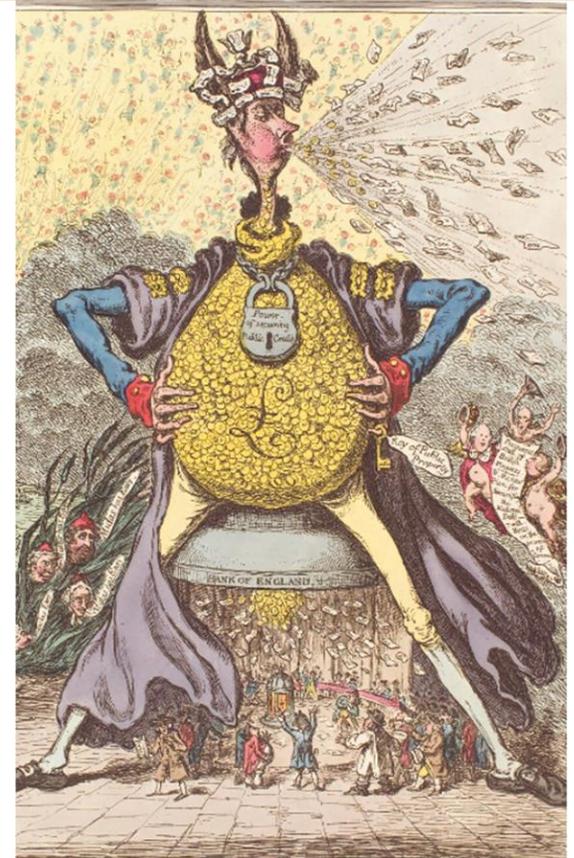


I. Political economy and economic policy

Debates on the Irish Bank Restriction Bill (1804)

Grenville proposal was based on Smith (Wealth of Nations Book II, Chap. 2)

- Smith stressed the dangers of “a commerce [...] suspended upon the Daedalian wings of paper money” (1776, 1:321)
- Smith suggested to forbid bank notes under five pounds. (1:322)

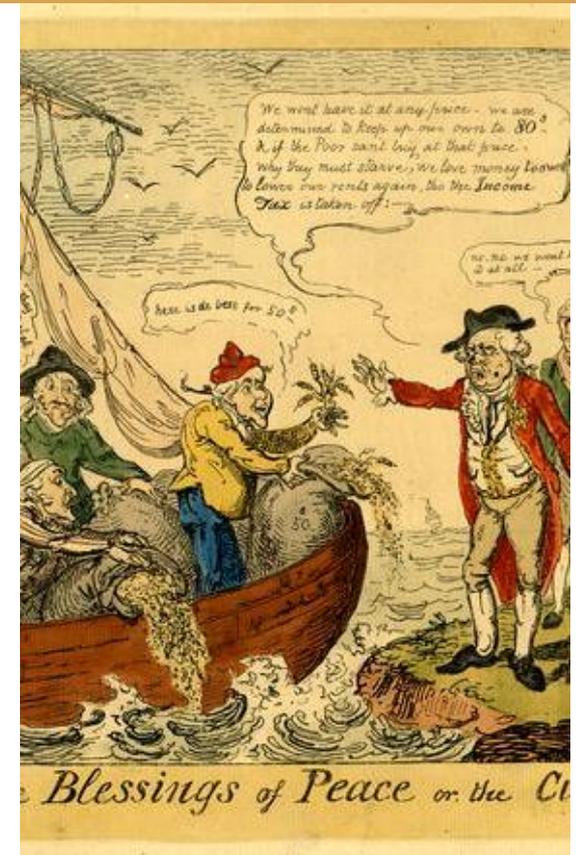


I. Political economy and economic policy

Debates on the on the deficiency of grain (1800)

Two series of bad harvest 1795-1796; 1799-1800

Pitt attempted to regulate the corn market

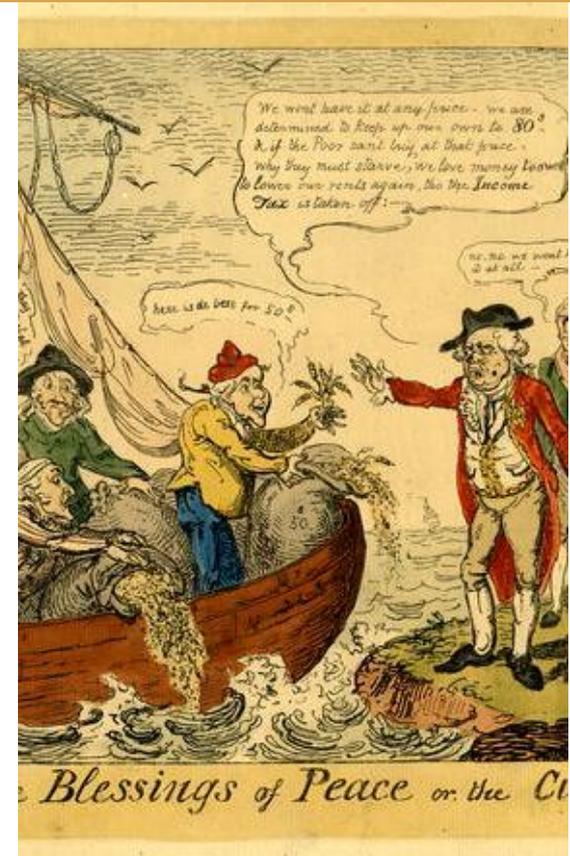


I. Political economy and economic policy

Debates on the on the deficiency of grain (1800)

Grenville wrote to Pitt:

“my [...] opinion on the subject of all laws for lowering the price of provision [...] you know so well. We in truth formed our opinions on the subject together, and I was not more convinced than you were of the soundness of Adam Smith's principles of political economy till Lord Liverpool lured you from our arms into all the maze of the old system (*in Stanhope 1861-2, 3:248*).

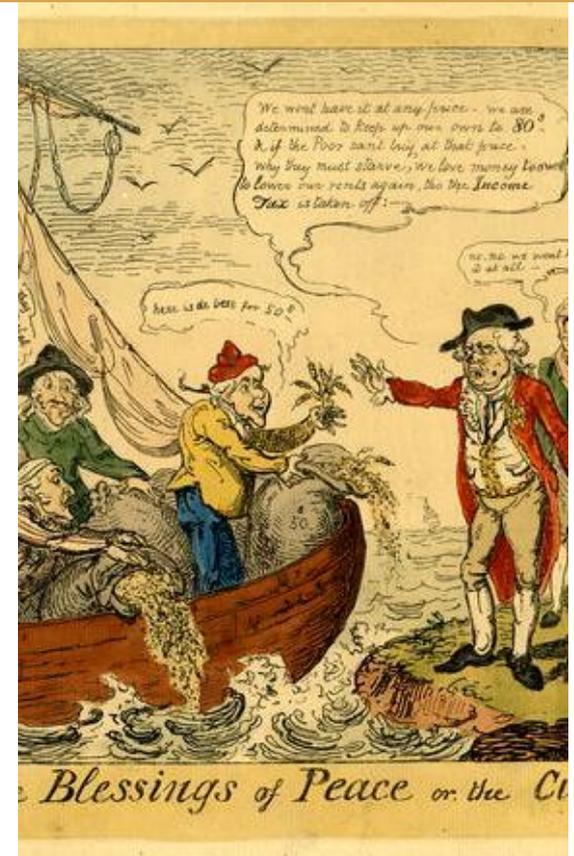


I. Political economy and economic policy

Debates on the on the deficiency of grain (1800)

Grenville pursued:

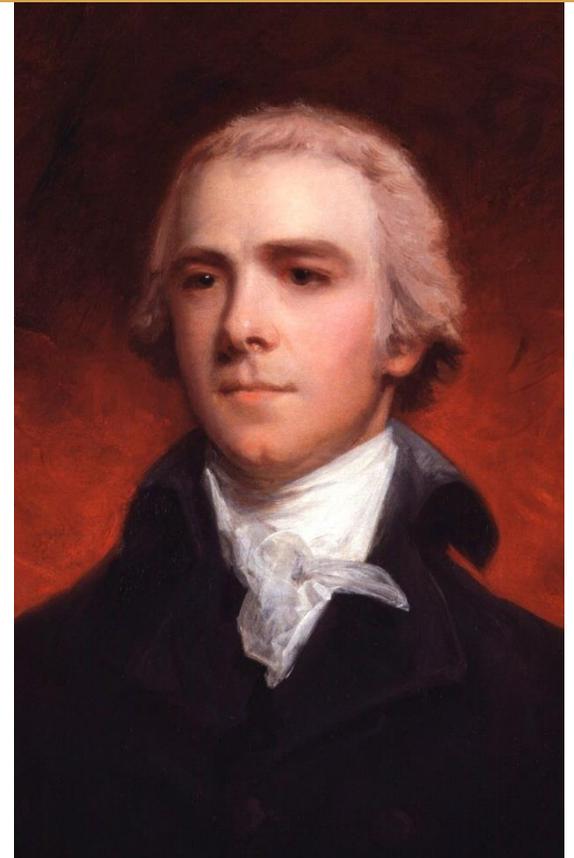
“I am confident that provisions, like every other article of commerce, if left to themselves, will and must find their level; and that every attempt to disturb that level by artificial contrivances has a necessary tendency to increase the evil it seeks to remedy” (*ibid.*, 248).



I. Political economy and economic policy

Partial conclusion:

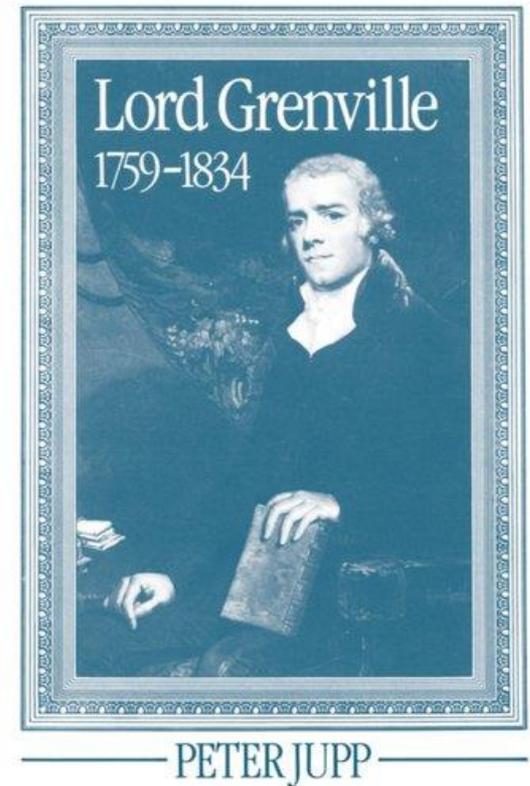
- Grenville abandoned “the tenets of the old school” to follow Adam Smith’s doctrine
- The theoretical content of Grenville’s early speeches appears rather weak



I. Political economy and economic policy

Peter Jupp (1985):

From 1807, Grenville “added a new dimension to his political philosophy. The result was that he attracted the admiration of some of the brightest and newest talents in the House of Commons. This was particularly so in the case of [...] the economists, Pascoe Grenfell, Francis Horner, and David Ricardo” (415)

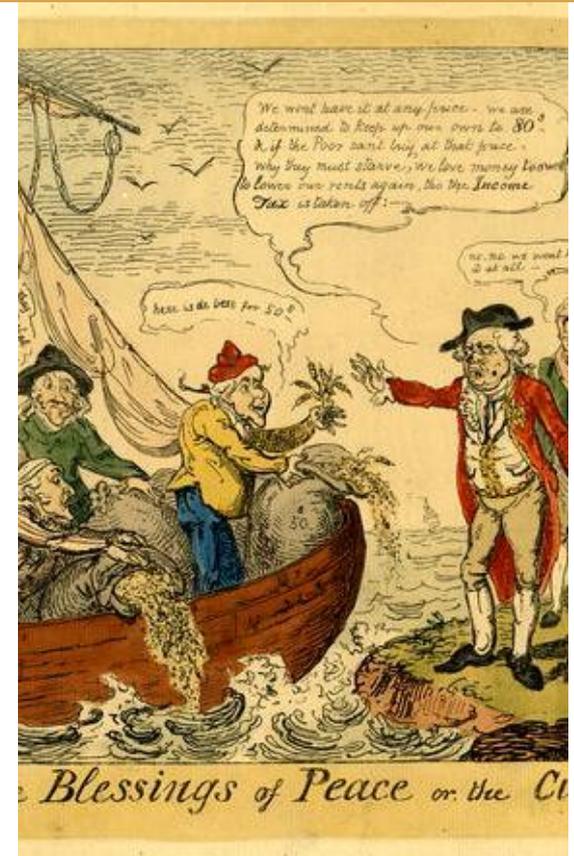


I. Political economy and economic policy

Debates on the new corn bill (1815)

Lord Liverpool argument:

The New Corn Bill was “intended [to make of England an exporting country of grain and] to benefit the consumer, by establishing and promoting an adequate, cheap, and steady supply of grain” (Hansard 1812-1820, 30:193).

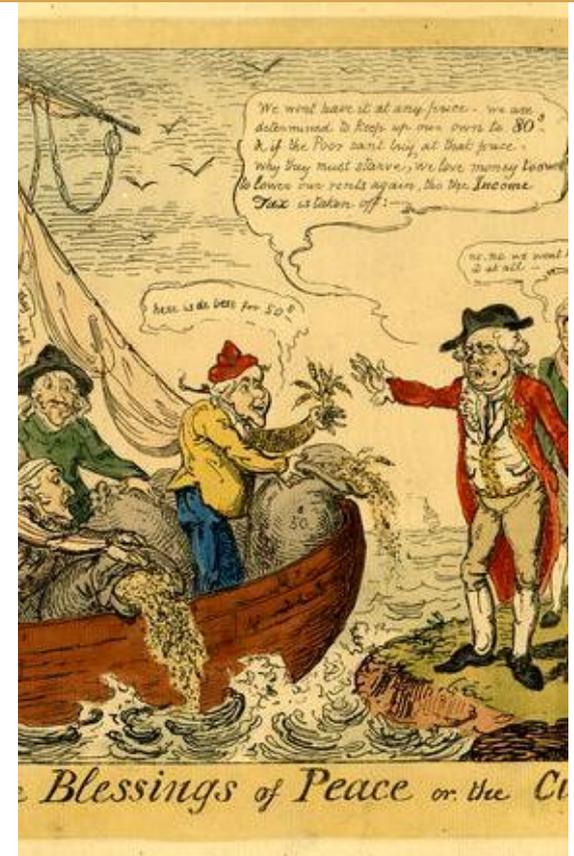


I. Political economy and economic policy

Debates on the new corn bill (1815)

Grenville's answer incorporated:

- Malthus's principle of population: "the population of a country not only kept pace with, but far exceeded the ratio in which its subsistence could be produced; and [it is] impossible to raise subsistence as fast as the demand for it would be found to increase" (Hansard 1812-1820, 30:195).



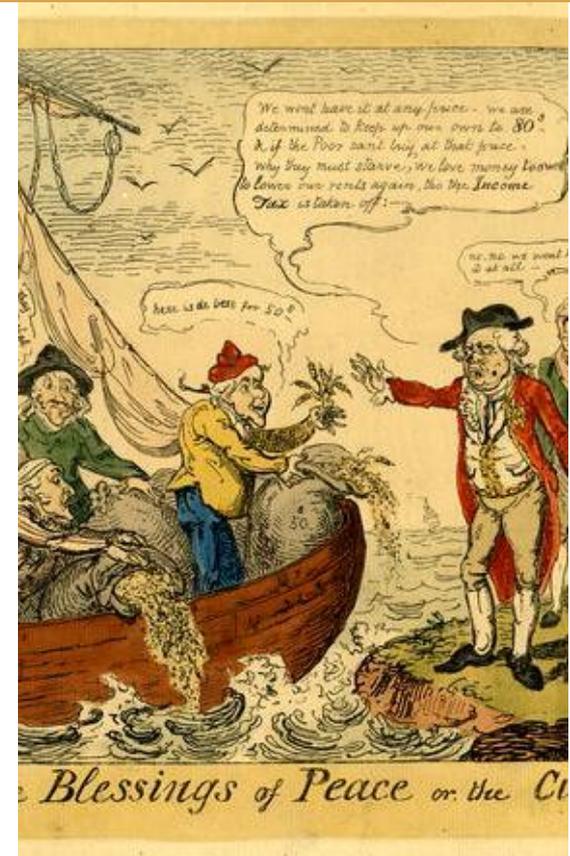
I. Political economy and economic policy

Debates on the new corn bill (1815)

Grenville's answer incorporated:

- The cost of production theory:

“how could [the land at present in cultivation] be made sufficient [to grow an adequate supply of grain], but by bringing that soil into cultivation which was not now under the plough, because the actual price of corn would not repay the capital and skill that must be employed upon it?”



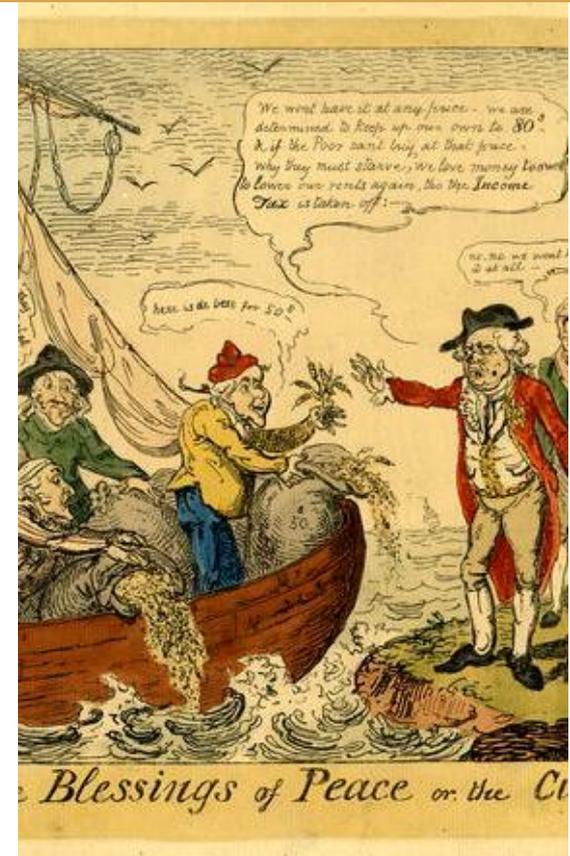
I. Political economy and economic policy

Debates on the new corn bill (1815)

Grenville's answer incorporated:

- The law of diminishing returns in agriculture

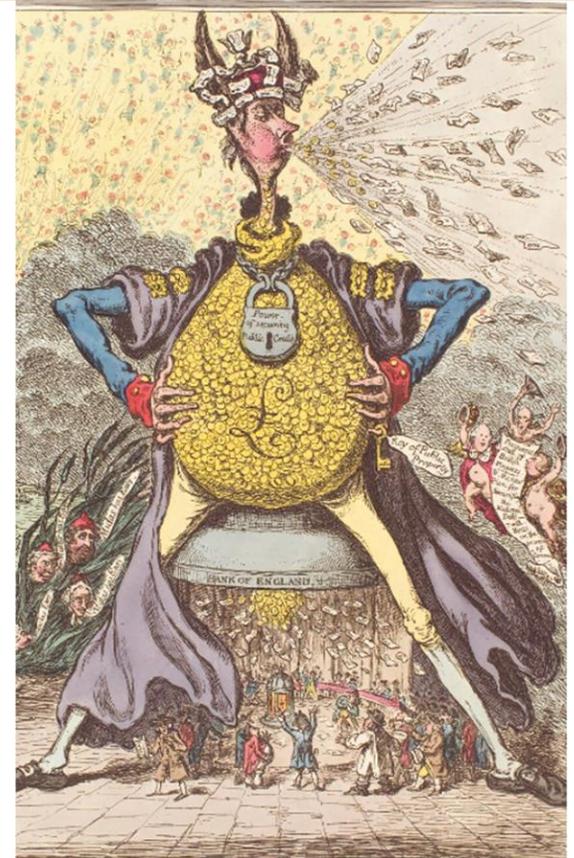
“The whole price of corn would thus be raised, by throwing into the market that which had been grown upon those inferior lands at an increased expense.”



I. Political economy and economic policy

Committee on the state of the bank of England (1819)

Mallet wrote: “Lord Liverpool and Lord Grenville take the lead in the examinations of the House of Lords. [...] Lord Lansdowne, Lord King and Lord Lauderdale understand the subject thoroughly [...]. There cannot be a better Committee than in the Lords. The Committee of the Commons is not so good. [...] Mr Grenfell is able and well acquainted with the subject; but not of the calibre of Lord Grenville” (*in Ricardo 1951-73, 5:353-4*).

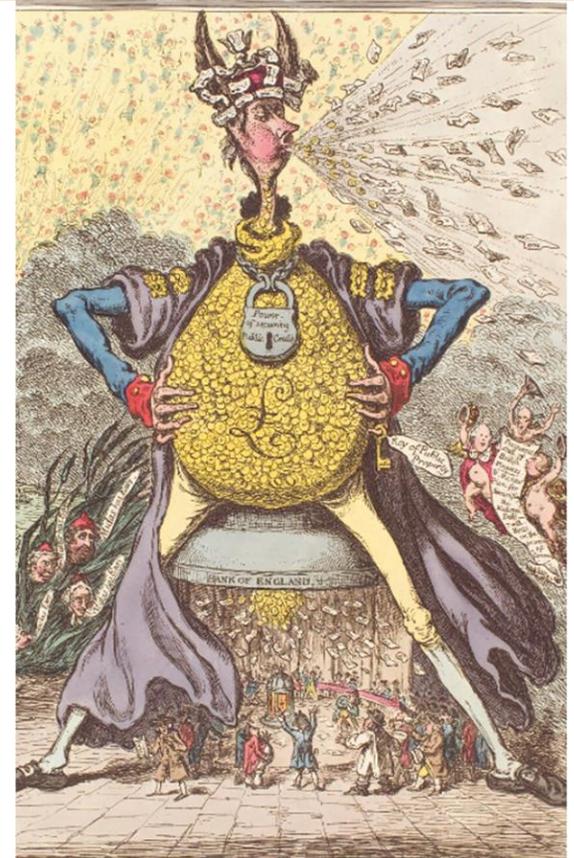


I. Political economy and economic policy

Committee on the state of the bank of England (1819)

Mallet's statement was confirmed by the private correspondence between Grenville, Ricardo and Grenfell.

See Deleplace, Depoortère & Rieucan, 2013. An unpublished letter of David Ricardo on the double standard of money, *EJHET*, vol. 20, p.22.



II. Political economy and education

1. Education in the East India College
2. The University of Oxford and the Oriel College

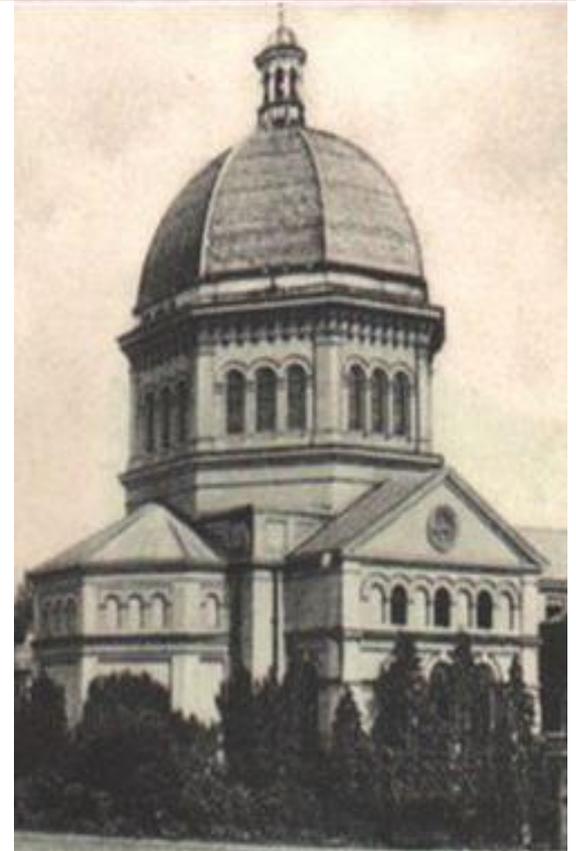


II. Political economy and education

1. Education in the East India College

Grenville speech on the renewal of the Charter of the East India College (1813):

“No sovereign [...] has ever yet traded to profit; no trading company [...] has ever yet administered government for the happiness of its subjects” (Hansard 1812-20, 25:718).



II. Political economy and education

1. Education in the East India College

Grenville speech on the renewal of the Charter of the East India College (1813)

- Civil servants had become “a distinct class like an Indian caste”
- The education of those civil servants should not be undertaken by a separate institution



II. Political economy and education

1. Education in the East India College

Malthus's defence of the East India College:

*A Letter to the Rt. Hon. Lord Grenville:
Occasioned by Some Observations of His
Lordship on the East India Company's
Establishment for the Education of Their Civil
Servants (1813)*



II. Political economy and education

2. The University of Oxford and the Oriel College

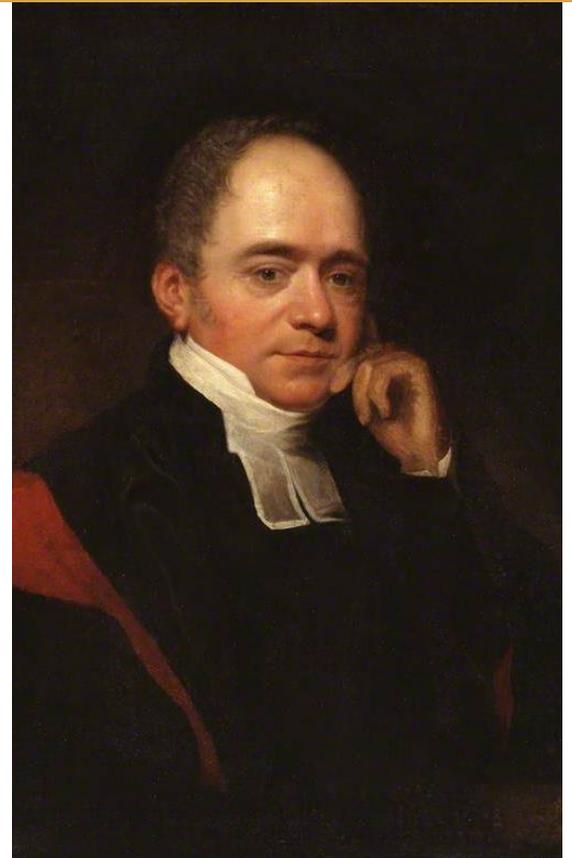
- Dec. 1809 Grenville elected Chancellor of the University of Oxford
- Election made possible thanks to the support of Edward Copleston – Dean (till 1814), then Provost (1814-18128) of Oriel College, Oxford



II. Political economy and education

2. The University of Oxford and the Oriel College

“The refined and intellectual society of Dropmore, where [Copleston] became a welcome and frequent guest, was an atmosphere that he delighted in” (Copleston 1851, p. 26)

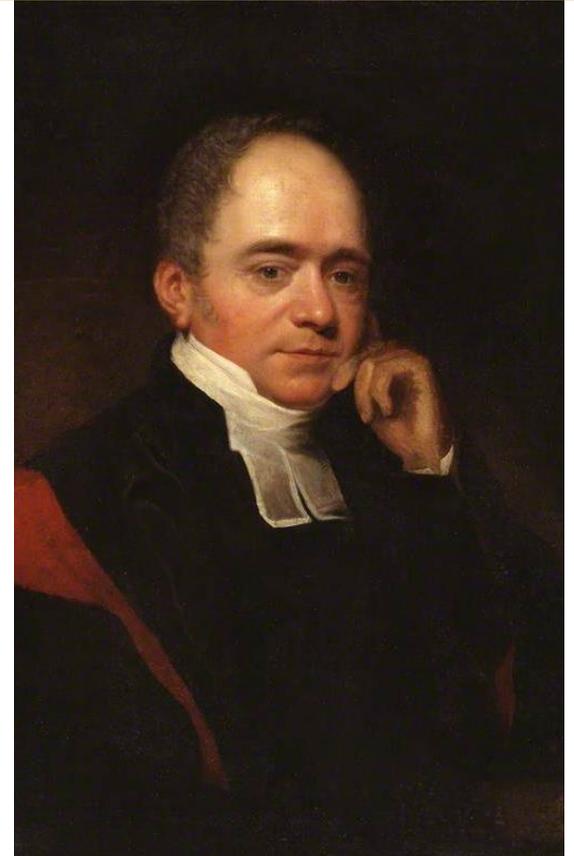


II. Political economy and education

2. The University of Oxford and the Oriel College

Copleston (1810) A Reply to the Calumnies of the Edinburgh Review against Oxford.

- knowledge of political economy is essential to statesmanship
- “[Political economy] has a tendency, if rightly studied, to enlarge the mind” (172).

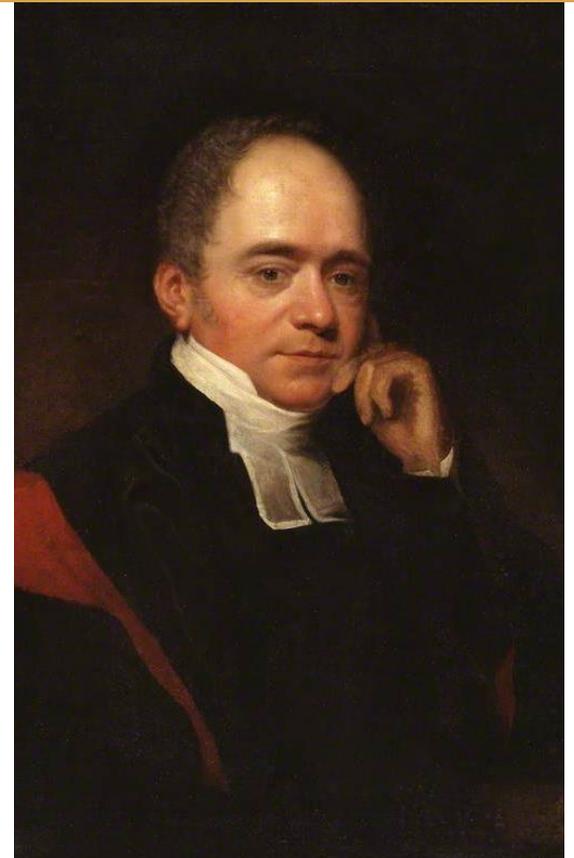


II. Political economy and education

2. The University of Oxford and the Oriel College

Copleston (1810) A Reply to the Calumnies of the Edinburgh Review against Oxford.

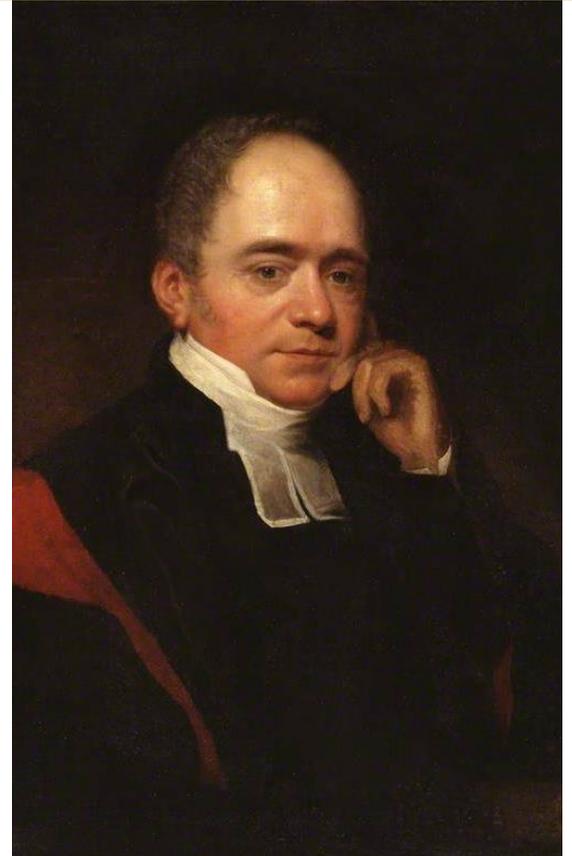
- “the introduction of [political economy] into the Lectures on Modern History has always appeared to me a great improvement” (ibid.)
- but it should not be studied exclusively



II. Political economy and education

2. The University of Oxford and the Oriel College

Copleston mentored a generation of fellows and students at Oriel known as the "Noetics".



II. Political economy and education

2. The University of Oxford and the Oriel College

Richard Whately

In 1825: Copleston asked Grenville to recall Richard Whately (Copleston's former pupil), as the new principal of St. Alban hall



II. Political economy and education

2. The University of Oxford and the Oriel College

William Nassau Senior

Whately used his influence to have Nassau William Senior appointed to the Drummond professorship of political economy (1825)



III. Grenville's contributions to the development of political economy

1. Economy and religion
2. The method of political economy
3. Economic analysis



III. Grenville's contributions to the development of political economy

1. Economy and Religion

Notes on Jane Marcet's *Conversations on Political Economy* (1816)

Essay the First On the study of Political Economy , First Chapter: "Origin and nature of this science" (circa 1827).



III. Grenville's contributions to the development of political economy

2. The method of political economy

Corsi 1988. The Heritage of Dugald Stewart: Oxford Philosophy and the Method of Political Economy, *Nuncius* , 1988

The development of a deductive method in political economy in Oxford owed much to Dugald Stewart



III. Grenville's contributions to the development of political economy

2. The method of political economy

The “axiomatic method” intended to preserve the Oxford curriculum and the role of logic from the attacks of the Edinburgh Review

This “axiomatic method” found a justification in the epistemological principles set out in the second volume of Stewart's Elements



III. Grenville's contributions to the development of political economy

2. The method of political economy

Nassau Senior: political economy rests “on a few general propositions, which are the result of observation, or consciousness” (Senior 1827:7).

A rigorous deductive procedure was then applied to those propositions



III. Grenville's contributions to the development of political economy

2. The method of political economy

- Grenville took part in this reflexion upon the method of political economy in Oxford
- *Essay on the Study of Political Economy*, Chapter 1 on the "Origin and Nature of this science" (circa 1827)



III. Grenville's contributions to the development of political economy

2. The method of political economy

“all [the] doctrines [of political economy] are deduced from the intellectual and moral character of man, such as it is known to us both from the consciousness of what passes within our own breasts, and from our observation of the qualities of other men, their dispositions their motives, & their conduct” (*circa* 1827)



III. Grenville's contributions to the development of political economy

2. The method of political economy

In a later version of this MS Grenville relied on Stewart

“The propositions to which “this whole science may be ultimately be referred [are] in the words of Stewart, “practical maxims approved by the experience of all ages, and of which, if we wish for any additional confirmation, we have only to retire within our own bosoms, or to open pour eyes to what is passing around us” (*circa* 1832)



III. Grenville's contributions to the development of political economy

2. The method of political economy

Grenville is likely to have contributed the Oxonian reflexion upon the method of political economy

This contribution remains to be thoroughly assessed



III. Grenville's contributions to the development of political economy

3. Economic analysis

Marian Bowley (1937) *Nassau Senior and Classical Economics*, p. 16.

Three characteristics of Senior's economics emerge from a study of his work, published and unpublished.



III. Grenville's contributions to the development of political economy

3. Economic analysis

Marian Bowley (1937) *Nassau Senior and Classical Economics*, p. 16.

My contention: all these characteristics had previously been developed by Grenville beforehand

Depoortère & Heertje 2020 Lord William Wyndham Grenville's Manuscript Notes on the First Edition of David Ricardo's *Principles*, *EJHET* vol. 27, pp. 762-791.



III. Grenville's contributions to the development of political economy

3. Economic analysis

Three characteristics of Senior's economics:

- i. his acceptance and elaboration of the utility theory of value both of goods and services under the influence of J. B. Say and Storch;

Grenville's notes on Ricardo: "the general nature & laws of value are better laid down in Storch than in any other writer I know on the subject"



III. Grenville's contributions to the development of political economy

3. Economic analysis

Three characteristics of Senior's economics:

- ii. His critical attitude towards the Ricardian cost of production theory ...

Grenville: “A *general regulator* of exchangeable value is [...] unattainable [...]. In each particular exchange the relative value of the articles exchanged is governed, not by the cost [...] of their respective production, but by the reciprocal operation of the relations of demand & supply in respect to each of them separately”



III. Grenville's contributions to the development of political economy

3. Economic analysis

Three characteristics of Senior's economics:

- iii. his disagreement with the Malthusian theory of population

Senior supported the view that population has a tendency to increase faster than subsistence



III. Grenville's contributions to the development of political economy

3. Economic analysis

Ricardo to Grenville (10 Jan 1820):

“The only proposition [...] from which I venture to dissent, is that in which your Lordship observes, that, ‘In peace, and under the happy influence of domestic tranquillity, the capital of every civilized community, especially if permitted to find for itself its most profitable employment tends naturally to increase in a more rapid proportion than the population.’”



Conclusion

- Grenville contributed in many ways to the development of political economy.
- The different aspects of this contribution remain to be fully assessed and studied.
- This is what the GrEco project will try to achieve

