

Thomas Chalmers 1780-1847: Evangelist, Political Economist

Keith Rankin, 15 April 2015

This week I read "Chalmers as Political Economist" by Boyd Hilton, from the 1885 book "The Practical and the Pious" edited by AC Cheyne. The Reverend Thomas Chalmers was an important Scottish figure in the early nineteenth century, living in years of economic tumult and change. He was a founder of the Free Church of Scotland, which sponsored the first Otago settlement of Dunedin (New Edinburgh) in 1848. Port Chalmers is named after him. Dunedin's founding fathers were acolytes of Chalmers.

Chalmers lived half a generation after one of the most acknowledged 'fathers' of classical economics, the Reverend Thomas Malthus. Malthus is best known for his generalisations about population growth; that, unless checked, population growth would outstrip the food supply, potentially condemning all except favoured land-owners to lives of subsistence poverty. The 'positive checks' that Malthus is most famous for are those of famine, pestilence and war; meat and drink to those with an evangelist bent. The 1820s really was a time of evangelism, when many believed that our human excesses really were coming home to roost. Bible readings in those times emphasised the final chapter of the New Testament: Revelations.

Later editions of Malthus' work emphasised preventative checks on population growth; especially sexual abstinence, including late marriage. We now know that industrial revolution (use of fossil fuels and technological innovation) and western expansion were the responses to the difficult conditions of those times: extensive and intensive economic growth. These clearly delayed any Malthusian 'Day of Reckoning'. In these gift years after the 1840s, we also found a permanent answer to the Malthusian dilemma; it's income security. So if human society does revert to some kind of Malthusian dystopia this or next century, it will not be through any lack of knowledge about how to avoid it; it will be due to a lack of willingness to apply that knowledge.

The other key attribute of Malthus' political economy is 'underconsumptionism'; his analysis of economic depressions or 'general gluts' as he called them. Fully fledged underconsumptionists (including Social Creditors) believed that commercial economies had a chronic problem of insufficient demand; others (like Keynes) have seen it more as a cyclical problem, where recessions and depressions are a recurring but not permanent feature of economic life. Marx emphasised investment spending (on factories and machinery) well ahead of the demand for the goods those factories and machines would make, and recognised that such a solution (as we have seen of late in China) eventually falls to the weight of its own contradictions. Malthus' solution to the problem was trade protection that enriched spending landlords over saving capitalists, encouraging landlords to spend more on 'unproductive' consumer services and offsetting the middle-class propensity to save too much.

The Green movement is essentially Malthusian on population and resource economics. But the term 'underconsumption' does not fit well. It sounds like the solution is consumerism, and that's not what the Greens are about. Indeed both Malthus' and Keynes' solutions were about increasing 'aggregate demand' for goods and services.

Thomas Chalmers was a Malthusian, and as an evangelist preacher he played up the 'moral' aspects of population growth through a lack of self-control. He was also an underconsumptionist, but placed a different spin on this which has some relevance for our day. Indeed Chalmers' pulpit today would be an interesting place, as he raged against the speculative excesses of our 'investing' class.

Chalmers extended the Malthusian principle of labour to capital. Thus he taught that the tendency for the middle classes to accumulate financial assets for their own sake was an immoral imperative in exactly the same way as the working classes possessed an immoral biological imperative to breed. Miserliness and speculation were sins of excess that led to 'overproduction' rather than 'underconsumption'. The middle classes would perpetually seek to sell more than they bought, and

would borrow to acquire assets that they expected to appreciate in value. The ensuing financial crashes would be as inevitable as the Malthusian famines and epidemics that resulted from overpopulation.

Chalmers did not look to government for policy solutions. Rather people had to make these mistakes, to fail, and to become moral beings through a process of atonement and eventual understanding of the consequences of their past behaviours. Thus Chalmers, unlike Malthus, was a free-trader. He wanted to maximise competition to ensure that these 'excrement' forms of working-class and middle-class behaviour would lead to adverse consequences; a necessary part of the atonement process.

We have learned much from Malthus. Can we learn anything from Chalmers? Yes, I think we can. Certainly the Greens would be much more content to be classed as overproductionists than as underconsumptionists. Their solution is to limit our production – eg to not push economic growth as a criterion of economic success – rather than to be forever looking for ways to boost spending.

The Greens have embraced income security as a permanent solution to the Malthusian dilemma, recognising that this is a main determinant of low and sustainable fertility. What is the equivalent for the "Chalmersian" dilemma? It has to be a mixture of increased awareness of the systemic consequences of financial greed (a matter of education and ethics) and again a form of collective economic security that can dissipate the fears that drive people into 'excrement behaviour', in this case the ultimately futile private accumulation of financial assets.

The answer is 'public equity', which takes the familiar concept of economic security (through the welfare state as we know it) to a level where the lower and upper middle classes can embrace welfare as something that is universal and good, and not something that undermines their quests for individual success.
