

CONTRIBUTIONS OF ROBERT OWEN (1771-1858) TO THE DEVELOPMENT OF ECONOMIC THOUGHT AND SOCIALISM

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INTRODUCTION

Long before economics became a separate discipline in the latter part of the seventeenth century, social philosophers, ministers of government, and men of affairs struggled to understand the complexities of the economic behavior of their societies. Although they offered various propositions concerning economic behavior, they did not explore the economic aspects of society as distinct from its political aspects or ethical underpinnings; nor did they distinguish between personal and economic goals. Not surprisingly, they often disagreed in their analysis and prescriptions of economic policy. There is nothing so sacrosanct about this non-unanimity because philosophers with different ethical standards, businessmen with their own personal and organizational goals, would surely arrive at different conclusions with regard to the nature and solubility of man's economic, social, and political problems.

The medieval economic writers maintained that the problem of scarcity could be solved through the practice of charity and the avoidance of sin. The Mercantilists, on the other hand, contended that the problem of scarcity could be solved through the pursuit of national gain. The Socialist group, of which Robert Owen was a recognized member, sought to solve the depraved condition of man, especially created and perpetuated by the Industrial Revolution, by launching incessant attacks upon the capitalist system. The imperfections of the market place which were revealed as the Industrial Revolution attained new heights, gave awesome power to the owners of the factories. Anti-combination laws further augmented the position of the factory owners. Dissatisfaction with the hopes of the liberal revolution provided the Socialists with the ammunition with which to seek solutions to the problems of the society in which they lived.

The great philosopher George Bernard Shaw's statement that, "If you took all the economists in the world and laid them end to end, they still wouldn't reach a conclusion"¹ is indeed applicable to the situation described above. However, the perceptiveness of the statement should not be allowed to overwhelm the reality of the environment in which economists lived. The disagreement among philosophers, thinkers, ministers of state, salesmen, and men of affairs emanated from the age in which these men lived. It is significant to indicate here that each age had its own problems of economic organization and economic relationships among individuals, classes, and governments. In attempting to understand its own economic world and its own economic problems, each age utilized the tools of analysis in its economic and historical warehouse.

Robert Owen had perhaps more to do with inspiring the British Socialist movement in its early stages than any other person. Although his contributions to the growth of economic thought and to socialist economic doctrines were minimal, his overall contributions in helping to mold societal values attained a gargantuan height. J. Maynard Keynes' statement, written many years after the death of Robert Owen, seems quite appropriate in attempting such an analysis of an influential social figure. Keynes wrote that

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¹ Jerry E. Pohlman, *Economics of Wage and Price Controls* (Columbus, Ohio: Grid, Inc., 1972), p. 1.

The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back.²

Robert Owen was well known for his sound managerial talents and paternalistic attitude toward his workers. It is the purpose of this paper to elucidate the contribution made by Robert Owen to economic thought and the well-being of workers.

SCOPE AND LIMITATIONS

It is now almost one hundred and twenty-nine years since the death of Robert Owen; and even though it took many more years before his accomplishments in the areas of factory reform, philanthropy, economics, education, social theory, cooperative movement, and trade union development could be recognized, much has been done to elevate him to a position of stature in these areas. References will be made to the many areas in which Owen was involved, but the major thrust of the paper will evolve around the contributions that he made to the growth of economic thought.

FACTORS INFLUENCING THE ECONOMIC THOUGHTS AND ACTIVITIES OF ROBERT OWEN

Robert Owen of New Lanark, son of a saddler and the local postmaster, was born in 1771 in Newton, Montgomeryshire, an isolated parish in Central Wales. A man of perception, humanistic feelings, latent potentialities, and intelligence, Owen received little formal schooling but was thoroughly acquainted with the atrocious conditions of the working class of his time: unsanitary living conditions, long and arduous working hours, and massive unemployment brought about by the Industrial Revolution. With an insatiable desire to eliminate the human injustices of his time, Owen established his own factory where he controlled the labor of children and concentrated particular attention on their edification. According to Owen, education was an indispensable ingredient in the molding of man's character, especially with a view to his future behavior. Owen was also cognizant of the fact that the goal of education could not be accomplished unless the ideal environment for stimulating those ideas was first created. Indeed Robert Owen wrote that, "any general character, from the best to the worst, from the most ignorant to the most enlightened, may be given to any community, even to the world at large, by the application of proper means; which means are to a great extent at the command and under the control of those who have influence in the affairs of men."³ There are numerous accounts by historians and economists alike that will help to shed light on the reasons why Owen devoted so much time to the development of human resources and to joining causes that might help to mitigate poverty and misery.

² John Maynard Keynes, *The General Theory of Employment, Interest and Money* (New York: Harcourt, Brace, and World, Inc., 1965), p. 383.

³ Robert Owen, *A New View of Society and Other Writings* (New York: E.P. Dutton & Co., Inc., 1927), p. 14.

SOCIAL FACTORS THAT INFLUENCED ROBERT OWEN

Professor Albert Tucker's study of the history of English civilization includes conditions prevailing during the 1700's. His account is so succinct and to the point that he is quoted here at some length:

The factory system lies at the heart of any final judgment about the Industrial Revolution. Some of those recruited may have been vagrants and poor laborers, but the majority were men, women, and children oriented to centuries of seasonal employment, with one foot in the industry of the cottage and the other on the land, working with an instinct for some control over the hours and the conditions of their lives. In the early factories of the half century, from 1790 to 1840, hours of work ranged from twelve to sixteen a day, sometimes averaging eighty to a hundred hours a week. Children could be employed at five years of age and were required to work in conditions made deliberately damp for the stretch of the yarn. Workers had no security of employment and no minimum wage, no home life, and no relief from the factory bell except for the chapel and the public house, with the fields at a walking distance for picnics and public meetings. They were often forced to buy adulterated food at the company store, called the "truck shop," where families could no longer bargain or influence the price of goods.⁴

Professor Tucker further attested that

In its effect on the human psyche the factory system involved two serious shocks—one to the family, the other to the individual sense of well-being. The family of parents and children, sometimes of elders, had become a productive unit in which the affections were mixed with a business-like approach to division of labor. That coherence was broken by the separation of members of the family into units of factory work, leaving little time even for the intervals of a life at home. The second shock was the discipline imposed by the factory bell on the individual laborer, and by the threat hanging over him of unemployment. Children adjusted in ways that stunted their minds and bodies, but men and women were affected by the sense of having lost direction in their lives, of being unable to influence their wages or their hours of work, with anxiety troubling all their emotions at the requirement of obedience; while behind and through this enforced discipline hung the ever-present prospect of unemployment at the dictate or whim of someone outside themselves, whose decision could not be questioned.⁵

The conditions described by Professor Tucker were so overriding that Owen exhorted his countrymen with the remark, "to those who may be inclined to think and speak thus, I would say, let feelings of humanity or strict justice induce you to devote a few hours to visit some of the public prisons of the metropolis, and patiently inquire, with kind commiserating solicitude, of their various inhabitants, the events of their lives and the lives of their various connections. Their tales that unfold will arrest attention, and will disclose sufferings, misery, and injustice, upon which, for obvious reasons, I will not now dwell, but which previously, I am persuaded, you could not support it possible to exist in any civilized state, far less that

⁴ Albert Tucker, *A History of English Civilization* (New York: Harper & Row Publishers, 1972), p. 543.

⁵ *Ibid.*, pp. 543–544.

they should be permitted for centuries to increase around the very fountain of British jurisprudence."⁶

New Lanark, where Owen established himself in business, was not a typical seventeenth or eighteenth century town. Unlike many other towns of that period, life in New Lanark was not completely immoral. Many people made serious efforts to solve the social problems that capitalism carried in its wake. Indeed, the activities of factory owners, like the Scotsman David Dale, made it possible for the city to be described as "one of the most humanely conducted factories in the Empire."⁷ David Dale's concern for humanity influenced Owen to describe him as "one of the most liberal, conscientious, benevolent, and kind-hearted men I have met with through my life. He was universally respected for his simplicity and straight forward honesty of character. . . . He gave away large sums, often in mistaken charities, which were pressed upon him through his being the pastor of upwards of forty churches and congregations, dissenters from the church of Scotland, composed chiefly of poor persons, learned in the peculiar cause of this dissent, but otherwise uninformed as to general knowledge."⁸ It is significant to indicate here that the writings of such great philosophers as Voltaire who embraced the spirit and outlook of enlightenment, and Rousseau who stressed the corrupting influence of civilization upon the masses and predicted a further deterioration of mankind as civilization advanced, played important roles in molding the thinking and activities of Owen.

ECONOMIC THEORIES THAT INFLUENCED ROBERT OWEN

The economic theories that were espoused by Owen were directly related to some of the economic theories propounded by such economists as Jeremy Bentham. Bentham is regarded as the founder of a set of assumptions referred to as utilitarianism. "The greatest good to the greatest number" was his announced aim. Social institutions, according to Bentham, were to be judged by their usefulness in increasing the good to individuals. Good, in Bentham's view, was achieved when pleasure was increased and pain was diminished to the individual. The convenient measure of increased pleasure was money. Lack of money was responsible for misery; enough money would bring happiness. Writing in the *New View of Society*, Owen clearly noted that, "The end of government is to make the governed and the governors happy. That government, then, is the best, which in practice produces the greatest happiness to the greatest number, including those who govern and those who obey"⁹ This call for utilitarianism was reinforced in Owen's unmistakable preference for, "A system of government therefore which shall prevent ignorance, and consequently crime, will be infinitely superior to one, which, by encouraging the first, creates a necessity for the last, and afterwards inflicts punishment on both."¹⁰

Another luminary whose writings influenced the economic thoughts and activities of Owen was William Godwin. According to Margaret Cole, Owen religiously read Godwin's book, *Political Justice*. It was Godwin's contention that "the human mind is nothing else but a faculty of perception amassing notions through the senses that are kept by the memory and recalled by the association of ideas. The fundamental principle in the ordering of these ideas

⁶ Owen, pp. 25-26.

⁷ Margaret Cole, *Robert Owen of New Lanark 1771-1858* (London: The Batchworth Press, 1953), p. 43.

⁸ *Ibid.*, p. 44.

⁹ Owen, p. 63.

¹⁰ *Ibid.*

is the emotions to reason, and reason perceived that 'virtue is nothing else but the pursuit of general good,' while vice and moral weakness are 'founded upon ignorance and error'.¹¹ It is probably such writings that provided the basis for Owen's pioneering work in the advancement of investment in human capital. Owen advocated "a reform in which all men and all parties may join; that is, a reform in the training and in the management of the poor, the ignorant, the untaught and untrained, or ill-taught and ill-trained, among, the whole mass of British population; and plain, simple, practicable plan which would not contain the least danger to any individual, or to any part of society, may be devised for that purpose.

"That plan is a national, well-digested plan, unexclusive system for the formation of character and general amelioration of the lower orders. On the experience of a life devoted to the subject, I hesitate not to say, that the members of any community may by degrees be trained to live without idleness, without poverty, without crime, and without punishment; for each of these is the effect of error in the various systems prevalent throughout the world. They are all necessary consequences of ignorance."¹² The parallelism between Godwin and Owen is also vividly brought out in Owen's comment that, "man has no other means of discovering what is false, except by his faculty of reason, or the power of acquiring and comparing the ideas which he receives."¹³ Owen further concluded that, "when this faculty is properly cultivated or trained from infancy, and the child is rationally instructed to retain no impressions or ideas which by his powers of comparing them appear to be inconsistent, then the individual will acquire real knowledge, or those ideas only which will leave an impression of their consistency or truth on all minds which have not been rendered irrational by an opposite procedure. That the reasoning faculty may be injured and destroyed during its growth, by reiterated impressions being made upon it of notions not derived from realities, and which it therefore cannot compare with the ideas previously received from the objects around it. And when the mind receives these notions which it cannot comprehend, along with those ideas which it is conscious are true and which yet are inconsistent with such notions, then the reasoning faculties become injured, the individual is taught or forced to believe, and not to think or reason, and partial insanity or defective powers of judging ensue."¹⁴

It is well to remember that there were many precursors of socialism from antiquity until the eighteenth century. This writer has not enunciated in any detail their great principles of justice and social organization that transcended the limitations of their environment. Many of the writers were social dreamers who toyed with a variety of ideas that probably lend themselves to being translated into new patterns of living for large populations.

During the nineteen centuries from the age of Plato to the great luminary Sir Thomas Moore, egalitarianism and common ownership were advocated by many philosophers, theologians, and poets who contended that a communistic state of society was natural.

Sir Thomas Moore coined the term "utopia" and incorporated in his writings the view that the state of nature was a state of innocence. Agreeing with the early Church fathers in their communistic principles, Sir Thomas Moore analyzed the defects of the society in which he lived and worked out a scheme of social reform of a communistic type. He pictured a commonwealth whose members are honored neither for wealth nor accidents of birth, but for their service to society and in which the end was the good and happy life.

¹¹ Tucker, p. 508.

¹² Owen, pp. 36-37.

¹³ *Ibid.*, p. 55.

¹⁴ *Ibid.*, pp. 55-56.

Nearly a century after Moore's *Utopia* (1516), Francis Bacon, a philosopher and natural scientist, pinned his faith on the progress of science and its application to human life. Contrary to Sir Thomas Moore, he was not concerned with reform of laws of property but rather with increased productivity.

When, during the seventeenth century, the old agrarian feudalism began to crumble and commerce was extended to hitherto unknown parts of the world, the possessors of wealth were seeking a philosophy which would justify the existence of private property and discredit the communistic vision of property relationships. They found able spokesmen in Thomas Hobbes and John Locke. Hobbes formulated what came to be known as the "social contract theory;" Locke worked out a theory according to which title to property is acquired and justified by labor. It is especially Locke's "labor theory of value" that could serve as a starting point for the socialist movement of the nineteenth century.

With the coming of the eighteenth century, English Utopian thought began to be eclipsed by French versions. The strains and stresses building up during the decades before the outbreak of the French Revolution caused growing resentment, and this resentment was voiced forcefully by Voltaire and Jean Jacques Rousseau. There is little evidence to support the contention that Owen read all of the works of these philosophers but there is some indication in his writings that he was tremendously influenced by their thoughts. There is also some parallelism between Bacon's thoughts on the progress of science and its application to human life and Owen's belief in "scientific and technological progress"¹⁵ which he argued that, "under suitable institutional arrangements man's productive powers could be greatly strengthened, so much so that in the ensuing age of plenty the economic problems of scarcity would disappear, as would the problem of over-population."¹⁶

AN ANALYSIS OF ROBERT OWEN'S CONTRIBUTIONS TO THE DEVELOPMENT OF ECONOMIC THOUGHT

Ideas were flowering in great profusion during the eighteenth century. Many influences combined to stimulate them: the growth of cities, which brought more people together and favored varied interchange of opinion; the increase of wealth; easier travel in a larger world, which broadened horizons; the growth of science; and the search for new systems of thought to replace the old systems.

The Enlightenment Period in France and England became a focus of this intellectual ferment. Though no brief summary can do justice to its welter of ideas, a few prevailing drifts of opinion proved to be of special importance to economic doctrine.

Medieval doctrine, if not always medieval practice, had been dominated by otherworldliness. The mundane sphere, including human life itself, was just a training ground for life after death, with its punishments and rewards. Suffering was to be endured with the knowledge that it was but a prelude to glory in a future life. There was little intellectual incentive to reform social customs or increase temporal well-being, except for whatever spiritual benefit might be gained. The emphasis was now shifted to the improvement of life on earth for its own sake. Material gains were obvious on every hand; rapid change was, in fact, taking place.

¹⁵ Henry W. Spiegel, *The Growth of Economic Thought* (Englewood Cliffs: Prentice-Hall, Inc., 1971), p. 441.

¹⁶ *Ibid.*

Science and invention opened up limitless possibilities of better or easier ways of doing things. A spirit of adventure was abroad. The question was often asked whether philosophy could not do as well with human institutions as with material things? It seemed that all that was necessary was the application of reasons to man's ways of living together. Hugo Grotius, Thomas Hobbes, John Locke, Jean Jacques Rousseau, and Thomas Jefferson all wrote about factors pertaining to the "inalienable and indestructible rights of the individual."

OWEN'S REACTION TO THE PURSUIT OF SELF-INTEREST

The Physiocrats, who were French economists, were also deeply influenced by the concept of natural law as both basic and benevolent. However, the term "*laissez faire*" which the Physiocrats invented and which is now used to characterize the doctrine of classical economics, emphasized that individuals should be free to act in their own self-interest. The implication was that individuals should be allowed to choose their own occupations, to move about, to gain wealth, and to do what they liked with their property. The state should neither hinder nor help them. This was in a sense a moral law, the natural law of individual rights. The French saying "*Laissez faire et Laissez passer, le monde va de lui-meme*" appropriately meant "Don't interfere, the world will take care of itself."

Owen, however, was deeply opposed to the individual pursuit of self-interest. It was his contention that character and habits are inherited from previous generations, by the home and the family, and in the early nineteenth century by conditions of the factories in which so many children grew to maturity. Owen also argued in the essay on *The Effects of the Manufacturing System* that, "much labour are incessantly for their bare subsistence. . . . They know not what relaxation means, except by the actual secession from labour. . . . Such a system of training cannot be expected to produce any other than a population weak in bodily and mental faculties. . . . The employer regards the employed as mere instruments of gain, while these require a gross ferocity of character."¹⁷ Owen was opposed to the pursuit of self-interest for another compelling reason. Owen wrote that

The acquisition of wealth and the desire which it naturally creates for continued increase, have introduced a fondness for essentially injurious luxuries among a numerous class of individuals who formerly never thought of them, and they have also generated a disposition which strongly impels its possessors to sacrifice the best feelings of human nature to this love of accumulation. To succeed in this career, the industry of the lower orders, from whose labour this wealth is now drawn, has been carried by new competitors striving against those of longer standing, to a point of real oppression, reducing them by successive changes, as the spirit of competition increased and the ease of acquiring wealth diminished, to a state more wretched than can be imagined by those who have not attentively observed the changes as they have occurred.¹⁸

IMPROVEMENT OF HUMAN RESOURCES

Owen argued that bringing out and maintaining the best in man required constant care and attention. In his own words:

The more delicate, complex, living mechanism would be equally improved by being trained to strength and activity; and that it would also prove true economy to keep it neat

¹⁷ Owen, p. 124.

¹⁸ *Ibid.*, p. 121.

and clean; to treat it with kindness, that its mental movements might not experience too much irritating friction; to endeavor by every means to make it more perfect; to supply it regularly with a sufficient quantity of wholesome food and other necessities of life, that the body might be preserved in good working condition, and prevented from being out of repair, or falling prematurely to decay.¹⁹

OTHER THOUGHTS AND ACTIVITIES

Owen helped to organize unions. For thousands of factory operatives, skilled artisans, and common laborers in domestic trades, the limitations on the franchise after 1832 were far more apparent than the extension. Their frustrations were channeled into the organization of trade unions until the passage of the new Poor Law in 1834, which came into effect in the north at a time of widespread unemployment. This general background of political discontent of a people becoming increasingly aware through the penny press, the removal of the stamp duty on newspapers after 1836, and the intensity of individual suffering through cyclical unemployment after 1837, all provoked the first conscious working-class movement directed to turning the parliamentary system into a genuine democratic system. Robert Owen became the leader of the Grand National Consolidated Trades Union whose purpose was, according to Professor G. D. H. Cole, "nothing less than the entire suppression of capitalism and of the system of competition by a cooperative system of worker control. It aimed not only at controlling industry, but at superseding Parliament and the local governing bodies, and of becoming the actual government of the country."²⁰ The militant activity of the Union led to a vicious retaliation on the part of both the government and the employers. The Union collapsed in 1834.

Robert Owen never ceased preaching the virtues of cooperation, the creative influence on character of a better environment, and the need for universal education. England owes much to his inspiration. Robert Owen was also a monetary reformer. He advocated money representing units of labor time and issued freely in conjunction with the production of goods to replace money that was bound to a metallic standard.

Owen was a good manager. He made ample profits but was more interested in doing a thorough job than in accumulating wealth. He used the latest kinds of machinery, which he maintained with scrupulous care. His mill in New Lanark was orderly and spotless. It seemed to him ridiculous to pay so much attention to physical equipment without being equally thrifty about the human lives engaged in the undertaking. The prevailing situation of mill operatives shocked him. He reduced hours and raised wages. He built model housing, installed free education, and placed in the schools all children under ten whom he no longer would employ. Fines for spoiled work were abandoned. Recreation was provided, and insurance funds met. Owen even established a registry of character.

CONCLUSION

It has been established that the writings of Owen, though voluminous, were not intellectually profound. It is, however, significant to indicate that his eloquence in expressing faith in the superficial nature of humanity, as in *A New View of Society*, has acted as a

¹⁹ Spiegel, p. 441.

²⁰ G. D. H. Cole, *A Short History of British Working Class* (London: George Allen & Unwin, 1948), p. 85.

tremendous influence. British Socialism probably owes more to the tradition he embodied than to any other socialist economist.

The genuine concern of Owen about the plight of man, his dedicated efforts in the area of factory reform which led to the passage of factory acts calling for reduction in the working hours of children, and the tremendous emphasis he placed on the value of improving machines, and in the molding of man's character were too progressive and demanding for the corps of entrepreneurs who were just beginning to realize the benefits of their investment in machines. There is no doubt that the pursuit of self-interest brings out rugged individualism in man, but it must be emphasized also that communal ownership stifles initiative and creates the grave problem of dependency. It might be argued that the benefits enjoyed by workers today in terms of improved working conditions, higher pay increases, and other fringe benefits may be attributed to the efforts of the great social luminary, Robert Owen.

