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In Proceedings of The Third International Scientific Conference “Happiness and Contemporary Society”, March, 20, 2022. Lviv: SPOLOM, 2022. P. 144-151. <https://doi.org/10.31108/7.2022.30>

ISBN 978-966-919-826-6

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**DISTRIBUTION OF WEALTH AND HUMAN HAPPINESS:
THE LEGACY OF WILLIAM THOMPSON**

Abstract. The paper analyzes the figure of William Thompson (1785-1833), a very versatile intellectual. Thompson was in fact a philosopher, a social scientist, a social reformer, a defender of women's rights, but, above all, a moral and radical economist precursor of Marx's theory of surplus value. This forerunner intuition of some basic assumptions of marxist theory of value should not allow Thompson to be counted among Ricardian Socialists, the group to which he has erroneously led back by many scholars of economic doctrines. Thompson's main research topic can be deduced from the title of his most important scientific work: "*An Inquiry into The Principles of Distribution of Wealth most conducive to Human Happiness*". The paper shows that the search for the natural laws of distribution of wealth which can ensure the achievement of the greatest quantity of human happiness at his time, led Thompson to an original combination of Jeremy Bentham's utilitarianism, Robert Owen's socialism, Adam Smith's theory of value (not David Ricardo's theory of value). This syncretism forced Thompson to take distance from Bentham on various topics (the concept of happiness like well-being not pleasure and like a relational good; the non-subordination of equality principle to safety principle); compelled Thompson to differentiate from Owen's mutual co-operation in a more democratic, feminist and reformist direction; obliged Thompson to embrace a non-instrumental theory of value. At microeconomic level Thompson's legacy can be found in the anticipation, inside his mutual co-operation social system, of Rochdale principles, which would later have been the guiding principles of co-operative enterprises, integrated with the principle of *public happiness*, a Civil Economy notion.

Key words: Ricardian Socialists, Smithian Socialists, Cooperative Socialists, Benthamian Utilitarianism, Public Happiness

William Thompson (1785-1833) was an Irish intellectual (a philosopher, a social scientist, a social reformer, a defender of women's rights, but, above all, a moral and radical economist) who has been brought back to Ricardian Socialists School in the history of economic thought⁵⁸. William Thompson was a key figure of socialist and

⁵⁸ William Thompson was included, with J. Gray, J.F. Bray, P. Ravenstone, T. Hodgskin, two other anonymous writers, in a group known collectively (and inappropriately) as *Ricardian socialists*, so prominent in the economic debates of the 1820s and 1830s to have been noted by Karl Marx. See Marx (1971), p. 238. They were a heterogeneous group of economists hostile to capitalism, sympathetic to the working class, who adhered to a common doctrine, the labour value theory elaborated by David Ricardo (1772-1823), but giving it an anticapitalistic twist (Lowenthal, 1911, p. 103). The term Ricardian Socialists was formally attributed to them by H.S.

feminism movement as well as the leading theoretician of the early nineteenth century co-operative movement. William Thompson was born in Cork in a Protestant family of English descent which had settled in Ireland in the late 17th century. His father, John Thompson, was a wealthy merchant who had become mayor of the city of Cork in 1794 and High Sheriff of the county⁵⁹. William joined his father as a partner in the family firm in 1800, but by May 1808 the firm collapsed and William was declared a bankrupt, ending his life as a merchant and beginning from that moment a long familiar financial dispute. When John Thompson died in 1814, William inherited a fleet of trading vessels and all the land properties near Rosscarbery in west Cork (Ireland), where he lived permanently, rejecting the role of absentee landlord and investing time and money in his 1.350-acre estate which produced a rent of 600 pounds per annum. Introducing agricultural innovations, services and education for children, Thompson improved the productivity of land and the well-being of his tenants and of their families. William Thompson expressed the wish to leave, after his death, his properties to the co-operative movement to build a small-scale commune on his lands planned on the general principles he laid out in his *Practical Directions* (Thompson, 1830). His will was contested, on various grounds at various stages, by his two sisters (Sarah and Lydia) and after twenty-five years of legal disputes, it was overturned in favour of his relatives. William Thompson was a follower, albeit with some distinctions, of both Robert Owen and Jeremy Bentham, managing to arrive at an original synthesis in the book “*An Inquiry into The Principles of Distribution of Wealth most conducive to Human Happiness*” (published in 1824)⁶⁰. Thompson was considered one of the most important exponent of “Owenites Socialists” in Britain and Ireland (Harrison, 1969, p. 64)⁶¹, but also a life-long disciple and close friend of utilitarian philosopher Jeremy Bentham⁶², who “has done more for moral science than Bacon did for physical science”⁶³. Between 1822 and 1823 Thompson had been guest for five months in Bentham’s home in London, where he met many other representatives of the utilitarian galaxy of the time like James Mill, father of John Stuart Mill. Thompson had consulted Bentham on how to reform *Cork Institution*, a school oriented to poor children of which he was prominent member. After Bentham’s advice based on discussion and on *Chrestomathia*, a treaty on education published by Bentham in 1816, Thompson came to the conclusion that *Cork Institution* could be opened to girls and to the teaching of agriculture and political economy to properly

Foxwell in his *Introduction* to Anton Menger’s book *The Right to the Whole Product of Labour* (Foxwell, 1899, p. 87 and p. 83).

⁵⁹ “The firm was in the import-export business and part of their trade was clearly in the export of butter, a lucrative element of commercial life in the Cork region in that period. They imported sugar, wine, rum, tea, spices and other luxury goods” (Lane, 2014, p. 26).

⁶⁰ John Minter Morgan described the book as the most important publication since Adam Smith’s *Wealth of Nations* (Dooley, 1996, p. 26).

⁶¹ Despite this reputation Thompson received little attention in writings concerning the history and theory of co-operative movement (Beer, 1920; Holyake, 1971; Claeys, 1987; Pankhurst, 1991; Dooley, 1996).

⁶² Dooley refers to “a friendship marked by affection, influence and respect” (Dooley, 1996, p. 23).

⁶³ Thompson, 1824, p. X.

prepare students to professional life and citizenship (Thompson, 1818). The advocacy of a “progressive education” was not the only theoretical debt Thompson had with Bentham. Thompson invokes Bentham’s principle of *utility* at the very beginning of his *Inquiry* as the guide principle of society: “Utility [...] the pursuit of the greatest possible sum of human happiness” (Thompson, 1824, p. 1). In Bentham’s vision the *greatest happiness of the greatest number* is the guide principle to which all other principles are subsidiary⁶⁴. Happiness, in Bentham’s conception, is the increase of *pleasure* or the *decrease or limitation of pain* experienced at *individual* level (*hedonism*). Curiously Thompson shows a point of divergence with Bentham in the notion of happiness because Thompson identifies, very modernly, happiness with *well-being* (Kaswan, 2008). According to Thompson happiness is a “*continued state of well-being*, which is compounded of the different items of pleasurable feeling, *experienced during a considerable space of time*” (Thompson, 1824, p. 17)⁶⁵, depending well-being of people on social institutions (legal, cultural and economic) and on material conditions (wealth). Thompson was more concerned with the question of a fair distribution of wealth with its repercussions on happiness than with economic growth problems, a very original investigative perspective for his times. At this point no subject becomes more interesting for Thompson than the research of the *natural laws of distribution of wealth*⁶⁶ which ensure the achievement of the greatest possible quantity of human happiness, starting from some cornerstones of Bentham’s Utilitarianism with some caveats:

- all members of society, being similarly constituted in their physical organization, are capable, by similar treatment, of enjoying equal portion of happiness;
- happiness of the greater number as derived from wealth is to be preferred to happiness of the lesser number;
- only *free* and *voluntary exchanges* of goods or of productive factors tend to increase happiness on both side of a contract (so only *free* and *voluntary labour* can bring real happiness to workers and can increase motives to production);
- the positive effect on individual happiness of a continued addition of the same quantity of wealth diminishes at every additional portion of money (this means

⁶⁴ According to Bentham the principles of *security, subsistence, abundance, equality* are *subsidiary* principles. This means that they are all subordinated to *greatest happiness principle* (Kaswan, 2007, p. 34). This implies that every principles, positioned after the “greatest happiness principles”, should be respected before the next could be considered. So *security has priority on equality* in Bentham’s view. In function of the attainment of *individual* happiness is obvious that to secure *personal* comfort comes before the concern for other people.

⁶⁵ The more recent psychological literature supports Thompson’s view of happiness. Richard Layard seems to share Thompson’s concept of happiness: “Talking about our feelings, most of us look at the *long period* [...] we pay attention mainly to what is our *average* happiness” (Layard, 2005, p. 25).

⁶⁶ These laws can be considered *natural* because no coercion, direct or indirect, is necessary to implement them: “they require no artificial or factitious arrangements for their support”. Thompson, 1824, p. 178.

that marginal utility is decreasing), but the starting level of wealth possessed is important⁶⁷;

- a *forced* abstraction of a *small* portion of wealth causes more loss of happiness to the person who suffers it in comparison with the increase of happiness experimented by the person who acquires this wealth, with the result that the whole quantity of happiness will lessen (so equality of distribution ought to be the right rule to adopt);
- wealth is produced by labour; labour is the true source of value; workers should have the right to appropriate the whole product of their labour (not only a part); the strongest stimulus to continuous production could come off only if all the products of labour could be *secured* to workers.

In Thompson view, unlike Bentham, equality principles is not subordinated to security principle, they should march together, following the three natural laws of distribution of wealth which consist in: *free labor; voluntary exchange; workers' control over the fruit of their labour*. These laws, according to Thompson, would insure the reconciliation between fair distribution of wealth and continuous production. The enforcement of these natural laws, according to Thompson, should be carried out gradually through *education* and *persuasion*, not with violence (Thompson, like William Godwin, relied on the power of Reason and on argumentative dialogue). The new economic and social model in which these natural laws can be more easily applied is *mutualco-operation*, an alternative to capitalistic system based on *private property* and *competiton*. In this assumption is recognizable Thompson's adhesion to Robert Owen's movement, a movement created, in Thompson's words, by a man of "rare union of profound thought and unequalled pratical knowledge"⁶⁸. Looking at the pattern already traced by Robert Owen in the "Villages of Co-operation"⁶⁹, Thompson prefigures voluntary association (composed from three hundred to two thousand of rational individuals), self-governed through democratic practises by committees of males and females⁷⁰ appointed by election or other criteria agreed on, every working member

⁶⁷ Rich people require a greater additive flow of wealth to experience the same amount of happiness generated in poor people by a lower increase of income.

⁶⁸ Thompson, 1824, p. 384.

⁶⁹ While Thompson aimed at carrying out social experiments on small-scale, because they could achieve positive results in short times, Owen preferred to design community on a large scale, more risky, but able to compete immediately with the big factories of capitalist system. Thompson's statetical line of foundation of tiny communities prevailed at the Co-operatives' Congress in 1832, their financing was rejected by Owen in the Congress of 1833, but triumphed in the Congresses of the following years. Another difference was political: Thompson wanted communities democratically governed, Owen thought that communities were not ready for universal suffrage and needed paternalistic government similar to the one he had established at New Lanark. Thompson believed that masses could improve themselves through their own exertions, whereas Owen relied on appeals to the goodwill of the rich and on aristocratic patronage.

⁷⁰ It is important to underline that in Thompson's social system: "women shall be relieved from the care of children over two years old, and from the drudgery of family cooking; the children being to be educated in common under a proper number of superintendants, but always under the

becoming a joint proprietor of the whole establishment, managed through voluntary co-operation (being labour and capital in the same hands), open to all classes with no barrier to entry or to exit to the community, provided also of an universal educational and social assistance system⁷¹. Thompson questions the whole capitalistic structure from its bases, persuaded of the impossibility of capitalism to conciliate *individual* interest with *community* interest (its symbolic frame confuses *self-interest* with *selfishness*⁷² and paints all men competing against each other). According to Thompson the alignment is not possible merely through a legislation which establishes limits to the pursuit of individual pleasure/happiness as suggested by Bentham, but is possible only through collective ownership of property. This new *system of mutual co-operation*, a third way between capitalistic system and state-ownership model, could overcome not only injustice, but also economic inefficiencies of capitalist system thanks to its multiple benefits: it would have saved the waste of life, of health, and of enjoyment caused by poverty, ignorance, neglect; it would have saved the waste of happiness arising from cruelties engendered by the institutions of insecurity; it would have rendered supply and demand commensurate each other and shared equally by all; it would have eliminated unproductive consumption, unproductive labor and increased motivation to work. As the character of people depends also on institutions, the institutional change would have removed the causes of most human vices, which have their roots in greed, avarice, social envy, competition. Some weaknesses can however be identified in Thompson's ideal community: the over-confidence in Reason to change status quo; the problem of a non-chaotic transition from the old to the new social order in which different productive regimes should coexist (compulsory labour, mutual cooperation); the problem of exogenous shocks which can suddenly affect the community, undermining its self-sufficiency; the problem of economic exchanges among communities, in case of shortage or of surplus of production, which again could give rise to competitive dynamics.

Bentham's and Owen's influence on William Thompson have been briefly examined, though Thompson gives his own interpretations of their ideas. The third essential component of Thompson's theoretical speculation is the *labour value theory* in a particular meaning, as the *theory which identifies labor as the main cause and source of values well as the source of wealth and property*, basing, on this assumption, the claim of

eye of the parents, and the culinary arrangements for the whole community to be performed in a common kitchen". Thompson, 1824, p. 389. Universal suffrage for the elective offices in the community and no more compulsory care-work of women are not the only elements of feminism present in Thompson's reflection. He did not separate inequality of wealth from gender inequality and from other tipologies of inequalities (racial, etc.). He published an *Appeal of one-half of the human race*, women co-written with the Irish feminist Anna Doyle Wheeler. See Thompson (1825). Thompson inspired John Stuart Mill's pamphlet *Subjection of Women* (1869). Thompson can be considered one of major thinker in the history of British feminism, on par with Mary Wollstonecraft.

⁷¹ Most co-operative communities should have had the threshold of 6-hours working day. For other organizational details see Thompson, 1824, pp. 386-391 and Thompson (1830).

⁷²*Self-interest* means *attention to one's own interests moderated by the acknowledgement of the interests of other people*. The word "interest" derives in fact from the Latin "inter-esse" which means "to stand between".

worker's right to the entire product of his labor. This specific labour value theory can be ascribed to Adam Smith⁷³ rather than to David Ricardo which asserts that labor embodied in goods is the *measure* of value and the cause of their relative prices. So William Thompson can be considered more a Smithian Socialist⁷⁴ or a Cooperative Socialist⁷⁵ rather than a Ricardian Socialists. In capitalist system (called by Thompson *the insecurity system*) workers are *forced* to work to avoid starving and they *must accept* the remuneration, just enough for their subsistence, that capitalists offer them, not having the ownership of the means of production. A large portion of their product (the difference between the total value of the product of labor and the subsistence wage) is subtracted from workers by capitalists. This conclusion reveals *the anticipation of Marx's theory of surplus value*, an intuition which Marx had explicitly acknowledged to Thompson, while not sparing Thompson from the critique of being a utopian socialist for his belief in the possibility of a voluntary, gradual and pacific social change and for his lack of historical perspective.

An other precious intellectual legacy of William Thompson's economic thought, in addition to the pioneering discovery of "surplus-value theory", made anyway with less analytical rigor than Marx, and to his scientific emphasis on the link between income distribution and happiness, can be found at microeconomic level. Today's co-operative enterprises are derived from the guidelines of the communities, collectively owned and democratically run, which Thompson has conceived. Thompson can be considered the ideal inspirer of a model of company very different from capitalistic enterprise, the co-operatives, which are based on a positive anthropology in strong contrast to individualism and selfishness implicit in *homo oeconomicus* of neoclassical economy and of neoliberalism, which put people and not capital at the core of their business, which consider happiness as a *relational good* because the happiness of each worker can not be separated from the happiness of the other members of the co-operative and from the happiness of the community in which the co-operative works answering to collective needs (Kaswan, 2007). The *relational* character of happiness means that the happiness of each actor involved is *interdependent* on the happiness of the others as Thompson had perfectly understood: "the happiness of the majority of the productive classes, instead of being opposed to the happiness of the whole community, is intimately *connected* with it: that they are necessary to each others' well-being"⁷⁶. Here there is another difference between Thompson and Bentham: overall happiness is not, like in Bentham view, the *sum* of individual pleasures (therefore it does not coincide with *Total Good*), but it is the fruit of the *integration* of individual well-being (with respect for *Common Good*) (Zamagni, 2007; Montesi, 2009). So Thompson's notion of happiness is very similar to *public happiness* of Antonio Genovesi (1713-1769) and of Giacinto

⁷³ The *labour value theory* which states that labour is the source of value is in force in the smithianan "early and rude state of society" before the accumulation of capital and the appropriation of land.

⁷⁴ Several scholars believe that Ricardian Socialists can be considered followers of Adam Smith : Blaug (1958), p. 148; Schumpeter (1959), p. 582; Ginzburg (1976), p. XVIII; Schwartz (1972); Hunt (1980); Zagari (1987).

⁷⁵ Beer (1920), pp. 200-267.

⁷⁶ Thompson, 1824, p. 37.

Dragonetti (1738-1818), exponents of Civil Economy⁷⁷. Thompson in his theoretical construction of communities has not only anticipated Rochdale principles, which are still at the basis of co-operatives⁷⁸, but has also indirectly suggested integrating them with the principle of *public happiness*, which goes beyond Bentham's principle of *greatest happiness of the greatest number*. Finally, to go back to the fundative principles of mutual co-operation formalised by Thompson, can also be useful to avoid the risk of isomorphism of contemporary co-operative enterprises to capitalistic firms. Modern co-operatives should in fact preserve their original character of being an instrument of economic democracy and of equality and a place of corporate well-being in patrimonial and financial capitalism era characterized by growing inequalities and labor exploitation and in the digital surveillance capitalism epoch connoted by extra-profits of private oligopolies.

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⁷⁷ On Civil Economy see Bruni and Zamagni (2017) and Montesi (2012); on Giacinto Dragonetti see Montesi (2018).

⁷⁸ Rochdale Principles of Co-operation are a set of principles for the operation of co-operatives. They were first set out in 1844 by the Rochdale Society of Equitable Pioneers in Rochdale (England), were adopted officially by the International Co-operative Alliance (ICA) in 1937 and are constantly updated in line with economic and social evolution. They have formed the core principles on which all co-operatives, around the world, still continue to operate (Zamagni and Zamagni, 2008).

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