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Tocqueville on Crisis

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Although Tocqueville's comments on economic crisis are hardly known, they constitute an important part of his thought because he treats this phenomenon as an inevitable factor of the economic, social, and political reality of a modern democratic society. This article examines the nature, reasons, and consequences of both short-term economic crises and permanent crises, which are essentially rooted in the deep principles of some socioeconomic systems. One of the crucial questions in this respect is how Tocqueville understands the laws that govern the economy. In the last section, the article focuses on the remedies that he proposes to mitigate the problem, including widespread private ownership, freedom, virtue, and the activity of the state with its proper limits.

The economic crisis that started in 2008 provokes many Tocquevillian scholars to pose a question: What might the author of *Democracy in America* say about such a phenomenon? Significantly, even if coincidentally, the first complete monograph of his concept of political economy was published a year after the outbreak of the crisis.[1] This article attempts to analyze three questions that are important to reconstruct Tocqueville's view on economic crisis: the problem of *crises commerciale*, the situation of permanent economic crisis, and the remedies he offers.

Short-Term Crises: *Crises Commerciale*

If we look at the place of the question of economic crisis in Tocqueville's thought, we can easily note that he treats this phenomenon, first of all, as a social problem, which could have some serious political implications. The point of departure to

understand his notion of crisis is his conviction that poverty constitutes one of the most important threats to the fundamental values that he advocates: human dignity, virtue, and freedom. For Tocqueville, poverty is dangerous for all political systems but especially for democracy. Taking into account that he considers "the disposition of the greatest number, and principally the disposition of those who are the most exposed to needs" as the crucial factor in the stability of democratic government, we can comprehend why poverty, which gives birth to the discontent of people, can easily overturn the democratic state.[2]

Tocqueville observes that economic development entails the increase in the number of people exposed to the peril of poverty. In order to analyze the history of the economy, he refers to human needs as the most crucial force of economic changes. He makes the distinction between natural needs such as food or clothing and artificial secondary needs created as a result of the development of civilization.[3] The satisfaction of these needs inherently runs the risk of failure. When the economy is based on farming, the risk of not satisfying natural needs for survival is relatively low. Hence, Tocqueville concludes that "in the Middle Ages comfort could be found nowhere, but life everywhere.… The population was therefore impoverished but it lived."[4] The increase in agricultural production causes an abundance, which gives birth to "the taste for pleasures other than the satisfaction of the crudest physical needs."[5] What fulfills most of these new multiplying needs is industry, which attracts a growing number of people who leave relatively safe but hardly profitable farming in order to achieve greater comfort.[6]

On the one hand, this process results in dynamic growth of wealth, but on the other hand, the individuals who work to satisfy these secondary needs take a much higher risk. This risk refers both to the results and the possibility of failure. The worst consequence of a complete fiasco in fulfilling secondary needs is a threat of starvation because the workers do not have any other resources—notably the soil—but labor. Tocqueville makes it brutally clear that the workers "must work every day in order not to die."[7] For this reason he describes their situation in serious terms: "The industrial class, which provides for the pleasures of the greatest number, is itself exposed to miseries that would be almost unknown if this class did not exist."[8] Moreover, Tocqueville observes the phenomenon of subjective poverty—the situation of being unable to fulfill some of the more common secondary needs.[9] Hence, a man who lives in a developed economy is exposed to various kinds of poverty—most of them unknown in less advanced systems.[10] We could therefore conclude that the effects of failure in industry are much more serious than in agriculture, and, simultaneously, people become more sensitive to the lack of different goods. The other important question is the probability of abovementioned fiasco, which is high because there are many

factors that could cause failure in satisfying artificial necessities. Tocqueville explains that "the worker … speculates on secondary needs which a thousand causes can restrict and important events completely eliminate.… It is the taste and demand for these pleasures which the worker counts on for a living."[11] A complete loss of the most basic livelihood in agriculture could only be a consequence of natural disasters while such a situation in industry may also result from various market processes.

In this context Tocqueville presents his most complex approach to the phenomenon of economic crisis. His main inspiration was his second journey to England in 1835 when he visited the industrial towns of Manchester, Liverpool, and Glasgow. Traces of this experience can be found in his notes from this journey, in his first and uncompleted second part of *Memoir on Pauperism*, and in the second volume of *Democracy in America*. Tocqueville deals with the question of economic crisis by referring mainly to the situation of the working class. He notices that the key difference between a factory worker and a peasant lies in the fact that the former permanently faces accidental hardships unknown to the latter because industry is subject to unexpected crises—*crises commerciale*.[12] He points out two reasons for this problem: first, when the number of workers grows without any increase in production and, second, when the number of workers remains the same but production falls. As a result of both situations there could be a fall in wages or a rise in unemployment as many workers become idle.[13]

For Tocqueville, these crises could be brought about by various causes. He often met the opinion that crises are triggered by foreign and internal competition.[14] Tocqueville also stresses that the countries whose industry is dependent on exports are much more exposed to crises. From this point of view, he estimated the situation of France as being more comfortable than the situation of England. According to him, the world moves toward the point where all nations will be quite similar to each other, and they could therefore produce more goods to satisfy similar needs and tastes. Then, the number of crises will decrease and soften; however this is a very remote prospect.[15] After all, even if crises become less frequent, they will always appear because there are not any known means to permanently and precisely balance labor and workers as well as consumption and production. This is the reason why industrial workers are subjected to frequent crises.[16]

Tocqueville assumes that the more complex the economic relationships are, the higher the risk of crises is. Economy is a living and spontaneous system that depends on individual decisions of its participants—the more numerous they are and the more compound the relationships that bind them, the more probable it

is that crises could occur. He refers this remark mainly to an economy based on trade and industry, describing as an example the situation in the United States:

> Americans make immense progress in industry because they are all occupied with industry at the same time; and for this same cause they are subject to very unexpected and very formidable industrial crises. As they are all in commerce, commerce among them is subject to such numerous and such complicated influences that it is impossible to foresee in advance the obstacle that can arise. As each of them is more or less involved in industry, at the least shock that affairs experience there, all particular fortunes stumble at the same time and state totters. I believe that the return of industrial crises is an endemic malady in the democratic nations of our day. One can render it less dangerous, but not cure it, because it is due not to an accident, but to the very temperament of these peoples.[17]

In this point we find the feature that constitutes one of the most important factors of the accuracy of Tocqueville's thought: his great respect for reality with its diversity. He similarly refers to fortuitous circumstances as the causes of crises.[18] For instance, he has encountered the opinion that a bad cotton harvest in America would make the European textile industry go entirely short and suddenly send prices up.[19]

Economic crises could also result from a prolonged state of social tension and uncertainty. A possibility of an advancing revolution discourages investment because it gives no guarantee that one could gain any profit from his capital in the future. A good illustration of this truth is Tocqueville's description of the situation of planters in French colonies just before the commonly expected abolition of slavery.[20] Moreover, Tocqueville was afraid of a potential economic crisis that could happen during the overheated investment boom in France in the early 1850s. What especially worried him was the perspective of the collapse of credit institutions and the panic that follows.[21] We should also note that Tocqueville perceives the threat of the spread of financial crises over different countries, and he treats it as "the great question at present for all civilized Governments."[22]

Tocqueville is well aware that the transformation from an agrarian economy to one based on trade and industry, which is highly sensitive to crises, is an inevitable process. What is more, this movement is in accord with the nature of a democratic society and its passions for fast enrichment as "manufacture and trade are the best-known means, the quickest and the safest to become rich,"[23] while the "cultivation of the earth promises almost certain, but slow, results for his efforts. One is enriched by it only little by little and with difficulty."[24] Another irreversible process leads to the reduction in the prices of manufactured goods;

a condition of being competitive and economically successful because it is necessary to find a market for the products. As Tocqueville states, "The need for manufactured objects becomes more general and increases in it, and the cheapness that puts these objects within the reach of mediocre fortunes becomes a greater element in success."[25] To achieve this cheapness, one has to enlarge the scale of production *inter alia* by introducing the division of labor, which favors the pace and effectiveness of manufacturing. It also demands great capital. Tocqueville makes it clear that "it has also been recognized that the more an industry is a large-scale undertaking with great capital and great credit, the cheaper are its products"[26] and envisages that "soon only immense factories will be able to produce sufficient profits."[27] Another method of the reduction in cost of mass production involves a cut in workers' wages.[28] At the same time, he observed that in Manchester even decreased wages and very hard working conditions (twelve hours a day every day except Sunday) still encouraged peasants to move from their fields to the factory.[29] This, then, leads to the permanent fall in wages in mass production—a situation completely different from the general trend in a democratic economy where there is a constant increase in wages.[30] These two processes, the transition to the economy based on trade and industry as well as the increasing importance of mass production with its problems, show that the possibility of relatively frequent crises is inherently rooted in a developed democratic economy.

Tocqueville analyzes not only the reasons for economic crisis but also its consequences. He mainly focuses on its social and political dimensions. For him, these consequences are, for the most part, connected to the problem of poverty. In this context, he worries about how vulnerable to crisis is the society whose economy is based on mass production. It is enough to note that in England he met the opinion that three weeks' stoppage of work would bring society down in ruins.[31] He is well aware of the danger of social eruption triggered, for example, by the reduction in wages or a rise in the cost of primary necessities.[32] Tocqueville also realized that the working class was increasing everywhere in Europe, and it was growing not only in number but also in power, and due to this, "all industrial crises threaten more and more to become political crises."[33] For him, the government that interferes in the economy and identifies itself with the state of prosperity must be especially afraid of overthrow because economic crisis could cause a panic and thus revolution.[34]

Tocqueville estimates that the effects of crises are reinforced by the lack of natural structures of mutual assistance. In the case of economic downfalls as in any other emergencies, strong social bonds that ensure assistance to those in need are the first and the most effective means that mitigate their consequences.[35] He

treats as one of the advantages of aristocracy the feudal system under which the lord, "while possessing extensive powers, had no less imperative duties, one of these being to succor the needy within his domain."[36] As this aristocracy fell into decline, however, their social interdependences almost completely disappeared.[37] In addition, a new industrial aristocracy does not consider itself responsible for the workers. The nature of division of labor actually makes the employees much more dependent on their employer. He describes the situation as follows: "Now, once men have entered into career, we have seen that they cannot leave it because they are not slow to pick up habits of body and mind from it that render them unsuited for every other labor. These men generally have little enlightenment, industry, and resources; they are therefore almost at the mercy of their master."[38]

In the case of numerous factory workers, the threat of losing their sole livelihood materializes when the crisis comes. Then they have to appeal to the others for aid in order to satisfy their primary necessities and the most basic secondary needs. There is therefore a question concerning who would support them. Tocqueville bitterly concludes, "but the manufacturing aristocracy of our day, after having impoverished and brutalized the men whom it used, leaves them to be nourished by public charity in times of crisis."[39] He observes that in democracy it is the state that takes responsibility for supporting those in need. On the one hand, democratic government has a natural tendency to do so because it is based on the disposition of those who are the most exposed to needs.[40] On the other hand, this leads to a series of negative consequences. Although Tocqueville points out the situations when he accepts the necessity of public charity, he remains generally very critical of its social, economic, ethical, and political results.[41]

Permanent Crisis

Tocqueville's above-mentioned comments refer to short-term economic crises, which also may hurt a country as an enterprise. However, we find another type of crisis as well—a permanent one, which is essentially connected with social and economic systems and is rooted in the very principles of these systems.

To understand the nature of this crisis, it is important to comprehend how Tocqueville perceives the laws that govern the economy. What we find is his conviction that these laws constitute a part of the natural law of divine origin. They have, therefore, a nature that cannot be changed by human efforts. Moreover, every public attempt to act against these laws ends in a serious social catastrophe.[42] Tocqueville clearly expresses this opinion in a speech that he delivered at the Academy of Moral and Political Sciences in April 1852 when he announced in the name of the Academy a competition to prepare a short practical manual that

was intended to make the working classes aware of some of the most elementary and assured notions of political economy. The indirect purpose of this work was to combat a false, widespread idea that he perceived as having been responsible for so many ills that "somewhere there exists a specific recipe against the hereditary and incurable ill of poverty and work, and that given a little good-will governments could easily find it."[43] Particularly important is Tocqueville's statement that the author of the manual should point out the existence of economic laws and "why these laws, being in a sense of divine origin since they spring from nature and the very structure of societies, stand beyond the scope of revolutions."[44] He refers directly to one of these economic laws, describing "permanent and inevitable validity in economic laws which controls the level of wages,"[45] and illustrates it vividly. "The Government cannot make wages rise when the demand for work is falling, any more than one can stop water following the tilt of a glass."[46] Tocqueville's quotes enable us to place his notion of economic laws in line with his concept of wider natural law. It implies that the conformity with this law is a precondition of a proper social system. For this reason, regimes that infringe on natural law must lead to an economic slowdown or even a collapse. There are at least three examples of such systems in Tocqueville's writings.

First is slavery, which violates natural law by infringing on human dignity and freedom. This system radically contradicts entrepreneurship and virtues connected with work, which are the main sources of prosperity for Tocqueville. He observes that the work of a slave is of poor quality and costs more than the work of a free man. The lack of freedom means that this labor is not a factor that enables the development of one's morality and faculties because slavery is a state wherein reason is useless. Hence, Tocqueville observes that "it is puerile to undertake to give discretion and habits of foresight to those whose lot it is to remain strangers to their own fate, and who see their future in the hands of another."[47] Moreover, it is even difficult to train someone who used to be a slave to have good working habits.[48] Slavery is also detrimental to the masters by depriving them of the necessary industry to establish a successful enterprise because "experience teaches that where slaves work, free men remain idle."[49] The negative influence of slavery on the economy is well illustrated by the comparison of two neighboring states, Kentucky and Ohio, which Tocqueville made during his journey to America. Slavery reigned in the former but in the latter was forbidden. In Ohio, activity and entrepreneurship were highly honored while in Kentucky work was treated as a disgrace. Slavery deprived Kentucky of the spirit of enterprises and energy that was so characteristic of states where slavery did not exist. Figures showed Tocqueville the result of this situation—although Kentucky had been peopled

twenty years before Ohio, the latter had three times as many inhabitants as the former, and its enterprise was ten times as great.[50]

The second system that violates natural law and leads, therefore, to permanent economic crisis is democratic despotism. This system is generally founded on the premise that "the state" knows better how to conduct almost every aspect of social and individual life. It follows that in democratic despotism the state, by using a centralized administration, takes over responsibility for new areas that previously have belonged solely to individuals or intermediate bodies. He is very critical of this system because it fundamentally opposes human dignity and freedom. For a few reasons the negative consequences of democratic despotism also directly hurts the economy. First, the state ties up economic freedom by imposing on entrepreneurs various requirements. Among other things this overregulation causes him to claim that, "although despotism of this kind does not ride roughshod over humanity, it is directly opposed to the genius of commerce and the instincts of industry."[51] Second, democratic despotism follows the government's interference into the economy. A good illustration of the scope of this action could be found in the French agricultural policy during the Old Regime.[52] The other important example of such a public intervention is direct aid to private entrepreneurs. As Tocqueville observes, it is also partially caused by the mentality of people who live under this regime:

> The government having stepped into the place of Divine Providence in France, it was but natural that everyone, when in difficulties, invoked it[s] aid.… Often, too, businessmen report to the Intendent confidentially that their affairs are in a bad way and request him to approach the Controller-General for a loan to tide them over this emergency. (It would seem, in fact, that special funds were earmarked for such eventualities)."[53]

Finally, democratic despotism involves an enormous amount of financial resources as its fiscal needs grow with its power. It is one of the most important reasons why democratic despotism dries up the financial resources of society. However, we must note that for Tocqueville democracy is generally a system where public costs are considerable and constantly increase, partially because those who have no property and who live particularly by their work usually compose the majority and govern thanks to universal suffrage.[54]

Tocqueville notices that one of the characteristic features of democratic despotism is that it covers its expenditures not only from the revenues from taxes, but also from other sources—loans.[55] Additionally, during the July Monarchy he met the opinion that the high rate of interest on French debt (about 5 percent) deprived owners of the incentive to invest their capital into commerce.[56] Another

source of the funds for the state resembles our contemporary systems of social security.[57] For Tocqueville, the result of the application of these financial solutions is clear: "Thus the state attracts to itself the money of the wealthy by loans, and by savings banks it disposes to its liking of the money of the poor men. The wealth of the country constantly rushes to it and into its hands; it accumulates there all the more as equality of conditions becomes greater."[58] The capital of citizens is therefore taken over and concentrated by the state, and as the state spends money less efficiently than private investors, the country's resources are used in a less effective manner. Moreover, this prevents the emergence of considerable private investors independent from the state.

In this point it is worthy of note that Tocqueville puts his attention on the threat of a significant public debt caused by huge governmental spending. He shows, for instance, how this situation could encourage a government to apply unjust financial practices. Tocqueville describes it in this famous quote:

> When we look into the history of the administration under [the] Old Regime and the financial expedients it resorted to, we realize to what arbitrary, indeed unscrupulous, practices the lack of money may reduce an otherwise well-intentioned government when there is no public opinion to control it, once time has consecrated its authority and freed it from the fear of revolution, that last resort of an indignant nation.[59]

Tocqueville also perceives the dangerous consequence of the insolvency of the state when all its creditors require it to pay off its debts as a result of a panic caused by a national crisis.[60]

The third example is socialism, which can be treated as a more advanced form of democratic despotism.[61] Indeed, both phenomena are based on the same premises, especially noticed in Tocqueville's comparison of the Old Regime, in which he perceives the beginning of this new despotism, that is, socialism:

> The Old Regime, in effect, held that wisdom resides in the State alone, that its subjects were weak and crippled beings whom one must always lead by the hand, for fear that they might fall or hurt themselves; that it was good continually to limit, to counteract, to compress individual liberties, that it was necessary to regulate industry in order to stabilize the quality of products, to prevent free competition. On this point the Old Regime thought exactly like today's socialists.[62]

He enumerates the three principal traits of all the systems under the name of socialism: (1) the continuous appeal to man's material passions; (2) the attack on the very principles of individual property; and (3) "a deep distrust of liberty,

of human reason, a profound scorn for the individual in his own right, for the human condition."[63]

Thus the source of the failure of socialism lies in its erroneous notion of natural law, which treats real equality as a demand of justice. For Tocqueville, economic crisis is one of many other negative consequences of the implementation of socialist ideas, since it must cause the disappearance of capital, the suspension of transactions, and the stoppage of work—immediately ruining almost all private industries.[64] In his famous speech about the right to work, he claims that if the state provides work for all workers, it should assume the role of the great and sole organizer of labor and production.[65] Tocqueville is very apprehensive about the situation when the state becomes the only industrial entrepreneur because "[o]nce the point is reached, taxation is no longer the means of running the governmental machinery, but the chief means of supporting industry. The State, by accumulating all individual capital in its hands, finally becomes the sole owner of all property. Well, that is communism."[66] Such a system of production resembles slavery with most of its vices and leaves hardly any room for human freedom. Hence, it is not a surprise that he predicts that what frightens people the most in socialism are its economic consequences.[67]

Remedies

Tocqueville gained his reputation not only as an analyst of various threats rooted in such social phenomena as democracy and revolution but also as a guide who gave adequate advice concerning how to deal with these dangers. This is true also for the question of economic crisis. We find a few groups of such remedies in his works. Some of them are addressed to mitigate the direct effects of crisis while others have an influence on a general state of prosperity.

Ownership

The first group of Tocqueville's solutions assumes the necessity of the enlargement of the number of owners in society. For him, a key problem that has to be solved is not poverty itself—the main, direct result of crisis—but the negative effects of the lack of property.[68] We must remember that he treats general well-being as a significant factor in the stability of democratic government.[69] It is important to stress the general character of this well-being because Tocqueville implies that wealth concentrated in the hands of a small part of society is an unfavorable situation. Thus it is not a surprise that he considers the free government of the middle classes as the most stable and economical.[70] Moreover, the general character of well-being gives a few considerable advantages as it

means that a significant part of society possesses some property—especially productive property.

For Tocqueville, it is property in the form of workers' savings that directly mitigates the effects of crises as they are enabled to accumulate little by little some resources during a period of prosperity and use them to maintain themselves at the time of a depression.[71] However, the idea of possessing a small parcel of land has a special place in his conception.[72] This piece of soil enables the satisfaction of some most basic natural needs and therefore partially makes the owner independent on various external circumstances. As a result, it also gives a better position to negotiate a better salary for the work of such a small landowner. Tocqueville presents here the example of the situation of French peasants, who although they rented out their services, possessed little plots of land.[73] According to him, this ownership is one of the most important factors that causes a permanent rise in wages in a democratic society.[74] This mechanism works as follows: "Workers almost all have some secure resources that permit them to refuse their services when one does not want to accord them what they consider a just reward for their work."[75] In this context he perceives the specific and very favorable situation of workers in the United States, where "buying the land is nothing, and men's labor is beyond price."[76] Although Tocqueville has found the opposite tendency for wages to go down in mass production, he is convinced that the wide spread of ownership among workers should also significantly cure this problem. The possession of a small parcel of land has even stronger influence on the attitude of the owner—it is the spirit of property that enables one to acquire the habits of foresight and the faculty of planning. Additionally, it gives one self-confidence and motivates one to improve one's situation.[77] All these qualities are not only the preconditions for running a successful business but also are needed in public and private life because they are favorable from a social and moral point of view. Hence, he is convinced that it is more preferable to have many small landowners than a few big landowners and many without any land who work for them—even if, taking only a narrow economic argument, it is less efficient.[78]

Tocqueville claims that in order to provide the workers some efficient long-range assistance, it is important to answer the question: How does one give them the spirit of ownership?[79] This question demands that one solve another problem: How does one enable the workers to have their just share in the wealth cocreated by them?[80] Tocqueville takes into consideration a few means of distributing property among workers—he presents the ideas of voluntarily giving the workers the interests in the factories in which they work, creating their own industrial cooperatives, and establishing some special savings banks partially merged with pawnshops with more favorable interest rates. However, he had some serious

doubts whether these solutions could really be applied.[81] Tocqueville, in general, is convinced that widespread ownership of property is a steady tendency in democracy and that democratic laws work powerfully to increase the number of owners.[82] Additionally, he treats it as one of the best antidotes to the threat of socialism.[83] We could also note that Tocqueville's idea of spreading the ownership seems to be very close to the later solutions given by Pope Leo XIII in the encyclical letter *Rerum Novarum*.[84]

Freedom and Virtue

Ownership is closely connected with the second group of remedies—freedom and virtue. It is property that safeguards the benefits from the above-mentioned values. Tocqueville clearly shows what this relationship should look like: "If you bring this about so that man has full freedom to do anything that is not bad in itself and is sure to reap in peace where he sows, you have attained your end."[85] Thus freedom and virtue would have very little impact on human economic behavior unless there is any hope of making use of the results of one's own work. Tocqueville found a good example of this truth in Ireland. During his journey there in 1835, he heard the opinion that the Irish are claimed to be lazy, "but it must be remembered that for a long time they have been able to acquire nothing, which gave them no motive for industry."[86]

To understand the importance of freedom in this field, we must note that Tocqueville seems to follow Say and perceives the production of goods that satisfy various human wants as the source of wealth.[87] One of the best means to mitigate the consequences of crises and to widely spread the ownership among the general population is to increase the affluence of society. The most efficient and lasting way to achieve this aim is to create the conditions for the free development of enterprise and other useful human faculties. For Tocqueville, freedom has key importance on economic grounds also. One of the advantages of freedom lies in the fact that it enables one to efficiently multiply various goods.[88] Freedom is, therefore, particularly helpful to create general wealth. Tocqueville observes the increase in material well-being in every country where political liberty reigns. It is liberty that spreads energy and restive activity among society and constitutes a superabundant force that motivates people to start their own initiative.[89] Moreover, the energy given by freedom is additionally reinforced by the equality of conditions in democracy. He found another feature of freedom by analyzing the economy of British colonies just after the abolition of slavery. He noticed the significant increase in the consumption of material goods among freedmen, and the reason for this was liberty that stimulated their aspirations and opened the

desire to improve their conditions as well as triggering the zeal for instruction.[90] Additionally, not only does freedom inspire various activities, but it also causes these activities to be conducted more efficiently. Tocqueville also observes the mutual relationship between liberty and trade—the spirit and habits of liberty inspire the spirit and habit of trade, while the latter also has an influence on the former. Both of them require similar qualities:

> To be free one must have the capacity to plan and persevere in a difficult undertaking, and be accustomed to act on one's own; to live in freedom one must grow used to a life full of agitation, change and danger; to keep alert the whole time with a restless eye on everything around; that is the price of freedom. All those qualities are equally needed for success in commerce.[91]

It is also worth noticing that the arguments of free trade advocates seem to appeal to him.[92]

Virtue, which is essentially connected with freedom in Tocqueville's thought, is another phenomenon that helps to mitigate the effects of crises. Although he states that the true motives for making an effort toward virtue go beyond the material aspects, he perceives the economic benefits of virtue.[93] Tocqueville even suggests that it is impossible for an individual, just as for the whole nation, to attain well-being without virtues.[94] The workers as well as any other people could improve their situation mainly through the achievement of some particular virtues:

> The main remedy against poverty rests in the hands of the poor man himself, depending on his energy, frugality and forethought; on the good and intelligent use of his faculty, more than anything else; and that, while the laws may play a little part in human welfare, a man owes much to his own efforts: in the last resort one may say that the whole responsibility falls on him, for the worth of the law is only equal to the worth of the citizen.[95]

Tocqueville quotes with approval the opinion of Benjamin Franklin: "Franklin used to say that through order, activity and thriftiness, it is as easy to acquire a fortune as to go to the market place. He was right."[96] Thus it is not a surprise that by asking about the reasons of prosperity of English industry he enumerates such phenomena as the spirit of enterprise or boldness.[97] For Tocqueville, the peculiarity of American virtues consists in the high recognition for those of them who refer to entrepreneurship, and he analyzes how they support the well-being of the whole society.[98]

We should remember that virtues and freedom need a proper common moral foundation in order to flourish and have their positive public and economic effects.

In this point he perceives the role of religion, as that which enables one to create such a foundation.[99] Tocqueville clearly highlights a strict bond among religion, morality, and freedom: "The reign of freedom cannot be established without that of mores, nor mores founded without beliefs."[100] What we find important is that this moral base is a precondition of mutual social trust—a crucial element of social capital as well as one of the key requirements of market economy,[101] but it is not its sole function. This moral principle also creates a moral framework of society, which is manifested in manners and law. This framework by limiting freedom enables it to act properly. It is this kind of freedom that Tocqueville praises so much in America: "The revolution in the United States was produced by a mature and reflective taste for freedom, and not by a vague and indefinite instinct of independence. It was not supported by passions of disorder; but, on the contrary, it advanced with a love of order and of legality."[102] He treats this ordered liberty as the most fruitful kind of liberty. What is more, the common moral foundation constitutes a necessary factor of a cultural milieu, which then strongly influences the level of public virtues, including economic ones. If this moral milieu is healthy, the number of such virtues within society is greater, and their quality is improved.[103] We could also note that according to Tocqueville, enlightenment additionally makes freedom able to affect the economy positively. In the first instance, enlightenment means practical knowledge. He describes in the following manner the situation when equality of conditions and freedom with enlightenment are combined: "Give democratic peoples enlightenment and freedom and leave them alone. With no trouble they will succeed in taking all the goods from this world that it can offer; they will perfect each of the useful arts and render life more comfortable, easier, milder every day."[104]

Activity of the State

Tocqueville considers the activity of the state as the last group of remedies for crises. The first and most important task of the state in the field of the economy is to create an appropriate legal framework. The significance of this task is clearer when we notice that serious mistakes in this legal structure are a key factor that is responsible for a permanent crisis. Analyzing legislative frames with regard to well-being, he presents two opposite models: "Is society obliged … to guarantee the individual and to create his well-being? Or is not its only duty rather to give the individual easy and sure means to guarantee it for himself and create his own well-being?"[105] Tocqueville makes it clear that he prefers the second solution, which is founded on liberty.[106] Since freedom—including economic freedom—needs legal guarantees, he recognizes the role of a judicial system and admires in this respect the English model based on procedural remedies: "The

most salutary of all the institutions which one could create to give the individual access to the means to work for his own well-being, would be the establishment of really independent justice with a much wider scope for its activity than that to which we have confined it."[107] He tried to apply these solutions to attract French colonists to the coast of Algeria, as he was convinced that the creation of legal conditions that enable them to make fortunes on their own was one of the best means to achieve this end.[108] Tocqueville checks whether a legal system favors well-being by posing a significant question: Do "this people's laws give men courage to seek prosperity, freedom to follow it up, the sense and habits to find it, and the assurances of reaping the benefit"?[109]

Legislation, though, is not the only task that Tocqueville attributes to the state in economic life. He sees the important role of the state in financing transport infrastructure because he treats it as an important factor of general well-being.[110] What especially appealed to him was the system that he met in the United States. Although the state played a crucial role in financing infrastructure, there was also room for the activity of local communities and private companies because this system of financing was based on flexible rules, it used a variety of sources, and it adapted itself to the specific conditions of places.[111] This model could be treated as an antidote to the limits of two ways of organizing the construction of a railroad in a country, which Tocqueville presents in the first report on the Paris–Cherbourg railroad. The first manner where private industry is in charge is more economical—a railroad is constructed only "where it is in the interest of capital to do so." The second manner where the state is in charge is more expensive; however, it enables one to respect the same far-reaching strategic interests of the country as national defense or the general development of its different parts.[112] We could presume that by writing on the American model of financing transport infrastructure, Tocqueville also describes his vision of a proper role of the state in the economy: "The American government does not interfere in everything, it is true, as ours does. It makes no claim to foresee everything and carry everything out; it gives no subsidies, does not encourage trade, and does not patronize literature or the arts. But where great works of public utility are concerned, it but seldom leaves them to the care of private persons."[113] However, he perceives also a dangerous side of public investments as they could create an artificial need for labor.[114] Thus he is afraid that when these public investments are completed or cease due to any other reasons, the mass of suddenly unemployed workers would trigger a revolt.

Although, as we have mentioned before, Tocqueville generally agreed with the idea of free trade, he accepted some cautious protectionism in a transitional period.[115] He also accepts the possibility of direct public aid for the enterprises

in a period of some fundamental social reform, when crisis could be a result of this reform. We could point, for instance, to his plan of supporting planters during the planned abolition of slavery in French colonies. Tocqueville argues that this public assistance is necessary during the crisis that the abolition may cause because only a prosperous colony could easily sustain the passage from servitude to liberty.[116] What we find characteristic in his "Report on Abolition" is the relatively wide scope of state intervention during this transitional period. His initial plan went so far that he even made the state responsible for the management of labor in colonies, which required an enormous bureaucratic machine and was close to some socialistic ideas of his time. Hence, it is not a surprise that his plan was successfully attacked by liberal economist Rossi, and as a result, Tocqueville partially retreated from it.[117] However, we must also note that Tocqueville wants the state to intervene when the parties engaged in exchange of goods or services stay on radically different civilization levels, which seriously affects their negotiating power and could easily end up with an obvious detriment to the weaker part.[118]

All in all, we should not forget that Tocqueville generally perceives the omnipotent state, which interferes in various aspects of public and private life, as a serious threat also to the economy. According to him, the economic intervention of the state should be a temporarily limited exception, which is based on the principle of subsidiarity. Swedberg rightly notes that for Tocqueville, "the economy had its own laws that in the long run must be allowed to work—even if some groups got hurt in the process."[119] That is the reason why Tocqueville advises firm, even painful measures when the economy or some branch of it is founded on principles that cause a permanent crisis. Then, a radical reform accompanied by a controlled short-term crisis could be the best, if not the sole, solution to cure the whole situation. A good example of such an attitude is one of his recommendations concerning the economic aspects of the abolition of slavery in French colonies: "It is better that the crisis should be brought about by a firm and prudent hand, than to leave the colonies to be enfeebled and degraded by delay, and at length to become incapable of surviving it."[120]

Conclusion

This analysis enables us to claim that Tocqueville treats a short-term economic crisis as a phenomenon that is unavoidable in a developed economy that consists of various mutual dependences and is under the influence of both fortuitous events and, what is more important, the individual decisions of its participants—human beings with their flawed nature. Due to the inevitability of crises, the question

is not whether they could be avoided but how to mitigate their negative consequences. Tocqueville seems to perceive this situation as a kind of price paid for a much higher level of well-being than in the agricultural economy characteristic of aristocracy. He is interested first of all in the social and political consequences of crisis as he notices in them the threats of poverty, revolution, or further development of democratic despotism. The remedies that he proposes are mainly based on the economic and social advantages of property, freedom, and virtue; however, we must remember that most of these advantages need personal transformation—moral and intellectual development of individuals—in order to have an affect. Tocqueville also sees room for limited state intervention if it respects the fact that the economy is governed by invariable laws. A different question is a permanent economic crisis, which results from the essential violation of natural law by some socioeconomic systems. In this case, the only solution is to transform the deep principles of such regimes.

Notes

1. Richard Swedberg, *Tocqueville's Political Economy* (Princeton: Princeton University Press, 2009), hereafter *TPE*.

2. Alexis de Tocqueville, *Democracy in America*, trans. Hervey C. Mansfield and Delba Winthrop (Chicago: University of Chicago Press, 2000) [hereafter *DA*], vol. 1, pt. 2, chap. 9, 267. "General well-being favors the stability of all governments, but particularly of democratic government, which rests on the disposition of the greatest number, and principally on the disposition of those who are the most exposed to needs. When people govern, it is necessary that they be happy in order for them not to overturn the state. Misery produces in them what ambition does in kings."

3. Alexis de Tocqueville, "Memoir on Pauperism," in *Tocqueville and Beaumont on Social Reform*, ed. and trans. Seymour Drescher (New York: Harper & Row, 1968), 9, hereafter MP.

4. MP, 8.

5. MP, 4–5. We could find here the influence of Say's concept that "the mere circumstance of the creation of one product opens a vent for other products." In addition, "it is production that opens a demand for products"—commonly known as the law of market or Say's law. See Jean-Baptiste Say, *A Treatise on Political Economy; or the Production, Distribution, and Consumption of Wealth*, trans. C. R. Prinsep (Philadelphia: Claxton, Remsen & Haffelfinger, 1880), bk. 1, chap. 15, 56–57, hereafter *PDCW*.

6. MP, 9.

7. *DA*, vol. 2, pt. 3, chap. 7, 557.
8. MP, 9.
9. Alexis de Tocqueville, *Journeys to England and Ireland*, ed. J. P. Mayer, trans. George Lawrence and K. P. Mayer (New Brunswick: Transaction, 2003), 61, hereafter *JEI*. See also MP, 10.
10. MP, 10.
11. MP, 8–9.
12. Alexis de Tocqueville, *Second mémoire sur le paupérisme* (Quebec: Chicoutimi, 2006), 7, hereafter *SMP*.
13. *SMP*, 7–8.
14. *DA*, vol. 2, pt. 3, chap. 7, 557. See also *JEI*, 100 and *MP,* 9.
15. *SMP*, 9.
16. *SMP*, 9.
17. *DA*, vol. 2, pt. 2, chap. 19, 529.
18. *DA*, vol. 2, pt. 3, chap. 7, 557. See also *JEI*, 100. Tocqueville sees, at least partially, in these fortuitous circumstances the will of Providence. See Alexis de Tocqueville, *The Old Regime and the Revolution*, vol. 2*, Notes on the French Revolution and Napoleon*, ed. François Furet and Françoise Mélonio, trans. Alan S. Kahan (Chicago: University of Chicago Press, 2001), 65, hereafter *OR*.
19. *JEI*, 112.
20. Alexis de Tocqueville, "Report on Abolition," in *Tocqueville and Beaumont on Social Reform*, ed. and trans. Seymour Drescher (New York: Harper & Row, 1968), 104, hereafter RA. "He [the planter] begins no new enterprises, because he is uncertain whether he will profit by them. He improves nothing because he is sure of nothing. He takes no pains to preserve what may soon not belong to him. The uncertainty of their approaching destiny … contracts their intelligence and abates their courage."
21. See Tocqueville's conversation with Nassau William Senior in Paris (May 17, 1853), in Alexis de Tocqueville, *Correspondence and Conversations of Alexis de Tocqueville with Nassau William Senior from 1834 to 1859*, vol. 2, ed. by M. C. M. Simpson, 2004 (London: Henry S. King & Co., 1872), hereafter *CCTS*.
22. Letter to Nassau William Senior (November 15, 1857) in *CCTS*.
23. *JEI*, 115.
24. *DA*, vol. 2, pt. 2, chap. 19, 526.

25. *DA*, vol. 2, pt. 2, chap. 20, 531.

26. *DA*, vol. 2, pt. 2, chap. 20, 530.

27. *TPE*, 154.

28. During his second journey to England, Tocqueville met the opinion that without this cut the manufacturers would almost lose any incentive to give work. See *JEI*, 100.

29. In Birmingham he was informed that although workmen's wages were continually going down, they were in a flourishing condition as the cost of the necessities of life was going down even faster than wages. See *JEI*, 100.

30. *DA*, vol. 2, pt. 3, chap. 7, 556–57.

31. *JEI*, 105.

32. *JEI*, 100.

33. Alexis de Tocqueville, "The Emancipation of Slaves," in *Writings on Empire and Slavery*, ed. and trans. Jennifer Pitts (Baltimore: Johns Hopkins University Press, 2001), 204, hereafter ES.

34. See Tocqueville's conversation with Nassau William Senior in Paris (May 17, 1853) in *CCTS*.

35. *OR*, pt. 2, chap. 8, 77.

36. *OR*, pt. 1, chap. 2, 40.

37. However, we should remember that according to Tocqueville what could take the place of the old aristocracy and create strong social bonds in democracy are the intermediate bodies such as different kinds of associations, including township. Although he states that local liberties in the democratic age will always be the product of art, he also notices that the American system of township government has its roots in the rural parish of the Middle Ages. Thus the experience of aristocratic freedom could be useful in creating the culture of association in democracy. See *DA*, vol. 1, pt. 1, chap. 2, 29; vol. 1, pt. 2, chap. 10, 380; vol. 2, pt. 4, chap. 3, 645; and *OR*, pt. 2, chap. 3, 48.

38. *DA*, vol. 2, pt. 3, chap. 7, 557. We could find here also another trace of Say's concept as the inspiration for Tocqueville. According to Say, "A man, whose whole life is devoted to the execution of a single operation, will most assuredly acquire the faculty of executing it better and quicker than others; but he will, at the same time, be rendered less fit for every other occupation, corporeal or intellectual; his other faculties will be gradually blunted or extinguished; and the man, as an individual, will degenerate in consequence." *PDCW*, bk. 1, chap. 8, 41.

39. *DA*, vol. 2, pt. 2, chap. 20, 532.

40. *DA*, vol. 1, pt. 2, chap. 9, 267.

41. MP, 25.

42. See Marek Tracz-Tryniecki, "Natural Law in Tocqueville's Thought," *Journal of Markets & Morality* 11, no. 1 (Spring 2008): 27–40.

43. Alexis de Tocqueville, "The Art and Science of Politics," *Encounter* 26 (1971): 32, hereafter ASP.

44. ASP, 32. On this point I do not agree with Swedberg who states that "the reference to the divine laws of the economy was perhaps more of a rhetorical flourish from Tocqueville's side (which Flaubert would have appreciated) than the expression of some insight he had reached as the result of thinking." See *TPE*, 229.

45. ASP, 32.

46. ASP, 32.

47. RA, 101. See also RA, 107.

48. RA, 121.

49. RA, 107.

50. See Alexis de Tocqueville, *Journey to America*, ed. J. P. Mayer, trans. George Lawrence (New Haven: Yale University Press, 1960), 97–100, hereafter *JA*.

51. *DA*, vol. 2, pt. 2, chap. 14, 515.

52. *OR*, pt. 2, chap. 2, 40–41.

53. *OR*, pt. 2, chap. 6, 70–71.

54. *DA*, vol. 1, pt. 2, chap. 5, 199–202.

55. *DA*, vol. 2, pt. 4, chap. 5, 653.

56. See *JEI,* 112.

57. Tocqueville describes these specific savings institutions as follows:

> This has given birth to a philanthropic institution that, if I am not mistaken, will soon become one of our greatest political institutions. Some charitable men have conceived the thought of collecting the savings of the poor man and using the income from them. In some countries these beneficent associations have remained entirely distinct from the state; but in almost all they tend visibly to be blended with it, and there are even some in which the government has replaced them and has undertaken the immense task of centralizing in a single place and putting to work the daily savings of several million workers by its hands alone.

See *DA*, vol. 2, pt. 4, chap. 5, 654.

58. See *DA*.

59. *OR*, pt. 2, chap. 10, 100–101.

60. See *SMP*, 15.

61. Tocqueville illustrates the relationship between centralization, an important feature of democratic despotism, and socialism in the following vivid manner: "So true it is that socialism and centralization thrive on the same soil; they stand to each other as the cultivated to the wild species of the fruit." *OR*, pt. 3, chap. 3, 164.

62. Alexis de Tocqueville, "Speech on the Right to Work," in *Tocqueville and Beaumont on Social Reform*, ed. and trans. Seymour Drescher (New York: Harper & Row, 1968), 184–85, hereafter SRW.

63. SRW, 182–83. Daniel J. Mahoney states that the socialist attack on the right to property is indeed an attack on human dignity and freedom. See Daniel J. Mahoney, "Tocqueville and Socialism," in *Tocqueville's Defense of Human Liberty: Current Essays*, ed. Peter Augustine Lawler and Joseph Alulis (New York: Garland Publishing, 1993), 180, 187.

64. See Alexis de Tocqueville, "Letter to Paul Clamorgan March 7, 1848," in *Selected Letters on Politics and Society*, ed. Roger Boesche, trans. James Toupin and Roger Boesche (Berkeley, Los Angeles, London: University of California Press, 1985), 202, hereafter *SLPS*.

65. SRW, 180–81.

66. SRW, 180.

67. *SLPS*, 202.

68. *SLPS*, 6.

69. *DA*, vol. 1, pt. 2, chap. 9, 267.

70. *DA*, vol. 1, pt. 2, chap. 5, 200–201. The situation where most of society is composed of property owners could mitigate the above-mentioned democratic tendency to the profuse spending.

71. *SMP*, 15.

72. *SMP*, 4–11.

73. *DA*, vol. 2, pt. 3, chap. 7, 556. Moreover, he noticed the similar conditions in some British colonies where freedmen retained the free enjoyment of the cabin they had inhabited during slavery and the garden they had previously worked. See RA, 128–29.

74. *DA*, vol. 2, pt. 3, chap. 7, 556.

75. *DA*.

76. Alexis de Tocqueville, "A Fortnight in the Wilds," in *JA*, 343.

77. *SMP*, 5–6.

78. *TPE*, 140.

79. *SMP*, 8, 11.

80. "Can the total national wealth continue to increase without a part of those who produce this wealth having to curse the prosperity that they produced?" MP, 26.

81. *SMP*, 9–20. It is claimed that this doubt was one of the reasons why Tocqueville did not complete and publish *Second Memoire on Pauperism*. See, for example, Gertrude Himmelfarb's introduction in *Alexis de Tocqueville's Memoir on Pauperism*, trans. Seymour Drescher (London: Civitas, 1997), 11.

82. *DA*, vol. 2, pt. 3, chap. 6, 553.

83. SRW, 184.

84. Pope Leo XIII, Encyclical Letter *Rerum Novarum* (May 15, 1891), 46–47.

85. *JEI*, 117.

86. *JEI*, 181.

87. *PDCW*, bk. 1, chap. 1, 25–26.

88. *DA*, vol. 2, pt. 2, chap. 15, 518.

89. *DA*, vol. 1, pt. 2, chap. 6, 234. However, Tocqueville warns against the situation when citizens, by eagerly making use of their economic freedom, succumb to the passion for well-being and forget that this freedom could in the long run exist only with political freedom, which gives birth to it. See *DA*, vol. 2, pt. 2, chap. 14, 515.

90. ES, 211–13.

91. *JEI*, 116.

92. *TPE*, 166–67. For some important reasons in favor of free trade and the reduction of a great number of duties he received from the French Consul at Liverpool, see *JEI*, 111–12.

93. *DA*, vol. 2, pt. 2, chap. 8, 501.

94. *DA*, vol. 1, introduction, 11. See also Alexis de Tocqueville, "Letter to Arthur de Gobineau November 17, 1853," in *Selected Letters on Politics and Society*, ed. Roger Boesche, trans. James Toupin and Roger Boesche (Berkeley, Los Angeles, London: University of California Press, 1985), 299–300: "They succeed precisely on account of the very means that make one succeed in private life; that courage,

energy, integrity, foresight, good sense are the true reasons for the prosperity of empires as well as for that of families and that, in a word, the destiny of man, either as an individual or as a nation, is what he wants to make of it."

95. ASP, 32.

96. *SMP*, 6. I use Swedberg's translation of this passage, *TPE*, 141.

97. *JEI*, 112.

98. *DA*, vol. 2, pt. 3, chap. 18, 594; also *DA*, vol. 1, pt. 2, chap. 9, 272.

99. *DA*, vol. 1, pt. 2, chap. 8, 282. John E. Lawyer states, "The main contribution of religion was to shape the fundamental moral consensus without which a free people would not be able to hold together." See John E. Lawyer, "Tocqueville on the Religious Foundations of Democracy," *American Benedictine Review* 42, no. 4 (1991): 425. However, Samuel Gregg rightly points out the limits of Tocqueville's perception of religion in terms of social utility. See Samuel Gregg, *On Ordered Liberty: A Treatise on the Free Society* (Lanham, MD: Lexington Books, 2003), 114–15.

100. *DA*, vol. 1, 10.

101. The social importance of this trust is clearly visible in the following quote: "It is true that every man who receives an opinion on the word of another puts his mind in slavery; but it is a salutary servitude that permits him to make good use of his freedom." See *DA*, vol. 2, pt. 1, chap. 2, 408.

102. *DA*, vol. 1, pt. 1, chap. 5, 67.

103. See Alexis de Tocqueville, "Letter to Madame Swetchine October 15, 1855," in *Memoir, Letters, and Remains of Alexis de Tocqueville*, vol. 2 (London: Macmillan, 1861), 313–14.

104. *DA*, vol. 2, pt. 2, chap. 15, 518.

105. *JEI*, 96.

106. *JEI*, 96. "The second; more complicated, not uniform in its application, harder to grasp; but the only one that is true, the only one compatible with the existence of political liberty, the only one that can make citizens or even men."

107. *JEI*, 96.

108. See Alexis de Tocqueville, "Second Report on Algeria" in *Writings on Empire and Slavery*, ed. and trans. Jennifer Pitts (Baltimore: Johns Hopkins University Press, 2001), 195.

109. *JEI*, 116.

110. *JA*, 270, 273. "I only know of one means of increasing the prosperity of a people whose application is infallible and on which I think one can count in all countries and in all places. That means is none rather than increasing the facility of communication between men."

111. *JA*, 272–73.

112. *TPE*, 153.

113. *JA*, 272.

114. See Tocqueville's conversation with Nassau William Senior in Paris (May 9, 1853, and May 5, 1857) in *CCTS*. It is well illustrated in his comparison of the situation of the working class in Paris and in London at the beginning of the 1850s:

> The English workmen have been gradually attracted to London by a real and permanent demand for their labor. They have wives and children. At least 100,000 men have been added to the working population of Paris since the *coup d'état.* They are young men in the vigour of their strength and passions, unrestrained by wives or families. They have been drawn hither suddenly and artificially by the demolition and reconstruction of half the town, by the enormous local expenditure of the Government, and by the fifty millions spent in keeping the price of bread in Paris unnaturally low.

115. He states that the aims of free trade "cannot be reached immediately when one starts from a situation that has been created according to the opposite principles." *TPE*, 167. The quote is from Tocqueville's letter to Lord Radnor (November 5, 1843).

116. RA, 114.

117. RA, 128–36.

118. It was referred particularly to the property transactions between Arabs and Europeans and to the above-mentioned employment of the freed slaves by the planters who were their former master in French colonies. In the first case, Tocqueville wanted to avoid the situation of the Indians in North America who lost most of their territory by applying the European rules of justice that guarantee property. See Alexis de Tocqueville, "First Report on Algeria," in *Writings on Empire and Slavery*, 144; and RA, 130, 132.

119. *TPE*, 177.

120. RA, 105.