JOHN STUART MILL AND THE DEVELOPMENT OF ENGLISH ECONOMIC THOUGHT:
A STUDY IN THE PROGRESS OF RICARDIAN ORTHODOXY

by

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This thesis was submitted in partial fulfilment of the requirements for the degree of Doctor of Philosophy in The Australian National University

May 1970
This thesis is my own work.
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ACKNOWLEDGMENTS

I am greatly indebted to Professor G.S.L. Tucker and Mr D.M. Bensusan-Butt, who supervised my work, for their advice, interest and encouragement. Access to certain materials was made possible, and the difficulties of doing this piece of research in Australia much reduced, through the cooperation of the Librarian and staff of the Menzies Library, The Australian National University. I am grateful for their generous assistance.

My thanks are also due to Miss Diana Vignali and Mrs Jenny Little who, respectively, obtained for me in London a list of the authors of reviews in the Athenaeum, and some of the details of the use made of Mill's Principles, and of the place occupied by political economy, in the studies of several British universities for which complete series of calendars were not available in Australia. My especial thanks go to my typist, Mrs A. Guenot, who repaid inconvenience and illegibility with kindliness and patient care. Finally, I am deeply grateful to my wife, who set aside her own interests, entered willingly into the inevitable cycle of exultation and despondency, and vicariously suffered the headaches during my down phases.
INTRODUCTION

It is the purpose of this thesis to trace the development of the thought of John Stuart Mill on economic and related social questions, in terms of his own aims and interests, and to offer some account of the nature, means and extent of his influence, against a background of contemporary opinion.

Mill is of interest to the historian of economic thought for at least two reasons. In the first place, he was the most able, candid and sensitive of Ricardo's followers. He showed a much greater willingness than McCulloch, James Mill or De Quincey to engage Ricardo's critics on their own ground, and he developed a method of enquiry which enabled him to incorporate new facts (for example, the commercial crisis of 1825-26) and new speculation, without reliance on mere verbal truth. Whether in the process Mill remained true to the spirit of Ricardo's work has yet to be established.1 But certainly none of Ricardo's other early disciples set out on such an interesting course.

Secondly, Mill exercised considerable influence on English political economy in the third quarter of the nineteenth century, enjoying, in the estimate of one contemporary, an 'almost Papal authority'.2 This raises several questions. For example, why did Mill's Principles of Political Economy acquire such a commanding position? and was Mill's authority 'noxious', as Jevons believed, in the sense that it inhibited the progress of economic science?

It is convenient to distinguish two phases in Mill's work, one covering the period 1819-c.1830, the other the years 1848-73. Together, these periods extend from the date of Mill's introduction to political economy, at the age of thirteen, to the date of his death. The years c.1830-48 do not constitute a gap in his thought or activity, but by about 1830 he had grasped the essentials of his mature view on method and on economic theory. This fact is partly obscured because his

Essays on Some Unsettled Questions of Political Economy were not published until 1844, but properly they belong to the earlier period. The year 1848 is when Mill's Principles of Political Economy was published, and it marks his emergence as the dominant authority in that field. For our purposes, therefore, the period ending c. 1830, and the one beginning in 1848, are those which it is most desirable to stress.

Mill began the first phase of his work as one of several young men committed to the propagation of Malthusian views, utilitarian ethics and Ricardo's special doctrines in political economy. He had been schooled in these views by his father, and he had learned his political economy, in particular, in the axiomatic manner of the elder Mill's Elements of Political Economy. Within this first phase, however, there occurred an important personal and intellectual development on John Mill's part. He broke away from James Mill's teaching and method, and enunciated for himself a view of life which gave due place to feelings and 'self-culture', and a method in which deductive reasoning formed, not the whole of the process of scientific enquiry, but a middle link between the inductive derivation of premisses and the checking of conclusions against facts. Chapters 1 to 4 of the present study seek to take the reader through this development and its implications for Mill's economic and social thought up to the year 1848.

A knowledge of Ricardo's economics is, for the most part, assumed; however, chapter 1 gives an outline of the main features of his work. Chapters 2 to 4 deal successively with John Mill's early dissemination and defences - aged 16 to 20 - of the doctrines he had been taught; with his subsequent discovery that his father's method tended to verbal rather than empirical truth; with his arriving at a more satisfactory method, which was in fact a formal version of what Ricardo had practised; with his efforts to clarify and extend Ricardo's doctrines, within the limits of Ricardo's basic principles and method; with Mill's gathering of the elements of a social philosophy broader than the utilitarian conceptions in which he had been trained; and with his eventual weaving of a tapestry of thought in which social ends and means, and economic laws, are represented in distinct yet interdependent roles - generically denominated 'art' and 'science'. The materials for this portion of the thesis are mainly Mill's own early letters and writings (1822-48), most of them anonymous and ephemeral contributions to newspapers and periodicals, but identifiable from his personal list, and supplying the connected record of his intellectual development necessary to assess whether his Principles was in fact a natural outgrowth of Ricardo's work.

With the publication of Mill's Principles in 1848, our attention shifts from the development of the ideas of one individual to the
influence which those ideas exerted on the thought of his age. It is perhaps somewhat paradoxical that Mill should be regarded now merely as 'a fluent, flabby echo of Ricardo', while his Principles enjoyed in its time a more sweeping and general success than Ricardo's Principles of Political Economy, and Taxation. This brings us back to the questions raised earlier. How did Mill achieve this success? What was the extent of his influence? In what manner and via what channels was it exercised? What serious enquiry, if any, was undertaken by Mill's disciples? Who were the dissenters? and how was their work received by Mill and his adherents? These are questions about which little is known. They are explored in a provisional way in chapters 5, 6 and 7 below. Chapter 8 closes this study with some notes on the supersession of Mill's Principles.

One important omission in this thesis is a serious discussion of the monetary side of Mill's thought. This has been incorporated in a framework more appropriate than that provided here, in F.W. Fetter's admirable Development of British Monetary Orthodoxy, 1797-1875.

John Stuart Mill proclaimed himself a Ricardian. His two most important publications in political economy were meant to extend the work begun by Ricardo, while maintaining strict conformity with the latter's views. Mill said of the first four of his Essays on Some Unsettled Questions of Political Economy (1844) that they were 'in continuation and completion of Ricardo's doctrines'. Again, of his Principles of Political Economy with Some of Their Applications to Social Philosophy (1848) Mill said: 'I doubt if there will be a single opinion (on pure political economy) in the book, which may not be exhibited as a corollary from his [Ricardo's] doctrines.' An important task in subsequent chapters will be to assess the accuracy of these statements. It will help to indicate here some of the salient features of Ricardo's economics.


2 Principles of Political Economy with Some of Their Applications to Social Philosophy, 2 vols (London: Parker, 1848). Mill's comment on this work was made in a letter of February 1848, when the MS was with the publishers (Earlier Letters, Collected Works, vol.XIII, p.731).

Ricardo's method

Ricardo's economics was both a method and a model. No clear separation of the two is possible; together they constituted his way of looking at economic reality. What passes here for a discussion of Ricardo's method is really an attempt to answer the questions why he chose to abstract, how real he intended his analysis to be, and what test he adopted to assess its 'adequacy'.

Modern economists generally avoid methodological discussion. There is some excuse for this. While the criteria for acceptable work may be rarely stated, they are widely understood by practitioners, and need only be explicitly invoked as sanctions against those who transgress the norms. Moreover, for the most part the techniques to be applied to a particular problem choose themselves. When Ricardo wrote, however, economic analysis itself was in its infancy. Indeed, he was the first English political economist to manipulate pure abstractions in order to handle actual problems. As Schumpeter observes, noting that it spelled 'decisive advance', nobody before Ricardo had grasped as vigorously as he did that 'economic theory is...a box of analytic tools...[which] form an engine. This engine grinds out results, within wide limits, no matter what the concrete problem is that is fed into it'. This was a sharp break with the more or less inductive tradition fostered by Adam Smith, and the strong assumptions Ricardo made in effecting it affronted and startled his contemporaries. Malthus noted, with disapproval, that those of Ricardo's 'school' 'seem...to have altered the theories of Adam Smith upon pure speculation; and not because they do not accord with facts and experience'. And J.L. Mallet was evidently unnerved to find Ricardo expressing at dinner economical 'opinions in the nature of mathematical truths'. Ricardo himself saw nothing

4 J.A. Schumpeter, History of Economic Analysis, p.474.
5 Schumpeter notes elsewhere that the difference between Ricardo and Smith is in part only an appearance (J.A. Schumpeter, Economic Doctrine and Method, trans. R. Aris (London: Allen and Unwin, 1954), p.81). Nonetheless, Smith's theoretical work did not approach in power or consistency the self-contained 'engine' of analysis which Ricardo constructed.
7 From Mallet's diary account of a dinner on 12 January 1820, cited in Ricardo, Letters, Works, vol.VIII, p.152 note. (This and all subsequent references are to Sraffa's edition of Ricardo's works and correspondence.) Cf. the further comment from one of Mallet's diaries in Political Economy Club Centenary Volume (London: Macmillan, 1921), p.224: 'it is a great drawback on Ricardo's work that it is almost a sealed Book to all but men capable of pursuing abstract reasoning by a strict and mathematical analysis'. Mallet was a foundation member of the Political Economy Club.
extraordinary in his approach, and largely neglected to explain to the
government just what he was about. His methodological dicta are almost
ever confined to letters. This was unfortunate. The omission gave
rise to immediate and lasting difficulties as to the meaning and vali-
dity (realism) of his analysis. Even now it is necessary to pose the
questions listed in the first paragraph of this section.

Firstly, then, why did Ricardo choose to abstract? He was hesitant
about making specific experience the basis of economic laws. Thus:
'There are so many combinations, - so many operating causes in Political
Economy, that there is great danger in appealing to experience in favor
of a particular doctrine, unless we are sure that all the causes of
variations are seen and their effects duly estimated.' Again, men who
are 'all for fact and nothing for theory...can hardly ever sift their
facts. They are credulous, and necessarily so, because they have no
standard of reference'.

Specific experience, then, was an unreliable
guide. But it was so precisely because experience was so many-faceted:
it could sustain many hypotheses, but none exclusively. This implied
a need for the breaking up of real problems into manageable components;
and, to warrant trust in the resulting analysis, a knowledge of some
general and regular causes.

Ricardo's chosen method of simplification was to abstract from
what he regarded as 'accidental causes' and 'temporary effects'. Scattered references suggest a distinction between very short-run
effects and rather more lasting - though still temporary - ones.
Under the first head were the effects on the supply of agricultural
products of good and bad seasons; 'sudden' changes in population (such
as those caused by famine?) which cause equally sudden changes in
demand; changes in the value of the precious metals due to their abund-
ance or scarcity at a particular period; and changes in fashion, the
introduction of a new product or the discovery of a fresh market, all
of which cause prices to change during the period required for capital
to alter its employment in response to the price signals. From
examples Ricardo gives it appears that he thought such effects would
work themselves out within four or five years. In the second class

9 Reply to Mr. Bosanquet's 'Practical Observations on the Report of the
ence of a low Price of Corn on the Profits of Stock [1815], Works,
vol.IV, pp.19 note, 24.
vol.VIII, 370-1; vol.IX, p.152.
(longer lasting 'temporary effects') he mentions a period of technical innovation and a rise in wages above their 'natural' level. These effects, he considered, could be felt for twenty-five years, or longer. Set over against 'accidental causes', with their 'temporary effects', were causes supposedly 'natural and constant'. Ricardo put three causes in the latter category: the limited productive capacity of the soil; human fecundity; and the desire for wealth. Their effects were a tendency towards diminishing returns, population growth and the accumulation of capital. These three effects were basic to his analysis. In conjunction with the various analytical postulates he made, these 'natural and constant' causes produced the specific propositions of his deductive system. The constancy of the three causes was not demonstrated but rested on an implicit assumption that physical and human nature, and human physiology, would remain as they were.

How close to reality did Ricardo think his method of abstraction allowed him to remain? He knew that in concentrating on 'natural and constant' causes and their effects he was distorting reality. 'To manage the subject quite right', he said, temporary and permanent causes should be separated 'and the due effects ascribed to each'. Accordingly, he did not try to maintain that the results he derived by his particular analysis had any necessary force about them outside the framework of the analysis itself. At the same time, however, he believed that in the 'permanent' state, where one could be sure that all short-run influences had worked themselves out, his results would hold. Such a state was itself clearly an abstraction; for he admitted that temporary effects are 'more or less at all times in operation'.

Thus Ricardo spoke of 'the natural and ordinary, but not necessary connection between rent and fertility'. Again, to Malthus,

You mistake me if you suppose me to say that under no circumstances of facility of production profits could fall. What I say is that profits will rise when wages fall, and as one of the main causes of the fall of wages is cheap food and necessaries, it is probable that with facility of production, or cheap food and necessaries, profits would rise... All I mean to contend for is that profits depend on wages, wages,

14 See his references to the influence of technical change during the period of the Napoleonic Wars (Letters, Works, vol.VI, pp.94-5, 194; vol.VII, p.271), and the discussion of 'market' wages in the Principles, Works, vol.I, p.98. In 'an improving society', where capital is accumulating and giving rise to a growing demand for labour, Ricardo notes that 'notwithstanding the tendency of wages to conform to their natural rate, their market rate may...for an indefinite period, be constantly above it' (ibid., pp.94-5; italics added).
15 Letters, Works, vol.VII, p.120.
under common circumstances, on the price of food, and
necessaries, and the price of food and necessaries on the
fertility of the last cultivated land. 18

The basis for Ricardo's confidence that his propositions would
hold 'under common circumstances' was a belief that his 'natural and
constant' causes would in fact operate more powerfully than any
'accidental' ones. He allowed that short-run influences might inter­
fere with the proposition that the difficulty of obtaining food was
'almost the sole cause which regulates the profits of stock'. For
example, in a letter of 23 October 1814, two are mentioned: seasonal
factors; and a change in the value of currency. However, 'both these...
are temporary causes, no way affecting the principle itself, but merely
disturbing it in its progress'. 19

The same view can be illustrated for even the most long-lasting of
temporary causes and effects, namely technical improvements and a
'market' wage above its 'natural' level. (1) In comparing the relative
force of diminishing returns and improvements in agriculture, Ricardo
said that the difficulties of producing food are 'in constant operation'
in progressive countries whilst improvements are of 'less frequent'
ocurrence. He added that 'the price of corn...has been invariably
observed to rise as a nation became wealthy, and was obliged to have
recourse to poorer lands'. 20 That is to say, diminishing returns had
been the dominant effect. 21 (2) Similarly, Ricardo discounted the
possibility that the 'market' wage being above its 'natural' level
might prove to influence profits as powerfully as the cost of obtaining
food. For 'the tendency of the population to increase is, in our state
of society, more than equal to that of the capital to increase'. 22

These two opinions strongly suggest that he believed the two causes,
human fecundity and the limited productive capacity of the soil, to be
of most significance for an understanding of Britain's situation.

Ricardo's third basic cause, the desire for wealth, did not enter
directly into his consideration of profits because, as he said, 'the
wants and tastes of mankind' were not often involved in the production
of mere necessaries. However, if it was a question of whether the
progress of society might be prematurely halted through an insufficient

18 Letters, Works, vol.VI, p.78. Cf. vol.VI, pp.119 ('not...a necessary,
but a probable effect'), 227. See also Speeches, Works, vol.V, p.130.
21 Assuming, as Ricardo normally did, that the value of money had not
changed.
Ricardo, then, was aware that allowances needed to be made in applying his abstractions. But these allowances were of a secondary order of importance. He meant to cover both points by stating his results as 'tendencies'. For example:

With the progress of society the natural price of labour has always a tendency to rise, because one of the principal commodities by which its natural price is regulated, has a tendency to become dearer, from the greater difficulty of producing it.

This tendency, though, 'may for a time' be counteracted by 'improvements in agriculture' or 'the discovery of new markets, whence provisions may be imported'.

Unfortunately, the word tendency was ambiguous. Intended by Ricardo to imply that a proposition was liable to exceptions, it could be interpreted as affirming a definite expectation. Much of the reaction against Ricardo which had set in by 1830 was due to his critics having adopted the latter interpretation.

Archbishop Whately cut a path through this confusion when in 1831 he distinguished between tendency in the sense of 'the existence of a cause which, if operating unimpeded, would produce [some specified] result', and tendency in the sense of 'the existence of such a state of things that that result may be expected to take place'. The distinction is that between the isolation of certain forces in a controlled environment, and observation of the results of the interplay of all forces - 'constant' and 'accidental' - actually present. Corresponding to the former (experimental) procedure is the analytical, _ceteris paribus_ proposition; corresponding to the latter, the historical generalisation.

Ricardo, it must be said, inadvertently contributed to the misinterpretation of his own propositions by failing to make clear on every occasion whether his reference was factual or strictly analytical. For instance, in the _Essay on Profits_ he made it quite explicit that he was, for purposes of simplification, supposing 'that no improvements take place in agriculture'.

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23 Ibid., vol.VI, pp.147-8; vol.VII, pp.57, 78; 'Notes on Malthus'.


25 For a not untypical early instance of this see Ricardo, _Speeches_, Works, vol.V, p.137 (bottom).


tended to remain implicit. And what was a reader, new to Ricardo's analysis, to make of the bald statement that 'population regulates itself by the funds which are to employ it, and therefore always increases or diminishes with the increase or diminution of capital'?  

It was to be expected that such statements would be taken to indicate actual expected outcomes. However, Ricardo was not making specific predictions. He believed, as we have seen, that his analysis was fairly close to reality; and he had sufficient confidence that this would continue to be so to make his propositions the basis of legislative proposals. But the test he applied to check the adequacy of his analysis was of an essentially ex post kind. When urging upon Malthus, early in their correspondence, his newly-formulated 'theory of a diminishing rate of profit, in consequence of being obliged to cultivate poorer lands', Ricardo concluded: 'you must allow that it accounts for all the phenomena in an easy, natural manner'. In the further debate between them, Ricardo acknowledged that due allowance must be made for 'accidental' causes such as technical innovation. The very term 'accidental', however, implied that no prediction of these causes was possible. It was enough that the effects of disturbing occurrences could be accounted for after the event.

It is desirable to dwell on this point a little longer. Had Ricardo been concerned to predict actual historical movements in the rate of profit he would have been obliged to incorporate a theory of technical change. He did incorporate in his model the effect of a higher wage rate in inducing a change to more capital intensive techniques of production. But explicitly in his Essay on Profits and implicitly in the Principles, Ricardo neglected possible new discoveries. This was perfectly consistent with his analysis viewed as a statement of tendencies (Whately's first sense), as can be illustrated in respect of his case against the Corn Laws. That case was premised on the belief that England's comparative advantage lay in manufactures. It followed, he said, that 'if we were allowed to get corn as cheap as we could get it, by importation, profits would be... higher than they now are'. In other words, it was the tendency of

28 G.S.L. Tucker, Progress and Profits, p.97 note.  
the Corn Laws to make necessary the cultivation of inferior soils at home, reducing the rate of profit faster than would otherwise have been the case. But that conclusion was essentially different from saying that the rate of profit was low now, compared with other countries or with an earlier period. Thus Ricardo acknowledged that great technical progress had occurred in British agriculture during the Napoleonic wars, while affirming that this left his case unchanged:

Our wealth has increased by the increase of rent, from 1793 to 1813, yet I would contend that if the trade had been free, and corn had been imported in preference to growing it, under the new and improved circumstances of agriculture, our wealth would have increased in a still greater ratio than it now has done.35

Modern commentators have not always given due weight to this. Mark Blaug, for instance, has said that twenty-five years after Ricardo's death it was clear that 'almost none of the predictions of the Ricardian system had been borne out by the train of events'.36 The further result of supposing Ricardo to have been interested in predicting results applicable at any one point in time has been that his followers, especially John Stuart Mill, have sometimes appeared casuistical: determined to twist cases that are plainly inconsistent with the system into conformity with it by verbal subterfuge.

Ricardo's model

It would be unprofitable to consider Ricardo's method further in isolation from his model. We have seen why he chose to abstract; and which three forces he set apart as a framework for analysing the phenomena which interested him. But what were the matters which most concerned him?

Ricardo wrote much on currency questions and taxation, but his basic concern was to trace the effects of the natural progress of wealth on its distribution and, in turn, the effects of induced changes in distribution on the subsequent progress of wealth. His applied work on money mostly dates from before the Principles.37 In that volume he

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35 Letters, Works, vol.VII, p.271. Professor Tucker has pointed out that Ricardo's case against the Corn Laws would have been undermined only on the improbable assumption that 'a cessation of corn imports would so stimulate innovation among British farmers that the ratio of agricultural marginal real costs to manufacturing real costs would never rise to a higher level in Britain than in other countries' ('Ricardo on Profits, Accumulation and Growth', unpublished paper, p.12).

36 Mark Blaug, Ricardian Economics, p.181.

37 For a review of Ricardo's opinions on monetary issues which also bears out the following point see R.S. Sayers, 'Ricardo's Views on Monetary Questions' in Papers in English Monetary History, ed. T.S. Ashton and R.S. Sayers (Oxford, at the Clarendon Press, 1953), 76-95.
treated money as no different from any other commodity, also abstracting for the purposes of his analysis from variations in the value of gold, and treating monetary 'disorders' as of secondary (short term) importance. 38 Taxation assumed greater significance. Thus: 'Political Economy, when the simple principles of it are once understood, is only useful, as it directs Governments to right measures in taxation.' 39

Then, too, his major work was entitled On the Principles of Political Economy, and Taxation. Nonetheless, his many chapters on taxation in the Principles were based on the analysis built up in chapters I to VII. In those early chapters Ricardo set out to give what he once asked of Malthus: 'a regular and connected statement...on what I deem the most difficult, and perhaps the most important topic of Political Economy, namely the progress of a country in wealth and the laws by which the increasing produce is distributed'. 40

This, Ricardo's own summary of his central analytical concern, must be received with two qualifications. The first has to do with the nature of his interest in the progress of wealth. It was possible to focus on the motives to accumulate capital, believing that the resulting increase in output would be carried off by a matching demand. The rate of profit would then be the variable of greatest interest; since 'the temptation to save from revenue to augment capital is always in proportion to the rate of profits'. 41 Alternatively, it might be a matter of concern whether capital once accumulated and commodities once produced would be in demand. Ricardo adopted the former focus of interest, Malthus the latter.

The second qualification relates to Ricardo's concern with the laws of distribution. Here the same focus of attention is apparent: his real interest was not in the size of income shares but in what he called the 'proportional' distribution between wages and profits at the margin. The margin was chosen so as to get rid of rent. Distribution was then a matter of the proportions of the marginal product going to labour and to capital. 'The greater the portion of the result of

38 On money as a commodity, and the uses of the assumption see G.S.L. Tucker, Progress and Profits, pp.102-3, 106. Ricardo took money to be constant so that he could refer all changes in value to commodities themselves, rather than to changes in the value of the medium in which prices were expressed (Principles, Works, vol.I, pp.46, 110 note). For an example of the primacy accorded by Ricardo to real as distinct from monetary forces see ibid., pp.227-8.
labour that is given to the labourer, the smaller must be the rate of profits, and vice versa.\textsuperscript{43} This result had nothing to do with the total value of shares. 'No law', said Ricardo, 'can be laid down respecting quantity'.\textsuperscript{44} Nor did his case against the Corn Laws depend on his being able to show changes in the actual amounts received by landlords, capitalists and labourers. The essential ill effect of the Corn Laws was summed up in a rate of profit lower than it need have been.

What was essential to the inverse relation between wages and profits, at least for a multi-sectoral economy, was Ricardo's view that 'with some deviations' value is in proportion to the quantity of labour employed. For practical purposes these 'deviations' - the effects of differences between commodities in the amount of fixed capital employed, and of time - were unimportant.\textsuperscript{45} It followed then that in equilibrium, when the rate of profit was the same in all domestic employments, and at the margin, equal inputs of labour would yield outputs of equal value. Moreover, the value of the marginal product would remain constant, although marginal physical productivity might be declining. Thus in agriculture, as inferior lands were brought into use, the price of corn would rise in proportion to the increased cost of production at the margin. No change in price would occur in other sectors of the economy, provided marginal labour costs, including 'stored up' labour such as that embodied in machinery, remained constant. With a higher price of corn, however, the money wage must rise if the purchasing power of labourers is to remain unimpaired. Farmers would be compensated for the decline in labour-productivity by the rise in the price of corn. But both they and producers in all other sectors of the economy must bear the rise in wages out of profits. Proportional profits Ricardo took to be also the rate of profit. Thus the rate of profit would decline with every increase in the cost of producing corn (or, in general, all forms of raw produce), provided that the money wage rose with the cost of necessaries.\textsuperscript{46}

To summarise: Ricardo's problem was the effect of the natural progress of wealth on proportional distribution - especially the proportion of profits to wages - and the effects of induced changes in profits on the subsequent progress of wealth. The induced change which he mainly considered was an artificial one, the imposition of


\textsuperscript{44} Letters, Works, vol.VIII, p.278.


the Corn Laws. His analysis was conducted in terms of a comparison of
the natural with the artificial course taken by relative values and
proportional distribution. The natural forces of progress were,
firstly, the desire for wealth; then, the accumulation of capital to
supply men's wants, and the induced growth of population. A negative
force, though inherent in nature, was diminishing returns. The unim­
peded operation of these forces would result in a rising proportional
wage and rent share, and a decline in proportional profits. Land­
lords were in no degree culpable for the fact that proportional rents
increased naturally. Only in so far as they enacted legislation to
close the economy against cheaper food imports were they to blame.
For in that way they accelerated the natural extension of cultivation
towards less fertile soils and drove the rate of profit at any point
in time below what it would otherwise have been.

Ricardo did not systematically expound his 'engine' or model in
the way familiar to modern readers, with a list of postulates followed
by deductions from them. Nevertheless, from the basic elements indi­
cated above can be worked out a partially disaggregated (two-commodity,
three-factor) equilibrium growth model. Given a starting point and
assuming a knowledge of technology, land supply and its fertility, a
population function and a savings function, it could trace out from
any starting point on the growth path to an ultimate stationary state
the behaviour of relative prices, outputs, factor rewards and income
shares. Unpredictable adjustments to the factors determining this
natural progress (such as technical improvements) could be incorporated
in the same way as an artificial interference like the Corn Laws, to
show the impact effect, the steps back to the new equilibrium, and the
final difference made (in terms of a comparison of the 'natural' with
the 'disturbed' stationary state). The effects of alternative fiscal
measures could be (and were, by Ricardo) treated similarly.

Economic analysis and utilitarian reform

When Ricardo first formulated his theory of the intimate connec­
tion between the extension of cultivation to less fertile land and a
decline in the rate of profit, he confessed to Malthus: 'I am not

47 Ricardo did not pretend to be able to measure the share of rent.
When he speaks of proportional rent it is 'the proportion of the
produce obtained on [each of] the more fertile lands' ('Notes on

48 'Notes on Malthus', Works, vol.II, pp.117-18; Letters, Works,
vol.VIII, pp.182, 207-8.

49 See, for example, Blaug, Economic Theory in Retrospect, pp.92-9.
sanguine about the [theory], if true, being of any use.' James Mill soon convinced him otherwise; and there are strongly Benthamite overtones in Ricardo's later pronouncements about what is important in political economy. Thus Bentham divided the ultimate goal, the greatest happiness, into specific intermediate ends: security, subsistence, abundance, equality. Political economy, he said, had to do primarily with ensuring subsistence and maximising abundance. Ricardo, in turn, affirmed that mankind was 'only really interested in making labour productive, in the enjoyment of abundance, and in a good distribution of the produce obtained by capital and industry'. The 'rapidly progressive state', he said, 'is the most happy'. Since workers were the most numerous class, their happiness was of the greatest concern; and a rapid accumulation of capital was the best security against a decline in the wage rate. Further, 'as all savings are made from profits...profits and interest cannot be too high'. Hence taxation which directly presses on profits is judged an evil. So, too, is whatever depresses the rate of profit by making labour less productive. The Corn Laws fell under the latter condemnation.

There was, then, a close correspondence between Ricardo's analysis and his humane concern with contemporary problems; though his model owes little, if anything, to his discipleship of Bentham. However, by the time of Ricardo's death his economics was of much more than intellectual interest to those, like James Mill, for whom utility was a precept. Political 'rightness' was added to the reasons for which Ricardo thought his theory a good one, namely, its logical coherence and ability to account for the facts. This leads us to the notion of Ricardian orthodoxy.

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Ricardian orthodoxy

'Ricardian orthodoxy' is an often-repeated phrase. But the term orthodoxy has at least two meanings which it is here important to keep separate.

It is sometimes used to denote a set of answers to important questions about the real world which is unhesitatingly accepted by some special group or by the general public, usually on the strength of an established and often parroted set of arguments based upon largely unexamined postulates.

It is sometimes used to describe the set of basic principles and the general framework of analysis which some students of a subject conventionally use to tackle its problems, though without being in any way bound to accept these postulates without question or without any modifications for a particular enquiry.

There is here all the difference between a bundle of dogmas, the creed of a party, on the one hand, and the shared approach and techniques of a school, on the other. During the years of its active influence on economics, Ricardo's theorising was on occasion adopted as both; but we are concerned for the moment only with the latter.

It might help to fix the content of this latter usage if some illustrations are given of 'Ricardian orthodoxy' operating as conventional science. (i) Ricardo's particular abstractions amounted to a simplified ideal ordering of economic reality, thereby providing him with a manageable framework for coherent analysis. (ii) This ideal defined problems, or distinguished things standing in need of explanation (phenomena) from what was already intelligible. (iii) It indicated what was an acceptable explanation.

(i) Ricardo, as we have seen, chose to look at the changing pattern of relative prices and proportional distribution as if these changes took place against a background of steady progress in capital, population and wealth, subject only to the ever-present gravitational pull of diminishing returns. Numerous counter forces were allowed for, but only as 'accidental' influences, having a 'temporary' effect on the course of events. The coherent model which may be built upon this view (together with various simplifying postulates) has been referred to

56 Cf. the distinction drawn in Stephen Toulmin, Foresight and Understanding (New York: Harper and Row, 1963), p.101, between 'prejudiced beliefs' and 'preformed concepts'. Speaking of the role of the latter in science he says: 'the questions we ask inevitably depend on prior theoretical considerations'.

57 Suggestive discussions of the role of ideal orderings or paradigms in science are to be found in ibid., chs 3 and 4, and in Thomas Kuhn, The Structure of Scientific Revolutions (Chicago: University of Chicago Press, 1962), sections III-V.
But this was only one possible way of simplifying and ordering economic reality.

Among contemporaries, Malthus disputed Ricardo's view, though his own approach was not so much an alternative ideal ordering as a plea to look at the facts as they stood. In the first place, he held, Ricardo stressed too much the downward pull of diminishing returns and too little the satiation of wants as the main reason for the declining rate of profit. Malthus said: 'I am quite of opinion that practically the actual check to produce and population arises more from want of stimulus than want of power to produce.' Moreover, Malthus took the view that the way most economies progress is by the lurching cyclical movements which Ricardo dismissed as mere disturbances of his hypothetical uniform trends. 'I really think', Malthus complained, 'that the progress of society consists of irregular movements...but never the uniform progress which you seem alone to contemplate.'

Again, late in the century, Marshall defended the sort of simplifying approach which Ricardo had adopted, while rejecting the particular ideal ordering of reality used by Ricardo. Without actually mentioning Ricardo in either connection, Marshall wrote of the abstract method that it was that 'by which, consciously or unconsciously, sensible men have dealt from time immemorial with every difficult problem of ordinary life'. However, of the 'mechanical analogy' of (major) forces and (secondary) counter forces which, we have seen, Ricardo tacitly employed, Marshall said that it was well suited to deal with 'statistical' problems only. Indeed, Marshall held, it is most perfectly adapted to the stationary state. 'But violence is required for keeping broad forces in the pound of Caeteris Paribus during, say, a whole generation, on the ground that they have only an indirect bearing on the question in hand.' For when the discussion is of genuine 'progress', it is not merely that there are more forces to be taken into account, by a process of simple addition; rather, 'it is organic growth, chastened and confined and occasionally reversed by the decay of innumerable factors,

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59 Ibid., p.122. It is unimportant here that this was not Ricardo's view of how actual progress occurs.
each of which influences and is influenced by those around it'. Here 'biological analogies are to be preferred to mechanical'. 63

Returning to the differences between Ricardo and Malthus, it may be noted that the line between the two kinds of orthodoxy distinguished above was in fact a fine one. The disputes between Ricardo and Malthus might conceivably have been settled by the test which both accepted: which of their two theories best accounted for the facts? 64 But the need to check against the facts could easily be forgotten. The danger was especially great in this particular dispute; since Ricardo, for all his poor powers of expression, was infinitely more clear and consistent than Malthus, and would have won the day on these criteria alone. Once the factual test was passed over, however, an ideal first adopted to enhance understanding might become the basis of dogmas.

(ii) Ricardo's ideal not only provided him with a framework for coherent analysis, it also distinguished what stood in need of explanation from what was, by contrast, a non-problem. An obvious example of this is that to Ricardo (though not to Malthus) it was a non-problem whether total output would find a market. Ricardo believed that if men did not desire to consume more goods they would not produce them in the first place. 65 True, he allowed, all goods might fall in price (and in this sense be in glut) relative to labour. Also, individual commodities might be produced for which there was no matching demand. These were genuine 'phonomena' and each required (and was given) a special explanation (capital growing faster than population; the mistake of producers). 66 But given that wants were 'constant' (insatiable) the continued growth of capital and output was fully to be expected.

(iii) Finally, Ricardo's choice of ideal determined what he would find an acceptable solution to 'genuine' problems. It did so, certainly, in combination with particular restrictions on the sorts of cases to be considered. Thus Ricardo's solution to problems of value was explicitly

64 It is implied in, for example, Ricardo, Letters, Works, vol.VIII, p.260, that Malthus was prepared to adopt the same criterion for an adequate theory as Ricardo (ibid., vol.VI, p.214). See also Malthus, 'Political Economy', The Quarterly Review, XXX (1824), p.332: 'the specific question is, which of the two views...best explains the broad and established facts of which we have had experience'; and Malthus, Principles of Political Economy Considered with a View to Their Practical Application (London: Murray, 1820), pp.5-6.
confined to competitive cases. Within that constraint the only acceptable explanation was one which isolated the 'natural and constant' causes of observed phenomena. Accordingly, Ricardo dismissed Malthus's theory of prices as no theory at all: 'You say demand and supply regulates value - this, I think, is saying nothing...it is supply ['the competition of the sellers'] which regulates value - and supply is itself controlled by comparative cost of production.'

Marshall, in turn, sought to replace this sort of explanation with 'biological' solutions: the balancing of marginal increments. For, he said, 'it is necessary to face the difficulty of regarding the various elements of an economic problem, - not as determining one another in a chain of causation, A determining B, B determining C, and so on - but as all mutually determining one another'.

With hindsight it is clear that the fruitful life of Ricardo's way of looking at things was strictly limited. Organic evolutionary ideals and a new emphasis on the collection of facts dominated scientific enquiry in the second half of the century. Both were in some measure due to Darwin; and both, firmly entrenched in economics by Marshall's day, made Ricardo's abstractions and his 'mechanical' ideal look dated and suspect. Then, too, some of the forces which seemed to Ricardo, in practice, relatively unimportant influences on the cost of necessaries and the rate of profit, came to play the dominant role in the progress and distribution of wealth. Among these were technical innovations in manufacturing and transport, and increasing returns. Finally, on the level of pure analysis, the coherence and force of Ricardo's results was whittled away by the addition of new variables, and of phrases to qualify the scope of application of the original propositions. Static partial solutions became the only way to cope with detailed enquiry into the prices of goods and factors; while the consideration of growth called for new syntheses which would take into account forces like education and technical change and assign a different weight to the scarcity of natural resources, population growth and international trade.

To decide at just what point the useful life of Ricardo's economics ended is a question which admits of widely differing answers. As noted in the Introduction, we shall be concerned with a different question, namely, with how its life was sustained; and, in particular, with John Stuart Mill's role in that process. John Mill initially accepted Ricardo's economics as a creed. We turn first to that phase of Mill's work.

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Ricardo's deposit of truth was handed down to John Stuart Mill by his father. In 1819 the elder Mill, conscious that there existed no work embodying Ricardo's doctrines 'in a manner fit for learners', set out to instruct his son 'by a sort of lectures'. These were summarised by the young John Mill and, he tells us, afterwards served his father 'as notes from which to write his Elements of Political Economy'. That work was to be a statement of the main propositions of political economy in their logical sequence, each with its proof subjoined. The propositions were Ricardo's; but James Mill imparted to them his own special biases, so that the result differed in certain respects from the manner and substance of Ricardo's teaching. This is important for an understanding of John Mill's development in his first decade as an economic writer. In the initial two sections of this chapter, therefore, the nature and effects of James Mill's special emphases will be shown. Remaining sections will be taken up with John Stuart Mill's economic writings in the years 1822 to 1826. It will be shown successively how he adapted Ricardo's doctrines to the purposes of reform, how he understood and applied Malthusian ideas, and how he defended Ricardo against critics. The imprint of James Mill's training will be noticed especially in the discussion of this last matter.

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actual events. This implied that there was no gap between abstract and concrete truth. The difference between the two men is patent from a comparison of Ricardo's comments on the Elements of Political Economy with the passages criticised. 3

In part, of course, the difference was contrived by Mill. He intended to present the elements of the subject shorn of distracting detail. But it is not all to be explained in that way. John Mill records that his father had a natural 'impatience of detail'. 4 And there was, too, James Mill's strongly-felt distrust of crude experience urging him in the direction of unqualified assertions. On the one hand it is possible that Mill did not want to appear, by taking notice of qualifications, to be making a concession to the 'practical men'. These elevated immediate experience above speculation. 5 John Mill later described them as the class of men who would base legislation upon a few apparently similar occurrences without really knowing - what they could know only from general principles - whether the cause was in each case the same. 6 On the other hand, James Mill believed that good theory needed no qualification. 7 'For, What is theory? the whole of the knowledge, which we possess upon any subject, put into that order and form in which it is most easy to draw from it good practical rules.' Knowledge, Mill added, should be 'real'; that is, 'matter of experience', in which there are actual objects or phenomena possessing the properties said to be known. 8 It follows that 'real' knowledge, if it is also complete, stands in no need of correction. James Mill held the opinion that political economy was complete. Its propositions therefore were,

from this point of view, in no degree subject to exceptions. Ricardo, we have seen, did not always properly qualify his propositions. But what was carelessness or 'intellectual shorthand' with him, was with James Mill a matter of principle. 10

The other supposition essential to James Mill's position, that political economy comprised 'real' knowledge, is everywhere implied but nowhere actually demonstrated in his writings. It is simply taken as self-evident that the suppositions from which he reasons conform to the actual properties and behaviour of existing things. Similarly, there is no attempt to bring empirical evidence to bear upon the results of his reasoning. The only (and question-begging) test he gave of the validity of economic doctrines was 'the opinions of those who, with a due degree of intellect, have used the due means of understanding the doctrines...that is, of the political economists themselves'. 11 In the light of this it is not surprising that there is no clear separation in the Elements of Political Economy between purely verbal proof and empirical proof. Some of Mill's key doctrines are thus first asserted, without qualification, and then 'proved' by drawing out the meaning of words used in the assertion. It is sometimes implied, sometimes openly averred that no factual evidence could affect the truth of a proposition.

Three illustrations of these points may be given. The first concerns the relation between saving and accumulation. Said Mill: 'All increase of capital is derived from savings. This is a proposition which excludes all exception. The evidence too is so clear, as hardly to require a statement.' A 'proof' is given, but it rests on definitions. Saving is implicitly defined as income not consumed. And the postulate is made that capital is accumulated from such part of the annual product as is set apart for non-current use, 12 It is not made clear whether the resulting identity of saving and investment refers solely to the meaning attached to these terms, or is meant also to describe actual behaviour. 13

The same ambiguity is present in Mill's argument against the notion of a general glut. His starting point is that 'a man produces, only because he wishes to have'. Whatever he produces of a particular commodity beyond his own needs is 'a stock which he may give in exchange


12 Elements of Political Economy, p.35.

13 Another instance of this lack of separation between verbal and actual truth is given by Winch in James Mill: Selected Economic Writings, p.194.
for other commodities'. He contributes this amount to the general supply. But that stock at the same time measures both his will to purchase and his means of purchasing; that is, his demand. His supply and demand are thus 'of necessity equal'. And that being true for every individual it must also be true in the aggregate. Hence a general glut is impossible. It is true, Mill admitted, that the composition of total demand and of supply might not match. But since they are equal in amount, an excess of one commodity only implies the deficiency of some other. Competition will modify prices (too low in one case, too high in the other) so as to restore equality between the rates of profit earned on these two, and all other products.

Mill's position is logically unassailable. It will be observed, however, that the result is contained in the initial definition/assumption that production is/takes place to allow an increase in consumption. The argument has a refutable content, or has none, according as the initial postulate asserts something about actual behaviour, or is only a definition of meanings. It is a convenient simplification that in the individual case supply and demand can be measured in terms of the same commodity or commodities. In the aggregate case it is necessary to assume in addition that money is a commodity and is only a medium of exchange (is not desired for its own sake). Mill did, in fact, make these extra assumptions.

To this point in the argument there is no difference apparent between James Mill and Ricardo. Their contrasting attitudes to the admissibility of exceptions emerges, however, when Mill turns to consider a possible counter argument. The case in which production is most likely to increase faster than consumption, he said, is when everything in excess of necessaries is saved. In this case all output would consist of the means of further production, namely wage-goods and raw materials. But since both consumption and investment-demand would also be directed exclusively to these commodities, total production could not, even here, exceed aggregate demand.

Ricardo felt that this was too facile. He pointed out that the real force in the case supposed was that, with a limited per capita appetite for necessaries and a given population, there was a limit to the demand for these goods, thence also a limited scope for profitable investment in such lines. A sudden marked switch from consumption to saving, he maintained, would cause wages to rise. The new-found wealth of the workers would then flow over into luxury spending, until population increased and wages were reduced. It was not to be denied, however, that initially a glut of necessaries would occur.

14 Elements of Political Economy, pp.186 ff.
15 Ibid., pp.191-2.
16 Ibid., pp.193-4.
A final illustration, in which Mill actually set verbal truth above contrary empirical evidence, is his defence of the proposition that 'the value of all commodities must be determined by labour'. This would necessarily be true, he said, if labour was the sole instrument of production. But capital, being commodities, must also have been produced originally by labour and its value is therefore in principle resolvable into labour. 'It thus appears, by the clearest evidence, that quantity of labour, in the last resort, determines the proportion in which commodities exchange for one another.' Ricardo held that this view must be subject to certain 'exceptions and modifications' occasioned by the effects of different ratios of fixed and circulating capital, differing periods of production and differing durabilities of fixed capital. Mill admitted that such differences would, if wages altered, cause relative values to change. However, 'it would do so, without in the least degree affecting the truth of the previous proposition, that quantity of labour determines exchangeable values'. Not even a commodity like wine, said Mill, would constitute any exception, though its value increased over time without the application of any additional labour.

In defending this last point Mill held that wine was analogous to a machine working without labour. Machines made by equal quantities of labour must be equal in value. Hence the present value of the sum of annual allowances for 'depreciation' on one such machine kept for use must equal the value of another sold on completion. Clearly, too, these allowances must include normal profits. But wear and tear on fixed capital is merely the expenditure of so much stored-up labour. Profits, therefore, are simply 'remuneration for labour'. By analogy, the increase in value of aging wine is profit; that is, it is the wages of the labour stored-up in the new wine, which is expended in meliorating it. This argument was inadequate: the idea of profits as the wages of stored-up labour expended in wearing out a piece of fixed capital does not suffice to explain anything more than the initial value (cost of production) of the machine. Mill's argument thus had no explanatory value, and was valid only in a verbal sense.

18 Elements of Political Economy, pp.71-4.
20 Elements of Political Economy, p.76.
22 Mill apparently realised this: at least he invoked at the last minute the notion that all labour, immediate and stored up, earns profit at a rate determined by the rate of agricultural profit (ibid., p.263).
Here, then, are three instances of James Mill's propensity for establishing propositions as logically necessary. The latter two serve also to illustrate the point that this particular manner of teaching political economy influenced the substance of its doctrines. Whereas Ricardo's labour theory of value was an empirical rule of thumb, Mill's was a definitional truth of universal validity. Whereas Ricardo conceded the possibility of a temporary glut of necessaries, Mill ruled it out as logically impossible. These differences of substance followed directly from the more basic difference between statements having a refutable content and statements about the same things which did not possess any such content.

Consequences of James Mill's approach

James Mill's approach had two important practical consequences. It helped attach to Ricardo's political economy the reputation of a purely speculative, remote and impractical study. Towards the end of the 1820s, when it became apparent that the Whigs were prepared to give an ear to political economy, a vocal group declared itself against the new science, with its pretension to counsel the nation. This group included such influential writers as Robert Southey, John Wilson Croker, and George Poulett Scrope of the Tory Quarterly Review; William Maginn and Thomas Carlyle of Fraser's Magazine (also Tory, 1820, when he was sixteen). At the time, he probably, it seems, the only thing he had read was a little volume, 'To the Collected of young economists' (Steele, 1777).

23 It is curious that Mill accepted Ricardo's exposition of value, with its exceptions, in a draft of the Principles, as being 'both satisfactory, and clear' (Ricardo, Letters, Works, vol.VII, p.98). At this point, however, Mill was concerned only to criticise the clarity of Ricardo's explanation. Moreover, it does not alter the fact that Mill was not prepared to publish under his own name something called a law but said at the same time to be subject to exceptions.


26 (1797-1876). Geologist, economist, MP (Whig) 1833-68. Dropped as a regular contributor to Quarterly Review after 1832: see ibid., pp.56-9, 163.

27 (1793-1842). One of the founders and a chief contributor to Fraser's in its early years.

28 (1795-1881). Essayist, critic, historian.
but piquant); and David Robinson and Professor John Wilson of the humane Tory Blackwood's Edinburgh Magazine. Ricardo himself is not often referred to by these writers: few appear to have read him. The real irritants were James Mill, McCulloch (whose presentation, however, was more guarded than Mill's) and Harriet Martineau, whose popular Illustrations of Political Economy were modelled on James Mill's Elements. The reaction caused by these irritants was one of the obstacles to be overcome by John Mill when he set out in his own Principles of Political Economy (1848) to convey to the popular mind a proper understanding of Ricardo's doctrines. This will be dealt with more fully in Chapter 5, below.

The second consequence of James Mill's approach was that political economy was given the appearance of a fixed body of doctrine, without the need or possibility of being further developed. As such it was ready-made for the role to which he assigned it: adjunct to utilitarian reform. John Mill first encountered political economy in this role; and for some years he served as a publicist for Ricardo's doctrines and the opinions of his father (when they differed from Ricardo's) on political economy and reform. The next section will be devoted to this phase of his work.

John Stuart Mill: youthful propagandist

John Stuart Mill's earliest economic publication appeared in late 1822, when he was sixteen. At the same time, he records, I formed the plan of a little society, to be composed of young men agreeing in fundamental principles - acknowledging Utility as their standard in ethics and politics, and a certain number of the principal corollaries drawn from it in the philosophy I had accepted - and meeting once a fortnight to read essays and discuss questions conformably to the premises thus agreed on. The group was called the Utilitarian Society. The principal intention of its members was 'to alter people's opinions'.


30 (1785-1854). Christopher North (pseudonym). Professor of Moral Philosophy at University of Edinburgh (1820-50).


32 Autobiography (Columbia ed.), p.56.

33 Ibid., p.78. The opinions towards which they hoped to bend others were those of James Mill, summarised by his son thus (ibid., pp.73-6): (1) the Malthusian principle (taken as implying that material improvement can be achieved by voluntary restraint of numbers); (2) representative government and freedom of discussion; (3) utilitarian, as
To this end Mill made frequent use of the columns of sympathetic newspapers and (from 1824) of the Westminster Review. His total (known) output in the four years from December 1822 to the end of 1826 was 32 letters, book reviews and short articles in the daily or weekly Press, and 13 review articles in the Westminster and the short-lived Parliamentary History and Review. He also wrote at least 17 speeches for debates at the Cooperative Society, the London Debating Society and the Mutual Improvement Society. Something like one half of all this writing dealt principally with economic subjects (including cooperation, population and primogeniture). Of this half, most was an adaptation of economic doctrines to the objects of reform. When doctrines in isolation are expounded, the end in view is patently sectarian.

It is convenient to look at Mill's youthful propagandism from three different points of view. Firstly, there is Mill as the opponent of government interferences which contravened the principle of utility (the happiness of the greatest number) and particular economic doctrines of Ricardo. Secondly, there is Mill as Malthusian, in which role he draws principally on the ideas of his father. Finally, there is Mill as defender of the so-called 'new school of political economy'.

Opposition to government interference

Utilitarian reformers in the 1820s were much concerned with pulling down 'abuses'. These were identified chiefly with concentrations of power or legal enactments which (supposedly) gave benefits to one particular class ('sinister interest') at the expense of the nation as a whole. Monopolies, and interferences with the flow of capital in response to profit, were two such abuses of an economic kind. John

33 (continued)
distinct from metaphysical, ethics; (4) the formation of human character by circumstances acting through the laws of association (for which see J.S. Mill, A System of Logic, Ratiocinative and Inductive [1843], Bk VI, Ch.IV.3). John Mill's early writings are concerned largely with (1) and (2). A representative impression of his views on (2), (3) and (4) can be derived from the letters to newspapers, collected in Bernard Wishy (ed.), Prefaces to Liberty: Selected Writings of John Stuart Mill (Boston: Beacon Press, 1959), and the speeches appended to the Oxford edition of the Autobiography (introduction by Harold J. Laski) [1924].

34 These figures have been compiled, in part, from the two printed bibliographies of Mill's writings: Bibliography of the Published Writings of John Stuart Mill, edited from his MS with corrections and notes by Ney MacMinn et al. (Evanston: Northwestern University Press, 1948); and Keitaro Amano, Bibliography of the Classical Economists, vol.iii, part 4, John Stuart Mill, the Science Council of Japan Economic Series (Tokyo, 1964). Neither of these is complete, and they have been supplemented by Collected Works, vols IV and V, in which two newly-identified articles are given; and by Karl Britton and John M. Robson, 'Mill's Debating Speeches', The Mill News Letter. I (Fall 1965), 2-6, which contains the latest list of Mill's speeches.
Mill attacked both in the period 1822-25. No special analysis was needed to show that monopoly injured the consumer by raising the price of commodities. Special analysis was needed to demonstrate that the nation as a whole was rendered poorer by measures which benefited some at the expense of others. For even in the case of a commodity universally consumed, such as corn, it was not self-evident that the advantage of higher rents, enjoyed by landlords in consequence of the import restrictions on corn, was less than the loss suffered by all as consumers. It was the achievement of Ricardo's analysis that it showed this to be the case.

The West Indian sugar monopoly

This refinement, however, was ignored by Mill in his first attack on a monopoly, the discrimination against East Indian sugar in favour of that from the West Indies. It was enough for Mill that here were laws which raised the price of sugar to the consumer beyond what it need be; 'laws for the protection of a particular class [the West Indian planters] - that is, laws to enable them to pillage the rest of the community for their own benefit'.

The Corn Laws

An attack on the Corn Laws, in 1825, was more restrained. There was confessedly nothing new in Mill's analysis of the problem; he merely adopted and applied Ricardo's theory.

The question as Mill posed it was whether the gain of the landlords offset (and in some sense warranted) the loss by the consumers of Great Britain from home-grown corn being more costly than foreign corn. He then considered the interests of two classes of consumers, labourers and capitalist farmers. Next: 'There is no fact in political economy better established than the tendency of every tax on the necessaries of life, to produce a rise of wages.' Not that the labourer enjoys more goods with this rise: 'its ultimate effect is almost infallibly to diminish them, since by reducing the rate of profit, it retards the accumulation of capital, on which the demand for labour wholly depends'. Initially, though, real (commodity) wages are unchanged - certainly they do not increase - because 'the tax, though it affects the future accumulation of capital, does not alter its present amount, and it is

35 'East and West India Sugars', The Globe and Traveller (7 June 1823), p.3.
37 That landlords would gain through rents being higher is laid down at the outset on the assumption that either farmers or landlords must benefit from a higher price of corn; farmers, however, cannot earn more than normal profits; hence, the quantity of corn being given, rents must rise ('The Corn Laws', Collected Works, vol.IV, p.48).
upon the present amount of capital (as compared with population), and not upon its future accumulation, that wages depend'. Money wages must rise with the price of corn so as to retain for labourers a constant purchasing power. But 'manufacturers and other capitalists are thus compelled to give a greater value to their labourers, without having a greater value for themselves'. (Ricardo's proposition that higher money wages cannot be passed on is silently invoked at this point.) 'They are, therefore, obliged to forego a portion of their profits,' A high price of corn, then, is of no immediate benefit to labourers, and is to their ultimate disadvantage. It is to the immediate and ultimate disadvantage of the capitalist and farmer, and that in two ways: it reduces profits at once, and also harms all capitalists as consumers. 38

Finally, Mill asserts, these losses are not a mere transfer to those who enjoy higher rents; the aggregate amount of the nation's wealth is less than it would have been in the absence of the duty on imported corn. 39 For rent is only a fraction of the price of corn produced. Hence:

The increase in the cost of the production of corn, which is the consequence of the Corn Laws, operates to the benefit of the landlord only in so far as it goes to enhance the value of that portion of the produce which he receives as rent. Could all the rest of the produce retain its former value, and that portion alone rise which is paid to the landlord, the gain to him would exactly equal the loss to the rest of the community.... [However,] It is necessary that an increased price should be paid, not only for that portion of the produce which goes to the payment of rent, but also for that far greater portion which goes to replace the capital, and pay the profits, of the farmer.

What becomes of that part of the total extra price which is not absorbed in higher payments to landlords? It is 'entirely swallowed up in the increased expenses of cultivation'.

By the effect of the Corn Laws, a portion of the labour and capital of the country is diverted out of a more into a less advantageous employment: a quantity of labour is employed in growing corn, which would otherwise have produced, not only cloth, or hardware, sufficient to purchase the same quantity of corn in the foreign market, but much more. 40

An internal redistribution of wealth is thus effected at the cost of reducing the total to be distributed.

38 Ibid., pp.49-50, 52.


Excessive government expenditure; the fallacy of gluts

Mill's analysis of the effects of the Corn Laws, drawing as it did on Ricardo's theory of profits and his doctrine of comparative costs, showed conclusively that a nation which desires to maximise its wealth should not prevent capital from flowing into its most profitable employ­ments. Ricardo himself had concluded from this that if it were not for the necessity of some taxation, the proper exercise of government would be to avoid all interference. Taxes being unavoidable, the government should seek to press equally on all lines of production, 'so as to interfere as little as possible with the natural equilibrium which would have prevailed if no disturbance whatever had been given'. 41 But even essential taxes drew on the productive industry of the nation chiefly to the support of unproductive labourers. It followed that taxes in general should be minimised; still more, that 'profuse expenditure' by government, and loans raised from productive capital to support such expenditure (as in time of war) should be absolutely avoided, at risk of impoverishing the nation. 42 Excessive government expenditure was the third abuse which John Mill attacked in his early writings.

No one tried to maintain that wasteful expenditure per se was a good thing. Those whom Mill opposed argued either that unproductive expenditure, far from being wasteful, was essential to the avoidance of over-production, or at least that it constituted a distinct source of demand, capable of stimulating production and giving additional employment.

First to feel the sharpness of Mill's pen was Malthus. Mill reviewed his Measure of Value in the Morning Chronicle in 1823. Malthus had long opposed Ricardo's theory of profits, maintaining that value is influenced by supply and demand; that changes in relative values can affect the rate of profits; hence that 'general profits may be determined by the general supply of stock compared with the means of employing it, and not merely by the stock employed on the land'. 43 The same result can be reached more directly by taking the quantity of labour which a commodity could command as the measure of its value. This will serve also as the universal measure of value. Then, if general supply exceeds demand, 44 the commodity wage being given, both the 'value' (command over

44 Malthus's belief that wants had to be stimulated and did not automatically rise with the power to purchase could easily account for this: Ricardo, Letters, Works, vol.VI, pp.131-2, 141-2, 155-6.
labour) of the 'whole produce' and the general rate of profit must decline. This was the line of reasoning Malthus adopted in his Measure of Value.

Mill responded with an arrogance which is typical of his writing in these early years, but which was better calculated to provoke opponents than to cause them to change their views. He treated Malthus to an assertion of some of Ricardo's propositions, but without more argumentation than was necessary to expose certain verbal inadequacies in Malthus's alternatives. (This last point will be taken up later.) Of Malthus's doctrine of over-production he said: 'A more mischievous doctrine, we think, has scarcely ever been broached in political economy: since, if we are liable to have too large a produce, a government must be highly praiseworthy, which in its loving kindness steps forward to relieve us of one part of this insupportable burden.' It was meaningless, moreover, to speak of a fall in the value of the whole produce: 'By value, we uniformly mean exchangeable value. This is the only legitimate use of the term.' As to profits, Mill concluded, they fall 'prematurely' only in the sense that if capital increases faster than labour, wages rise.

William Blake next attracted Mill's attention, with his pamphlet Observations on the Effects produced by the Expenditure of Government during the Restriction of Cash Payments (1823). Blake argued in part that the high prices of the war period and the distress following the peace were due to the extra demand produced by the war expenditure of the government, and its sudden cessation with the ending of hostilities. The war expenditure must needs have been an additional source of demand, he held, and not a mere transfer subtracted from the ordinary private capital of the community, since in the latter case vast unemployment would have resulted. No such disaster had occurred. Blake concluded that the government had in fact brought into use capital which was beforehand lying idle in the form of unsold stocks of commodities.

45 The Measure of Value (London: Murray, 1823), pp.54-6. The term commodity wage is used in preference to 'real' wage which, to Ricardo, meant the quantity of labour necessary to supply a worker with a given quantity of necessaries; see Tucker, Progress and Profits, p.98 note, and references there cited.


47 (Died 1852). Landowner, member of Political Economy Club (1831-52).

Mill reviewed Blake's pamphlet in 1824, in the newly-founded organ of the philosophical radicals, the Westminster Review. He was concerned to oppose both Blake's notion that government expenditure could constitute additional demand, and the special postulate behind this, that there could be a glut of all commodities at the same time. Mill agreed that there had been no unemployment. But this had been averted, he held, not because the government had created any additional demand, but because its war loans had decreased the rate of accumulation rather than the existing capital stock. Certainly, he allowed, capital in the hands of the capitalist, and capital transferred to the government, are equally a source of demand. But the demand afforded by government expenditure ceases when the capital is consumed. That afforded by the productive consumption of the capitalist reproduces itself, with a profit, and thus enlarges with each successive period of production. Saving, therefore, is 'a constant and perennial source of demand'; spending merely 'a transitory and fugitive one'. And government spending constitutes no source of demand which would not have been present if capital remained in the hands of capitalists.

Against the possibility of a general glut Mill argued on the lines of his father. He urged the same argument in a further attack upon Malthus, in the January 1825 issue of the Westminster Review.

Malthusianism

The 'abuses' just considered - the West Indian sugar monopoly (and the silk monopoly), the Corn Laws, the government's war expenditure - are all instances of excessive and harmful interferences of government. They were harmful precisely because they were artificial. In specific economic terms, monopolies detracted from the well-being of the people by raising the prices of consumables beyond what they need have been. The Corn Laws and government loans for unproductive expenditure reduced the rate of accumulation of capital, hence the fund available for employment, below what it could have been. But, again, because they were artificial - imposed by the legislature - these 'abuses' could also be removed by law. It was not so with 'the propensity to a too abundant population, the great source', as Ricardo put it, 'from whence all the miseries of the poor flow in so profuse a stream'. To provide a

remedy for improvidence was, he thought, a task beyond 'the talents and skills of the legislator'.\(^{53}\) James and John Mill agreed that direct legislation was ill adapted to the purpose.\(^{54}\) James Mill said rather more than Ricardo about the means which might be adopted.\(^{55}\) But the most detailed and logical treatment was given by John Mill.

Thus the younger Mill, writing on the question in the *Black Dwarf* in 1823-24, laid down a sequence which would in principle lead to a permanent material advance for the people. The first step was to teach them the means of controlling their own numbers. When this had taken effect - had become 'self-instruction' - there would be less pressure on the means of subsistence, hence less time and energy spent in scraping a living from a decreasingly responsive soil. The conditions would then be present for a full programme of education to be implemented. Finally, with both time for reflection and a mind instructed in the way of inquiry, wrongs and traditional prejudices would be questioned, and the people would begin to clamour for good government. In sum, 'until they are well fed, they cannot be well instructed: and until they are well instructed, they cannot emancipate themselves from the double yoke of priestcraft and reverence for superiors'.\(^{56}\) Therefore it was 'highly desirable that the physical check should be known to the people'.\(^{57}\)

Ricardo and the Mills rejected, for an old country at least, the alternative to controlling numbers, namely encouraging the growth of capital.\(^{58}\) Their reason was that in a society already feeling the force of diminishing returns, capital cannot be made to increase without a fall in the rate of profit, a consequent slackening of the future

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\(^{55}\) Ricardo's attention was absorbed by the existence of (Poor) laws which he thought actually gave an incentive to improvidence: see *Principles, Works*, vol.I, pp.105-9; also *Letters, Works*, vol.VII, pp.116, 124.


rate of growth of capital, and hence a decline in the commodity wage. This same effect of diminishing returns lay behind John Mill's insistence on the need first to control numbers before education and good government could take effect. The logic of the case had been stated by his father. If population were to go on increasing, a greater and greater proportion of the total number would be taken up with producing food. It would become increasingly difficult for society to maintain a class of men with the time and energy for mental culture. Yet progress in knowledge, invention and in civilisation depended largely on there being such a class. Population, therefore, should be stopped, ideally at that 'certain density...which is convenient, both for social intercourse, and for that combination of powers by which the produce of labour is increased'.

James Mill summarised his case in the expression 'a tendency in population to increase faster than capital'. Ricardo and John Mill both expressed their belief in such a tendency. But it was a proposition not easily proved; since observation showed population to increase not faster than the rate of growth of capital. James Mill insisted that this was because population was checked by the declining rate of growth of the demand for labour, which reduced the wage and caused a proportion of those born to die prematurely. The condition of the people in most parts of the world being 'poor and miserable', he said, was incontestable evidence of the tendency. But that left the proposition still no more than plausible, as John Mill seemed to realise. As with the means for controlling population, so also here John Mill improved on the presentation of his father's views. He separated the issue about an abstract tendency from the question of fact whether 'there are more men in existence than can be employed and maintained, in comfort, by the productive capital of the country'. If only this last could be demonstrated, he held, the case for controlling numbers would still be sufficiently made out.


60 Elements of Political Economy, p.42.


62 Elements of Political Economy, p.29.

Mill maintained this distinction in the Principles. In the years prior to 1826, however, he had a particular reason for stressing that population has a very great potential power to increase, which is usually released when the forces containing it are weakened. For he wanted to promote the view that 'every plan for ameliorating the condition of the people, which is not founded upon a regulation of their numbers, is futile & visionary'. Mill found it necessary to reaffirm this in the 1840s, when the mood was one of 'superficial philanthropy'. In 1825, he directed the assertion against the followers of Robert Owen, who sought to abolish misery via a change in the ownership of property and the distribution of income. Mill's view depended on the disputed tendency, or at least on the testable relation, suggested by Ricardo, that if the minimum acceptable level of comfort is given, population will increase following an increase in the funds which support it.

In this early period, John Mill rested his case solely on the abstract tendency, invoking also his father's proof (the fact of present misery).

John Mill's defence of Ricardo's economics

Disparagement of 'practical men'

Much of John Mill's defence of Ricardo's economics was in fact conducted as a sustained attack on the 'practical men'. Blake and Malthus were disparaged for venturing to oppose experience to theory. A reasoner must be hard pressed, when he is driven to quote practical men in aid of his conclusions. There cannot be a worse authority, in any branch of political science, than that of merely practical men. They are always the most obstinate and presumptuous of all theorists. Their theories, which they call practice, and affirm to be the legitimate results of experience, are built upon a superficial view of the small number of facts which come within the narrow circle of their immediate observation; and are usually in direct contradiction to those principles which are deduced from a general and enlarged experience.

65 'Intended Speech at the Cooperative Society, never delivered'. MS: Connecticut College for Women. This speech was one of several given by Mill in a double series of debates against the Owenites in 1825, on the questions of population and cooperation. Earlier, in his Black Dwarf contributions, he had agreed that the elimination of bad government (in the sense of over taxation) would not obviate the more basic need to limit population growth: 'Question of Population', The Black Dwarf, XI (27 November 1823), pp.749-54; The Black Dwarf, XI (10 December 1823), pp.792-3. The debates at the Cooperative Society in 1825 saw the generalisation of this view.
The peculiar value of principles was that they taught one which facts in a case were material, and guarded one against supposing a truly causal relation to exist whenever similar effects were observed. Mill's model in this matter, it scarcely need be added, was Ricardo. Ricardo's conclusions were 'deduced by logical ratiocination from the most extensive and best established laws of human action'.

As this appreciation of Ricardo implies, Mill's distrust of unanalysed experience was a distrust not of facts in themselves, but of the superficial inference. His normal response to facts cited as disproving a theory was to show that the facts were not what they were said to be; or that a wrong inference had been drawn. This task was not especially irksome. When it was a matter of pitting facts against facts, Mill was fortunate in having at hand some of the works of Thomas Tooke. He held Tooke 'pre-eminent' among 'the only practical men whose authority is of any weight, those who join to their personal experience a knowledge of principle'. On prices and the currency, Tooke's knowledge was unparalleled, and his principles agreed in the main with Ricardo's. Two of Mill's earliest reviews were of Tooke's Thoughts and Details on the High and Low Prices of the Last Thirty Years (1823); and he subsequently applied the results of these investigations, first against Blake's theory of the effect of the government's war expenditure on prices, and later (together with Tooke's Considerations on the State of the Currency (1826)) against the view that the derangement of the economy in 1825 was due to a paper currency. In both cases the aim was to show the 'experience' of the 'practical men' to be inadequate and inaccurate.

68 'Paper Currency and Commercial Distress', ibid., pp.110 ff.
69 Ibid., pp.115-16.
72 For a discussion of the most important of Tooke's views see Frank Whitson Fetter, Development of British Monetary Orthodoxy, 1797-1875 (Cambridge (Mass.): Harvard University Press, 1965), pp.187-94.
73 Thoughts and Details on the High and Low Prices of the Last Thirty Years, 4 parts (London: Murray, 1823). Mill reviewed part 1 in The Globe and Traveller (4 March 1823), p.1, and parts 2-4 in The Morning Chronicle (9 August 1823), p.3.
74 Considerations on the State of the Currency (London: Murray, 1826).
75 These demonstrations are long and detailed. Nothing is served by recalling them, though subsequent reference will be made for other purposes to the important paper, 'Paper Currency and Commercial Distress'. All Mill's references to Tooke are listed in Collected Works, vol.V, pp.819-21.
The superiority of 'the evidence of reasoning'

While, then, there is a good deal of reference to and analysis of facts in Mill's early writings, the facts he used were not his own; nor was he convinced that 'evidence' of a factual sort added anything to 'the evidence of reasoning'. For example, he gives the following comment on his not offering a factual rebuttal of the view that small notes had facilitated the speculation of 1824 and 1825. He will disprove this view, he says, 'by a method more laborious in the process, though equally certain in the result; by reasoning from the nature and properties of currency and trade'. Indeed, he was not merely indifferent to factual evidence: 'we commonly object', he said, 'to the introduction of figures into a question of political economy, as in general raising more difficulties than it solves'.

John Mill's preference for 'the evidence of reasoning' was no doubt due in a general way to his education. Certainly, he had imbibed the abstract method of Ricardo; and especially the syllogism beloved of James Mill. His proof of the existence of diminishing returns, for instance, is syllogistic. Mill postulated (a) that 'land, as is well known, is of various degrees of fertility'; and (b) that 'in this country land, even of the ninth and tenth degree of fertility, has long since been taken into cultivation'. Whence, it is demonstratively certain not only that we should never have cultivated the ninth and tenth, but that we should not even have cultivated the second quality of land, if we could have gone on applying our labour to the land of highest quality, without any diminution of return as at first.

James Mill's influence over his son at times extended to the point where any reference by the latter to facts was entirely incidental, his demonstrations being accomplished by verbal manipulation. Thus, on the effects of absenteeism: 'the income of a landlord, like any other income, may be expended in two ways; in the hiring of labourers, or, in the purchase of commodities'. The former use, Mill allowed, would give more employment, or keep wages higher, than would otherwise be the case. But, What I do not admit is, that (in so far as his income is expended, not in the hiring of labourers, but in the purchase of commodities) it has the slightest tendency to keep wages higher, or to give employment to as much as one labourer more, than if he were living at the antipodes....

76 Cf. Ricardo, Speeches, Works, vol.V, p.168: 'he [Ricardo] would not rest on any scattered facts what was so evident in principle, as that the extension of cultivation must extend the cost of production of corn.'
78 Ibid., p.119.
Mill made explicit a postulate involved in this assertion, namely, that a nation is in no different a position regarding wealth and employment whether she exports a quantity of goods for consumption abroad (by an absentee landlord), or has these consumed unproductively on the spot. But the 'proof' rested squarely on the identity of meaning between 'purchase of commodities' and unproductive consumption. (This aside, Mill's point was at least more clearly made in this early version than in the paradoxical 'demand for commodities is not demand for labour' of the Principles.)

The verbal basis of proof is made quite open in Mill's early (1824) case against the possibility of a general glut. 'It is not a deduction of probabilities. It possesses all the certainty of a mathematical demonstration: for it is involved in the very meaning of the words, demand and supply.'

James Mill's dominant influence

One further example sums up James Mill's influence in his son's early economic writings. In expounding and defending the proposition that 'value depends upon quantity of labour' John Mill deferred to his father on the point in which James Mill differed from Ricardo, namely, whether the proposition is universally true.

Value was the subject of John Mill's first published writings on economics. These were two letters against Robert Torrens in the Traveller newspaper during December 1822, in defence of the view that value is without exception determined by quantity of labour. An editorial by Torrens provoked Mill's first letter, and Torrens wrote answers to this one and Mill's next. After some initial sparring, Torrens invoked the example of wine. Assume wine and a second commodity to be employed as capital over a common period. These capitals are of equal value, since each is the product of equal quantities of labour. The wine matures without additional labour; the second commodity, however, provides employment for some further quantity of labour. Will the two final products be equal in value?

80 A letter in The Morning Chronicle (16 September 1825), p.3, under the heading 'Absenteeism'. Mill was writing in defence of McCulloch.
82 'War Expenditure', ibid., vol.IV, p.16.
83 Both sides of the exchange have been reprinted as Two Letters on the Measure of Value by John Stuart Mill, edited by Jacob H. Hollander (Baltimore: Johns Hopkins Press, 1936).
85 Two Letters on the Measure of Value, pp.19-20.
Now Ricardo had earlier conceded to Torrens in a parallel exchange, privately conducted, that the increase over time in the value of trees is not due to the original labour of planting them. This exception to the labour-cost rule he included alongside those he specified in the Principles: commodities using different ratios of fixed and circulating capital, produced in periods of different length and employing fixed capitals of unequal durability. Had John Mill followed Ricardo in answering Torrens, he would also have been admitting that the quantity of labour theory of value was subject to exceptions. But he wrote at his father's bidding; hence he could not admit that true laws were liable to exceptions. Thus we find him writing precisely as his father was to write on the question of wine in later editions of the Elements (see p.21 above). He first agreed with Torrens that the final values of the wine and of the second commodity must be equal, else the wine would never have been kept. But the other commodity being valued by its labour cost, the value of the wine also, he concluded, must depend on quantity of labour.

It was one thing to arrive at necessary results by a careful choice of assumptions; but it did not follow that results so obtained were in a factual sense universal. On two subsequent occasions when value was at issue, Mill barely managed to conceal the difficulty that exceptions to the quantity of labour theory were not ruled out, merely by saying - what was true - that all the means of production are resolvable into labour. For this postulate was not adequate to provide an operational theory of value, and one true without exception.

The first of the two occasions was his September 1823 review of Malthus's Measure of Value, in which Mill acknowledged that 'the fact itself is indisputable' that differences in values are occasioned by 'difference in the quickness of the returns, or in the proportion of fixed capital'. Moreover, he said, this fact is 'allowed on all hands' to constitute a necessary modification of the expression 'value depends on quantity of labour'. The hole thus torn was quickly patched. The received expression need not be rejected, Mill held, 'unless some expression shall be devised, which shall include this and all other facts, without being liable to any other objection'. Most of Mill's review

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87 Only the first and third of these exceptions were distinguished by Ricardo in the first edition of the Principles: see Sraffa's introduction, Works, vol.I, p.xlii. Cf. ibid., vol.IV, p.318.
89 Two Letters on the Measure of Value, pp.21-2.
was devoted to showing that Malthus had not succeeded in putting forward any better expression.

In a further article on Malthus, in 1825, Mill reaffirmed his belief that the original expression was adequate. The question, he said, was whether these facts, about which all are agreed, shall be contained in one expression or another; whether this effect of time, and this effect of fixed capital, are ultimately resolvable into labour, and are included in the simple expression that value depends upon quantity of labour, or not....

Ricardo, he added, thought not. Others, 'particularly Mr. McCulloch and Mr. Mill, think differently; and in their opinion we ourselves concur'. Note, however, that the difference is said to be only 'a question of nomenclature', without important consequences. If Mill could not quite reconcile the admission of modifications with his father's expression, still nothing must be conceded to the view that theory is liable to exceptions. Hence the bland assertion that Ricardo, who allowed exceptions, really differed from James Mill in nothing more than his choice of words.

John Mill on Malthus

This section should not close without a reference, in more detail than has so far been possible, to John Mill's attacks on Malthus. Malthus was the leading exponent of non-Ricardian political economy in the early 1820s. Mill therefore deliberately set about exposing his errors. This he did in a review of the Measure of Value, in the Morning Chronicle (1823); and, at greater length, in an article entitled 'The Quarterly Review on Political Economy' in the Westminster Review (1825). These attacks on Malthus contain Mill's defences of most of Ricardo's leading doctrines. They also reflect well the bias in Mill's education. He excelled in the discipline of what he called 'the Socratic method': 'the close, searching elenchus by which the man of vague generalities is constrained either to express his meaning to himself in definite terms, or to confess that he does not know what he is talking about'. His tendentious piece in the Westminster Review is a ruthless application of the method. It repeats everything of importance in his earlier review of Malthus; hence it will be the focus of the following discussion.

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The provocation for Mill's article was one by Malthus in the Quarterly Review, in criticism of McCulloch's 'Political Economy'.  

Mill replied under the pretence that he was dealing with some unknown author who was himself pretending to be an adherent of Malthus, though with the true purpose of exposing Malthus to ridicule. 'Candour constrains us', said Mill, 'to own that he has completely succeeded.'

Since Mill almost certainly knew that the real author was Malthus, his feigned ignorance of this fact was evidently exploited to give him the freedom to abuse Malthus more roundly than would have been permissible in a direct confrontation - even allowing for anonymity.

Malthus held that the central failing of the 'new school of political economy' was 'the having taken so confined a view of value as not to include the results of demand and supply, and of the relative abundance and competition of capital'. He characterised the 'school' by the following three doctrines:

1. That the quantity of labour worked up in commodities determines their exchangeable value.
2. That the demand and supply have no effect upon prices and values, except in cases of monopoly or for short periods of time.
3. That the difficulty of production on the land is the regulator of profits, to the entire exclusion of the cause stated by Adam Smith, namely, the relative abundance and competition of capital.

This was not a complete summary of Ricardo's economics, but it accurately represented the points of difference between Malthus and Ricardo on the theory of profits, and on the elements which economic analysis ought to take into account.

John Mill could not have been familiar with the correspondence between Ricardo and Malthus, where these differences are stated; nor, however, did he attempt to appreciate why Malthus singled these doctrines

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94 J.R. McCulloch, 'Political Economy', supplement to the 4th, 5th and 6th editions of the Encyclopaedia Britannica (Edinburgh: Constable, 1824), VI, 216-78.
95 'The Quarterly Review on Political Economy', Collected Works, vol.IV, p.27.
96 There is no direct evidence that Mill knew his man to be Malthus.
97 The expression 'new school' was Malthus's. It conveyed nothing derogatory to Ricardo, to whom generous tribute was paid; though Malthus included an indirect reference to some of Ricardo's followers as men 'of moderate abilities [desirous] of being thought to understand what is considered by competent judges as difficult' ('Political Economy', The Quarterly Review, XXX (1824), pp.333-4). Malthus's tone throughout was, however, in marked contrast to that, alternately patronising and scoffing, of the young John Mill.
98 Ibid., pp.307-8, 334.
out for special emphasis. Mill scored a cheap point by claiming that these were not at all the central doctrines of Ricardo's economics. What was central, he said, was 'the principle of population, the theory of rent, and Mr. Ricardo's theory of foreign commerce'. How fatuous, then, of Malthus to criticise a 'school' two-thirds of whose really central principles were largely inspired by Malthus's own work! 100

But in any case the last two of what Malthus mistakenly held to be its central principles 'never were maintained' in that form by the 'new school'; while the first, which referred to 'the influence of time on value', was merely 'a question of nomenclature'. 101

Mill's lack of candour in the matter of exceptions to his father's version of the labour theory of value has been noted already. His defence on the second point imputed by Malthus was more fair (and even original). Speaking of the 'new school' Mill said:

They not only allow that demand and supply have some influence on value, but they assert that nothing else has any influence whatever, except in as far as it may be calculated to affect either the demand or the supply. When they say that cost of production regulates value, it is only because cost of production is that which regulates supply.

In elaborating this, Mill (implicitly) invoked the notion of a downward sloping demand schedule, intersecting a schedule relating cost and quantity produced. (For the easier understanding of Mill's illustration, the supply schedule(s) can be taken as horizontal.) If, for example, two commodities have the same cost of production, but one carries a value higher than cost, profits will be unequal, and capital will be induced to shift out of the less profitable employment into the production of the dearer commodity. As more of the latter good is produced, its value will decline towards its cost. Less of the cheaper commodity will result in its value increasing. The equality of values will thus be restored, 'not in contradiction to the principle of demand and supply, but in consequence of it'. 102

Malthus, however, was not to get off so lightly. For he had pressed his own theory of profits, saying that demand and supply determine the value of the 'whole produce', thence (given the total wage bill) the part of value which remains as profit. 103 Mill, of course, could not allow this. He set out, in reply, his father's argument to show that 'the commodities...which are produced, cannot, collectively considered, be in excessive quantity, though they may be of the wrong kind'. 104

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101 Ibid., p.30. 102 Ibid., p.33.
a fall in the value of produce relative to labour, Malthus can only mean, said Mill, that wages have risen. This is by now familiar; Mill himself had argued thus in his earlier review of Malthus; and he did not take much space to reassert his conclusions. It will be observed, however, that he did not debate the foundation of Malthus's case, namely, the fact that the demand for produce does not always increase in proportion to an increase of capital. Mill therefore had to confine himself to showing that on every interpretation other than the one he (Mill) had given, Malthus's statements were nonsensical. Accordingly, he made great play with expressions such as 'the value of the whole produce': value being a relative term, Malthus's expression meant nothing (compare above, p.28). Again, he made out that Malthus, by speaking of the 'proportion of the whole produce which goes to labour, immediate and accumulated', was in fact saying that the 'proportion' is the whole (shades of James Mill's view that the wages of accumulated labour is profits).

Turning to Malthus's third point (difficulty of producing food is the sole regulator of profits), Mill contented himself with saying that the real doctrine of the 'new school' was that 'whatever other causes might affect profits by affecting wages, there is one cause, namely, the increasing difficulty of producing the necessaries of the labourer, which must always ensure a rise of wages, and a consequent fall of profits, as population increases and cultivation is extended'. Where Malthus got his own form of words, said Mill, 'he himself best knows'. It had in fact been used by Ricardo in his Essay on Profits, and again in the Principles; though Ricardo also attended to the influence of supply and demand on wages. Malthus's summary of this point was a perfectly fair statement of what Ricardo intended to stress. Mill, by drawing attention to the qualifications which all parties acknowledged, was only being pedantic. Pedantry, however, was precisely what he had accused Malthus of over the expression 'value depends upon quantity of labour'.

105 Ibid., p.39.
108 Ibid., p.35.
109 Ibid., p.38. Mill did not say whether by 'wages' he meant the money wage per man or wages as a proportion of product at the margin. The two, we have seen, amount to the same thing in Ricardo's economics. Mill addressed himself to the clarification of this point in his essay 'On Profits, and Interest', Essays on Some Unsettled Questions of Political Economy, 90-119; reprinted in Collected Works, vol.IV, 290-308. This essay will be examined in chapter 3, below.
Mill's explanation of the determination of values by cost of production apart, his exposure of Malthus's errors was not a work of which he could be proud. He failed signally in not facing the empirical evidence for flagging demand, on which Malthus ultimately rested his case. Both this failure and the positive tactics he adopted against Malthus, however, accurately convey the flavour of his writings in this period: 'mere reproductions', as he later dubbed them, 'and applications of the doctrines I had been taught'.

Later Mill freed himself from the shackle of his father's authority. Ricardo's doctrines he sought to retain. The one process enabled him to face facts and to admit new cases - so-called exceptions. The other involved him in a restatement of many of Ricardo's propositions in an effort to show that they were not undermined by these admissions. These dual aspects of Mill's maturation will occupy us next.

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111 Autobiography (Columbia ed.), p.83.
Chapter 3

MATURATION, 1826-48

The period 1826-31 saw the emergence of John Mill as an independent thinker. By the latter date, too, the foundation for the economic analysis of his Principles had been laid. Certainly by 1831 he had arrived at his mature views on method, and had completed a series of studies, themselves 'in continuation and completion of Ricardo's doctrines'. At that point Mill's active engagement with economic analysis virtually ceased until, in the autumn of 1845, he began the period of intensive work associated with the drafting of the Principles.

In the intervening years he was occupied with the applications of Ricardo's analysis, which he had now made his own. We shall consider in this chapter Mill's method, and his studies said to be directed by Ricardo's approach, and shall see something of his adaptation of Ricardo's practical recommendations to changing circumstances.

The method proper to politics and political economy

By his own account, John Mill first felt dissatisfaction with his father's method as it was applied in the theory of politics. 1 Mill senior had argued that all men pursue their own interests, the end being pleasure (happiness) and the means chiefly wealth and power. But rulers, too, are men; whence it follows that the interests of the governed will count only when they happen to coincide with those of the rulers. This concurrence, James Mill held, could not be relied upon to happen naturally. It was, therefore, necessary to make rulers accountable to an enfranchised group of the governed, so as to ensure the promotion of the greater happiness. 2

John Mill's mature judgment was that this was no general theory of government, but 'the mere polemics of the day'. In his System of Logic (1843), where this verdict is given, he undertook to analyse the deficiencies of his father's theory. He felt that they could all be

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1 See the account in Mill's Autobiography (Columbia ed.), pp.110-13.
traced to a wrong choice of model for the study of politics. James Mill, said his son, had reasoned on premisses which he supposed were universal. Granted the supposition, the conclusion he had drawn could also be expected to hold, in all cases. This, John Mill said, is the mode of reasoning in mathematics or geometry: axioms are postulated; if they are true, the theorems resting on them are also true, without exception. But the method is inapplicable in political science, because the causes influencing political action cannot be reduced to one or two axioms. James Mill's premisses were true, but there were other truths which he had ignored (notably habitual sentiments, and the feelings and thought characteristic of particular classes, nations and periods, by which rulers are moved 'independently of personal calculation'). That being so, John Mill argued, it was not enough merely to make allowances in applying the theorems of his father's axiomatic political theory. For that was to delegate to 'the routine of practice or the sagacity of conjecture' what pretended to be science. A true science of politics must employ a model which enables the numerous causes relevant to be traced to effects which they jointly produce. Only in this way can one guard against giving a disproportionate weight to the single cause which it is possible to handle at the one time. 3

Thus John Mill's mature view. But when did he arrive at this insight? He records that for some time prior to June 1829 he was aware that his father's theory was not general. In that month T.B. Macaulay published an attack on James Mill's theory in the Edinburgh Review. 4 It is probable that this helped John Mill to identify the real inadequacy in his father's approach. 5 Macaulay raised numerous cases which stood outside James Mill's narrow axioms. His own preferred method was not 'the verbal sophistry which flourished during the dark ages', but the method of induction. How is it possible, he asked, to deduce a theory of government from the nature of man, when human nature may comprehend both the ruler who is 'patient and far-sighted' and one in whom 'the love of approbation' leads to the waste of resources through extravagance and war? James Mill's method failed to show how the strengths of such conflicting motives might be compared. 6

3 System of Logic, bk VI, ch.VIII.
5 John Mill makes special mention of Macaulay's article in describing his own enlightenment (Autobiography (Columbia ed.), pp.110-11). By October 1829 Mill was sufficiently clear on the source of his father's error to write to Gustave D'Eichtal in terms remarkably similar to the criticisms expounded in the System of Logic: see Earlier Letters, Collected Works, vol.XII, pp.35-6.
Macaulay's criticism did not wholly convince John Mill; for, as he suggested in his Autobiography, the critic had not attended to the requirements of his own method. We can piece together a plausible account of Mill's reasoning on this point, though there is no supporting evidence from the period itself. Mill, it will be remembered, was opposed to the 'practical men' because they were apt to infer the presence of a single cause whenever they observed two apparently similar effects. True causes, as he explained in his System of Logic, were the 'invariable' and 'unconditional' antecedents of observed effects. Since similar occurrences did not necessarily imply the presence of a common cause, the 'practical men' were liable to be misled. But the induction Macaulay advocated was not very much better than this crude empiricism if controlled experiment could not be applied. For it was then not possible to isolate each motive in order to observe its effects while others were held constant. In the absence of experiments, induction could at best yield generalisations from experience - what Mill called, in the System of Logic, 'empirical laws'. These could not establish causal sequences with the same certainty as a controlled experiment; they were a lower order of laws, to be relied upon only when there were 'no means of observing the causes except through the medium of their effects'. Politics, plainly, was an enquiry in which the experimental procedure was normally not available. Hence Macaulay's strictures were helpful only in a negative sense.

What Macaulay did impress on Mill was the need for an approach which would allow for multiple causes, possibly conflicting in their effects. If, then, Mill were also possessed of some way of isolating true causes and their effects without actual experimentation, the requirements of a fully appropriate and scientific method would be met. It is well known that he chose as a model to handle many causes the composition of forces of mechanics. In place of actual experimentation he chose the hypothetical method, or mental experimentation. His exposition was first published in 1836 as an essay 'On the Definition of Political Economy; and on the method of Philosophical Investigation

9 System of Logic, bk VI, ch.IX, section 5.
in that Science'. It was actually written in the autumn of 1831. In this essay Mill frankly acknowledged that political economy is 'built upon hypotheses, strictly analogous to those which, under the name of definitions, are the foundation of the other abstract sciences'. Was it not then open to precisely the same charges as Mill had already laid against his father's axiomatic political science? No; for the arbitrariness of the study lay only in the fact that it dealt with men as if they were motivated by no other end than to acquire wealth. More exactly, it confined itself to those parts of human affairs where this was 'the main and acknowledged end', and then proceeded as if it was the sole end. A partial truth was thus elevated into a universal postulate, but only for the purposes of analysis. There was no pretense that results so derived would predict accurately how men would actually behave; though it was to be hoped that after allowing for other motives they would do so. This is the only possible way forward, Mill explained, where an effect is produced by a concurrence of causes. These must be taken one at a time, the most important first, and their effects traced separately. He was aware that the wealth motive was not the only one influencing human behaviour; nor was it always the exclusive element even in 'economic' behaviour. Its operation was subject to disturbance by causes which do not operate widely or with sufficient regularity to warrant their being incorporated in the science. But the important thing was that even these disturbances have their law; they are 'not handed over to be dealt with by mere conjecture', and 'might always be brought within the pale of the abstract science' by 'inserting among its hypotheses a fresh and still more complex combination of circumstances'. Mill gave no example of a 'disturbing cause' - 'every political economist can produce many' - and thus avoided actually having to

10 Published in The London and Westminster Review, IV (1836), 1-29; reprinted, with some minor changes, in Essays on Some Unsettled Questions of Political Economy, 120-64, and in Collected Works, vol.IV, 309-39. It is not surprising that Mill applied the method of politics to political economy, since he considered that the latter was a branch of the science of politics ('On the Definition of Political Economy', Collected Works, vol.IV, pp.320-1).

11 See MacMinn et al., Bibliography of the Published Writings of John Stuart Mill, p.47. In the preface to his Essays on Some Unsettled Questions of Political Economy, Mill wrote that the essays were published 'with a few merely verbal alterations'. The MSS are not extant; but in the discussion of this essay on method, and of the others, it is assumed that the central ideas of the published versions were actually enunciated some thirteen to fifteen years earlier.


13 Ibid., pp.321-3.

14 Ibid., pp.326-7.

15 Ibid., p.322.

16 Ibid., pp.330-1.
describe the law of any. In view of the importance he attached to the notion, this appears as a weakness. However, the nature of the science and of 'disturbing causes' themselves afford him some excuse. Such causes, by definition, do not operate constantly. Moreover, controlled experiment is not available, and the causes operating in any historical case are many. Hence, to establish the law of a 'disturbing cause' from cases happening to occur in which the action of that particular cause is clearly discernible would require a mammoth effort of recording over a vast span of time. Mill implied that these conditions had not been fulfilled. 17

If the laws of 'disturbing causes' are not known, specific prediction also is beyond the competence of the political economist. Mill did not say as much; for his own emphasis was on the point of principle that 'disturbing causes' do have their laws, and 'the nature and amount of the disturbance may be predicted a priori'. 18 But he admitted another factor equally effective in undermining this power of a priori prediction. It was impossible, he said, to be sure that all the material circumstances in a particular case are known to us. Some may lie beyond observation; others are apt to be overlooked. 19 As a test of the adequacy of a set of economic principles, therefore, Mill suggested not predictive accuracy but that they should enable one 'to explain and account for what is'. If any existing economic phenomena are not explained by one's principles, this points to the presence of some unforeseen disturbing influence. The science should then be rendered complete by the specification of a cause or causes which would close the gap between theory and facts. 20 The essential idea is that the need for the addition of another cause or causes may be discovered only ex post. This point was of special relevance to the political economist, since he did not attempt to predict on a wider basis than one general cause, the desire for wealth. The economist erred then, Mill said, if (like James Mill) 'he predicated an actual result, when he should only have predicated a tendency to that result - a power acting with a certain intensity in that direction'. 21

Features of Mill's method

Two further points are to be noted about Mill's new-found method. On the one hand, it gave formal expression to what Ricardo practised. On the other, it contained Mill's lasting view of the manner by which economic science progresses.

The equivalence of Mill's more formal view and Ricardo's less organised opinions on method can be seen in five essential matters. They were agreed, firstly, that abstraction was the only practicable method for handling complex problems; further, that in the absence of controlled experiment it was the only safe method. Secondly, they each drew a distinction between regular causes and 'disturbing' or inconstant ('accidental') causes. Thirdly, they both recognised that the only legitimate form for propositions based on one or a small number of causes was the tendency-statement. Related to this, fourthly, they each made the test of the adequacy of their analysis that it be able to account for what is supplemented, if necessary, by secondary theorems. Finally, they based their science on the same three principles, grounded in the observation of physical and human nature. These were the principle of population, the law of diminishing returns, and the desire of men for wealth.

It has yet to be shown that Mill rested his science on all three principles; so far only the wealth motive has been considered. Certainly, Mill regarded the desire for wealth as the major economical motive to behaviour. Political economy, he said in his essay on method, presupposes 'the physical laws of the production of useful objects'. Some, however, it is obliged to specify and include among its own laws. In particular, Mill mentioned 'the decreasing ratio in which the produce of the soil is increased by an increased application of labour'. Further on, in discussing the need to make due allowance for impulses other than the desire for wealth, he noted that only 'in a few of the most striking cases' are these other impulses actually included in the exposition of political economy. Again, he singled out one, 'the important...principle of population'. All three, then, of Ricardo's 'axioms' were also premissed by Mill.

22 Mill was more explicit than Ricardo about the empirical foundation of these basic principles. Of the wealth motive he said: 'The desires of man...are within the reach of our observation. We can also observe what are the objects which excite those desires. The materials of this knowledge every one can principally collect within himself' ('On the Definition of Political Economy', Collected Works, vol.IV, p.329). Elsewhere he made it clear that 'the basis of all knowledge is such an extensive induction of particulars, as leads to general definitions and fundamental axioms, and furnishes the premises, from which inferences may be deduced'; and followed this with 'political economy demonstrates, from a copious induction of facts, the tendency of population to exceed the means of comfortable subsistence' ('On the Application of the terms Poetry, Science, and Philosophy', The Monthly Repository, VIII (1834), 323-31, pp.328, 329, 330. The principle of diminishing returns was said to be 'a well-known fact' ('Population', The Journal of Adult Education, 4 (1929), p.40).


24 Ibid., p.323.
It may be interesting to notice one example of a doctrine, the expression (and substance) of which was altered by Mill in accordance with his new method. In the early 1820s, it will be remembered, Mill stood with his father and McCulloch against Ricardo on the issue whether the quantity of labour theory of value was subject to exceptions. Ricardo identified two causes from which variations in relative values might arise: a rise or fall in the rate of profit (in circumstances where different commodities had unequal periods of production); and a greater or less quantity of labour required to produce equal increments in the outputs of the commodities. The first cause, he thought, was relatively unimportant in practice; as an approximation to the truth he concentrated on the second. James Mill and McCulloch argued that all capital is resolvable into labour, hence quantity of labour in the last resort determines value. This was put forward as a universal truth, profits being regarded as a special kind of wages, to fit the proposition. With his new method, John Mill was no longer constrained to uphold laws as true without exception. It is not surprising, therefore, to find him in 1833 poking fun at McCulloch for insisting on calling profits wages. Later, in the Principles, Mill aligned himself with Ricardo, acknowledging quantity of labour as the principal but not the sole regulating influence.

The second point to be stressed about Mill's method is that it embodied a particular view of how political economy should progress. If a 'disturbing cause' operated in a particular case, Mill had said, then the law of that cause constituted 'a supplementary chapter or appendix, or at least a supplementary theorem', to be added to the abstract science. The main laws - the three 'axioms' just stated - were not undermined by such supplementary laws. The effect of an additional theorem was to make it clear just how far the main theorems applied in the case in question. The political economist, Mill said, should watch the result of every experiment, to learn of 'any residuum of facts which his principles did not lead him to expect'. His analysis might then be continually enlarged through the incorporation of such results. It is perhaps too strong to say that this was Mill's view

26 Law and counter law took the place of law and exceptions, in his essay on method ('On the Definition of Political Economy', *Collected Works*, vol.IV, pp.337-8).
30 Ibid., pp.335-6.
of how the science should progress. However, it expresses what he himself practised in the forty years following. This must be constantly borne in mind as we approach those of his writings which were 'no longer mere reproductions and applications of the doctrines [he] had been taught'.

Studies 'in continuation and completion of Ricardo's doctrines'

Analytically the most important of these writings is a series of studies 'in continuation and completion of Ricardo's doctrines', undertaken by Mill between 1826 and 1831. Mill himself applied this description only to four of the essays (excepting that on method), written between 1829 and 1831, and published as Essays on some Unsettled Questions of Political Economy (1844). These four were: (1) 'Of the Laws of Interchange Between Nations; and the Distribution of the Gains of Commerce among the Countries of the Commercial World'; (2) 'Of the Influence of Consumption on Production'; (3) 'On the Words Productive and Unproductive'; (4) 'On Profits and Interest'. Two earlier pieces also merit the description: 'Paper Currency and Commercial Distress' (1826), and 'The Nature, Origin, and Progress of Rent' (1827). These two essays were written before Mill explicitly formulated his views on the method proper to political economy. They contain hints, though, that he was silently moving towards his mature view. The early date of these two does not in any case prevent us from treating them as one with the essays written after 1829; for some of these later essays expounded ideas which were first developed during twice-weekly discussions among a group of friends meeting at George Grote's house from 1825 to 1828. These discussions, unlike those of Mill's earlier Utilitarian Society, were not conducted 'conformably to...premises...agreed on', but were open-ended and thorough examinations - or, as in the case of political economy, re-examinations - 'of several of the branches of science which we wished to be masters of'. It should be noted, too, that the essays later published as Essays on Some Unsettled Questions of Political Economy were not propaganda pieces for the Westminster Review. Mill offered them for publication in Tait's Magazine, his intention being 'to submit [them] to the judgement of scientific students of the science'.

31 (1794–1871). Banker; MP (1832–41); historian of Greece. A friend of Ricardo and James Mill.
32 Compare Mill, Autobiography (Columbia ed.), p.56 with p.84. Political economy was the first study undertaken by the group.
Some of Mill's enquiries were undertaken to fill gaps in theory, the existence of which had been merely noted by Ricardo. In some, Mill noticed unexplained phenomena and sought to take them into account. All were in part attempts to articulate particular doctrines with greater clarity than Ricardo had achieved. Mill's studies will be examined here particularly with a view to assessing whether the new cases and new ('disturbing') causes he set out to incorporate within Ricardo's economics actually led him into conflict with his mentor. Since Mill's closeness to Ricardo is normally judged on the basis of his Principles (1848), it is necessary also for us to take note of any differences between that work and these earlier studies (1826-31).

The demand for money and Say's law

We begin with two studies in which Mill set out to account for a particular phenomenon associated with commercial crises, namely, the desire to hold money as an asset.

In Ricardo's model money was only a means of exchange, normally without any influence on the pattern of production or relative prices. But the use of money, or its substitute, credit, in transactions allowed the acts of buying and selling to be separated in time. This facilitated speculative operations in commodities. And, if stocks of commodities could be held on credit in the expectation of a rising market, there was no reason why money itself could not be held in preference to other commodities at a time of falling commodity prices. This implied an asset-function of money in addition to its role as a medium of exchange. Ricardo was familiar with speculative dealings, and even on one occasion spoke of 'the unwillingness that every man feels to sell his goods at a reduced price, [which] induces him to borrow at a high interest and to have recourse to other shifts to postpone the necessity of selling'. However, he made no attempt to incorporate the idea into his analysis.

The possibility that money might be held for gain was first explored by John Mill, in his essay on 'Paper Currency and Commercial Distress' (1826). He made use of the idea to explain the severity of the fall in prices following the speculative boom of 1824-25. The holding of money

34 Compare with Kuhn's discussion of 'normal science' (The Structure of Scientific Revolutions, section III).

35 The essay 'On the Words Productive and Unproductive' will not be mentioned. The distinction between productive and unproductive consumption was an important theme in bk I of the Principles, but the essence of Mill's thought on the matter has already been given in ch.2, in the discussion of his reply to William Blake on the effects of government expenditure.

36 He noted in one place, however, that a depreciation of money would redistribute income, away from those on fixed incomes (here including wage earners), and towards 'that class who are disposed to accumulate' (Letters, Works, vol.VI, p.233).

was not, he said, the cause of the revulsion of prices. That began when dealers recognised that they had placed orders for commodities in excess of any likely deficiency. Fearing a loss, they started to sell, thereby inducing the very fall in prices which they had feared. When prices started to fall, panic spread; the panic destroyed confidence in mercantile paper, credit was stopped, and money (legal tender) came into general demand. 38 Mill's conclusion was that the revulsion of prices was aggravated by the fact that

Those who have it [money], are unwilling to let it out of their hands; knowing that nobody who has demands upon them, will receive payment in any other medium. They therefore postpone all ready-money purchases. Thus, at the very moment when money and nothing else will be received in purchases, scarcely any money is offered... 39

It is not merely that there is less confidence at such times in the solvency of borrowers; Mill's point was that the general attempts to raise money cause a fall both in the prices of goods and in government securities, making it profitable for those who have cash to invest it at abnormally high rates of interest. 40

The distress occasioned by a revulsion of prices was necessarily temporary. It might be shortened, Mill suggested, by supplying additional Bank of England notes at the time when cash was at a premium. Otherwise, it would eventually be terminated by an inflow of bullion, induced by the abnormally low domestic prices. 41 As well as being temporary, speculative crises were of irregular occurrence. They could happen whenever there arose a cause to excite 'a confident hope of rapid gains'. 42 The irregularity of their occurrence and the temporary nature of their effects put them in the category of what Mill was later to call 'disturbing causes'. As such, therefore, commercial crises presumably could not wholly undermine any of the 'normal' propositions of political economy. Mill did not make this point in his 1826 essay. There is only a fleeting recognition of it in the assertion that the phenomena preceding a commercial crisis are 'frequently, though erroneously, called general over-trading'. 43 It was, however, at the centre of his next approach to the subject, the well-known essay 'Of the Influence of Consumption on Production', written in 1829 or 1830.

In this essay Mill drew a clear distinction between the state of barter, and an economy using money. Under barter, 'the sellers and the

39 Ibid., p. 97.
40 Ibid., p. 108.
41 Ibid., p. 97.
42 Ibid., p. 76.
43 Ibid., p. 75. Mill also pointed out that there is no actual loss of national wealth in the ruin of speculators, except in so far as contracts at high prices have been made with foreigners, and capital lies idle during the period of distress following the crisis (p. 77).
buyers, for all commodities taken together, must, by the metaphysical necessity of the case, be an exact equipoise to each other'. With money, the buying and selling 'being now separated, it may well occur, that there may be, at some given time, a very general inclination to defer all purchases as long as possible. This is always actually the case, in those periods which are described as periods of general excess'. Mill foresaw that some with whom he had upheld the anti-glut position might find this admission difficult to accept. They might argue that if all commodities fell in price through a general suspension of demand, the fact would be unimportant; since relative prices would not have altered, and all goods produced would be exchanged as before. But this argument, Mill said, would carry weight only if prices were to remain low for ever. In the class of cases he was concerned with - crises of confidence - the lowness was temporary. Opponents of the view that a general glut could occur should recognise, he said, that their case required an assumption that money itself is a commodity; for it was, indeed, impossible to have a simultaneous excess both of money and of all other commodities. Once this was seen, there was no need to think that his acknowledgment of crises also amounted to an admission that a general glut could occur. For those who gave the name of general over-trading to a commercial crisis, Mill said, did not pretend that money was one of the commodities in excess. Both sides could agree that what was really meant by 'a general superabundance' was 'not a superabundance of commodities relation to commodities, but a superabundance of all commodities relative to money'.

Mill, in other words, both acknowledged that commercial crises do occur and upheld the view of those who said that a general glut was impossible. Was this ambivalent? Mill's position would have been untenable had he said that crises are evidence of the fact that goods have been produced which, it is suddenly discovered, exceed the total purchasing power of the community. However, he made it clear that crises were to be identified with the case where, the supply of other commodities being given, the supply of money is reduced through a contraction of credit, while the demand for money increases. The supply

44 Ricardo noticed precisely this case. When accumulation had brought profits so low that 'all motive for further savings will cease', still this could not properly be called a glut since 'all that is produced will be at its fair relative prices and will be freely exchanged' (Letters, Works, vol.IX, p.25).

45 James Mill noted that this assumption was formally necessary, but he did not believe that money would actually be held (Elements of Political Economy, pp.191-2).


of other commodities is not, therefore, immediately translated into an
equivalent demand, as would be inevitable under barter. The argument against the possibility of general over-production is quite conclusive, so far as it applies to the doctrine that a country may accumulate capital too fast; that produce in general may, by increasing faster than the demand for it, reduce all producers to distress.... It is true that if all the wants of all the inhabitants of a country were fully satisfied, no further capital could find useful employment; but in that case, none would be accumulated.... Nothing is more true than that it is produce which constitutes the market for produce, and that every increase of production, if distributed without miscalculation among all kinds of produce in the proportion which private interest would dictate, creates, or rather constitutes, its own demand.

The distinction, then, for which Mill contended is that between a sharp decline in prices caused solely by a sudden reduction in the effective supply of money, and a deficiency in total demand measured at any level of prices. The remedy, in the former case, is an increase in the amount of money in circulation, not a diminution in the aggregate of goods offered for sale. Granted the distinction, any ambivalence in his position is merely apparent.

This distinction is, if anything, drawn more explicitly in the Principles than in the essay of 1829-30.

Returning to the point made above, that commercial crises fall into the category 'disturbing causes', we may ask whether Mill, in the Principles, formulated any law to describe their occurrence. This would have partly repaired the omission in his essay on method. It was implied by much that he wrote on this particular 'disturbing cause', and it has been suggested above, that crises were unpredictable. Their proximate cause was speculation; and while it remained 'the universal propensity of mankind to over-estimate the chances in their own favour', a speculative boom could arise from 'an extra demand, a short crop, obstructions to importation, or any other cause'. Nonetheless, there

49 Ibid., p.278.
51 'Paper Currency and Commercial Distress', Collected Works, vol.IV, pp.76-7; Principles, ibid., vol.III, p.540. Mill noted that not all speculations were like that of 1824-25. In particular, the crisis of 1847 exhibited a quite different 'concurrence of circumstances' (Principles, ibid., vol.III, pp.543-4).
was one causal element common to the crises of the first half of the nineteenth century which gave rise at least to an 'empirical law'. This common cause was the constant tendency of accumulation to lower the rate of profit. Mill recognised this already in 1826, but it was fully elaborated in the Principles. The process of accumulation in the advanced commercial nations, he noted, is sufficiently rapid to account for the almost periodical recurrence of these fits of speculation; since, when a few years have elapsed without a crisis, and no new and tempting channel for investment has been opened in the meantime, there is always found to have occurred in those few years so large an increase of capital seeking investment, as to have lowered considerably the rate of interest...; and this diminution of interest tempts the possessors to incur hazards in hopes of a more considerable return.

The doctrine of rent

In 1827 Mill wrote 'a dissertation on Rent', to be included as a note in McCulloch's edition of the Wealth of Nations. This was his first comprehensive exposition of what he considered to be one of the three doctrines which had made political economy a science. His restatement of the doctrine guarded it against several misunderstandings to which Ricardo's version was open, and introduced a new class of cases, not considered by Ricardo, in which rent entered into price.

Mill took account of four actual or potential objections to Ricardo's exposition of the doctrine of rent. Firstly, Nassau Senior and Perronet Thompson had both accused Ricardo of inverting cause and effect by speaking of marginal cost as 'governing' price. In Senior's words:

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54 'The Quarterly Review on Political Economy', Collected Works, vol.IV, p.30. The other two, it will be recalled, were the principle of population, and the theory of comparative advantage.

55 (1790-1864). Drummond Professor of Political Economy in the University of Oxford (1825-30 and 1847-52); member of the Political Economy Club.

56 (1783-1869). Proprietor and editor of The Westminster Review (1828-36); MP; wrote effectively against the Corn Laws.
The price of other corn does not rise because the last portion has been produced at a greater expense, but the last portion is produced, because the proportion of demand to supply has previously occasioned such a rise in the price of the corn already produced, that additional capital laid out in producing additional corn, at a greater proportionate expense, will return the average profit of capital.57

Mill very properly dismissed this as a petty cavil. He pointed to one place in Ricardo's Principles, and could have indicated others, where it was made clear that 'corn rises...because the demand for it increases'; that 'in the usual and ordinary course of things, the demand for all commodities precedes their supply'.58

Nonetheless, in his own exposition Mill took care to avoid the occasional looseness of expression which had brought the charge on Ricardo's head. Suppose, he said, a commodity produced by two processes, one more expensive. The cheaper process employs an instrument strictly limited in quantity. The demand for the commodity is greater than the cheaper process can meet, so that part of the supply must be produced by the dearer process. Since supply can be increased, if only at greater expense, value will depend upon cost of production. But which cost will regulate value, that of the cheaper or of the dearer mode of production? Evidently the latter, Mill said, since if value did not cover the cost (including normal profits) under this mode, no part of the supply would be produced in this way. It is assumed that the cheaper process cannot wholly satisfy demand; hence value must rise, from scarcity, to the point when the additional supply can be produced, with a normal return, by the dearer process. Competition will ensure that price does not exceed this level. Rent, then, is a surplus enjoyed by the proprietors of the cheaper process.59

This exposition was retained by Mill in his Principles,60 for it had further advantages of the kind just noticed. Specifically, as he


58 'The Nature, Origin, and Progress of Rent', Collected Works, vol.IV, p.174. The quotations are from Ricardo, Principles, Works, vol.I, pp.163, 409. Cf. pp.73, 77, 119-20, where it is clear that corn rises because population increases and requires more food, which can only be produced under decreasing returns. This view of things permeated the whole of Ricardo's exposition.


pointed out in 1827, it raised Ricardo's doctrine above the further possible objections that there is no land which does not pay some rent; and that, as a matter of history, the least productive soils are those first cultivated. The assumption of no-rent land, said Mill, is not an essential of the doctrine of rent. 'What the theory requires is, that of the whole capital employed in agriculture, there should always be one portion which yields no rent; one portion which barely replaces itself, with the ordinary profits of stock.' To the second objection he replied: 'If the richest land is sometimes the last cultivated, it follows, indeed, that the last capital expended is not always the least productive; but it does not therefore follow that the least productive capital does not regulate the price, whether that capital be the first applied or the last.' Mill was later to use this argument in answer to the American economist, Henry C. Carey.

A fourth objection (and the last to be considered here) was made by Perronet Thompson. Ricardo and Mill both held that rent does not enter into price, since this is determined by cost of production (wages plus profits) at the margin where no rent is paid. Thompson argued that the important question is not whether it is the cost of the last portion produced that regulates value, but why one commodity sells for a price determined by marginal cost, while another sells for four or five times as much. Adam Smith was quite right, he said, to include rent in price, since some prices might well include an element of scarcity (monopoly) value. Among such prices he included that of raw produce. Thompson, indeed, went so far as to maintain that the general law is that rent is determined by supply and demand, acting sometimes through differences in the fertility of different lands.

This was not entirely independent of the objection by Thompson mentioned earlier. Neither Ricardo nor Mill denied that rent arose from scarcity, in the sense that the demand for land of the highest fertility might exceed its supply. Nonetheless, raw produce itself could be increased in response to demand, even though this might involve a higher marginal cost of production. Raw produce was therefore of that class of goods into whose price rent did not enter. On the other hand, both Mill and Ricardo allowed that there are commodities whose quantity

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63 The True Theory of Rent, pp.5, 16, 17-18, 20-1, 36.
cannot be increased in response to demand. Price in these cases, they said, is determined by the strength of demand in relation to the given supply. There is no upper limit to price except the ability and willingness of purchasers to pay. Ricardo expressly declined to take such cases very seriously, believing that they comprised 'a very small part of the mass of commodities daily exchanged in the market'. Mill, too, in his 'dissertation on Rent', affirmed that 'the great mass of the physical objects of human desire' comprises commodities whose supply is not strictly limited. However, Mill so far acceded to Thompson's view as to make special acknowledgment of the fact that

Land laid out in dwelling-houses, gardens, or parks, and possessing peculiar beauties of situation or disposition, is also of the nature of a monopolized commodity, and its rent is governed entirely by the demand. It cannot indeed yield a rent inferior to that which it would afford if devoted to agriculture, but it may yield more, without any assignable limit.

The same is true, he added, of land possessing special advantages of situation for business.

Mill repeated this admission in the Principles, at the same time reaffirming that commodities 'not susceptible of being multiplied at pleasure', whose value is determined by supply and demand, 'no doubt, are exceptions'. The acknowledgment of scarcity rents was regarded by Mill as a necessary qualification - but not more than that - to the view that rent arises in every case from a difference in the fertility of soils used in the production of food. As he explained in the Principles: 'The temptation is strong to the adoption of... sweeping expressions' such as a categorical denial that rent enters into cost of production or price. But the pedagogic value of such simple results is more than balanced by the disadvantages that 'they also puzzle and mislead, and create an impression unfavourable to political economy, as if it disregarded the evidence of facts. Who can deny that rent sometimes enters into cost of production?'

In taking account of the class of monopoly values and rents, Mill was complying with the evidence of facts. He also, in the 1827 'dissertation', formulated what amounts to an 'empirical law', to which Ricardo, too, had given expression. This concerned 'an improved system of agriculture' as a cause counteracting the natural tendency of rent


68 Ibid., p.487 (italics added).
to increase in a progressive society subject to diminishing returns. (At this early date Mill did not employ the phrase 'empirical law', but he did speak of 'counteracting principles'.) Like Ricardo, he gave no explanation of technical improvements. As with crises, however, he described an 'empirical law' of the historically-observed net effects of such improvements. Compared with the improvements which have been applied in manufacturing, he said, those so far introduced into agriculture have been 'extremely limited'. Moreover, they are 'very slow in making their way against...old habits and prejudices', which are most deeply rooted among farmers. These two facts, taken together, gave rise to the generalisation that

the progress of population seems in most instances to have kept pace with the improvement of agriculture, and, in the same proportion as corn could be obtained cheaper, more corn has been required. It has not hitherto, indeed, been at any time the effect of an improvement to drive capital from the land, nor consequently to lower rent.

This, it should be added, was the long-run result: Mill accepted, with Ricardo, that improvements would normally lower rents in the short run. Improvements in agriculture, being classed as a 'disturbing cause', presumably were believed by Mill to occur sporadically. Thus his 'empirical law', in effect, stated that, as a matter of history, diminishing returns had at least balanced the effect of periodic improvements.

In his Principles Mill made it clear that he believed diminishing returns had in fact dominated. That is to say, he affirmed Ricardo's conclusion that on the evidence so far available the law of diminishing returns could only be said to be 'suspended, or temporarily controlled'. For 'all kinds of food' had risen in price, relative to money and to manufactures, 'comparison being made with a much earlier period of history'.

In Mill's Principles, however, there is an indication of an apparent movement away from this position. A digression is needed to discuss

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70 Ibid., p.177.

71 This belief was made explicit in the Principles, Collected Works, vol.III, p.729.

72 Ibid., vol.II, p.185; cf. vol.III, pp.713, 723, 727, 850. Three years earlier Mill had written to the American economist, H.C. Carey, that beyond the point at which population is large enough to reap the full economies of machinery and the division of labour, 'the natural law by which (in any given state of knowledge) a double expenditure on land yields less than a double return, prevails, on the average, over the antagonistic influence of new inventions and discoveries (Earlier Letters, Collected Works, vol.XIII, pp.659-60).

this. Whereas a true 'disturbing cause' operates only sporadically, Mill spoke in the Principles of an agency 'in habitual antagonism' to diminishing returns. This agency was 'the progress of civilization'. Under that expression he included not only agricultural improvements, but also better communications and transport technology, mechanical improvements in manufacturing, the adoption of a system of land tenure which vested proprietary interest in the farmer (thereby encouraging him to be active and efficient), education and new institutions (in so far as these gave 'new motives or new facilities to production').

In one respect at least this signified no alteration in Mill's views: agricultural improvements, he still believed in 1848, were very slow, and normally outweighed in their effects by the growth of population. Similarly, he thought that free trade in corn (equivalent to an agricultural invention lowering the cost of production at home) would not for long outweigh the effects of diminishing returns. The question is therefore whether all the influences tending to increase productivity in other ways and in other sectors of the economy could be relied upon to offset diminishing returns in agriculture. Had Mill said that they might do so, he would not have been admitting anything in contradiction of Ricardo's views. For Ricardo allowed that 'when corn rises from difficulty of producing it, manufactures will generally fall from facility of producing them, which will make a rise of wages on account of a rise in the price of corn often unnecessary'. But there is nothing in the discussion in Mill's Principles to suggest that as forces increasing productivity, the other components of 'progress' would suffice permanently to offset diminishing returns in agriculture.

What he does stress is this: that a reduction in the cost of necessaries from any of the causes specified is normally counteracted in a short space of time by a growth in numbers in response to the temporary rise in real wages. Where Mill is relatively optimistic about the material future of the workers it is because he looks to an improved system of land tenure, the rise of co-operative practices in industry, and to education, as means of raising their aspirations. If this could be achieved, it would disturb their normal response to a sudden rise in commodity wages. It is true that he went to some trouble to show that the first two of these proposed means would not necessarily harm

74 Ibid., vol.II, pp.179-85, 189.
productivity. As means of offsetting diminishing returns, however, he looked to all three chiefly for their likely effect in checking the growth in numbers to be fed. Some of these points will be raised again in the next chapter. Sufficient has been said here to show that Mill's belief in the 'habitual antagonism' of 'the progress of civilization' did not in any way undermine his opinion that diminishing returns tended to outweigh cost-reducing improvements as such.

The law of international values

By far the most impressive analytically of the studies Mill undertook to extend and complete Ricardo's doctrines was the essay 'Of the Laws of Interchange Between Nations; and the Distribution of the Gains of Commerce among the Countries of the Commercial World'. This was written in 1829 or 1830, though it had matured over a number of years. The central contribution of the essay is well known; it was Mill's enunciation of the principle of reciprocal demand, to show how the relative prices of internally-traded goods are determined.

Ricardo had stated that 'the same rule [quantity of labour] which regulates the relative value of commodities in one country, does not regulate the relative value of the commodities exchanged between two or more countries'. The reason he gave for this was that capital did not move abroad with the same ease as it changed its employment domestically. The same commodity might therefore be produced on a regular basis in each of two countries, under different conditions of productivity. Even after specialisation according to comparative advantage, the produce of ten men at home might exchange for the produce of eight in the trading partner, although 'such an exchange could not take place between the individuals of the same country'.

Mill pointed out that Ricardo had really shown only that the terms of international exchange must settle at or between the limits set by relative costs in each country considered separately. Additional conditions were needed before it could be said how the equilibrium terms of trade would be determined. These conditions were summarised in the principle of supply and demand, 'a principle anterior to that of cost of production, and from which this last flows as a consequence'.

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82 Mill records that the theory expounded in the essay 'emanated' from his morning discussions with friends at Grote's house (Autobiography (Columbia ed.), p.84).
Mill gave the law for the case where supply is assumed to be given: 'the price so regulates itself that the demand shall be exactly sufficient to carry off the supply'.  

Then, when two countries trade together in two commodities, the exchangeable value of these commodities relatively to each other will adjust itself to the inclinations and circumstances of the consumers on both sides, in such manner that the quantities required by each country, of the article which it imports from its neighbour, shall be exactly sufficient to pay for one another.

Mill made no attempt to specify just what the equilibrium terms of trade would be; for 'the inclinations and circumstances of consumers cannot be reduced to any rule'.

The details of Mill's analysis have been traced by Viner; and his approach has become part of the tool kit of modern students of trade theory. Here interest centres on two other matters. Firstly, Mill's essay is a striking application of his new-found method. He began by treating a deliberately simplified case: two countries, two commodities, without money, transport costs, or taxes on traded commodities. The last three assumptions (and the other two also, in the exposition of the Principles) were successively relaxed, bringing the analysis closer to reality.

Secondly, the application of the law of supply and demand to international values did not simply place them in the same category as monopoly values. The defining characteristic of monopoly was a strictly limited supply. But in the Principles Mill said that 'there are commodities of which, though capable of being increased or diminished to a great, and even an unlimited extent, the value never depends upon anything but demand and supply'. International values, he said, constituted one such case; another was wages. This introduced a third class of values, additional to those, already familiar, in which (a) value is determined by cost (supply being variable) and in which (b) demand alone sets the upper limit to value (supply fixed). Mill's introduction of the third class raises the question whether he was not exceeding the bounds of what could fairly be regarded as 'in continuation and completion of Ricardo's doctrines'.

86 'Of the Laws of Interchange Between Nations', ibid., p.238.
87 Ibid., pp.239-40.
89 This point is made also by Kubitz, Development of John Stuart Mill's System of Logic, p.211.
It is not denied that Mill went beyond the limits of what Ricardo attempted; the question really reduces to one of asking whether his addition of the new class of values would have been anathema to Ricardo. Schumpeter's standing judgment is that this would have been so. 91

As a preliminary, let us ask whether Ricardo could have done without the implicit assumption of a perfectly inelastic demand curve for corn in his analysis of growth and distribution. 92 For if his results would be unaffected by relaxing this assumption, there is no formal discontinuity involved in Mill's introduction of cases of value in which a less than perfectly inelastic demand curve plays an important role. Ricardo was aware that changes in price normally induce opposite changes in quantity demanded. For example, 'a bad harvest will produce a high price of provisions, and the high price is the only means by which the consumption is compelled to conform to the state of the supply'. 93 There is no suggestion here of the demand for corn being completely inelastic to price; though other references show that Ricardo believed that it varied less than in proportion to increases or decreases in price. Thus, 'the aggregate value of an abundant crop will always be considerably less than the aggregate value of an average one; and... the aggregate value of a very limited crop will be considerably greater than that of an average crop'. 94 The postulate of a completely inelastic demand for corn was thus not very far removed from the facts. It also made Ricardo's analysis more simple, by allowing him to ignore changes in the pattern of workers' consumption, away from corn and towards other commodities, as the price of corn rose with the increasing difficulty of producing it. Nevertheless, it was not an assumption essential to his key demonstration, that as corn rose so, too, would wages, causing the rate of profit to decline. All that was required to show this was the postulate that workers always consume some corn, or 'raw produce', of which corn was the type. 95

91 History of Economic Analysis, p.604.
92 On this assumption see Carl S. Shoup, Ricardo on Taxation, pp.59, 137, and references there cited.
95 All forms of 'raw produce' were produced subject to the law of diminishing returns. This included meats as well as grains: see 'Notes on Malthus', Works, vol.II, p.70. Ricardo frequently used 'corn' interchangeably with 'necessaries' and 'raw produce': see, for example, Principles, Works, vol.I, pp.117-19. Under this usage the question of substitution between 'corn' and other 'necessaries' would not arise. He did, however, speak of substitution between 'necessaries and 'enjoyments' (see following paragraph). Allowing for such substitution, the postulate should be read with the qualification that 'corn' (or 'necessaries') and 'enjoyments' are not perfect substitutes.
Further, it would accord perfectly with his views to say that any vertical section in the workers' demand schedule for corn is strictly irrelevant. Ignoring other necessaries such as clothing, and ignoring also substitution between different types of food, the demand for corn might diminish with every increase in price until each labourer's money wage was fully absorbed. Beyond that point demand might in principle be inelastic to further increases in price; but since expenditure could not increase, no further rise in price would, in fact, occur. Now, Ricardo allowed that money wages might be equivalent to a purchasing power above the minimum necessary to sustain in health a given workforce. A once-for-all rise in the price of necessaries might then be borne by workers switching away from the consumption of 'enjoyments'. However, he said, 'it is impossible to conceive that the money price of wages should...remain stationary with a gradually increasing price of necessaries'.\(^96\) Relating this to the supposition above: for the case which interested him - a gradually rising cost of production of raw produce or necessaries - demand might vary inversely with price to the point where wages are entirely spent on necessaries; but beyond that point demand would not become inelastic to price. Rather, the money wage would rise.

Two further considerations are relevant. The first is that Ricardo did not object to supply and demand analysis as such. However, he thought it was superficial: failure to ask whether it was the whole explanation in every case had led some economists to deny the operation of forces which were both 'natural and constant'. The second consideration is that, despite appearances to the contrary, Mill was quite at one with Ricardo in making wages, like international values, a case of value determined by supply and demand.

Three of Ricardo's objections to the superficial application of supply and demand may be noticed.

(i) Adam Smith contended that rent depends on the productiveness of land, plus the demand for its produce; whence it followed that rent is a component part of price.\(^97\) Ricardo replied that Smith ought to have attended to the following consideration. If a farmer must decide whether to invest an extra unit of capital, his only essential concern is that it yield him the prevailing rate of profit. It is irrelevant to him that it might yield nothing more than this - no rent. Nor can his landlord extract any rent out of the increment of produce, since in that case the extra capital would at once be withdrawn.\(^98\) Thus 'in all


cases it is perhaps true that rent will depend upon the demand compared with the supply of good land'; but 'however abundant the demand it can never permanently raise the price of a commodity above the expense of its production, including...the profits of the producers'.

(ii) Next, Ricardo objected to Malthus's theory of profits that it made profit depend upon the demand for commodities. Ricardo said: profit arises because labour produces goods of a greater value than it requires for its own support; in the long run no commodity would be produced in which this was not the case.

(iii) Finally, Ricardo objected that by a too exclusive concentration on supply and demand the misapprehension had arisen that wages depend solely on the supply and demand for labour, and not at all on the price of food and necessaries. The truth was that both influences were important; though, he said, 'the more I reflect on the subject the more I am convinced that the latter cause has an incessant operation'. In all these instances, Ricardo's plea was not to dispense with supply and demand as a tool of analysis but to use it in conjunction with due recognition of more basic causes.

We turn to the question whether Mill, by including wages as a case of value determined by supply and demand was at variance with Ricardo. To judge from the references just cited, Mill was, indeed, adopting as the sole cause what Ricardo judged to be but one cause, and secondary at that. Ricardo, however, acknowledged that in a case where capital was imagined to go on increasing while population was stopped before the best land was fully used, then wages would not be influenced by changes in the cost of producing corn. Their movement would, in this instance, be determined solely by the relation between the (increasing) demand for labour and its (given) supply. Now, when Mill, in his Principles, included wages with international values as cases coming solely under the influence of supply and demand, he referred the reader to the treatment of wages in book II (Distribution). But this book dealt with the problem in a static way: the influence of diminishing returns on wages, in the progress of society, was held over until book

IV (Influence of the Progress of Society on Production and Distribution).
What Mill says of wages in book II corresponds to Ricardo's hypothetical case above: the effect on wages of a change in the price of necessaries is deliberately neglected. The treatment in book IV restores Ricardo's general emphasis.

The results of this discussion can be briefly summarised. Supply and demand analysis was neither foreign nor unacceptable to Ricardo. He was aware of the downward-sloping demand curve, and the core of his analysis would remain unchanged if his assumption of a perfectly price-inelastic demand for corn were relaxed. He objected not to supply and demand analysis as such, but to the superficial appropriation of it which had led others into error. Finally, he did not object to applying it to wages, which Mill, in the static part of his analysis, included with international values as a case falling under the sole influence of supply and demand. None of these considerations shows conclusively that Mill's treatment of international values would have been acceptable to Ricardo; but they lend strong support to that view.

The inverse relation of profits and wages
The final study to be examined is Mill's essay 'On Profits, and Interest'. The first part of this essay - all that concerns us - is a restatement of Ricardo's paradoxical proposition that profits vary inversely with wages.

Two features of this proposition had been found difficult. Firstly, when Ricardo spoke of wages he meant the value (labour plus capital cost) of the wage goods received by the labourer, not the quantity of goods received, or their value in any other commodity. If the cost of producing wage goods increased, Ricardo called it a rise in wages, though at the same time the quantity of goods received or consumed by the labourer might have declined. Moreover, since cost was measured at the margin, an increase in the value of the wage implied an increase in the proportional wage, hence a fall in proportional profits. It was therefore impossible, on Ricardo's theory of value, and assuming productivity given, for wages and profits both to be high. The acute Samuel...
Bailey complained in his Critical Dissertation on the Nature, Measures, and Causes of Value (1825) that it was an abuse of language to treat wages as a proportion. The term's natural sense, he said, is a quantity of commodities for which labour would exchange. Further, he argued, if the productivity of labour rose, profits and wages might both rise together. This latter point, it should be noted, was not inconsistent with Ricardo's meaning.

A second difficulty was that Ricardo identified a fall in proportional profits with a fall in the rate of profit. While the two are exact equivalents only if non-wage capital is neglected, the exclusion of non-wage capital makes no difference to Ricardo's proposition that proportional profits and the rate of profit move always in the same direction in response to an increase in the proportion of the marginal product which goes to wages. This is obvious in the case where wage and non-wage capital are employed in a fixed ratio. For then a rise in wages as a share of the marginal product must reduce both the ratio of profits to wages and the ratio between profits and wages plus non-wage capital. The substitution of machines for some direct labour does not alter the result, since the substitution is only undertaken in response to a previous fall in the rate of profit. This is true on the assumption that productivity is given. Torrens proposed a case where technical progress makes it unnecessary to employ so great an amount of non-wage capital in order to derive a given output. In this case, he maintained, wages and profits may be in the same proportion, but the rate of profit will have changed. The case does not, in fact, touch Ricardo's reasoning, since the 'real' cost of production has fallen, and on his theory of value, the value of the product will be less by as much as is necessary to maintain the same rate of profit as before. To Torrens, however, it seemed that Ricardo's proposition about the inverse variation of wages and profits was upset by his apparent neglect of non-wage capital.

110 (1791-1870). Philosophical writer. Some of his work was held in high regard by John Mill (Earlier Letters, Collected Works, vol.XII, p.258). His Critical Dissertation on Value was the third work (after James Mill's Elements and Ricardo's Principles) chosen for study by the group meeting in Grote's house (Mill, Autobiography (Columbia ed.), p.84).


John Mill realised the crucial role of Ricardo's theory of value in this proposition. He dealt with the sort of objection raised by Torrens by openly including non-wage capital, then reducing all capital to its labour value. Mill added only that capital is not entirely resolvable into the wages of the labour which produced it. An element of profits is comprised in the value of intermediate goods, as of all others. Instead of saying that profits vary inversely with wages, therefore, it should be said that profits vary inversely with the cost of production of wages, 'reckoning labour and previous profits together'. This, however, was merely guarding against a possible misunderstanding of Ricardo's shorthand expression that value varies with quantity of labour. Ricardo himself had found it necessary to explain to Malthus that by this he meant only that value is more or less in proportion to the quantity of labour employed: 'it is essentially different from the labour itself', which is only a part of the total cost.

No concession was made to Bailey. Mill was aware, before Bailey wrote, of the peculiarity of using the term value (or wages) to denote cost rather than exchangeable value. In the essay 'On Profits, and Interest' he merely explained again Ricardo's special usage, with a passing acknowledgment of Bailey's other point, that 'if the produce of labour is large, the price of labour may also be large without any diminution of the rate of profit: and, in fact, the rate of profit is highest in those countries (as, for instance, North America) where the labourer is most largely remunerated'.

114 'On Profits, and Interest', Collected Works, vol.IV, pp.292-3. It will be observed that this reduction of capital to its labour-equivalent was the notion employed by James Mill in his version of the labour theory of value. It seems unlikely that John Mill was here investing it with anything other than a technical significance; for later in the same essay, in identifying profits net of interest with 'wages of superintendance' he said that it was 'to push the analogy too far' to assert that profits are regulated by the same principles as other wages (ibid., p.301). Cf Ricardo, Principles, Works, vol.1, p.82: 'Less capital...is the same thing as less labour.'


117 Two Letters on the Measure of Value [1822]: 'Mr. R. renders the word value, as synonymous with productive cost - thus introducing a new, and as it appears to me, a needless ambiguity of language' (p.15).

118 'On Profits, and Interest', Collected Works, vol.IV, p.293. Mill had made an equivalent acknowledgment possibly just before Bailey's work was published. It did not necessarily follow, he said, that 'because the labourers in any country are ill off...the profits of stock are high'. For 'experience shows that in those countries where the people multiply without restraint it is necessary for their food to cultivate such bad land that profits are reduced just as low as they are anywhere else'. This was stated in 'Closing Speech on the Cooperative System', in Archiv fUr Sozialwissenschaft und Sozialpolitik, 62 (1929), p.236. The speech was given at the Cooperative Society debates, which took place, according to Mill, for about three months 'in the early part of 1825'.
There was no change in Mill's exposition between the essay and his *Principles*. However, his version of the doctrine has been said to represent a departure from Ricardo's position. According to Mark Blaug, Ricardo based his proof of the inverse relation of profits and wages on the invariable standard. Mill did not employ the standard in his exposition. Indeed, says Blaug, he 'repudiates the concept of cost value', adhering only to 'the "anemic" version of the labor theory of value, which is satisfied with stressing the long-run importance of relative labor costs'.

Let us examine this charge. Ricardo, it is well known, was fascinated by the notion of a commodity whose value would not be influenced by changes in the rate of wages or the rate of profit (acting through differences between commodities in the proportions of fixed and circulating capital, in the period required to pass from the raw materials to the market stage, and in the durability of fixed capital). To see the particular advantage of being possessed of such a commodity, suppose corn to be produced under conditions equal to the average (in terms of the three characteristics just mentioned) for all commodities. Then a change in wages/profits would leave corn unchanged in value. Suppose, further, that money is produced always with the same quantity of labour and capital, so that all changes in the economy must be due to non-monetary causes. It is then certain that a rise in the money price of corn is caused by an increase in the 'real' cost of producing corn, and not by a change in the wage rate or in the value of money. This result was central to Ricardo's analysis, and he was aware that one possible device for simplifying the demonstration of it was to equate corn with an invariable standard.

However, Ricardo did not need this device in order to show that profits vary inversely with the cost of corn. He did need the labour theory of value, but only in its so-called anaemic version. He believed that changes in the quantity of labour comprised the main cause of changes in relative values; hence he adopted quantity of labour as an approximate measure of changes in values. Profits vary inversely with the cost of producing corn, provided that value changes in the same direction as quantity of labour, workers consume some corn, the rate of profits is, in equilibrium, the same in every employment, and

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118 (continued)
(Autobiography (Columbia ed.), pp.86-7). Bailey's book was published in June 1825. Ricardo, too, was aware of the point: see, for example, *Letters*, *Works*, vol.IX, p.179.
there is no group on fixed money incomes onto whom capitalists can shift a rise in the money wage by raising prices. It is true that profits can be said to vary solely with the cost of producing corn only if there is no change in the value of money, and if corn is produced under conditions average for the whole economy. But Ricardo so frequently protested his awareness that money was not invariable and that no invariable standard was actually to be found, that he cannot have considered this stricter version of the theorem as other than a 'strong case'.

John Mill, we have seen, adopted in his Principles the view that quantity of labour is the principal, though not the sole, element in value. In this he was at one with Ricardo. He dismissed the suggestion that there exists any commodity which is constant in its cost of production. Nonetheless, he followed Ricardo in postulating, for the purposes of analysis, that money is constant in value. Mill did not consider the possibility of a commodity whose value is invariant to changes in distribution. However, if, as has been argued above, this idea was used by Ricardo only as an analytical device (analogous in that respect to the postulate of invariable money), then even here there is no essential difference between Mill and Ricardo.

Adapting Ricardo's doctrines to new circumstances

The several studies just examined (including the essay on method) represent the best of Mill's serious thinking on theoretical issues in political economy. He kept up his interest and reading in the subject to the end of his life, but the analytical foundation of his work was laid by 1831. Thereafter he was mainly occupied with applications, and with adapting Ricardo's views to accord with changing circumstances.

122 The last postulate requires some amplification. It would accord with Ricardo's thinking to assume that landlords can alter contractual rents in the long run, and that it is immoral to oppress the fundholder. In that case there remain only two relevant classes, workers and capitalists. The latter - farmers and manufacturers - could pass higher prices onto each other; but then wages, too, must rise, causing an upward spiral of wages and prices 'without any assignable limit'. Ricardo dismissed this possibility as 'absurd' (Principles, Works, vol.I, pp.223-5). Alternatively, wage earners might bear the loss, though this could not long continue (ibid., p.118).

123 See, for example, his disclaimer about gold in 'Notes on Malthus', Works, vol.II, pp.82-3; and about the invariable standard in Principles, Works, vol.I, p.43.


125 Ibid., p.458. Mill generally remembered to make due allowance in his conclusions for any possible variation in money: see ibid., pp.710-11, 713, 714.
In his theoretical studies Mill set out to deal with lacunae in Ricardo's model and with problems defined by Ricardo's approach. Equipped, too, with a method that was in fact a formalised version of what Ricardo practised, Mill was able to handle a number of new cases as exceptions or theorems supplementary to those enunciated by Ricardo. The process may be regarded as one of explicitly writing into some of Ricardo's key doctrines the scope of their application.

Mill's applied work carried on the same process, though in one respect he took it a good deal further. Ricardo's policy proposals followed from his view that the progressive state was the most happy (and therefore the most desirable), and the belief that, in the absence of restrictions on the importation of corn, 'profits will not fall however great be the accumulation of capital'. To Mill, also, it was of the greatest importance to keep up the rate of profit; but he believed a great accumulation of capital in Britain had caused the rate of profit to fall, and that the stationary state was imminent. This, he said, 'materially alters many of the practical conclusions which might otherwise be supposed to follow from the general principles of Political Economy'. Accordingly we find in Mill's applied economics some proposals which agree closely with Ricardo's views on the same questions, and others which appear to stand in contradiction of them.

The two distinct sets of proposals are clearly apparent in Mill's discussion of taxation and government expenditure. Many of his recommendations were based in part on a typically Ricardian desire to maximise productivity and to put no obstacle in the way of savings and accumulation. In the early 1830s, when Mill wrote many newspaper articles on tax questions, and also in the Principles, we find him expressing a preference for direct taxes, as distinct from those on commodities. The latter, he held, often interfere with the natural processes of production. In this way they discourage such improvements in production...

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126 Mill's theory of international values filled a gap in Ricardo's work. The demand for money as an asset following a crisis of business confidence was a 'phenomenon', seen against the Ricardian view that money normally is not held.

127 International values and scarcity rents were two such new cases.

128 Compare Stephen Toulmin's comment on scientific research in general: 'the scope of a law or principle is not itself written into it...... Indeed, this scope is something which further research is always liable to, and continually does modify' (The Philosophy of Science (London: Hutchison, 1953), p.31).


as rest upon largeness of scale for their profitable introduction. Of direct taxes the best, Mill thought, was an expenditure tax; for what men actually spend is the best measure of the value to them of their incomes. Moreover, an expenditure tax is the only one which exempts savings from taxation. Under an income tax both the principal and its accumulated interest are taxed, hence the person who saves is actually penalised.

In the absence of an expenditure tax, an income tax should be so framed as to place no barrier in the way of saving. Taxation should be graduated not according to the amount of income, but according to its precariousness and limited or unlimited duration. Incomes derived from personal exertion come into the category of those both precarious and temporary: they cease at death or with infirmity. For the smaller of such incomes, Mill said, exemption should be granted 'up to the income which might be deemed fully sufficient to satisfy those physical wants of a human being which are independent of habit and convention: to keep off hunger and cold, and provide for old age, and for the ordinary chances of sickness, or other inability to work'. This recommended exemption was humane. It was also necessary to protect profits. A tax which reduced the poorest workers' personal income below the habitual standard of living of the labouring class could check the growth of population. The average wage would then rise, at the expense of profits. All temporary incomes, Mill further proposed, should be exempted to allow for saving to support children - the future workforce. Finally among incomes from personal exertion, business incomes, being precarious 'in a peculiar degree', ought to be allowed a further exemption, 'equivalent to an insurance against peculiar risks or casualties'.

Compare these recommendations with some which were designed specifically to carry off a portion of annual savings. Ricardo had decried 'profuse expenditure of Government', and loans to sustain it, as preventing an increase in the national capital, if not actually reducing it. Mill, however, held that loans to support current expenditure were not necessarily harmful. He even advocated expenditure on projects such as the industrial regeneration of Ireland, and on education, neither of which could be regarded as a directly productive application of the nation's resources.

Was there inconsistency here? Mill's two sets of proposals were each related to quite different circumstances. Thus:

In poor countries, the capital of the country requires the legislator's sedulous care; he is bound to be most cautious of encroaching upon it, and should favour to the utmost its accumulation at home, and its introduction from abroad. But in rich, populous, and highly cultivated countries, it is not capital which is the deficient element, but fertile land; and what the legislator should desire and promote, is not a greater aggregate saving, but a greater return to savings.... In such countries, the government may take any moderate portion of the capital of the country and convert it into revenue, without affecting the national wealth: the whole being either drawn from that portion of the annual savings which would otherwise be sent abroad, or being subtracted from the unproductive expenditure of individuals for the next year or two, since every million spent makes room for another million to be saved before reaching the overflowing point.  

Both sets of recommendations could thus be viewed as corollaries of Ricardo's propositions, 'certain [different] conditions of fact being supposed'. But there is more to the question of consistency than simply noting that single elements of Ricardo's model might apply differently in different circumstances. Ricardo's model or 'engine' was an integrated set of working parts. We must therefore ask whether his adaptation of one part to different circumstances brought Mill into conflict with other parts. This will be considered in Chapter 4, below.

However, there is one instance of Mill's adaptation to the new circumstances just mentioned which it is appropriate to consider here; since what has appeared to several commentators as inconsistency can be shown to involve only the element of eclecticism, which characterised Mill's mature work. The case is this. Mill on the one hand denied the doctrine of Adam Smith and of Malthus that the rate of profit tends to fall with the advance of society, because of the competition of capital. He accepted, on the other hand, Wakefield's doctrine of a limited 'field of employment' for capital. However, Wakefield had aligned himself with Smith against Ricardo and his followers.

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136 Ibid.
139 For Smith's view see Wealth of Nations, bk I, ch.IX, 'Of the Profits of Stock'.
It is important to notice at the outset a distinction in Ricardo's thought between two possible causes of a fall in the rate of profit. Malthus suggested that profits would fall as a necessary consequence of the accumulation of capital. To this Ricardo replied: 'no mistake can be greater'. The true explanation of the fall in profits, he said, lies in the fact that, with the progress of society, recourse must be had to less fertile land. Thus:

Accumulation of capital has a tendency to lower profits. Why? because every accumulation is attended with increased difficulty in obtaining food, unless it is accompanied with improvements in agriculture; in which case it has no tendency to diminish profits. If there were no increased difficulty, profits would never fall, because there are no other limits to the profitable production of manufactures but the rise of wages. If with every accumulation of capital we could tack a piece of fresh fertile land to our Island, profits would never fall.

Ricardo further explained that

When in the course of things profits shall be so low, from a great accumulation of capital, and a want of means of providing food for an increasing population, all motive for further savings will cease, but there will be no stagnation - all that is produced will be at its fair relative price and will be freely exchanged.

In other words, neither the gradual decline of profits in the progressive state, nor the arrival of the stationary state, shows that accumulation has exceeded the aggregate demand for the products of capital.

If, then, Wakefield was expressing Malthus's view, he was in opposition to Ricardo. However, there was no necessary opposition between them if, by the phrase a limited 'field of employment' for capital, Wakefield meant only that capital might increase faster than the supply of land of given fertility, or that there is a finite total amount of land to which capital and labour can be applied with a return equal to cost. Just what Wakefield did mean is not easy to determine. He believed that his views were opposed to those held by the Ricardians; though some of the dispute was due simply to his misinterpretation of their doctrines. The Ricardians would not have disagreed, for example, that 'the land...from which a society derives its food, constitutes its field of production'.

imply that they were unaware of the importance of land as a necessary cooperating agent. Nevertheless, there was the potential for a genuine difference of view hidden in the words 'competition of capital'. If all land were of the same quality, Wakefield argued, profits would fall from 'a necessity for employing on the land already cultivated more and more capital with less and less return'. The Ricardians would have acquiesced in this, and enquired no further. Wakefield, however, asked: 'Whence this necessity?' Clearly, he concluded, it arises from an increase of capital and the consequent competition among capitalists. This, he said, is the real cause of the decline in profits. There are hints that Wakefield associated this competition with a fall in price, due to a failure of demand to increase at the same rate as capital. The Ricardians would not have concurred in this suggestion. Granted that there probably was some ground for Wakefield's belief that his theory was opposed to Ricardo's, nevertheless Mill's adoption of Wakefield's form of words did not necessarily imply acceptance of anything in Wakefield which was contrary to Ricardo's thought. Mill in maturity was an eclectic. The process by which he shed his doctrinaire youth is a complex one, not to be described in a few words. However, we may note that it began with his so-called 'mental crisis' of 1826, when he first recognised that there was nothing compelling about his continuing, or far less liking, to be the calculating reformer for 'the general good' in which mould he had been cast by his father. After a severe depression provoked by the collapse of this one-time verity, he found, through reading some of the romantic poets, a taste for cultivating 'the passive susceptibilities' - the imaginative and the contemplative. 'I ceased,' he said, 'to attach almost exclusive importance to the ordering of outward circumstances, and the training of the human being for speculation and for action.' Mill's disenchantment was initially confined to the education he had been given. It soon found wider confirmation in the inadequacy he recognised in his father's approach to politics. Having discerned the error in the geometric method, John Stuart Mill elected to adhere to no new system in politics, retaining 'only a conviction that the true system was something much more complex and many-sided than I had previously had any idea of', and that truth lay more in the principles of enquiry than in any particular results

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146 Wakefield chiefly worked from James Mill and McCulloch. But his understanding of their views is not always right; and he at times quite misrepresents the Ricardian position: see, for example, England and America, pp.79-80.


149 Autobiography (Columbia ed.), p.100.
The acknowledgment that truth was many-sided and that taught opinions do not necessarily move men made Mill less ready to bludgeon others into accepting correct views, as he had tried to do, for example, with Malthus five years earlier. From 1829 he adopted the method of 'practical eclecticism', seeking himself, and seeking to show others, the fragments of truth in the midst of error, and then uniting these with established truth. In this way he hoped to separate the recognition of error from the stigma of defeat, and to make the adoption of truth a 'natural and almost spontaneous growth'.

Given this practice, nothing more is implied in Mill's praise of Wakefield, or of any other economic author, than that there is something true or useful in his work, which might be welded onto the Ricardian structure.

Turning, then, to what Mill accepted as true in Wakefield's notion: it can be shown that from his first reading of Wakefield, Mill consistently chose to understand the phrase a limited 'field of employment' as meaning, not the lack of a market for capital once employed, but the insufficiency of fertile land in relation to labour and capital, whence diminishing returns caused the rate of profit to fall. Thus in 1834 he wrote: 'In England, land is the deficient element; labour and capital, relatively to land, are both in excess.' Again, in the same year, 'the rate of wages must depend on the proportion of capital to labour, and of both to the field for profitable employment'. A few months later Mill speaks of Wakefield in relation to 'my father's and Say's doctrine respecting a general glut'. 'It may easily be shown,' said Mill, 'that they were right; and yet that Chalmers and Wakefield are not wrong.' This could only be if Mill chose to ignore those parts of Wakefield's thought which suggested that aggregate demand was insufficient to employ all savings in England at a profit. In 1836 Mill expressed the view that the rate of profit in England was so low that 'the capital of the industrious classes overflows into foreign countries, and into all kinds of wild speculations'.

150 Ibid., p.113. See also Mill's revealing comments on what the Westminster Review should become, after James Mill's death (Earlier Letters, Collected Works, vol.XII, p.312).
whether the fall in profits was due to diminishing returns or to com­petition (for a share of an insufficient demand). But in 1843 Mill referred to 'the reviving effect which would be produced upon the industrial state of a country [England] in which both labour and capital are every year more redundant, by the transfer of large masses of both to her outlying possessions, there to raise raw produce for exchange against the manufactures of the parent nation.' This suggests once again that he believed that the low rate of profit in England was due to an excess of capital and labour relative to fertile land. In the Principles, this view is plainly stated.

Finally, it must be noted that there was no formal inconsistency in Mill's advocacy of means for employing unproductively part of the nation's annual savings, while at the same time indicating his support for Say's law. There is a clear distinction between advocating govern­ment expenditure to create a market for the produce of existing capital, and advocating the unproductive employment of savings to create a space for the employment of further savings at the same rate of profit, in a country pressing on the limit of its supply of cultivable land. The latter was what Mill proposed.

A little has been shown of the potential in changing circumstances for modifying the application of Ricardo's doctrines. In general, there is no reason why this sort of modification should be regarded as a de­parture from Ricardo's way of thinking, except the latter - doctrines and applications - be taken as an unchanging standard of truth. It is interesting, however, that Mill carried the modification of Ricardo's practical recommendations to the point when, in the case even of Britain, some of Ricardo's proposals were inverted. In Mill's theoretical en­quiries, by contrast, the process of modification extended no further than admitting as exceptions cases which he held to be numerically unimportant. We must now turn to the source of this difference and to a further discussion of Mill's applied work.

155 See, for example, 'Torrens's Letter to Sir Robert Peel', The Spectator (28 January 1843), 85-6, p.86; and a leading article on Ireland in The Morning Chronicle (13 October 1846), p.4.
Chapter 4

SOCIAL PHILOSOPHY AND POLITICAL ECONOMY

The reasons are not far to seek why Mill took the modification of Ricardo's policy recommendations so much further than the modification of his purely theoretical propositions. In the first place, Mill set Ricardo's doctrines alongside some broad notions of history and the goals and means to social progress. These provided a standard outside Ricardo's economics, by which to judge its universality and immediate usefulness. With such a standard the rate at which necessary modifications were perceived no longer depended on the more or less random occurrence of events which were problematic from Ricardo's point of view, or the theoretical reflection of a few interested individuals. Secondly, Mill increased the number of variables on which policy could operate.

Let us look at these reasons more closely, taking the latter first. Mill followed Ricardo in adopting as a frame of reference for his policy proposals the laws of production (especially on the land) and of the increase in population. Ricardo, however, concentrated on changing the cost of supply of wage goods, whereas Mill considered as potentially independent variables also the numbers to be fed and the ownership of the means of production.

The rate of growth of numbers had always been held by Mill to be tractable through education and public opinion (see above, chapter 2). By 1848, however, it seemed to him more important to have effective control of population than to have a larger capital. For by that date, as we have seen, he was convinced that the rate of profit in England had reached its 'practical minimum' - the point at which opportunities for investment abroad, and 'rash speculations', appeared more attractive than productive investment at home. The continued growth of capital was still important; but Mill seems to have viewed that side of the labour market equation strictly as a holding operation. He advocated the unproductive employment of part of the annual increase of savings, in order to clear a space for more capital at the same rate of

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1 Principles, Collected Works, vol.III, p.746. The 'practical minimum' stood somewhat above the rate at which the motive to add to the capital stock would entirely cease.
profit. The point of doing this is not explained. It is probable, though, that Mill had in mind the need for time to effect certain changes before the stationary state was reached. On the one hand, it was desirable that men be taught how to occupy their minds with 'better things' than the struggle for wealth. On the other hand, if, in the stationary state, none was to be poor, 'nor over-anxious about the means of subsistence', then the ratio of numbers to capital would have to be reduced. To achieve this, the body of workers would have to be raised 'to a state of tolerable comfort', and maintained in it until a new generation grew up which accepted this level of comfort as their minimum. Clearly, time was required to achieve both these ends.

Apart from giving more attention than Ricardo to the control of numbers, Mill considered as alterable something which Ricardo took as a datum, namely, the institution of private property. Comte and the followers of Saint-Simon taught Mill to look upon all institutions and man-made laws in terms of their appropriateness to the needs of a particular time and place, and of the immediate future. He began to question whether private property and its distribution between three social classes (landlords, capitalists and labourers) were not merely passing forms which happened to have prevailed in England when Ricardo wrote. Mill also derived from the same source the ideal of a future organisation of society, including the economic processes of production and distribution, in which cooperation would replace the principle of competition. Together these notions gave Mill the freedom to experiment with quite non-Ricardian solutions to social and economic problems. The obverse of this freedom was the judgment that Ricardo's solutions were not binding for all times, nor even for all current situations which differed from the particular circumstances he had postulated.

In this chapter we shall be occupied with Mill's social thought in the period 1830-48. Between these dates he adopted and gave

2 He was not quite clear on this point, speaking both of arresting the decline of profits and of abstracting enough capital to raise the rate of profit above its existing level (ibid., pp.742, 747-8). The first idea, however, is the one more frequently expressed. Whether Mill was consistent with Ricardian theory in advocating the unproductive use of savings will be discussed in the final section of this chapter.
7 Claude Henri de Rouvroy, Comte de Saint-Simon (1760-1825). French socialist thinker.
8 A useful discussion of Mill's personal and intellectual relations with the Saint-Simonians is Richard K.P. Pankhurst's The Saint Simonians Mill and Carlyle (London: Sidgwick and Jackson, n.d.).
expression to a whole set of ideas which, though current to one extent or another, in the writings of the radicals and romantics of those and earlier days, had been ignored in the world of serious economic discussion. Most of Mill's writings were, however, anonymous contributions to the newspaper press. Only with the publication of the Principles in 1848 did it become apparent to a wide audience that Ricardo's economics had been poured into a distinctively new mould, and that by a one-time narrow Benthamite. The following two sections will outline that mould. A final section will take up the question of the relation between Mill's social philosophy and his Ricardian economics.

The limits of competition

The Saint-Simonians distinguished three stages in history: the Theological, the Metaphysical - really only the decline of the Theological stage - and the Positive. Progress was a movement from belief in, and social organisation based upon, revelation and 'essential' principles, towards the acceptance only of what could be demonstrated to the senses. Between each of the three 'organic' stages there was a 'critical' or transition stage, involving the breakdown of established authority and institutions and their replacement by those appropriate to the succeeding 'organic' stage. 9

Mill first read some of the Saint-Simonian literature in 1829, probably just after he encountered Macaulay's criticism of James Mill's theory of politics. 10 The work which impressed him most was Comte's Système de politique positive (1822). 11 Comte pointed out that the age was one of transition, marked by a crisis produced by the clash of two opposing tendencies: 'a social system in its decline, a new system arrived at maturity and approaching its completion'. But the attempts of rulers and people to stay disintegration and reorganise society have hitherto been misconceived, Comte said, in terms, respectively, of fact and principle. Rulers have seen only the tendencies to anarchy, quite missing the fact that a new society was naturally emerging; and by seeking to stem the anarchy through the re-establishment of the 'feudal and theological system', they have actually given added force to the

10 Earlier Letters, Collected Works, vol.XII, p.35.
11 This essay originally carried the title 'Plan of the Scientific Operations Necessary for Reorganising Society', to which was added 'System of Positive Polity', in 1829. It is published, in a translation by Henry Dix Hutton in the General Appendix (Third Part) to Comte's System of Positive Polity [1851-54], trans. Richard Congreve, 4 vols (New York: Burt Franklin, 1966), vol.4, 527-89.
The people, too, he said, have erred in proclaiming the sovereignty of individual reason; for 'this doctrine in fact essentially tends to hinder the uniform establishment of any system of general ideas, without which nevertheless society cannot exist'. The age of negative criticism which preceded the Revolution of 1789 must, therefore, give way to an organic union in society. First, the error of the rulers must be corrected; then the people must be made to see that constitutions do not supply social reorganisation. For constitutions take up only the practical aspects of societal arrangements, and antecedent speculation is essential to determine the aim and direction of the new social union. This theoretical or 'spiritual' work must be put into the hands of savants, a new breed of men learned in all branches of positive science and able to make of politics also a positive science. The practical (administrative) or 'temporal' work should be left to 'the heads of industrial works' - 'engineers' as distinct from savants.

The distinction between 'organic' and 'critical' periods was at once taken up by Mill. In some essays written in 1831 under the general title 'Spirit of the Age' he averred that England was a nation in transition, passing from the authority of the church and of a landed ruling class into a future 'natural' state 'in which the opinions and feelings of the people are, with their voluntary acquiescence, formed for them, by the most cultivated minds which the intelligence and morality of the times call into existence'. As a reformer, Mill had always understood his task to be one of exposing and weakening 'sinister interests'. He now also saw that freedom of opinion, equality before the law, a vote for all and an unfettered economy were goals which did not look beyond the 'critical' epoch. When they had been gained, it would still be necessary to renovate society. The Saint-Simonians taught him that laissez faire was inadequate to this new task. Soon Mill was calling it a merely negative principle, whose work extended only to the breaking down of established barriers to freedom. Of Harriet Martineau's social and economic prescriptions he wrote in 1833:


The essays were published in The Examiner, and have been reprinted in Schneewind (ed.), Mill's Essays on Literature and Society, 28-78. The quotation is from p.68. See Schumpeter, History of Economic Analysis, p.129 note, for a pertinent comment on the tendency of social philosophers to exalt their own particular values into a norm; and R.S. Neale, 'Class and Class-consciousness in Early Nineteenth Century England: Three Classes or Five?', Victorian Studies, XII (1968), 5-32, for an attempt to identify the sort of values Mill espoused with a social 'middling' class of 'petit bourgeois, aspiring professional men, other literates, and artisans'.
She reduces the laissez faire system to absurdity as far as the principle goes, by merely carrying it out to all its consequences. In the meantime that principle like other negative ones has work to do...of a destroying kind, & I am glad to think it has strength left to finish that, after which it must soon expire. 17

In place of laissez faire, the Saint-Simonians put the principle of cooperation. In the new society there was to be a hierarchy of talents, but each was to contribute his abilities in the service of all, providing, first and foremost, for the elemental needs of the poor and less able. 18 The maxim was, a chacun selon sa capacité; a chaque capacité selon ses œuvres.

Initially Mill had feared that the Saint-Simonian organisation would involve 'a qualification for eligibility' as odious as that which laissez faire had sought to tear down: 'not a qualification of property but of education'. But he was convinced that the Saint-Simonians were right to stress the need for an imaginative and creative educated elite - the pouvoir spirituel - to lead the mass of mankind. 19 Shortly afterwards (1831) he wrote to Gustave D'Eichtal:

I am now inclined to think that your social organisation, under some modification or other, which experience, no doubt, will one day suggest to yourselves, is likely to be the final and permanent condition of the human race. I chiefly differ from you in thinking that it will require many, or at least several, ages, to bring mankind into a state in which they will be capable of it... 20

Soon Mill was advocating the Saint-Simonian cooperative organisation as 'the true ideal of a perfect human society'; and he expressed a hope that 'the time is coming for more rational modes of distributing the productions of nature and of art, than this expensive and demoralizing plan of individual competition'. 22

As this implies, Mill believed that competition had both moral and economic weaknesses. Social feelings, he said, are vitiated by the 'fierce rivalries' of competition. At the same time, competition on an extended scale is self-defeating: no one has the time or resources to examine and weigh individual claims to merit; hence 'any voice, not pitched in an exaggerated key, is lost in the hubbub. Success, in so crowded a field, depends not upon what a person is, but upon what he

18 See Manuel, The New World of Henri Saint-Simon, pp.319-20, for a succinct account of the manner of operation of the hierarchy.
20 (1804-86). A student of Comte's; sought to convert Mill to the Saint-Simonian cause.
seems'. As charlatanerie flourishes, so the individual feels lost and impotent in the crowd, and 'individual character itself becomes relaxed and enervated'. Thus far the moral weaknesses. Economically, competition was decried for being wasteful. In 1836 Mill complained that intense competition 'drives the trading public more and more to play high for success, to throw for all or nothing; and this, together with the difficulty of sure calculations in a field of commerce so widely extended, renders bankruptcy no longer disgraceful'. If this was a reference to the rash speculations induced by low profits, and to the effects of the ensuing crisis and panic, Mill might easily have added that capital may actually be destroyed in this way, and will certainly remain unemployed for a time, following a crisis. In addition to these wasteful effects, competition cannot guarantee that men will be employed in the ways best suited to their abilities and training. Mill gave a delightful illustration of this, drawing on the medical profession:

One successful practitioner burdened with more work than mortal man can perform, and which he performs so summarily that it were often better let alone; in the surrounding streets twenty unhappy men, each of whom has been as laboriously and expensively trained as he has to do the very same thing, and is possibly as well qualified, wasting their capabilities and starving for want of work. Under better arrangements these twenty would form a corps of subalterns marshaled under their more successful leader; who (granting him to be really the ablest physician of the set, and not merely the most successful impostor) is wasting time in physicking people for headaches and heartburns, which he might with better economy of mankind's resources turn over to his subordinates, while he employed his maturer powers and greater experience in studying and treating those more obscure and difficult cases upon which science has not yet thrown sufficient light....

Mill's dissatisfaction with competition as a principle around which to renovate society should not be confused with qualifications to laissez faire as a guide to government behaviour in the economy. He had always allowed certain qualifications to laissez faire in this latter role. As early as 1825 he had said: 'I am not one of these who set up liberty as an idol to be worshipped, and I am even willing to go farther than


25 'Paper Currency and Commercial Distress', Collected Works, vol.IV, p.77. Mill noted that capital is only lost, from a national point of view, if high prices have been paid to foreigners for imported goods.

most people in regulating and controlling when there is a special advantage to be obtained by regulation and control.\(^\text{27}\) It was a true application of the principle of utility that even a good, like freedom, could be sacrificed to an evil, like control, provided a greater good would come of it.\(^\text{28}\)

Virtually all the qualifications to laissez faire which Mill enumerated in his chapter in the *Principles*, 'Of the Grounds and Limits of the Laissez-Faire or Non-Interference Principle' (book VI, ch.XI), were expressed much earlier in his writings. There was never any question of the propriety of laissez faire where individuals were sane and adult and their actions affected none but themselves. For the general presumption was that men know what is best for themselves. Some of the implications of this are already familiar. There was, for example, no doubt about the evil of interferences like the Corn Laws, which prevented the people from eating as cheaply as they might have done. But even adults might, if ignorant, stand in need of being told where their true interest lay. For instance, it was desirable to instruct the working classes in the Malthusian principle. And general instruction was necessary if the lower orders were to discern and throw off the prejudices which made them the slaves of priests and of a ruling oligarchy. Similarly, children were not in a position to know their interest. Here it was both desirable and legitimate to interfere with the laws of child labour. Moreover, if individuals could gain an advantage by not doing that which would benefit all if (but only if) it were done by all, then a constraining law was justified.\(^\text{29}\) In addition, there were cases where a widespread good would come of intervention; for example, the central organisation of poor relief. Given that society had an obligation to provide for those unable to obtain work, it was efficient that if there was no work in one parish, paupers should be put to productive work elsewhere, under 'duly-constituted municipal councils, or, in default of such institutions, an officer named by the Crown in each county'.\(^\text{30}\)

Finally, the State held the right to intervene if land was misused, to

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28 Unheaded leading article in *The Examiner* (4 December 1831), 776-7, p.776: 'If a Government did its duty to the people - if it never inflicted evil upon any part of them, save for the general good...'.
30 'The Emigration Bill', *The Examiner* (27 February 1831), 130-1, p.131. Still better, though, would be to farm paupers out 'by open competition to private contractors', with due guarantees. Despite this exception, Mill gave earnest support to the principle of centralised control under the New Poor Law of 1834: see, for example, 'The Poor Laws', *The Examiner* (9 March 1834), 145-6; and 'Notes on the Newspapers', *The Monthly Repository*, VIII (1834), 354-75, esp. pp.363-4.
the general detriment. For the productive powers of the soil were a common gift and land could not, therefore, be appropriated as an inalienable private right. Mill recognised that it was just and expedient to grant the right of possession; but misuse gave the State the right to dispossess a landlord. Similarly, endowments should not be regarded as unalterable, where it was clear that the founder's wishes were no longer appropriate in current circumstances. 31

All of these qualifications to laissez faire were in the Benthamite tradition, though Ricardo's views on the possibilities of beneficial interference by government had been almost uniformly negative. 32 There are only two really new elements in Mill's view of laissez faire. Firstly, the principle to him not only was not absolute, but was conceived to have a limited life. Secondly, he accepted cooperation as the ideal basis for social organisation, in place of competition.

This last requires further comment. In 1825 Mill had firmly rejected cooperation in this role, giving four reasons. Firstly, at least in the Owenite system, rewards were not related to work performed, and Mill thought that incentives would thus be wanting. 33 The cooperative system, he said, 'prevents the powers of production...from being called into full activity'. Mill knew that men loved themselves above their society. He even doubted whether education could alter this; and if it did succeed in making men 'perfectly benevolent', that would make the social system itself of no importance. Pure anarchy would then be best, since it provided for 'the greatest possible freedom of action'. Secondly, and related to this, there was no adequate security for good management in a cooperative, since 'everybody's business is nobody's'. Thirdly, the cooperative system was 'in its very nature...a system of universal regulation'; and unless this evil could be justified by showing that a greater total happiness would be obtained, or obtained in less time than under a competitive system, such a regulated system was undesirable. Finally, the cost of establishing cooperative communities was great, and if, to gain happiness more quickly in the communities, it was necessary to subtract from the country at large relatively more capital than people, the communities would benefit at the expense of

the nation as a whole. This, he said, pointed to the basic difficulty which the Owenites refused to face: wages could only permanently and universally be raised by limiting numbers relative to capital. Cooperation, Mill concluded, would be a costly and hazardous experiment. His own hopes lay with the principle of self-interest: the happiness of the whole could be attained by arranging things so as to make individual and social interests coincide, and educating individuals to know their own interest. 34

How, then, was he able so soon afterwards to enthuse over the Saint-Simonian cooperative ideal? Chiefly because one of the elements in Owenism which Mill found especially objectionable was not present in Saint-Simon's version of cooperation. Mill understood 'the fundamental principle' of Owenism to be 'the community of property'; and by this was meant not only that there were no private rights in the means of production, but also that there were no private rights in the product. It was this last aspect with which Mill disagreed. By divorcing material rewards from work, idleness would be encouraged. As Mill observed in his essay on method (1836), 'aversion to labour, and desire of...present enjoyment' are two 'perpetually antagonizing principles to the desire of wealth'. 35 It is true that he expressed a hope in the Principles that men might be educated to employ their energies fully in the absence of the struggle for wealth; but he also acknowledged that 'while minds are coarse they require coarse stimuli'. 36 The chief reason for the failure of the old Poor Laws, Mill thought, was precisely that they had dissolved the wage bargain, by giving relief whether or not there was work done in return. 37 Owen's system, therefore, was quite impracticable. The Saint-Simonians, by contrast, advocated the management of means of production on a joint-stock principle, and apportioned the produce 'not...in equal shares to the industrious and the idle, but...on the principle that no one who does not work either with head or hands, shall be allowed to eat, and that each person shall be employed according to his capacity, and paid by a salary proportioned as far as possible to his services, as is now supposed to be the case in the army, or in a public office'. 38 Mill implied a belief that mankind might

37 See Mill's concurrence with Senior's analysis of the deficiency of the old Poor Laws in 'The Labouring Agriculturalists', The Examiner (19 December 1830), 811-12.
38 'St. Simonism in London', The Examiner (2 February 1834), p.68.
conceivably progress to the point where this system could be implemented. Saint-Simonism, he said, was impracticable only in degree.

It should be noted, however, that Mill retained his fears that, in the present stage of moral progress, cooperation would not work. Thus, for example, in 1834 he commented on a new doctrine among trades unionists, 'that when they resolve upon a strike, their course must not be to cease working, but to work on their own account; and that the common funds, which formerly went to support them in idleness, must now be administered as a capital for their productive employment'. The experiment, Mill said, is laudable, but it will probably fail. For the cooperative principle as applied to the production of wealth, causes so much waste of labour in the intricate business of management and check, and such a relaxation of the intensity of individual exertion, that under the fairest possible distribution there is a smaller share for each, than falls or might fall to the lot even of the most scantily remunerated, under the present arrangements.

Mill also continued to hold that private property and inheritance were essential to a large production. Indeed, he had from the beginning felt that the Saint-Simonians were guilty of 'a great heresy' in advocating the abrogation of all rights to property or inheritance. Men were not ready to receive such doctrines yet. Finally, the need to control population continued to influence his assessment of the feasibility of cooperation. Workers had to learn that 'no combination can keep up the value of an article, when the supply exceeds the demand'.

All these objections reappeared in the first edition of the Principles. Joint-stock companies were still held to be less efficient than individual capitalist enterprises. Mill advocated cooperation chiefly because he thought it would help to heal the dispute between Labour and Capital; and for that reason also he chose to see it as the natural goal of civilisation. As to private property, Mill argued that the system had never really been properly tested. The abuses in

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40 Ibid. Cf. 'The Quarterly Review on the Political Economists', The Examiner (30 January 1831), 68.
41 Earlier Letters, Collected Works, vol.XII, p.34.
42 'Notes on the Newspapers', The Monthly Repository, VIII (1834), 435-56, p.437. Cf. Earlier Letters, Collected Works, vol.XII, p.109: 'I who am not a St Simonian, though I greatly admire the St Simonians, & think that they are in many respects far ahead of all Europe, am yet firmly convinced that you have yet much to learn, in political economy from the English economists (inferior as they are to you in many points)'. It is possible that this referred to their failure to attend sufficiently to the need to control numbers.
England were not inherent in competition or private property. In fact, the socialists erred, Mill argued, in declaiming against competition. They failed to distinguish between competition as the final state of social organisation - indeed a mistaken view - and competition as the necessary, albeit 'negative', counter to monopoly and 'sinister interests'. In the latter role competition was both useful and indispensable. Moreover, it was still true that in the existing state of society the only effective incentives to accumulation and high productivity were a secure expectation that one would receive the fruits of one's own labour, and the right to bequeath one's fortune. Indeed, he concluded, all things considered, 'the object to be principally aimed at in the present stage of human improvement, is not the subversion of the system of individual property, but the improvement of it, and the full participation of every member of the community in its benefits'. Finally, once again, socialism was quite unable to raise wages when the supply of labour was still excessive.

There were, however, two concessions made in the Principles to the organisational soundness of cooperative schemes. One was that cooperative industrial ventures, of the joint-stock kind, gave an opportunity to accumulate capital on a scale beyond the means of many individual capitalists. This allowed economies of scale to be reaped in production, and provided resources for the hiring of first class managers. Secondly, while there was greater incentive in individual enterprises, arising from the self-interest of the proprietor, 'a very material stimulus to zeal and carefulness' could be given by having managers share in the profits of cooperative ventures. For the rest, Mill's position was unchanged from that of the early 1830s.

What, then, were the positive features which defined Mill's socialism in the years before 1848? Firstly, from the Saint-Simonians he accepted the idea of a pouvoir spirituel. In the 1830s Mill saw this as a necessary complement to Bentham's emphasis on 'the means of organizing and regulating the merely business part of the social arrangements'. Moreover, Comte (and later de Tocqueville) taught

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48 Ibid., vol.II, pp.135, 139-40.
him that democracy - the rule of the popular majority - would not necessarily throw up the people most competent for the organisation of society; and worse, this system might give rise to a 'tyrannical' levelling rule by merely average men. To counter this possibility, and to preserve society from decaying through a debilitating penetration of mediocrity, creative intellectuals were needed to protect its 'spiritual' interests.

Secondly, and also from the Saint-Simonians, Mill derived the idea that institutions were appropriate only to particular social states. On this view, laissez faire and utilitarian reform were features of the present age of transition, but were not adequate to effect the renewal of society.

Thirdly, Mill accepted the Saint-Simonian maxim governing work and rewards as involving less waste of energy than competition, while being also superior to the Owenite plan, which divorced incentives from work. Taking men as they were, the Saint-Simonian system was closer to economic and utilitarian maxims. Mill retained a clear strain of Benthamism also in his views on the ownership of property.

Finally, there was the ideal of combination itself. As a moral ideal Mill had long been familiar with cooperation from Owen's writings. What made it seem impracticable not in kind, but only in degree, in the writings of the Saint-Simonians, was their rational scheme of work and payment. Unlike Owen's plans, this scheme did not seek to leap ahead


51 See James Mill, Essay on Government, ed. Ernest Barker, p.5: 'if you give more to one man than the produce of his labour, you can do so only by taking it away from the produce of some other man's labour. The greatest possible happiness of society is, therefore, attained by insuring to every man the greatest possible quantity of the produce of his labour'.

52 See 'The Quarterly Review on the Political Economists', The Examiner (30 January 1831), p.68. Here Mill sets forth his ideal, 'comfortable subsistence' for all, in preference to the unequal fortunes promoted by open and unrestrained competition. His Benthamite upbringing, however, constrained him to add that this ideal must be pursued only 'so far as is consistent with that secure enjoyment, by every man, of the fruits of his industry, or that of his ancestors, which is an essential condition of all human prosperity'.
of man's moral development, but made full use of the principle of 'enlightened self-interest'.

While the Saint-Simonians made cooperation seem less than visionary, Mill independently saw a purely material advantage in the idea. As early as 1829 he was denouncing the English worship of the 'idol "production"'.

The disproportionate importance attached to it lies at the root of all our worst national vices, corrupts the measures of our statesmen, the doctrines of our philosophers & hardens the minds of our people so as to make it almost hopeless to inspire them with any elevation either of intellect or of soul...

This view is partly traceable to Mill's own recent discovery that happiness lies as much in the cultivation of the 'passive susceptibilities' as in the pursuit of material wealth. It was also due in part to the fact that wealth at that time was the indispensable pre-requisite for political power. Besides these two elements, there were the purely economic consequences of unrestricted accumulation. For wealth and capital were growing so rapidly in England that Mill began to fear an excess of competition: not indeed in Malthus's sense, but in the form of a fear that the growth of population and capital had so reduced the rate of profit - via diminishing returns - that 'small dealers and small producers' were scarcely able to survive. This meant, in part, that success depended less on merit, since exceptional ability could not give one more than the common, low rate of profit. It also meant, as we have seen, that charlatans could succeed 'by plausible pretense' - possibly a reference to the element of fraud in the railway and shipbuilding boom, which broke in 1836, and to the earlier crisis of 1825. Mill saw in cooperation a means of bringing competition 'within manageable bounds' by limiting the number of competitors. This would increase the turnover of those who remained, partly offsetting the low rate of profit. It would also make the results of individual competitive

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53 There was, Mill felt, 'no incompatibility between the morality of enlightened self-interest & that of dévouement' (Earlier Letters, Collected Works, vol.XII, p.43).
54 Ibid., p.37.
55 Measures like the Corn Laws, and the regressive application of the Window Tax, as well as many taxes on the poor (e.g. the tax on soap) were designed, Mill felt, to minimise the burdens on the rich. They could be carried only because property was the basis of the elective franchise. Mill felt his view was confirmed when after 1832 the newly-enfranchised householders and the commercial middle-class began to move towards the Tories to prevent any genuinely radical reform: see 'State of Parties in France', The Examiner (28 August 1831), 545-6; 'Notes on the Newspapers', The Monthly Repository, VIII (1834), pp.435-7. See also Earlier Letters, Collected Works, vol.XIII, pp.389, 408-9.
57 Ibid., pp.154-5.
efforts depend more on business ability, since customers would have a
good knowledge of the smaller number of competitors remaining. 58

In 1848 Mill defined 'socialist' as 'calling for an entire renova-
tion of social institutions and doctrines'. 59 This definition represents
an amalgam of his earlier organic (utilitarian) reformist views and
Comte's social evolutionary theories. It is scarcely necessary to add
that it does not amount to Marxist ('scientific') socialism. For the
present, Mill favoured centralism only in so far as he thought that in
England there was too much dishonest and inefficient local government.
Nonetheless, 'the real business of government', he said, 'is, almost
all of it, local business'; and 'the Government ought to do nothing for
the people, which the people can...do for themselves'. What he desired
to see was elected representative local bodies doing the work of govern-
ment, overseered at the centre by a body 'itself duly responsible to the
nation at large'. 60 Moreover, he believed that before cooperation on a
large scale could work, men must undergo much moral improvement. 61 And
while he was of the opinion (in 1853) that the world would probably
come to some form of public control over production and distribution,
even then he thought that great social changes were first necessary:
in a society composed like the present, of rich and poor...the direc-
tion of industry by a public authority would be only substituting a
combination of rich men, armed with coercive power, for the competition
of individual capitalists'. 62 On the economic laws and the precise
organisation of this probable future state of society Mill was vague.
Apart from the Saint-Simonians' maxim, Mill simply extrapolated from
the trend he observed towards increasing 'combination of labour' and
association 'for the purposes of productive industry': 'We have only
to imagine the same progression indefinitely continued, and a time
would come when St. Simonism would be practicable'. 63 But whether a

58 Ibid., pp.165, 169-70. On the other hand, small numbers implied less
stability: Mill believed that the law of large numbers gave competition
the advantage that it neutralised individual errors of judgment ('The
Ministerial Measure Respecting the Bank', The Examiner (7 July 1833),
417-18, p.417).
60 See 'Prospects of France. No.VI', The Examiner (14 November 1830),
724-5; 'Municipal Institutions', The Examiner (11 August 1833), 497-8;
and 'Notes on the Newspapers', The Monthly Repository, VIII (1834),
pp.363-4.
61 See, for example, Earlier Letters, Collected Works, vol.XIII, p.563.
62 'Mr. J. Stuart Mill on Re-productive Labour', The Constitutional
(1 May 1853), 45-6. What Mill chiefly feared about communism was that
'the yoke of conformity would be made heavier instead of lighter; that
people would be compelled to live as it pleased others, not as it
pleased themselves' ('Constraints of Communism', The Leader (3 August
63 'St. Simonism in London', The Examiner (2 February 1834), p.68.
socialist system of property was superior to private ownership was for the people of the future to decide. 64

What of the proletarian character of Mill's socialism? He hailed 'the possibility of arrangements of society under which the whole produce of labour would belong exclusively to the labourers'. 65 By 'labourers', however, Mill typically meant all who worked, whether capitalists or those who sold their labour - and that, whether labour of the head or hands. The only superfluous, indeed harmful, class in society, he thought, was the idlers living on inherited property or position. 66 Industry regulated solely on behalf of the working classes, he hinted in 1848, was likely to be abortive, and at least had definite limits. 67

Mill's early socialism, then, comprised a belief in the mutability of social arrangements, and a hope that society might move towards the cooperative control of production (including employment) and distribution. But this goal, he stressed, could not be brought nearer solely by altering the social arrangements. Moral regeneration was the first prerequisite. 68

The laws of production and the laws of distribution

It is likely that one of the reasons for Mill's belief that there were definite limits to the possibility of ordering government solely in the interests of the working classes was that no general promise of material betterment could be kept without the workers themselves learning prudence in regulating the growth of their own numbers. 69 Without this, not even the entire renewal of the distribution of property would

68 Ibid., pp.563-4.
69 Thus, to fix a minimum wage was, he thought, to imply that 'the laws of Parliament could get the better of the laws of nature' - a fond hope ('Truck System', The Examiner (19 December 1830), p.803). Cf. unheaded leading article in The Examiner (4 December 1831), 776-7, p.776. See also 'Writings of Junius Redivivus', The Monthly Repository, VII (1833), pp.267-8: 'there is a cause independent of Government, which makes the majority poor, and keeps them so, where it is not counteracted either by natural or artificial checks; this is, the tendency of population to a more rapid increase than is compatible with high wages.'
suffice to effect any permanent increase in the average wage. The 'grand source of improvement', Mill wrote in a letter of 1847, is 'repression of population, combined with laws or customs of inheritance which shall favour the diffusion of property instead of its accumulation in masses'.

The view that it was necessary to combine altered social arrangements with inducements to prudence greatly influenced Mill's choice of particular means to usher in a more equitable state of society.

Before turning to these, we may notice the beginnings of Mill's belief that the laws of distribution, unlike the laws of production, were to a large degree dependent upon human will; for it was the incorporation of this distinction, Mill thought, which marked his Principles off from all previous scientific expositions of political economy.

Traces of the distinction appear as early as 1831. At that time he was still sensitive to the charge of narrowness. When, therefore, George Poulett Scrope wrote an article in the Quarterly Review, criticising the economists for their concern with wealth, to the apparent neglect of welfare, Mill concurred (though anonymously) in Scrope's insistence upon the insufficiency and sterility of all inquiries which relate to the means by which a community may obtain the greatest accumulation of commodities possessing exchangeable value, unless followed up by the inquiry how far the particular nature of those commodities, and the manner in which they are distributed among the different members of the community, are conducive to human happiness in the largest sense and upon the most extended scale.

Not until 1834, however, did Mill apply to the laws of distribution the truth that he had adopted from the Saint-Simonians. In a review of Harriet Martineau's Illustrations of Political Economy he took the opportunity to state his objection to all the Ricardian treatises:

73 'The Quarterly Review on the Political Economists', The Examiner (30 January 1831), p.68. Scrope's article was 'The Political Economists', The Quarterly Review, XLIV (1831), 1-52. It is possible that this idea took root in Mill's mind at a somewhat earlier date. Though he makes no early reference to the work, he was almost certainly familiar with William Thompson, An Inquiry into the Principles of the Distribution of Wealth most conducive to Human Happiness; applied to the newly proposed system of Voluntary Equality of Wealth (London: Longman, Hurst, Rees, Orme, Brown, and Green, 1824). Thompson (1775-1833) was an Owenite and 'the principal champion' of that side at the Cooperative Society debates of 1825 in which Mill took a leading part. In his Autobiography (Columbia ed.), p.87, Mill mentions this book, and Thompson himself, as 'a very estimable man, with whom I was well acquainted'. The theme of the book was this: 'It is not the mere possession of wealth, but the right distribution of it, that is important to a community' (Preliminary observations, ix).
all of them...attempt to construct a permanent fabric out of transitory materials;...they take for granted the immutability of arrangements of society, many of which are in their nature fluctuating or progressive; and enunciate with as little qualification as if they were universal and absolute truths, propositions which are perhaps applicable to no state of society except the particular one in which the writer happened to live.

Mill fastened, as an example, on the assumption that society is made up of three classes, 'namely labourers, capitalists, and landlords; and that all these are free [economic] agents'. His objection was not to the science itself: 'Though many of its conclusions are only locally true, its method of investigation is applicable universally.' Only, he would have the economists ask new questions, such as 'What changes the relations of those classes to one another are likely to undergo in the progress of society; [and] to what extent the distinction itself admits of being beneficially modified, [or] does not even, in a certain sense, tend gradually to disappear.' To judge from the particular examples cited by Mill to show that the three-class schema was far from universal, it seems likely that he was influenced at this point by Richard Jones's recent work, An Essay on the Distribution of Wealth and on the Sources of Taxation. The general line of Mill's objection, however, was Comtist.

75 An Essay on the Distribution of Wealth, and on the Sources of Taxation (London: Murray, 1831). Jones (1790-1855) succeeded Malthus as Professor of Political Economy and History at the East India College, Haileybury. He strongly advocated the inductive method in political economy. John Mill drew on his researches, referring in the Principles to Jones's Essay as 'a copious repertory of valuable facts on the landed tenures of different countries' (Collected Works, vol.II, pp.247-8). Marshall also paid tribute: 'Jones' book was one of the first on economics that I came across, and his suggestive teaching as to the contrast between Mediaeval and Indian tenures on the one hand and modern English on the other, gave a direction to a good deal of my subsequent reading.' (Principles, variorum edition, vol.II, p.739 note.) McCulloch reviewed Jones's Essay in 1831, when he claimed that Ricardo never pretended that his investigation of rent applied more broadly than to 'occupiers farming for profit under a system of free competition' ('Jones on the Theory of Rent', The Edinburgh Review, LIV (1831), 84-99, p.86). This was a fair defence; but John Mill in 1834 was occupied more with the narrowness of Ricardo's assumption than with the fact that it was not meant to be taken as a universal truth, and he did not bother to adopt McCulloch's defence. In 1845, however, Mill referred to Jones's doctrines as an example of 'new views - new, at least, in having been previously overlooked -...[which] for want of sufficiently careful habits of systematic thought...have been too frequently promulgated as contradictions of the doctrines previously received as fundamental; instead of being, what they almost always are, developments of them; corollaries flowing from these fundamental principles, certain conditions of fact being supposed' ('De Quincey's Logic of Political Economy', Collected Works, vol.IV, p.394).
From 1845 Mill propounded a number of possible ways in which the distribution of property might be altered to the advantage of those poorest in the community. His aim was to secure a 'comfortable subsistence' for all. Clearly, this would depend in part on the number of persons in each property-owning class. If property could be prevented from accumulating in a few hands; if numbers meanwhile could be kept down; and if men would adopt arrangements for production which would increase the total share of income accruing to the working class, then an approach might be made towards equality. Promising schemes were taxes on inheritance, education for all, profit-sharing and workers' cooperatives (to eliminate altogether the separate capitalist claim to a share in the produce).

These schemes were in large measure incorporated into Mill's thinking while he was actually reading for, and drafting, his Principles; therefore, we shall look at them primarily in the form they took in that work. Mill's attention was drawn first to production on the land. Surveying various arrangements for supplying and combining the agents of production, according to the ownership of property - land or other agents - he decided that peasant proprietorship had advantages over the slave-system, the metayer system and cottier tenancy. Under slavery, the land, labour and capital are in the same hands. But 'labour tortured by fear of punishment is inefficient and unproductive'. Under metayage and cottier tenancy, the capital may be furnished either by the landowner or the labourer. The essential difference is that under metayage the product is shared between worker and landlord by customary agreement, a proportion of the produce being given as rent, whereas under cottier tenancy, rent is determined by the competition of labourers for the available land. Thus metayage offers some inducement to improved productivity; greater, at least, than mere day labour. But cottier tenancy Mill thought an unmitigated evil. Under this system population tends to outstrip the available land and the landlord takes all but the barest subsistence from the tenant, who has no incentive to industry, frugality or prudence. By contrast, peasant proprietorship provided all these incentives. Mill neatly sidestepped the problem of how to introduce a system of peasant proprietorship without abrogating existing rights in property. The notion of proprietorship, he argued, does not necessarily imply ownership. 'A tenant at a quit-rent is, to all intents and purposes, a proprietor.... What is wanted is perpetuity of possession on fixed terms.' Given these conditions, property might remain in the hands of its present owners, yet all the advantages of peasant

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78 Ibid., pp.299, 314, 316, 318-19. 79 Ibid., p.278.
proprietorship be realised. These advantages derived chiefly from the fact that the tenant is assured of receiving the fruits of his own exertion. Peasant proprietorship, or an equivalent system of tenancy, trained the intelligence by giving the opportunity to turn to practical use all knowledge acquired. And, 'it is no less propitious to the moral virtues of prudence, temperance, and self-control'. It was a system also conducive, therefore, to the restraint of population, on which the condition of the labouring class ultimately depended. The only evil which might arise under peasant proprietorship was an excessive subdivision of the land. Even when the subdivision was not excessive, small farms lost the advantages of scale. But this loss of productivity could be kept within limits by having a combination of large and small farms to ensure a mixture of the advantages of incentives and those of scale.

Mill vigorously advocated peasant proprietorship as the remedy for Ireland's ills, and home colonisation of waste lands as one means of elevating the condition of the English agricultural labourer. His analysis of Ireland's distress and the remedies appropriate to her case were put forward in a long series of leading articles in the Morning Chronicle from 5 October 1846 to 7 April 1847. He recorded later in his Autobiography that his proposals met with little response, because the guiding principle was 'new and strange'. The new elements consisted in 'combining relief to immediate destitution with permanent improvement of the social and economical condition of the Irish people'. This idea was first expounded by Mill in 1845. In that year he wrote an important article, 'The Claims of Labour', in which he reviewed the

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80 Ibid., bk II, ch.VII, passim.
82 Ibid., vol.II, pp.324-30, 376 note. Home colonisation was advocated by Mill as early as 1832: see 'On the Necessity of Uniting the Question of Corn Laws with that of Tithes', The Examiner (23 December 1832), 817-18, p.818.
83 The substance of these articles is given in the Principles. Mill's thought on the Irish distress has been expounded recently by R.D.C. Black, Economic Thought and the Irish Question, 1817-1870 (Cambridge, at the University Press, 1960). See esp. pp.30-1.
84 Autobiography (Columbia ed.), p.165.
85 In his writings on the Poor Laws in the early 1830s, Mill had advocated reform of the old system on the principles that no relief be given except in return for work, and that relief be not so great as to make the position of the pauper more comfortable than that of the employed labourer. He did not then see beyond giving relief to the destitute, but without 'fatal consequences to their industry and prudence'. See 'Notes on the Newspapers', The Monthly Repository, VIII (1834), 589-600, p.597; 'The Poor Laws', The Examiner (9 March 1834), 145-6. His view in 1845 was a much more positive affirmation. Cf. the interesting speculation of Sir John Walsh in 1830, cited by Black, Economic Thought and the Irish Question, p.104.
schemes currently popular with philanthropists, for improving the lot of the poor. The critical test, Mill said, is this: 'Is the assistance of such a kind, and given in such a manner, as to render [those assisted] ultimately independent of the continuance of similar assistance?' 86

Once stated, this seems almost platitudinous. But it was a striking advance of thought over mere soup kitchen philanthropy, on the one hand, 87 and over the drastic cessation of relief earlier advocated by some of the Ricardians, on the other. 88

Complementing his proposals to better the condition of the agricultural labourer, Mill made certain recommendations to assist wage labourers in industry. The disincentive inherent in cottier tenancy was that no amount of effort would result in more than a minimum income. This was true also of employment for wages in industry. For industrial wage labourers Mill advocated firstly, cooperatives, so that the workers might become in effect their own capitalists; secondly, profit-sharing arrangements with their capitalist-employers. 89 As in agriculture, he felt that there should be a mixture of cooperatives with individual enterprises, the latter generally providing more effective incentives to risk-taking and efficiency. 90 Workers' combinations to raise general wages, he believed, would necessarily be abortive, though the workers would learn much from the experiment. 91

Finally, as general means for effecting a permanent improvement, Mill urged education for all, 92 and the diffusion of property. 93 This

88 Ricardo's own proposals were in this respect quite drastic: see Letters, Works, vol.VII, pp.124-5. But those of Harriet Martineau were still more so: see Blaug, Ricardian Economics, pp.133-4, and for a general survey of opinion of this sort see J.R. Poynter, Society and Pauperism: English Ideas on Poor Relief, 1795-1834 (Melbourne University Press, 1969), ch.VI, and ch.IX, section 2.
90 Ibid., vol.II, pp.137-8, 139-40; vol.III, pp.792-3; 'The Claims of Labour', Collected Works, vol.IV, pp.382, 385. It should be added that Mill was not prepared to come out in favour of either the joint-stock principle or individual enterprise in any blanket judgment. Where competition was free, he held, whichever was the most efficient would soon be clear in each individual trial (Principles, Collected Works, vol.II, p.140).
last was to ensure a genuine equality of opportunity for each generation. To achieve it, Mill advocated limiting the total amount any one person could inherit, taxing all inheritances at progressive rates, and prohibiting entail.

The relation of Mill's social philosophy to Ricardo's economics

We have surveyed the main lines of development of Mill's social philosophy, and have noticed briefly his recommendations for renovating society. The questions can now be asked how, and how well, was his social philosophy integrated with his Ricardian economics?

Mill himself believed that the two were complementary, and he held clear views on the respective roles of each, within a conceptual scheme which embraced both scientific enquiry and practical reform. A key to this scheme is contained in a passage in Mill's Autobiography. He there distinguished three regions of thought. Among these, there were two major regions, both occupied by social philosophy. 'One is the region of ultimate aims; the constituent elements of the highest realizable ideal of human life. The other is that of the immediately useful and practically attainable.' Between them lay an 'uncertain and slippery intermediate region, that of theory.' In the System of Logic the two main regions are together designated art, and the intermediate region, science. Art is likened to the activity of the legislator. It proposes and defines an end to be attained, and places it before science. Science considers the end as an effect, and investigates the possible causes by which it could be produced. It hands back to art a list of possible concurrences of circumstances which would yield the desired end. Art, once again, examines the list, and decides whether any of the sets of circumstances is practicable.

This scheme is foreshadowed in two of Mill's early attempts to explain the relation between economic theory and practice. In his essay on method, Mill distinguished between art, 'the immediate end of which is practice', and science, which has to do with causes. Art is concerned with causes only 'as the means of bringing about effects'.

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95 Autobiography (Columbia ed.), p.132. Mill claimed that his own strength lay wholly in the region of theory. He expressly deferred to Harriet Taylor as his superior in the two regions of social philosophy. John M. Robson, The Improvement of Mankind: the Social and Political Thought of John Stuart Mill (Toronto: University of Toronto Press, 1968), ch.3, argues convincingly that this indication by Mill of the areas of his own and Mrs Taylor's relative competences goes far towards explaining the latter's part in the Principles.
96 System of Logic, bk VI, ch.XII, section 5.
Again, in his 1834 review of Harriet Martineau’s summary of her Illustrations of Political Economy, Mill argued that economic science is a thing apart from, and more general than, the results derived by bringing it to bear upon different postulated economies.

Though many of its conclusions are only locally true, its method of investigation is applicable universally;...he who knows the political economy of England...knows that of all nations actual or possible; provided he have sense enough not to expect the same conclusion to issue from varying premises. 98

On each of these occasions Mill's only concern was to maintain a distinction between the selection of ends and the discovery of causes sufficient to produce those ends (considered as effects).

But science to Mill meant more than just scientific method - the isolation of causes. It comprised also an integrated set of principles. 99 Economic science, in particular, was for him Ricardo's abstract deductive method, plus the law of diminishing returns, the principle of population and the desire for wealth, and the numerous propositions subsidiary to these 'axioms'. After all, it was only the social and distributional arrangements - private property, three socio-economic classes - premissed by Ricardo, and the deductions drawn from them, that Mill thought 'only locally true'. 100 Thus, when he set as a desirable social goal the more equitable distribution of wealth, he was careful to trace out the economic effects of the alternative means to this end. 101 Clearly, to do this he depended not just on a method, but on a body of economic theorems.

The point is made explicit in the System of Logic. Immediately following his description of the distinct roles of science and art in general, Mill makes it clear that any particular art depends for its rationale on the substantive theorems of the corresponding particular science. He further explains that

To know what are the practical contingencies which require a modification of the rule, or which are altogether exceptions to it, is to know what combinations of circumstances would interfere with, or entirely counteract, the consequences of those [theorems]; and this can only be learnt by a reference to the theoretic grounds of the rule. 102

99 'On the Application of the terms Poetry, Science, and Philosophy', The Monthly Repository, VIII (1834), p.329: 'Every collection of general propositions...comprehending all that is known concerning it, arranged with a view to communicate information in a synthetic form, and designed not to record impressions or describe appearances, but to state principles and exhibit results, may...be called a Science.'
102 System of Logic, bk VI, ch.XII, sections 2 and 3.
An illustration of this may be given which brings together the question of consistency held over from the end of chapter 3, and the comments about staving off the stationary state, made at the beginning of the present chapter.

It will be recalled that, in Mill's opinion, the vast accumulation of capital in England since Ricardo's day had reduced the rate of profit to the 'practical minimum'. This new set of circumstances, he said, warranted a change in some of the practical maxims once held by political economists. According to the scheme of thought in the *System of Logic*, Mill ought to have decided that a change was warranted, by referring back to the theorems of Ricardo's economics. But Ricardo's theory said that any slackening in the rate of accumulation of capital, amounting to a slower rate of growth in the demand for labour, will ordinarily cause the wage rate to fall, with all the hardship which that entails. As a rule, therefore, the unproductive use of capital should be discouraged. Mill, however, advocated that some part of annual savings be spent unproductively. If this new maxim was logically deduced from Ricardo's theory, in combination with the new circumstances of 1848, Mill must have believed that no hardship would be imposed on the working classes by his proposals.

Note, firstly, that Mill did not advocate that savings should be wasted (as by wars). Nevertheless, two potential difficulties stand in the way of a reconciliation between his proposals and Ricardo's theory. The first is that the measures Mill proposed - the industrial regeneration of Ireland, education, colonisation - might deplete the nation's capital stock. He dismissed this suggestion, on the ground that it was only part of the annual increment to savings that he contemplated using for unproductive purposes. However, if population continues to grow at a given rate, there is the further difficulty that the wages fund may not increase as fast as the workforce. To this problem there are two possible solutions, both of which Mill offered. (1) It may be argued that 'the object in view is worth the sacrifice of such an amount of the expenditure that furnishes the daily enjoyments of the people'. This might involve a comparison of the worth of a moral or philanthropic end with a present material sacrifice. However, it can also be translated into economic terms. For example, if education succeeds in establishing habits of prudence and a taste for comfort among the working classes, thereby effecting a permanent reduction in the proportion between numbers and the wages fund, then

104 *Principles*, *Collected Works*, vol.III, p.748.
105 Ibid.
there is a long-term material gain to be set over against the current material sacrifice - though the happiness of different people is involved, complicating the comparison.\(^{106}\) Again, if the savings are used to establish colonies which become self-supporting after a few years, the initial loan needed would be quickly repaid, and the colonies thereafter might for some time benefit the workers in the parent nation by supplying cheaper food.\(^{107}\) Colonies also provide a growing market for manufactures, in which increasing returns are normally to be expected.\(^{108}\) Even if the manufactures are articles not consumed by workers, the lower cost to those who do use them tends to induce savings, as does the higher rate of profit received by the manufacturers themselves. The wages fund might thus grow at a faster rate.\(^{109}\) The conversion of some part of annual savings into newly-invented fixed capital at home, whether in agriculture or industry, tends to increase productivity and operates on savings in precisely the same manner.\(^{110}\) In a number of ways, therefore, the employment of some part of annual savings in projects not directly or immediately productive, might nevertheless conduce to the long-term material advantage of the working classes; and this advantage might be reckoned at least equivalent to the distress which they suffer through the initial check given to the rate of growth of the wages fund.

(2) An alternative argument is that the savings spent unproductively by the state would otherwise have been spent unproductively in a private capacity, or wasted through unwise speculation, or sent abroad for investments which will return interest to the investor who, as a rentier, will spend it in ways which do not add to the wages fund. The growth of the wages fund, in other words, may not be affected by the proposed government-directed unproductive expenditure.\(^{111}\)

It cannot be maintained that Mill's views on all this were thoroughly worked out, but he gives the elements necessary to a position consistent with Ricardo's theory.

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106 On the ends of education see ibid., vol.II, p.375.
107 Ibid., vol.III, pp.743-6. See also ibid., p.749. Mill supported Wakefield's theory of colonisation, which was supposed to ensure financial independence after an initial period: see 'The Emigration Bill', The Examiner (27 February 1831), 130-1; Principles, Collected Works, vol.II, p.376. In the present connection, it is interesting to note that Mill, in 1845, held Wakefield's theory (like Richard Jones's views on rent) to be a corollary of Ricardo's principles, 'certain conditions of fact being supposed' ('De Quincey's Logic of Political Economy', Collected Works, vol.IV, p.394).
108 Mill did not link the idea of colonies as a market for manufactures with that of the tendency to increasing returns in manufactures, but both ideas are clearly stated in the Principles (Collected Works, vol.III, pp.712-13, 746).
109 Ibid., pp.742-3.
110 Ibid., pp.749-51.
The illustration just given showed Mill assessing whether a change in economic policy was warranted, by referring back to the body of substantive theorems comprising Ricardo's economics. Normally, though, economic considerations alone were not enough to decide whether a particular policy was both desirable and practicable. Economic effects could be traced only via specific economic theorems. But other effects might be accorded an importance higher than economic effects. Or, even if the economic factors count most highly with the one responsible for forming policy, the policy which is best from an economic point of view might be impracticable.

Mill's views on peasant proprietorship provide examples of both these points. He urged the introduction of this system in Ireland, in spite of the fact that he reckoned it to be less productive than large-scale farming on the English model. His reason was that the large-scale system was impracticable. Massive unemployment would at once result if large-scale farms were to replace cottier tenancy. He admitted that, after a few years, total output and opportunities for employment would be greater than before the change. But these opportunities would be in manufacturing, not in agriculture; and for the former sort of work the Irish peasantry was totally untrained. Peasant proprietorship was thus economically second best, but the most to be preferred among the practicable ways of bettering the condition of the Irish. However, even if peasant proprietorship was in no way economically inferior to any other measure, 'in the [long-term] moral aspect of the question which is still more important than the economical, something better should be aimed at as the goal of industrial improvement, than to disperse mankind over the earth in single families...having scarcely any community of interest, or necessary mental communion, with other human beings'.

In general, Mill's recommendations were the outcome of a consideration of the immediate and long-term economic and non-economic effects of alternative means, and an estimate of the relative importance of each, given certain desired ends, assumptions about what men are and might be, and a knowledge of the peculiarities of time, place and circumstance in which the maxim was actually to be applied. Where the variables were too numerous, or the information on which to base a specific recommendation was incomplete, only a general balancing of pros and cons was possible. Mill explained this approach in a letter

112 See Preface to the Principles.
113 See an unheaded leading article in The Morning Chronicle (13 October 1846), p.4.
to John Austin in 1847. Speaking of the 'province of government', Mill said:

I have necessarily thought a good deal about it lately for the purposes of a practical treatise on Pol. Economy & I have felt the same difficulty which you feel about the axiomata media. I suspect there are none which do not vary with time, place, & circumstance. I doubt if much more can be done in a scientific treatment of the question than to point out a certain number of pro's and a certain number of con's of a more or less general application, & with some attempt at an estimation of the comparative importance of each, leaving the balance to be struck in each particular case as it arises.

The sort of treatment proposed here is applied in Mill's discussion of communism in the Principles, and in his chapter on the 'grounds and limits of the laissez-faire principle'.

To some extent Mill indicated the distinct elements involved in coming to a practical judgment. Thus he had chapters on the functions of government, 'Considered as to Their Economical Effects'; and he generally stated his preference for competition with the qualification that it was necessary 'in the present state of society and industry'. But he could have kept the reader of the Principles better informed as to what stance - moral or economic, present or future - was being adopted at each point, and as to what relative weighting was being applied. That he did this less than the modern reader might wish is, perhaps, regrettable. However, it is ultimately not important; since his scheme of thought provides a basis in principle for disentangling economic from non-economic judgments, future possibilities from present exigencies, ends from means.

There is no conflict between this view and Mill's acknowledgment that 'for practical purposes, Political Economy is inseparably inter-twined with many other branches of social philosophy'. By this, as we have seen, he meant only that economic premisses alone normally are not enough to decide practical questions. But political economy, 'considered as a branch of abstract speculation', was quite independent of moral, social and teleological considerations. Indeed, Mill called his economic treatise Principles of Political Economy with some of their

117 Principles, bk II, ch.I and bk V, ch.XI.
119 Preface to the Principles.
applications to Social Philosophy. It is significant that he did not say as a branch of Social Philosophy.

To summarise: Mill held that political economy, as abstract science, is essential for showing what means would be effective to achieve a specified economic end. Further, if a change in policy is contemplated, reference must be made to the theorems of economic science, to know whether, from an economic point of view, the change is warranted. However, the economic first best means is not always applicable, or, if applied, it might violate a more desired social end. For deciding what could or should be done, therefore, it is not always - or even often - sufficient to consult the theorems of economic science. Taking into account the whole range of motives to behaviour, and the potential for institutional change and moral progress, the results of economic science - the laws of production apart - can only be regarded as provisionally true.

Mill thus preserved Ricardo's economics - method and doctrines - within a broader, but unified, scheme of thought. By showing the Ricardian theorems in a softer light, he added much appeal to his Principles. The success of the latter, in turn, greatly strengthened Ricardianism in England.


Chapter 5

THE SUCCESS OF MILL'S PRINCIPLES

Mill's Principles of Political Economy was published on 25 April 1848 in a two-volume Library edition, selling at 30/-.

It was a Victorian work, written in the rather heavy but smoothly flowing style of the time, and with a high moralistic tone and sustained ethical earnestness hitherto absent from economic discussion (and only later to be adopted with equal authority by Marshall). But it was, at the same time, a major economic treatise; and in its over-all conception and execution it challenged the Wealth of Nations in a way no other English treatise had done, and no other would, until Marshall's Principles. It was not merely the longest work in political economy since the Wealth of Nations; Mill actually set out to emulate and to supplant Smith's classic. His own work, he explained in the Preface, was an attempt 'to combine [Smith's] practical mode of treating his subject with the increased knowledge since acquired of its theory [and] to exhibit the economical phenomena of society in the relation in which they stand to the best social ideas of the present time, as he did, with such admirable success, in reference to the philosophy of his century'. The Principles was rapidly successful; and so completely so that, as Foxwell later noted, 'English economists, for a whole generation, were men of one book'.

What, precisely, were the ingredients of this success? To answer this question involves two enquiries. It is one thing to capture a commanding height, and quite another to hold it. In this chapter we shall be concerned only with the first, and we will treat as one the rise of Mill's authority and the impact of the Principles.

Sales

The initial impact of a book may be measured by the response to its ideas, and by its sales. Not much can be proved by figures for sales, but they have a limited significance.


The first edition of Mill's Principles, 1,000 copies, sold within a year. A total sale of 2,000 (reached by the Principles in four years) for 'popular' types of work - novels, history, travel, biography - appears to have been good. But the Principles was not a best-seller. Contrast its sale with those enjoyed by the first two volumes of T.B. Macaulay's History of England from the Accession of James II. These were published towards the end of 1848, at 32/-, and sold 18,000 copies within six months.

There is no comparable work in the period on political economy against which to measure Mill's sales success. However, it is possible to make some general comparisons with Ricardo's and Marshall's Principles.

**Measures of the relative success of Mill's Principles**

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<td>Expenditure represented by sales of first edition, assuming Ricardo's Principles published at average of book prices at mid-century**</td>
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* Assumes Ricardo's Principles sold 500 in first year, which is probably generous: see Sraffa's Introduction to Ricardo, Principles, Works, vol.1, xlix-I and note 1.
** Book prices declined from about 1825. The average price per work of all books published in Great Britain was 16/- in 1828, and 8/4d., in 1853: see Charles Knight, Passages of a Working Life During Half a Century, 3 vols (London: Bradbury and Evans, 1864), vol.III, p.194.

These figures are tantalising, but tell us little. For one thing, Ricardo's 'product', severe and abstract, is not comparable with that of Mill's Principles.
of Mill or Marshall, both of whom set out to create something more attractive to the general reader. Again, Marshall's work was deliberately priced to sell widely, whereas the price of Mill's work put it beyond the means of all but the rich. There is some evidence that books in Mill's price-range sold for reasons unrelated to price. One assumption underlying these comparisons - that an equal number sold at double the price is twice as meritorious - is therefore not necessarily correct.

For what they are worth, these sales data confirm the more qualitative judgments one can make.

There is no doubt that Mill's Principles made an immediate and striking impression on contemporaries: 'great' is an epithet frequently applied to the work by reviewers and those writing within a year or two of its publication. But who bought and read it? And what specific opinions did they express? Here there exists only fragmentary evidence. We do know, however, that Mill planned its impact. His aims can be set against identifiable attitudes to political economy in the period 1830 to c.1850.

Attitudes to political economy, 1830 to c.1850

Attention will be directed to views critical of political economy in general, and of Ricardo's economics in particular. Such attitudes were expressed throughout the two decades after 1830. One way to judge Mill's success is to see how far he was able to conciliate this opposition; for that, in part, was his intention.

Four main views may be distinguished. Those who held them can be loosely grouped as 'practical men', humanitarians, chartists and co-operators, and economists of a different persuasion from Ricardo on method, or on specific doctrines. (Defining groups by attitudes means that the same person may appear under more than one category.)

The economists apart, the three other groups with whom Mill had to deal did not set themselves exclusively against a 'school' of economic science headed by Ricardo. Some writers did identify a Ricardian

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7 Ibid., pp.95-6. It is interesting, in this connection, that Harriet Martineau's Illustrations of Political Economy, published as monthly tales between 1832 and 1834 at 1/6d., in the latter year reached a monthly circulation of 10,000: see Blaug, Ricardian Economics, p.129. The People's Edition of Mill's Principles (1865), at 7/-, falling to 5/- after the first 4,000, sold 10,000 in five years.
Looking only at the three main periodicals opposed to political economy (the Quarterly Review, Fraser's Magazine, and Blackwood's Magazine), we find free traders such as McCulloch, Perronet Thompson, Huskisson and Poulett Thomson, all classed simply as 'political economists'. By writers opposed to the Malthusian principle, the title was used to embrace James Mill, McCulloch, Ricardo, Chalmers, Harriet Martineau, Charles Knight, and also Nassau Senior. Many identified 'political economy' with philosophic radicalism; or, more broadly, with an unspecified group of impractical, hard-hearted theorists, who arrogated to themselves the right to advise the nation.

There were exceptions. John Wilson noted the divisions at the famous Political Economy Club debate of 13 January 1831, on the merits of Ricardo's principles. And an anonymous reviewer in Fraser's remarked the difference of view between McCulloch and Senior on the question of a poor law for Ireland. See [John Wilson], 'Mr. Sadler and the Edinburgh Review', Blackwood's Magazine, XXIX (1831), 392-428, p.395; 'Senior on the Introduction of Poor Laws into Ireland', Fraser's Magazine, IV (1831), 554-65, p.557.

William Huskisson (1770-1830). President of Board of Trade, 1823-27.

Charles Poulett Thomson (1799-1841). Successively Vice-President and President of the Board of Trade during the 1830s.


Southey speaks in a single breath of believers in Saint Simon and 'men upon the same level in England [who] believe in Mr. Malthus, Mr. Ricardo, or Jeremy Bentham'. [R. Southey], 'New Distribution of Property', The Quarterly Review, XLV (1831), 407-50, p.444. In 1834, a writer in Blackwood's affected that the doctrines of political economy are yet, in the main, confined to bodies professing, or approximating to, the peculiar tenets of religious belief or unbelief advocated by their leaders of the Utilitarian school' ([Alfred Mallelieu], 'The Corn Law Question', Blackwood's Magazine, XXXV (1834), 792-801, p.795); cf. [John Eagles], 'New Scheme for Maintaining the Poor', Blackwood's Magazine, XLIII (1838), 489-93, p.489.

The Tories, in particular, objected to the influence which they felt the economists were exerting on Whig policy. See, for example [David Robinson], 'Political Economy. No.I', Blackwood's Magazine, XXVI (1829), 510-23, p.510; [W. Johnstone], 'Our Domestic Policy. No.I', Blackwood's Magazine, XXVI (1829), p.771; [Maginn?], 'Machinery and the Manufacturing System', Fraser's Magazine, II (1830), p.420.
It is important to emphasise, therefore, that John Mill's task extended beyond defending Ricardo's science: he had also to establish the legitimacy and good intentions of the subject as a whole.

The practical men

The first of the four general attitudes to be discussed is that of the 'practical men'. Two variants of the position of the 'practical men' are discernible. On the one hand, they accused the economists of habitually setting off from some imaginary a priori assumptions, without troubling themselves with observation or history.15 On the other hand, they argued that the abstract doctrines of political economy, while true in themselves, could not be applied without many allowances for particular circumstances. The former view was frequently expressed in the pages of the three Tory periodicals. Many MPs adopted the latter view.

George Poulett Scrope was a vehement critic of the Ricardians' method. In 1831 he contrasted unfavourably their 'imaginary abstractions' with the 'plain and obvious facts' concerning the effect of improvements in agriculture upon rent. Whereas they held that improvements must necessarily lower rents, he said, landlords know well that recent improvements have produced the opposite result.16 Also in 1831, William Maginn complained in Fraser's that, on the subject of population, 'twenty theorists have written within the last ten years... and all the facts collected by the whole of them, would scarcely fill four of these pages'.17 Somewhat later, speaking of Perronet Thompson's advocacy of free trade, Maginn wrote: 'The strength of the economists lies in keeping at a distance from facts.'18 The particular facts ignored, in this instance, were the pockets of unemployment which might be, or had been, created in industries which lost their protection. A typical affirmation was that 'common experience proves... false' the assumption of the economists 'that all the labour which we save by getting from another country a commodity cheaper than we can ourselves produce it, is immediately turned to some other profitable account'.19

15 [G. Poulett Scrope], 'Jones on the Doctrine of Rent', The Quarterly Review, XLVI (1831), pp. 83, 94.
16 Ibid., and p. 95. Scrope failed to make the Ricardian distinction between immediate and long-term effects.
19 [W. Johnstone], 'Our Domestic Policy. No. I', Blackwood's Magazine, XXVI (1829), p. 771. Once again, this criticism failed to take into account the distinction between short and long-run effects. See also [Edward Edwards], 'The Influence of Free Trade upon the Condition of
'Practical men' actively engaged in making law objected not to the economists' speculations as such, but to the readiness with which they handed down their dogmas, 'literally ex cathedra, and, in the tone of oracular authority...for the guidance of legislators'. MPs of many shades agreed with one who claimed that he was 'not inimical to free trade and political economy', but 'unfortunately general principles were indiscriminately applied without any reference to the circumstances of each particular case'. The same position was adopted by some writers in the Tory periodicals, two of whom are worth quoting at length. One of the more moderate contributions to Fraser's Magazine ran thus, on the doctrine of free trade: 'We do not at all say that your theory is wrong: we even go so far as to allow that it may be scientifically right; but we say that it is not adapted to the existing system of the world'. Again, W. Collis, in Blackwood's, wrote: The political economist may be right when he announces, that the introduction of machinery has, on the whole, been beneficial; and that the change of employment from one location to another, depends upon the action of natural laws, of which he is merely the expositor. It may be the case, too, that he is attending carefully to the particular limits of his favourite science, when he occupies his mind with the laws themselves, rather than with their aberrations. But those who treat upon pauperism as an existing evil, to be dealt with now, should remember that they have to do not with natural laws, as they are separated and classified in the works of scientific men, but with the laws in all their complexity of operation, and with the incidents which arise from that complexity.
The humanitarians

In addition to being labelled 'impractical theorists', the political economists were accused of having fostered doctrines implying an inevitable enmity between the classes in society. Further, they had allegedly identified themselves with the capitalist interest, and had taken a stand against the legitimate claims of the workers. Again, they idolised production (wealth) to the neglect of distribution (welfare). Finally, it was held that they spoke as if moral considerations were of no account alongside the purely economic.

Scrope, impassioned, wrote the Ricardian economists down as criminals for, inter alia, their doctrine of rent, which implied that landlords could gain only at the expense of others; and for their doctrine of profits, which to him seemed to imply that capitalists can gain only by depressing labourers. These doctrines, he said, 'if credited by the public, would place all its classes in perpetual and deadly hostility'.

To the humanitarians, more serious than the economists' opposition to the landlords was their alleged attack on the aspirations of the defenceless poor. Ricardo's inverse relation between wages and profits became, in the view of these critics, a flagrant denial of social justice. Thus David Robinson, of Blackwood's Magazine, wrote: 'By making high profits the sine qua non of national wealth, and low wages that of high profits, it in reality makes it the grand principle of civil government, to keep the mass of the human race in the lowest stages of indigence and suffering.'

Given the fact that such writers were mindful of the (temporary) unemployment likely to be created by a liberalising of trade, it was likely that they would also accuse the economists of wanting to see wages reduced. A similar charge was made in connection with Sadler's Ten Hours Bill (1833). It had been argued earlier that if free trade depressed either the workers or the agricultural interest, then purchasing power would be reduced and 'over-production' would result. Now it was said that if the

26 See, for instance [Alfred Mallelieu], 'The Corn Law Question', Blackwood's Magazine, XXXV (1834), p.797: 'the manufacturer inoculated with the venom of the economic doctrine, who bawls for the abolition of the Corn Laws, really means neither more nor less than a reduction of wages'.
economists were not so obsessed with profits, and with the accumulation of capital - their 'god, or rather presiding demon' - they would see that shorter hours would not only benefit the workers, but would overcome the excess production which, in the view of these critics, competition had produced. But 'voluntary blindness' to the real cause of gluts, and to the suffering caused by the factory system, drove the economists back onto the doctrine they used to explain all ills, namely, over-population. 28 By successive imputations of this kind the economists finally came to be regarded as the philosophers of the manufacturing interest, hoodwinking the truly industrious to provide greater profits and enjoyments for the 'idle'. 29

Thirdly, it was said by the humanitarians that the economists, in offering advice to the legislator, did so on the assumption that 'whatever increases the wealth of a nation must be for its benefit'. Scrope, for example, argued that, on the contrary, 'the theory of wealth is not the theory of government'; and 'it is of infinitely greater importance how the wealth of the community is distributed, than what is its absolute amount'. 30 A government which took political economy as its guide, he said, 'must often sacrifice the real interests of the people it presides over for a glittering fiction'. 31

From this view it was but a short step to argue that moral and humane considerations must take precedence over the merely economic. Charles Dickens was an effective spokesman for this position. 'My satire', he explained in the 1850s,

...is against those who see figures and averages, and nothing else - the representatives of the wickedest and most enormous vice of this time...the added heads who take the average of cold in the Crimea during twelve months, as a reason for clothing a soldier in nankeen on a night when he would be frozen to death in a fur - and who would comfort the labourer in travelling twelve miles a-day to and from his work, by telling him that the average distance of one inhabited place from another on the whole area of England, is not more than four miles. 32

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32 From a letter to Charles Knight, cited by him in Passages of a Working Life during Half a Century, vol.III, p.188.
This attitude is apparent in Dickens's novels prior to the publication of Mill's Principles.  

Criticism of the 1834 Poor Law followed similar lines. The principles of that legislation, it was said, were heartless and inhumane. The poor were taught that the legitimate indulgence of their natural affections was a crime, and the rich, that to abandon the poor to their destitution was a sacred duty. Very often, especially among the writers for Blackwood's Magazine and the Quarterly Review, the moral repugnance excited by the doctrines of the economists was linked with a kind of 'speculative Toryism', mindful of the responsibilities of the rich towards the suffering poor, but jealous also of the privileged position of church and aristocracy; and concerned to preserve a stable political and social order in the face of industrial change. W. Johnstone, writing in Blackwood's, summarised 'true Tory principles' as principles which, while they maintain the due order and proportions of each separate rank in the state, maintain also that protection and support on the right of all, so long as there are the means, within the state, of affording them.

David Robinson, John Wilson and Sir Archibald Alison, all of Blackwood's, adopted these principles, as did Southey, J. Gibson Lockhart, Croker and C.F. Young, of the Quarterly Review. Coleridge,

34 See, for example, some of the comments on the Poor Law Amendment Bill: Hansard, 3rd series, LXXVI (1844), 333, 336, 341. See also [John Eagles], 'New Scheme for Maintaining the Poor', Blackwood's Magazine, XLIII (1838), 489-93. With heavy irony, Eagles advised that the bodies of those who died in union workhouses should be made into soup for the remaining inmates. The supply, he said, would be ample.
37 'Our Domestic Policy. No.I', Blackwood's Magazine, XXVI (1829), p.768. Fetter suggests that Johnstone may have been an Irish journalist living in London.
38 (1792-1862). Lawyer and historian.
39 (1791-1870). Merchant, shipowner, MP.
40 A useful study is William F. Kennedy, Humanist Versus Economist: the Economic Thought of Samuel Taylor Coleridge (University of California Press, 1958), esp. chs I-VII.
Shaftesbury, Richard Oastler, and the Young Englanders represented similar views.

To these 'philosophic Tories', political economy seemed both heartless and potentially disruptive. Apart from a few evangelicals, their opposition had a religious basis only in the sense that the church was part of the established order. There were, however, some thinkers whose attitude to political economy was determined wholly by a Christian, or at least a metaphysical world view. These men were not humanitarians in a practical, philanthropic sense, but they were deeply concerned about the destiny of men, and they had certain affinities with backward-looking Tory romanticism. Newman, and the Oxford Tractarians opposed the pretensions of political economy to be an independent enquiry. Newman later said that it was 'a science at the same time dangerous and leading to occasions of sin... if studied by itself, and apart from the control of Revealed Truth'. Pusey asserted: 'All things must speak of God, refer to God, or they are atheistic.... Political Economy without God would be a selfish teaching about the acquisition of wealth.' From his own peculiar metaphysics, Thomas Carlyle drew comparable conclusions. Bible, covenants, and worship of one sort or another, he said, men will have. Was it then, he asked rhetorically, to be 'pig philosophy'? 'Did the Maker of this Universe reveal himself...in scrip mainly, in Cotton Trades, and profitable industries and gamblings?' Political economy for a bible, 'M'Croudy' for a psalmist and evangelist, and for worship, 'the insatiable desire, and continual sacred effort, to make money': these, he said, are 'Devil-worships, fruitful in temporary bullion, in upholstery, glutony and universal varnish and gold-leaf; and issuing, alas, at length in

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41 Antony Ashley Cooper, seventh Earl of Shaftesbury (1801-85). For an account of his life and work see J.L. and Barbara Hammond, Lord Shaftesbury, 2nd edition (London: Constable, 1923), esp. ch.XVII.
43 Young England was a short-lived movement of the 1840s, led by Disraeli. An excellent brief sketch is given in Dodds, The Age of Paradox, pp.182-4.
44 In so far as it was espoused by Benthamites, it was, of course, radical; but also by its encouragement of capital, it promised to supersede the landed aristocracy by another founded upon manufactures and commerce.
45 The Tractarians, in the ascendent from the late 1830s to the mid-1840s, were reactionary in their attitude to the establishment of political economy as a university study. For their role at Oxford in this connection, see S.G. Checkland, 'The Advent of Academic Economics in England', The Manchester School, 19 (1951), 43-70, esp. pp.66-9. The quotations from Newman and Pusey are cited on pp.66 note and 67.
street barricades, and a confused return of them to the Devil whose they are!46

Chartists and cooperators

Owenites and Chartists, however different their methods, can be distinguished from the humanitarians. Their common purpose lay in opposing competition and in seeking basic changes in the ownership and distribution of property. The treatment which follows is only a sketch, and is deliberately limited to the Chartists and cooperators as critics of political economy. No more than a hint is given of the changes they proposed.

According to the Owenites, the operation of competition was neither as rational as a planned division of labour, nor as just as a communal control of property, with all sharing equally in the fruits of labour. The system of individual competition, Owen complained, could not guarantee that production would match - in size or composition - the wants of consumers. It therefore could not guarantee a full employment of labour or capital. Moreover, it was a system of 'universal repulsion'. The profit motive led capitalists to value men less highly than machines, while the factory system separated the workman from his food, creating uncertainty, on the one hand, and depriving him of the healthy life of a cultivator, on the other. There was land enough, Owen maintained, to support self-contained communities engaged in agriculture, with manufactures as an appendage. These would be well educated, well supervised, cooperative societies, enjoying a higher standard of health and comfort than the system of individual competition, favoured by the 'closet theorists' (political economists), could provide.47

Owen's ideas were espoused by the so-called Ricardian socialists: William Thompson, John Gray, and John Francis Bray.48 But the work


48 (1799-1883). His A Lecture on Human Happiness (London: Sherwood, Jones and Co., 1825) dwelt especially on the injustice of the existing distribution of income and wealth, and the failure of the competitive system to utilise fully the productive powers of society.

49 (1809-97). In Labour's Wrongs and Labour's Remedy; or, the Age of Might and the Age of Right (Leeds: Green, 1839), Bray argued the right
of these men is of marginal significance here. Gray had dissociated himself from the Owenites by the early 1830s; Thompson died in 1833; and Bray left England for America in 1842, disappointed that his book had enjoyed little success in England. Of much greater importance is George Jacob Holyoake, who took up Owen's ideas in the late 1830s, and became a lasting and effective propagandist for cooperation.

Owen's model cooperatives held little appeal for the Chartists. At least the more radical among them felt that politics were controlled by property, and they chose political change - violent if necessary - as the immediate means of breaking the monopoly of land and capital which made of their fellows just so many 'wage slaves'. To men like Feargus O'Connor, Thomas Cooper, George Julian Harney and Ernest Jones, political economists appeared as a school who settle all human affairs by a comparison of averages, and a table of profit and loss; who have no other motto for the door of their temple than 'buy in the cheapest market and sell in the dearest'; who point to Manchester as the model city of their choice; who make the great object of life the accumulation of riches.

These words, superficially so close to those used by the humanitarians, in fact carried a very different meaning. The Chartists did not fear free trade because it might harm the landlords, but because the middle

49 (continued)
of every man to possess the whole produce of his labour. He criticised the economists for dismissing cooperative proposals as incompatible with the existing social system, without considering whether men and institutions might be changed.

50 Harrison, Robert Owen and the Owenites in Britain and America, pp.64-5. See also Blaug, Ricardian Economics, pp.140-50, where the works of these three are discussed in greater detail. An earlier work, still useful, is Esther Lowenthal, The Ricardian Socialists (New York: Columbia University Press, 1911).

51 (1817-1906). Appointed a lecturer to explain the Owenite system in 1841. Founded and edited The Reasoner, a secularist and cooperative paper, from 1846 to 1866.


class manufacturers might find in cheap bread an excuse to reduce money
wages. And of what ultimate use was it, they asked, to reform the con-
ditions of factory labour, if those who controlled capital could always
keep the amount of employment relative to the supply of labour balanced
in their own favour? \(^57\) The mystery of oppression should be made known,
Harney cried: 'and therefore, just as before the false friend we prefer
the open foe, so to the canting philanthropic aristocrat we prefer the
brazen faced free-trader, before Lord Ashley we prefer Quaker Bright'.
The political economist, he alleged, was 'the paid servant' of the
factory owner. Humanitarian sentiment, however, did nothing to break
the latter's monopoly of capital. \(^58\)

Basic social and political change was not a distinguishing doctrine
of the Christian Socialists, though the pioneer, J.M. Ludlow, was a
genuine socialist; and the movement as a whole gave impetus to the
notion that capital and labour must be reconciled through association
in the production and distribution of wealth. \(^59\) The Christian Socialists'
objection to political economy was that it made self-interest, undeni-
ably a law of human nature, into the basic law of human society. 'Now
what I complain of in political economy,' Charles Kingsley wrote in the
1850s, '...is that it says, These are laws of nature concerning economy,
therefore you must leave them alone to do what they like with you and
society!' Kingsley continued: 'Indeed, I am inclined to deny to
political economy, as yet, the name of a science. It is as yet merely
in its analytic stage; explaining the causes of phenomena which already
exist. To be a true science, it must...learn how, by using the laws
which it has discovered, and counteracting them by others when neces-
sary, to produce new forms of society. As yet political economy has
produced nothing. It has merely said "Laissez-faire"'. \(^60\)

The political economists

The 'practical men', the humanitarians, and the Owenites and
Chartists voiced complaints about political economy in general and,
to some extent, the Ricardians in particular. The political economists
differ from the first three groups as critics in that their target was

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\(^57\) Ernest Jones in Notes to the People (May 1851-May 1852), pp.391-2.
\(^58\) The Democratic Review, I (1849-50), pp.372-3; cf. Schoyen, The Chartist
\(^59\) Ludlow's socialism is described in N.C. Masterman, John Malcolm
Ludlow: the Builder of Christian Socialism (Cambridge, at the Univer-
sity Press, 1963), esp. pp.71-2, 89-90; cf. p.115. For more complete
studies of the movement see C.E. Raven, Christian Socialism, 1848-1854
(London: Macmillan, 1920); and T. Christensen, Origin and History of
\(^60\) Charles Kingsley, His Letters and Memories of His Life, ed. by his
wife, abridged edition (London: Kegan Paul, Trench and Co., 1883),
p.209.
Ricardo, or at least one of the Ricardian inner circle (James Mill and McCulloch). They also differed from one another, of course, but Ricardo was the preeminent thinker, hence the one whose work - whether in the original, or as expounded by one of his followers - naturally attracted most attention. The target area of criticism has now therefore narrowed and become more concentrated.

No precise definition of the group called 'political economists' is possible. During the period 1830 to 1850 there was little university teaching in political economy, and certainly nothing amounting to a distinct professional training. The number of professors in the subject was few, and did not include all the best thinkers. On the other hand, writers on economic questions in the major periodicals (Fraser's, Blackwood's, and the Quarterly, the Westminster and the Edinburgh Review) were primarily political journalists. The Political Economy Club was, perhaps, the body most closely identified with the 'political economists', in the minds of contemporaries; however, its membership included many who cannot be regarded as having had a scientific interest in political economy. Again, there were some thinkers of merit outside the Club. But we are concerned here only with significant criticisms of Ricardo's method, of the laws of population and diminishing returns, and of his views on value, profits, rent and gluts. Without establishing the extent of the criticism, the critics among the political economists may be fairly adequately represented by Senior, Perronet Thompson, Malthus, Torrens - all members of the Political Economy Club - plus Samuel Bailey and Richard Jones, from outside the Club. It is not denied that there were other critics of importance - the anti-Ricardian tradition as a whole is a vast subject which has only recently begun to attract the attention it merits. The purpose here is merely to point

out some of the main lines of criticism by political economists, taking a small number of writers only, each as an example of one or more typical lines of dissent.

The most trenchant critic of Ricardo's method was Richard Jones, supported by his Cambridge friend William Whewell, who dabbled in political economy. "Philosophers rushing forwards to uncoil a theory", Jones said, with reference to the Ricardians, "may sometimes be observed shutting their eyes on the corrections offered by the world they live in.... [But] it wants no great deal of logical acuteness to perceive, that in political economy, maxims which profess to be universal, can only be founded on the most comprehensive views of society. The principles which determine the position and progress, and govern the conduct, of large bodies of the human race, placed under different circumstances, can be learnt only by an appeal to experience." Others criticised Ricardo for 'premature generalization', but Jones's point was that induction is the only safe path to knowledge. Economists, he conceded, could not conduct experiments; they could only put up hypotheses as to what causes might be relevant to the understanding of a given effect. Initially, these will have no more value than opinions. 'Extensive and continuous induction from facts' must be undertaken if one is to ascertain the effect of each cause separately and of all together, and to check whether one is in possession of all the relevant causes. Finally, when the average effects of each cause are embodied in statistical laws, and assuming a thorough knowledge of the circumstances at a particular place and time, the effects of applying a given change there and then 'may be anticipated with some approximation to certainty'.

Jones, in addition, strongly attacked the law of diminishing returns: 'the supposed continuous diminution in the returns to agriculture', as he described it, wrongly implying that Ricardo was making

63 (continued)

64 (1794-1866). Whewell was a mathematician, and a philosopher of the intuitionist school.


an historical prediction rather than a statement about (unimpeded) tendencies. Jones maintained that, in point of fact, 'a progressive increase of the efficiency of human industry' occurs with the accumulation of capital on the land. For, he said, the accumulation of capital is normally accompanied by an increase in the ratio of 'auxiliary' capital relative to wage capital, and this increase raises the productivity of labour. He concluded that 'a diminution in the power of agricultural industry, though a possible event, takes place in the progress of a wealthy people very rarely'.

The probable aim of Jones's strictures on Ricardo's method, and on the law of diminishing returns, was to undermine the Ricardian doctrine of rent, with its apparent implication that the interests of the landlord are opposed to those of the other classes in society. Jones devoted the first part of his Essay on the Distribution of Wealth to showing that competitive, or farmer's rents, with which Ricardo dealt exclusively, were a phenomenon confined to one hundredth part of the globe. Then, in analysing Ricardo's theory of rent, he sought to demonstrate that total rent could rise with the accumulation of capital, or with an increase in productivity, quite apart from any decline in the return to marginal labour and capital applied to the soil. Strictly, however, Jones's demonstration did not bear on Ricardo's theory; for in the absence of diminishing returns, Ricardo would have regarded any increase in the payment made by farmers to landlords as a profit on capital spent by the landlords in effecting improvements.

The equally misplaced criticisms of Perronet Thompson and of Senior, to the effect that rent rises not because soils of differing fertilities exist, but because demand outruns the supply of food which can be produced at a given price, have been noticed above (chapter 3).

Some of the criticisms which remain to be noted are also familiar from parts of the earlier discussion. They may be restated here without further elaboration. Samuel Bailey insisted that value is relative, and that it was a mistake to speak of, or to try to measure, absolute value. Torrens, among many criticisms of Ricardo, alleged that the latter had neglected to take account of non-wage capital in his theory of profits. Malthus complained that Ricardo assumed too easily that the desire to consume would always increase in proportion to the power of consuming.

Finally, there was some criticism of the law of population. Senior, unlike Richard Jones, saw clearly the distinction between historical generalisations and statements about what may be expected in the

67 Preface to An Essay on the Distribution of Wealth, xiii. See also ch.VII, passim.
68 Ibid., pp.241-2, 248. 69 Ibid., p.205. 70 Ibid., pp.192-6.
absence of any counteracting cause. But he chose to regard the question of population as one of fact, rather than as one of abstract principle. Admitting the power of population to increase at a geometric rate, he nevertheless believed the advance from a barbaric to a civilised state to be conclusive proof that subsistence usually increases more rapidly than numbers. He expressed this opinion in a discussion at the Political Economy Club in 1835, receiving support from Tooke, McCulloch and Torrens, all of whom, it appears, looked at the question from the same purely factual point of view.

J.L. Mallet, reporting this meeting, recorded his surprise that 'the whole artillery of the Club' should have been turned in this direction. But it was nothing new. It is well known that as early as 1831 Torrens had maintained that all the great principles of Ricardo's work had been successively abandoned, and that his theories of value, rent and profits were already generally acknowledged to have been erroneous. He mentioned his own criticism and those of Bailey and Thompson as having shown decisively the unsoundness of Ricardo's views on these questions. Torrens did not gain complete support. But Mallet reported that at a second discussion there was general agreement that these doctrines of Ricardo's were incorrect 'according to the very terms of his propositions'. Setting aside the questions of how widespread and how valid were the criticisms which have been mentioned, it seems fair to say that such measure of unity - never very great - as the Ricardian 'school' had earlier brought to the science, was little in evidence by the 1830s.

**Mills' aims in writing the Principles**

It will be recalled that the above survey of attitudes to political economy in the two decades after 1830 was undertaken to supply a basis for assessing the impact success of Mill's *Principles*. For his intentions in writing that work, it was said, were in part conciliatory. This has now to be shown.

What Mill intended with the *Principles* can be pieced together from scattered references in his letters, the *Autobiography*, and the *Preface* to the *Principles* itself. Two major and two secondary aims may be distinguished.

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72 Ibid., esp. pp.47-8.
73 See Mallet's diary account in *Political Economy Club Centenary Volume*, pp.265-6, and the letter from Senior to Mallet, printed on p.305.
74 Ibid., pp.223-5.
The latter admit of very brief statement. The Principles was to exhibit, and to forward thereby the 'positive' approach to questions of the day — though not under the flag of positivism. In addition, it was to serve Mill as a vehicle for expressing his personal views 'on incidental matters, moral and social'.

Each of Mill's major aims openly or tacitly involved the conciliation of hostile minds. Towards the end of 1844 he discerned a revival of public interest in political economy. This could be traced, he thought, to several causes 'some good, some bad': the agitation of the Anti-Corn Law League, the Chartists' fulminations against property, and the growing awareness, partly through official investigations, of the state of the housing and the sanitary condition of the poor, and of the worst effects of the factory system. His first major aim in writing the Principles was to give a 'right' direction to this renewed interest in questions touching political economy.

Two things were involved. Firstly, Mill wished firmly to remind those being borne along by the 'prodigious current... of superficial philanthropy' of the underlying reality of the economic motives to action, and of the law of population. To ignore these was to make failure inevitable for all schemes designed to relieve the poor. Secondly, Mill wanted to rescue from narrow, negative and inflexible political economists of the extreme laissez faire persuasion 'the truths they misapply, and by combining these with other truths to which they are strangers, to deduce conclusions capable of being of some use to the progress of mankind'.

75 Earlier Letters, Collected Works, vol.XIII, pp.626, 631. This was to be so in two respects. Firstly, Mill wished to discountenance what he referred to as Adam Smith's 'negative metaphysics': the combination of laissez faire, and a trust ' intuitively rather than experimentally derived - in the 'invisible hand'. Secondly, Mill intended to stress the purely provisional character of all concrete conclusions. This was in keeping with the Comteian view that institutional arrangements are mutable, and that each of the sciences (political economy included) treats of only one branch of social phenomena, and its results must be tempered by those of the other branches.

76 Mill felt that England was not yet ready to receive an openly anti-theological philosophy (ibid., pp.491-2, 656-7).


79 Ibid., p.643-4.

80 Ibid., p.645.

81 This quotation is from The Letters of John Stuart Mill, edited, with an introduction, by Hugh S.R. Elliot, 2 vols (London: Longmans, Green and Co., 1910), vol.I, p.149. It is not explicit in Mill's letter that he is referring to the dicta of the laissez faire economists. However, the words summarise his known attitude to such men. See also, in this connection, his Autobiography (Columbia ed.), pp.174-5.
reiterate stern necessities, while avoiding the Scylla of 'hardheartedness' by clearly demonstrating his concern for the working classes. On the other hand, he wanted to show that laissez faire is inadequate for all but the preliminary work of pulling down abuses, while avoiding the Charybdis of 'sentimentality' by holding firmly to the laws of population and of the production of wealth.

Thus Mill hoped to dissociate political economy from much of the criticism which humanitarians and moralists had levelled against it, without at the same time alienating other political economists. This perilous middle course was not newly charted by him in 1844; he had been pursuing it since 1830. For example, in a letter to his Saint-Simonian friend Gustave D'Eichtal, in October 1829, Mill disparaged the English worship of 'this idol "production"'. Three years later Mill told his friend that the Saint-Simonians needed to learn English political economy. Again, Mill agreed with Scrope in 1831 that the distribution of wealth is fully as important as its amount. But it is not the fault of political economy, he said, that some political economists consider nothing except the quantity of goods produced. Mill identified himself on this occasion with another group of political economists, who acknowledged that policies affecting the happiness of men cannot be decided 'exclusively by the considerations which their own subject presents to them'.

One further example of Mill's technique of conciliation may be noticed, from the period immediately preceding the drafting of the Principles. In his review, 'The Claims of Labour' (1845), Mill argued that true philanthropy originated with Malthus's law of population, 'correctly understood'; that is, with the stress placed upon the prudential check, and on the fact that, 'in an improving country', the minimum acceptable level of comfort 'has on the whole a tendency to rise'. He continued, in words which should be quoted in full:

True, indeed the doctrine teaches this further lesson, that any attempt to produce the same result by other means - any scheme of beneficence which trusts for its moving power to anything but to the influence over the minds and habits of...

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82 Mill's concern for the improvement of the working classes, especially, is apparent from his writings, but it is also stated openly in answer to a question put to him on the general purpose of the Principles: see Collected Works, vol.V, p.407.
83 Recall his views both on laissez faire and on 'soup kitchen philanthropy', discussed in chapter 4, above. See also Autobiography (Columbia ed.), pp.77-8 for Mill's youthful denunciation of opponents of the Malthusian doctrine, and of political economy in general, as sentimentalisists; cf. p.166.
the people, which it either directly aims at, or may happen
indirectly to promote - might, for any general effect of a
beneficial kind which it can produce, as well be let alone.
And, the doctrine being brought thus into conflict with those
plans of easy beneficence which accord so well with the
inclinations of man, but so ill with the arrangements of
nature, we need not wonder that the epithets of 'Malthusians'
and 'Political Economists' are so often considered equivalent
to hardhearted, unfeeling, and enemies of the poor; - accusa-
tions so far from being true, that no thinkers, of any pretensions
to sobriety, cherish such hopeful views of the future social
position of labour, or have so long made the permanent increase
of its remuneration the turning-point of their political
speculations, as those who most broadly acknowledge the doctrine
of Malthus. 86

The schemes Mill thought would be of general and permanent effect
are already familiar. Those, in particular, which he advocated to
improve the lot of the industrial wage-labourer, involved either coopera-
tion among the labourers themselves, or the association of labour and
capital. Christian Socialists could be expected to endorse these pro-
posals, and Owenites the spirit if not the detail of Mill's schemes.

On the other hand, Mill held no anti-property doctrines, and made
no effort to appease the Chartists. Nor did he try to come to terms
with the Oxford Movement, or with Carlyle, or with the Coleridgians, in
any basic sense. He was opposed to the 'intuitive' element in their
views, and wrote his System of Logic precisely to state the canons of
proof of non-metaphysical knowledge. 87

The Principles was, however, well calculated to appeal to the much
larger group of critics designated above as the 'practical men'. Mill
chose to write in a popular manner - it was the last great economic
treatise aimed at a non-specialist audience. And, he set out to make
his book one which 'while embodying all the abstract science in the
completest form yet attained...should at the same time be essentially
a book of applications exhibiting the principles of the science in the
concrete'. 88

Mill nowhere stated that he was specifically seeking a sympathetic
reading by legislators and other 'practical men', but there can be
traced a change in his attitude towards 'practical men' which suggests
that he did wish to foster a spirit of cooperation between the economic
theorist and the man of affairs. The change is this. In the early
1820s, Mill denounced 'practical men' because they themselves despised
a knowledge of principles. 89 By the early 1830s, however, he was

87 A very helpful statement of Mill's philosophical position is given
in John Passmore, A Hundred Years of Philosophy (Penguin, 1968), ch.1.
89 Notice, by contrast, his appreciation of Tooke (Collected Works,
vol.IV, p.19) as one of those 'who join to their personal experience a
knowledge of principle'.

denouncing both mere observation without experimentation (to isolate true causes) and mere theory. We have seen this in Mill's concurrence with Scrope in castigating those who know and apply only political economy. It appears also in the high regard he expressed for men like Say. Had he been 'a mere political economist', Mill said, he would have been 'necessarily a bad one'; since 'a subject so "immersed in matter" (to use the fine expression of Lord Bacon) as a nation's prosperity, must be looked at on many sides in order to be seen rightly even on one'.

Again, in his essay on the method of political economy (1836), Mill spoke of the union of theory and practice which he now considered the best way to guard against error. Ideally, 'the anticipations of the philosopher guide the observation of the practical man, and the specific experience of the practical man warns the philosopher when something is to be added to his theory'.

This was the attitude Mill brought to the writing of the Principles: he sought to combine the offices of theorist and practical man. The Principles, then, was designed, in part, to conciliate the humanitarian opposition to political economy. It was to be written in a way which gave due place to the point of view of 'practical men'. And it was to be the first work of orthodox political economy which looked beyond laissez faire to a future cooperative state of society.

These features all stemmed from Mill's first general purpose, to impart a 'right' direction to economic discussion. That was a practical purpose. His second main intention was to provide an up-to-date statement of the abstract science of political economy. Here also conciliation was the ultimate goal. Ricardo's doctrines, Mill said, were still the

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90 The Examiner (25 November 1832), 760.
91 'On the Definition of Political Economy', Collected Works, vol.IV, pp.334-5. Cf. 'The Truck System', The Examiner (25 December 1830), p.821. See also the references cited in John M. Robson, The Improvement of Mankind, p.170. The point made in the paragraph above was originally derived from Professor Robson, though further investigation suggested that the change in Mill's attitude should be expressed as above rather than as Professor Robson has stated it.
purest source of the science; and all the developments since he had written were to be exhibited in Mill's own treatise as corollaries flowing from Ricardo's fundamental principles. 93

It was implicit in Mill's approach that some of the alleged corrections of Ricardo by Thompson, Jones, Senior, Bailey, Torrens, and others, were in fact misunderstandings. Indeed, we have seen that he treated as such the criticisms by Thompson and Senior of Ricardo's theory of rent, and Torrens's objection to Ricardo's theory of profit, in the series of studies 'in continuation and completion of Ricardo's doctrines' (1826-31), which were examined above (chapter 3). As to genuine differences of principle, Mill had long believed that they arise only where the parties are guided by different conceptions of method - 'by different views concerning the nature of the evidence appropriate to the subject'. 94 Mill's strategy of conciliation, as it affected other political economists, therefore involved either bringing them to see that they had misinterpreted Ricardo, or showing that the source of their dissent lay in a method different from his. It should be added that Mill did not want openly to attack as false the views held by his fellow economists. This would have put at risk their acknowledgment of correct views. His strategy was to look for what was useful, or at least not incompatible with Ricardo's doctrines, in the opinions they held, and to acknowledge this, while at the same time stating positively the true (Ricardian) position. This, it will be remembered, was the policy of 'practical eclecticism' which Mill had adopted following his 'mental crisis' and the discovery of how narrow had been his early education.

At least four examples of the practice can be given. Mill, in the Principles, retained Ricardo's doctrine that relative values are in proportion to labour cost, where supply is not limited. But he (implicitly) accepted Samuel Bailey's strictures on measures of absolute value. 95 Again, Mill expounded Ricardo's laws of distribution, while accepting Richard Jones's observations on forms of peasant rent as useful facts, showing the limiting influence of custom on the universality - though not, within their own sphere, the correctness - of economic principles based upon the supposition of competition. 96


95 See the discussion in Rauner, Samuel Bailey and the Classical Theory of Value, pp.137-9.

Thirdly, we have seen that Mill took over Wakefield's phrase 'field of employment' of capital, while restricting it to a meaning consistent with Ricardo's doctrines. Finally, he did a similar thing with Senior's term 'abstinence'. Senior had spoken of abstinence as 'that agent, distinct from labour and the agency of nature, the concurrence of which is necessary to the existence of Capital, and which stands in the same relation to Profit as Labour does to Wages'. Mill also spoke of profits as 'the remuneration of abstinence', but he adhered to labour productivity as the cause of profits.

Not all criticisms could be dealt with by a fuller exposition of Ricardo's doctrines, or rendered compatible with them by careful adaptation. For example, the objection by Malthus, Chalmers and Wakefield, that Ricardo had neglected possible - indeed actual - general deficiencies in demand, raised questions of method. The evidence brought by these critics, Mill in effect said, was either not adequate to sustain their contention, or could be explained in other ways, suggesting that they had failed to isolate the invariable antecedents of the effects observed. An example of the former sort of evidence is a general fall in prices. A decline in the rate of profit is an instance of the latter sort: it might be due to a rise in the money wage, or to diminishing returns; or, if sudden, to an increase in the desire to hold money. But, in the long run, goods will not be produced for which there is no demand.

It has been noted above that methodological confusion also lay behind Richard Jones's objection that the law of diminishing returns was not to be observed operating continuously. In the Principles, Mill made it clear that the law is premised on a 'given state of agricultural skill and knowledge'. He also readily allowed that currently the effects of the law were obscured by the counteracting influence of technical improvements in agriculture. A similar acknowledgment was made in respect of the law of population, against which Senior and others had quoted the fact of a progressive rise in

97 Above, chapter 3, pp.74-6.
99 Principles, Collected Works, vol.II, pp.400, 411. In his notes on the first edition (privately circulated) of Senior's Outline of Political Economy (1836), Mill commented: 'I question if abstinence can be called an agent or an instrument of production. Could not you call it a condition? And might not the word saving be used, not to supersede but occasionally to alternate with the term abstinence? Labour, natural agents, & saving.' ('Notes on N.W. Senior's Political Economy, by John Stuart Mill', Economica, n.s. 12 (1945), 134-9, p.135.)
100 The details of Mill's arguments will be familiar from earlier discussion, above, pp.27-9, 50-3, 75-6.
the standard of living in civilised nations. It may be asked whether it was a sufficient answer to the critics to allow that these tendencies might be temporarily counteracted. For it was Jones's belief that the force of diminishing returns rarely outweighs increases in productivity; and Senior, Whately and Tooke had all argued that subsistence usually increased faster than population. However, Mill himself agreed at least with the latter observation. Further, it has been argued above that neither Ricardo nor Mill based his acceptance of these two laws on the extent to which their effects might be seen at any particular period or point in time. The laws, they believed, isolated basic physical forces which the will of man could not alter, though he could do much to change the degree to which they impinged on his present and future state of comfort. But unless technical improvements and prudence were in some sense inherent and superior forces, the limited powers of the soil and the infinite capacity of population to increase comprised a sufficient rationale to justify the advocacy of measures to increase productivity and to check population. If these measures were successful, so much the better. Ultimately, therefore, there was no incompatibility between the laws of population and of diminishing returns, and the facts cited by Ricardo's critics.

Thus Mill treated all the criticisms by his fellow economists of Ricardo's doctrines as verbal misunderstandings, whether of the doctrines themselves or of Ricardo's method; or as differences traceable to a disagreement on method. He chose to fix his attention on what was good in their opinions, and, by explaining more fully the doctrines and the method of Ricardo, he hoped to provide them with the knowledge which would enable them to rectify their views.

The reaction of readers

How did Mill fare with the groups he hoped to conciliate? For an answer we are dependent on memoirs, letters and the current periodicals, and this evidence is, as may be expected, patchy. However, some impressions can be gained.

102 Ibid., p.159.
103 This is not to say either that the laws were consistent with any facts and therefore lacked all empirical content, or that they were so far removed from events that policy could safely be formed without taking them into account. Both points have been discussed in the writer's 'The Empirical Content and Longevity of Ricardian Economics', Economica, n.s. 37 (1970), 1-20. See esp. pp.11-13 for Mill's use of the law of population.
104 This is a paraphrase of Mill's own explanation of 'practical eclecticism': see Earlier Letters, Collected Works, vol.XII, p.42.
Sir George Clerk in 1845 had voiced a scepticism, widely shared by legislators, about the relevance of economic theory, when he prefaced a rebuke to John Lewis Ricardo for debating protection as a question of principle, with the observation: 'how very little abstract discussions are suited to the taste of this House'. Mill's Principles did not dispel all doubts. Nevertheless, it quickly raised him personally to a position of respect, and between 1850 and 1861 he was called upon to give evidence, as an economic 'authority', before no less than five Parliamentary Select Committees.

A similar distinction between Mill, and political economists in general, is suggested by the reactions in the three Tory periodicals, many of whose writers before 1848 had held both practical and humanitarian objections to political economy. The tone of Blackwood's towards political economy did not alter. Mill's Principles was given a generally favourable review, but more for 'the perpetual, earnest, never-forgotten interest, which accompanies the writer throughout, in the great questions at present mooted with respect to the social condition of man', than for the economic doctrines it expounded. Nor was the Quarterly Review any less sharp in its censure of political economy, though protectionist G.F. Young in 1849 combined a virulent attack on 'the delusive theories' of Malthus, McCulloch and Ricardo, with an acknowledgment of Mill as 'one of the most philosophical and candid of the modern school of economists' (for his admission that political economy is based on assumed premisses, which it is not pretended are in complete accord with facts).

105 Hansard, 3rd series, LXXVII (1845), 1078.
106 Mill's evidence is reprinted in Collected Works, vol.V. The committees were on The Savings of Middle and Working Classes (1850), The Law of Partnership (1851), The Income and Property Tax (1852), The Bank Acts (1857), and The Income and Property Tax (1861). Mill's first appearance was 'arranged' by the Christian Socialists, who largely dictated the enquiry: see Christensen, Origin and History of Christian Socialism, 1848-54, pp.273-4.
A slight shift of position in relation to political economy is apparent in Fraser's, but two special circumstances may account for this. Firstly, the magazine was bought in 1847 by John William Parker, Mill's publisher. Parker also took over editorial control. Not surprisingly, the review of Mill's Principles in Fraser's amounted almost to a panegyric. The reviewer noted the widespread antipathy to political economy, and allowed that there may be a reason for this in the 'incorrect language, and...hasty and inaccurate generalisation' of some economists. However, he dissociated himself from 'the large, unthinking, ignorant majority [who] scout every appeal to the authority of political economists', expressed a belief that Mill's work 'is destined to dissipate many of the errors...linked with the very name of political economy', and dissented from Mill's opinions on certain points only 'with diffidence and suspicion'.

Secondly, John William Parker, junior, the de facto editor, was a friend of Charles Kingsley, and sympathetic to Christian Socialism. Fraser's began to carry some articles expressing Christian Socialist views. Kingsley, and others of this group, thought highly of Mill's Principles, and it is possible that the sympathy of Fraser's towards political economy extended no further than the Christian Socialists' sympathy for Mill's views on the betterment of the condition of the labouring classes. At any rate, the old criticisms of political economy still found a place in its pages.

112 Raven, Christian Socialism, 1848-1854, pp.109, 125.
113 See, for example, the article 'Labour and the Poor', Fraser's Magazine, XLII (1850), 1-18, which lauded Mill's book, and advocated the 'Associations Ouvrières' of Paris. This was possibly written by Ludlow: it expressed the special liking we know he held for the Parisian associations (Masterman, John Malcolm Ludlow, pp.87-90), and it used a number of phrases of Mill and the Principles which bear striking resemblance to some in lectures by Ludlow on the relations between labour and capital (compare pp.14, 15, 16 of the article, with the reprinted lectures in the Journal of Association (1852), 60-4, 69-71, 77-9, 86-8, esp. pp.62, 63).
114 Kingsley, in Alton Locke, Tailor and Poet: an Autobiography, ch.XXXII, spoke of Mill's 'priceless Chapter "On the Probable Futurity of the Labouring Classes"', and urged it upon the worshippers of mammon, as 'both a prophecy and a doom'. Edward Vansittart Neale also used Mill as an authority, against Ernest Jones: see a letter published in Notes to the People, 2 (May 1851-May 1852), p.562. However, the Christian Socialists regretted that Mill's notion of cooperation was without any moral basis, and might mean no more than that whereas individuals once sought to benefit themselves irrespective of the cost to others, associations of individuals could now do the same: see the letter of John Minter Morgan in The Leader (21 December 1850), p.926.
115 See, for example, 'The State and Prospects of the Country', Fraser's Magazine, XLII (1850), 135-51, pp.140-1, 149.
The publication of Mill's *Principles* did not persuade Dickens that his caricatures of political economists might no longer be appropriate. It will be remembered, however, that he said in 1854 that his satire was 'against those who see figures and averages, and nothing else' (see above, p.111). This implies that he acknowledged the distinction for which Mill contended, that, namely, between mere political economists, and men who combine political economy with larger views. Indeed, Dickens expressly placed Charles Knight in a category apart from those whom he satirised, and Knight set Mill apart from McCulloch and 'the old race of Political Economists'. Thus, John Stuart Mill has, to a great extent, revolutionised our political economy. He has done, upon scientific principles, what writers of fiction have been labouring...to accomplish by one-sided pictures of individual suffering from the unequal distribution of wealth. Mr. Mill has indicated the way by which the claims of capital and labour, too long conflicting, may be ultimately reconciled, by the participation of those who ostensibly are non-capitalists in the profits of well-directed labour.

Even Carlyle, in the midst of expatiating about 'dismal science' and 'pig philosophy', remarked in 1850 that 'Pigs of sense' now see that the unlimited attainability of 'Pig's-wash' is a false goal.

Chartism had lost its appeal by 1850. The former 'physical force' men differed among themselves as to what form of action should be taken to achieve the political, thence economic independence of the people. Several agreed, as a tactical compromise, to support the cooperative schemes of the Christian Socialists. There is little to suggest, however, that they knew of the similar schemes advocated by Mill, and they continued to attack all political economists, indiscriminately, as purveyors of 'Manchester doctrine' and the philosophy of 'profit-mongering'.

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116 *Hard Times* (1854) sketched them perhaps more sharply than the novel's published before 1848.

117 *Passages of a Working Life during Half a Century*, vol.III, p.191. Knight was known to the working classes as an apologist for the capitalists: see Blaug, *Ricardian Economics*, pp.145-6 for comments on two of Knight's early works. Holyoake commented thus in 1848, on Knight's short-lived magazine *Voice of the People*: 'It tells the old story of political economy, viz., save what you have not got, and go to Church grateful to God for being allowed to do it.' (*The Reasoner*, 4 (1848), p.319.)

118 'Jesuitism', *Latter Day Pamphlets*, The Works of Thomas Carlyle, vol.XX, p.316. Carlyle, of course, knew that this was true of Mill, long before the *Principles* was published.


120 The quotations given above, pp.115-16, post-date the *Principles*. 
One radical who sought to combine Chartist ideals with other socialist views was Thornton Hunt, editor of the Leader. He had read extensively in political economy, and rejected most of what he read; but he also gave his qualified approval to Mill's book. Robert Owen, too, noted with approval some of Mill's views (on land, and marriage). In addition, Holyoake at once welcomed the Principles. 'It had been held', he said, 'that the people were made for political economy; but at length political economy [is] being made for the people.' Mill was praised for having spoken of communism 'with more geniality than any political economist had done before'; and, the Principles being priced too high for working men, Holyoake undertook to reprint large extracts for the readers of his paper, The Reasoner.

What of Mill's success with the political economists? Of those to whom Mill was opposed on grounds of method, namely Jones and Whewell, the latter's response is known. Whewell found the Principles generally to his liking, though he felt Mill had done Jones an injustice in acknowledging the value of the latter's facts about peasant rents, while tampering with Jones's classification of the facts. The classification, Whewell held, was essential to an appreciation of the laws of the progress of improvement under different systems of tenancy.

Hunt (1810-73) advanced, against the doctrine of individual competition, the ideas of communal ownership and control which Owen had earlier advocated. The Leader, a weekly, was projected by W.J. Linton and Hunt, and first appeared in 1850. It quickly became the main radical paper (information supplied privately by Dr F.B. Smith, who is completing a study on Linton; see also Schoyen, The Chartist Challenge, pp.219, 228, and E.M. Everett, The Party of Humanity. The Fortnightly Review and Its Contributors, 1865-1874 (Chapel Hill: University of North Carolina Press, 1939), pp.15-16). Hunt opposed Malthusianism (The Leader (4 January 1851), pp.12-14), but supported Mill's views on land and peasant proprietorship (ibid. (14 September 1850), p.589; cf. ibid. (7 September 1850), p.564). He also approved Mill's recognition of custom as a limiting condition on competition (ibid. (26 July 1851), pp.704-5), and implicitly agreed with his opposition to superficial philanthropy, and with his view that communism is the ideal state, which society should seek to attain (ibid. (5 October 1850), pp.658-9, and (12 October 1850), pp.684-5).

Robert Owen's Journal, III (November 1851-April 1852), p.72; though see also p.90.

The Reasoner, 4 (1848), p.351. The extracts compared sections 2 to 5 of the chapter on Property (bk II, ch.I) in The Reasoner, 4 (1848), 83-6, 98-101; sections 1 and 2 of the chapter on Popular Remedies for Low Wages (bk II, ch.XII) in The Reasoner, 5 (1848), 115-18; and section 10 of bk I, ch.V (Fundamental Propositions Respecting Capital), where Mill argued that taxing the rich does not harm the poor if the portion of income taken in taxes would otherwise have been spent unproductively, in The Reasoner, 6 (1849), 103-6.

I. Todhunter, William Whewell: an Account of his writings; with selections from his literary and scientific correspondence, 2 vols (London: Macmillan, 1876), vol.II, pp.345-6, 352-3. Specifically, Whewell objected that Mill treated cottier and ryot tenancy as one. Jones had stressed that under the ryot system rents are fixed by custom,
the more basic question how economic laws are to be derived, Whewell maintained his opposition to Mill. A priori predictions, even if checked a posteriori to see if anything was lacking in the initial postulates, are no substitute, Whewell implied, for colligations of facts. 'How can we say, with any sound sense or use, that the produce of land increases universally in a diminishing ratio, when we have to allow that there is a principle, which we call "the progress of civilization", skill and the like, which may prevent this diminishing ratio for centuries, and during the whole life of a nation?'.

Scrope, who had supported Jones's method and doctrines in the early 1830s, made no immediate public response to Mill's Principles. Evidently, though, he was not favourably impressed. For in 1873 he published a second edition of his own Principles of Political Economy (1833), complaining in the preface that he had found Mill's volumes, on perusal, 'to reiterate the old fallacies' on population, diminishing returns and - as he, Scrope, understood the implications of Ricardo's theory of profits - the inevitability of antagonism between labourers and capitalists.

The opinions which Bailey and Perronet Thompson may have expressed on Mill's Principles have not been discovered in the course of this investigation. However, Senior's opinions are known, since he reviewed Mill's book, together with the Essays on Some Unsettled Questions of Political Economy, for the Edinburgh Review. Senior expressed dissatisfaction with Mill's views on certain practical questions, but his basic criticisms were methodological. Mill, it will be remembered, had argued that the laws of political economy must be built up by reasoning initially upon simple premisses which are true but not necessarily universal. Invariably in any real economic problem, he had said, more than one cause is involved. The influence of the further causes which are relevant must be added successively to the one initially assumed to be acting alone. Finally, the predictions based upon the concurrence of all the relevant causes must be checked in any particular case, both to see if any secondary cause has been overlooked, and to ascertain

124 (continued)
as a proportion of the produce, and the tenant and landlord have a common interest in the soil. Under the cottier system, by contrast, rents are determined by competition, irrespective of the size of the produce, and there is no such common interest. Provided the landlord is not despotic, the ryot therefore has a considerable incentive to improve his holding, whereas the cottier has none (An Essay on the Distribution of Wealth, pp.138-42, 143-5). Mill chose to emphasise - what Jones had also admitted - that for the most part landlords had not acted so as to encourage the ryot to effect improvements (Principles, Collected Works, vol.II, pp.319-23).


whether the causes supposed to be the most important are so in fact.
Senior objected that Mill's check was inadequate: 'the strangeness of
the results of an hypothesis gives no warning' that some condition,
more or less important, has been overlooked, since we expect the results
of reasoning on assumed premisses to differ from what we observe. 127
Moreover, 'a writer who starts from arbitrarily assumed premisses is in
danger of forgetting from time to time their unsubstantial foundation,
and of arguing as if it were true'. 128

Both these dangers were real, and Mill sought to guard himself
against them by insisting that the theorist unite with his own skills
those of the practical man. His success in this respect was implicitly
acknowledged by Senior when he remarked that the political economy of
the Principles is less an hypothetical science than a positive art. 129
Ricardo, however, was accused by Senior of having reasoned from assumed
premisses as if they were true in fact. Among the examples Senior gave
of premisses so used were the assumptions 'that rent arises in con­
sequence of the difference between the fertility of the different
qualities of land in cultivation', and 'that in the progress of popula­
tion and wealth agricultural labour becomes less and less proportionally
productive'. Neither assumption, Senior held, is true; and in relation
to the latter, he gave it as the true law 'that, in the absence of some
disturbing cause, political rather than economical...the increased
demand for food and the increase of population are usually accompanied,
or rather preceded, by improvements in production which occasion the
increased quantity to be obtained...at a less proportionate expense of
labour'. 130 Mill had sought to defend Ricardo's theory of rent against
Senior, in his 1827 'dissertation on Rent'. Clearly, this had not
changed Senior's opinion. Nor had Mill's essay on method, or the
Principles, succeeded in changing Senior's views on the significance
of the law of diminishing returns as a positive (as distinct from an
abstract) truth. 131

Mill, in fact, had only one known convert among the political
economists, and that not as a result of the Principles. Torrens, on
reading the System of Logic, publicly announced that he had formerly

127 J.S. Mill on Political Economy', The Edinburgh Review, LXXXVIII
(1848), 293-339, pp.303-4. Senior had just delivered a course of
lectures at Oxford, in which his views were expounded at greater
length. These lectures were published in 1852 as Four Introductory
Lectures on Political Economy. They have been discussed by Marian
Bowley, Nassau Senior, pp.52-64.
129 Ibid., p.304.
130 Ibid., pp.302-3, 319.
131 Senior's view is superficially close to Whewell's, but see Bowley,
Nassau Senior, pp.49, 51, 57-8.
misapprehended Ricardo's method. He proceeded to argue that, when due allowance is made for modifying circumstances, strictures such as those made by Jones on Ricardo's abstract theory of rent do not apply. Torrens also acknowledged that his own objection to Ricardo's theory of profit could be met by the device of reducing all capital to its labour-equivalent. He acclaimed Mill as 'the highest living authority', and retained this opinion, though he later criticised Mill's views on currency and banking.

This survey suggests that Mill realised his conciliatory aims with the Christian Socialists, some of the leading Owenite cooperators, one influential political economist, and several humanitarian critics of political economy. The small amount of information available of the kind sought - the opinions of the same individuals on political economy before 1848, and on Mill's Principles, or political economy in general, shortly after that date - renders the survey an unreliable guide to the extent of Mill's immediate success. It is reasonable to assume, however, that a known success in conciliating one outstanding individual in any of the groups hostile to political economy (Ricardian or unspecified) represents a larger total success among others in the group, whose opinions have not survived.

The conciliation of opponents, it will be recalled, was not Mill's sole purpose with the Principles. In any case, a large minority was already favourably disposed towards political economy. Advanced whig and radical newspapers such as the Scotsman, the Globe, the Morning Chronicle, the Examiner, the Sun, the True Sun and the Spectator were generally sympathetic. So, too, were the Edinburgh and Westminster

132 The Budget. On Commercial and Colonial Policy. With an introduction, in which the Deductive Method, as presented in Mr. Mill's System of Logic, is applied to the solution of some controverted questions in Political Economy (London: Smith, Elder, 1844), pp.xiii-xv.

133 Ibid., pp.li and lii. The credit for the discovery of this device was given to Mountfort Longfield (1802-84), who had published it in his Lectures on Political Economy (Dublin, 1834): see Robbins, Robert Torrens and the Evolution of Classical Economics, pp.55-7. Mill's defence of Ricardo, using the same device, while probably developed c.1830, was published only after The Budget: see Mill, Earlier Letters, Collected Works, vol.XIII, p.624.

134 The Budget, pp.xxxviii, xlii, li.

135 Carlyle probably regarded this in a somewhat different light: he had not been reconciled to political economy; rather, it was evidence of the effect of his own teaching that John Mill was no longer to be counted among 'pigs of weak judgement'.

The Anti-Corn Law League from 1838 to 1846 actively promoted specific economic policies of a liberalising kind. And the Economist, begun in 1843, soon became the chief exponent of the principle of laissez faire.

These organs, and the Anti-Corn Law League, were chiefly concerned with the political uses of economic doctrines. Their doctrines were not always drawn from Ricardo, and their political philosophy was not always of the sort to which Mill felt he could give his unreserved approval. His attitude to doctrinaire exponents of laissez faire is already familiar. He was willing to write for the Edinburgh Review, but he thought it 'of a stationary character' in literature and politics: 'the most perfect representative of the 18th century to be found in our day'. And he berated two of its contributors: William Empson, for a review of Harriet Martineau's Illustrations of Political Economy, in which Empson had mixed sympathy for political economy with gentle reproof for some of Miss Martineau's too-radical social thinking, and McCulloch for 'a Whig homily on a Tory text' - a defence of the House and Window Tax, and a warning against the introduction of a property tax. Even the Westminster Review, which was at least 'on the Movement side', was considered by Mill to have been far too much the instrument of a narrow, negative sect while it was under the influence of his father, and of its first two editors, John Bowring (1824-32) and Perronet Thompson (1828-36). When he became more closely associated with the Review, towards the end of 1836, Mill wrote that he hoped 'to soften the harder & sterner features of its radicalism and utilitarianism, both of which in the form in which they originally appeared in the Westminster, were part of the inheritance of the 18th century'. Mill continued:


Empson (1791-1852) was a colleague of Malthus's at Haileybury; later editor of the Edinburgh Review (1847-52). His article, 'Illustrations of Political Economy. Mrs Marcet - Miss Martineau', The Edinburgh Review, LVII (1833), 1-39, was attacked by Mill in The Examiner (16 June 1833), p.373.

The Review ought to represent not radicalism but neoradical-
ism, a radicalism which is not democracy, not a bigotted
adherence to any forms of government or to one kind of
institutions, & which is only to be called radicalism inas-
much as it does not falter nor compromise with evils but cuts
at their roots - & a utilitarianism which takes into account
the whole of human nature not the ratiocinative faculty
only - the utilitarianism which never makes any peculiar
figure as such, nor would ever constitute its followers a
sect or school - which fraternizes with all who hold the same
axiomata media (as Bacon has it) whether their first principle
is the same or not - & which holds in the highest reverence
all which the vulgar notion of utilitarians represents them to
despise - which holds Feeling at least as valuable as Thought,
& Poetry not on a par with, but the necessary condition of,
y any true & comprehensive Philosophy.143

By means of a similar enlargement of view, and judicious balance
in the Principles, Mill was able to keep the sympathy of those already
well-disposed towards political economy, while maintaining an independent
attitude on political and social questions. Thomas Hodgskin of the
Economist remarked on Mill's careful assessment of every point of view.
Hodgskin's own social philosophy was one of extreme laissez faire
individualism, leading logically to anarchy. His basic premis in
political economy was that natural justice required that each individual
should receive the whole produce of his labour. But he rejected inter-
vention by government, philanthropists and socialists to achieve this
desirable end.144 Mill, he felt, was too much inclined to treat the
laws of distribution as if they were solely under man's control, and to
look too much, in his proposed cures for the ills of society, to a
political economy which took for granted the appropriation of property.
Despite these basic differences, Hodgskin appreciated the Principles
for the fact that 'every topic touched on is minutely, carefully, and
elaborately treated. The latest information is brought to bear on it;
writers of various countries are quoted; different opinions are referred
to and noticed; and not only does the work embrace many more topics than
other similar works, but they are all examined as if each one were a
favourite with the author'.145

George Grote, Mill's early utilitarian associate, was another who
found in the Principles a sufficient defence of competition to satisfy
his own strongly individualistic preference. He gave Mill a very
favourable review in the Spectator.146 The reviewer in the Westminster

144 See Halevy's Thomas Hodgskin, edited in translation with an intro-
duction by A.J. Taylor (London: Benn, 1956), esp. ch.3.
145 Hodgskin's review of the Principles appeared in The Economist
(27 May 1848), 603-4. See also the comments on the Principles, probably
by Hodgskin, in The Economist (9 September 1848), p.1032, and (14 October
1848), pp.1070-1.
146 'John Stuart Mill's Political Economy', The Spectator (13 May 1848),
467-9. The attribution of authorship is by William Ellis: see E.K. Blyth,
Life of William Ellis, 2nd ed. (London: Kegan Paul, Trench, Trübner and
also unconsciously testified to Mill's success in balancing opposing sympathies. He thought the revolutionary government in Paris would appreciate Mill's concern with an improved distribution of wealth; but he was gratified to find that 'Mr. Mill...separates himself from that class of politicians who have set up in this country as the poor man's patrons, and demolishes the theory upon which their pseudo-philanthropy is founded'.

In at least one instance Mill's fairness masked his own view. For example, Francis Bowen, in the *North American Review*, saw in the *Principles* 'clear and decisive refutation...of the theories of the Saint Simonians, the Fourierites, the Communists'.

Mill is not entirely to blame for such cases of misinterpretation. The events of 1848, both in Europe and in England, determined that the *Principles* as a cautious, but nonetheless radical attack on the existing arrangements governing property and distribution, would be overshadowed in its reception by the *Principles* as a defence of private rights in property. Mill himself had expected his opinions on moral and social questions, especially on property, 'to offend and scandalize ten times as many people as [they] shall please'. But revolution broke upon Paris two months before the *Principles* was released, and Kennington Common preceded its publication by a mere two weeks. The turmoil in Europe which had followed the Paris revolution made Mill's admission of possible advantages in socialist schemes pale besides his criticisms. Fraser's spoke of 'the fearful scenes lately enacted in France' and favourably contrasted the feeling of 'repose' derived from the *Principles* - as from 'a quiet, serene landscape by Claude' - with the mass of controversial and unsettling literature 'with which the press has of late years teemed'. Senior looked 'with terror and pity' on the happenings in Europe, and quoted with approval Mill's perception of the

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150 A great Chartist gathering at Kennington Common had been advertised for 10 April, after which a petition would be carried to Parliament. The authorities prepared for mass violence and troops were appointed to protect government offices against a possible revolutionary attack. The day ended in a fiasco, and marked the beginning of the final disintegration of Chartism. The causes of discontent, however, remained. See Dodds, *The Age of Paradox*, pp.327-31.
tyranny inherent in democratic demands and institutions. Francis Bowen recognised that Mill was 'no blind conservative; in England, indeed, he must be considered as belonging to "the extreme left"'. But the Communists were 'crack-brained speculators', while Mill was 'no wild theorist, but takes sober and comprehensive views', expounded with 'great moderation'. His notions on distribution were 'well considered and defensible, however much they may conflict with existing notions'.

The reactions of two broad classes of readers of Mill's Principles have now been considered: firstly, opponents of political economy, or of particular Ricardian doctrines; secondly, those generally sympathetic to the study, but whose laissez faire philosophy and other political and social views Mill did not fully share. Mill consciously sought to show members of the first class that there was no necessary conflict between humane views and political economy, and that much of the criticism directed against both Ricardo's doctrines and their supposed implications rested on misunderstanding. He desired to rescue political economy from many in the second class, who implicitly identified it simply with laissez faire policies or whig political philosophy. In this latter task he took no special care to conceal his own more radical ('socialistic') opinions. But even these appeared mild beside the pro-nouncements and actions of some of the revolutionaries in Europe, and Mill's work gave no offence on this account.

There remains a third general grouping of individuals, who were important to the initial sales success of the Principles, but who also constituted part of the base on which Mill's later authority as a political economist was built. This group is the body of young men who had grown to maturity in an era concerned with the 'condition of England question', the 'labour question', the Corn Laws and Ireland's problems. Unlike the readers in the first two classes, these young men were still in the process of acquiring opinions. They desired to understand the nature of social enquiry and social laws, and to discover workable solutions to the large questions of the day. Mill's System of Logic and his Principles together supplied a large portion of their needs. At Cambridge, the Principles was at once taken up for study and discussion by the Apostles, who included in 1848 Fitzjames Stephen (the brother of Leslie Stephen), E.H. Stanley (later Lord Derby) and Vernon Harcourt.

152 Leslie Stephen followed his brother at Cambridge, Fitzjames Stephen (1829-94) became a distinguished journalist and lawyer. Stanley (1826-93) twice served as Foreign Secretary. Though a conservative, he held a lasting admiration for Mill and his ideas of self-help. Harcourt (1827-1904) joined Fitzjames Stephen among the early contributors to the Saturday Review, was Whewell Professor of International Law at Cambridge, and a parliamentary Liberal.
and was joined in the early 1850s by a whole group of men, including Fawcett, who 'looked to Mill as their great prophet' in philosophy and political economy. By the early 1850s also at Oxford, Mill was 'a classic, both as a logician and as a political economist'.

It is not surprising that Mill enjoyed little success in changing the views of serious political economists who had long held objections to Ricardo's doctrines. Tooke, Senior, Torrens, Jones and Perronet Thompson had learned their political economy in the 1820s, or earlier. In 1848 they were at an age when few men are willing to give up cherished opinions. But the Principles commanded the admiration of two of the ablest young economists, William Newmarch (1820-82) and Walter Bagehot (1826-77).

Newmarch reviewed Mill's work in the Athenaeum, devoting to it two long notices. He assented to most of the doctrines expressed, and to many of Mill's practical schemes. The whole, he thought, was better arranged, and treated a greater range of topics than its model, the Wealth of Nations. 'It is assuredly a fuller and clearer development of the truth than anything hitherto attempted by Mr. M'Culloch.' And, while it fell short of Ricardo's vigorous ratiocination, only occasionally exhibited the combined qualities of Malthus, lacked the eloquence of Chalmers and 'the easy and transparent reasoning of Mr. Bailey', it was nonetheless a great fulfilment of a great design.

Bagehot wrote a long assessment - analytically the best apart from Senior's - in the Unitarian Prospective Review. He began by listing Mill's special contributions.

He is the first among great English Economists who has ventured to maintain, that the present division of the industrial community into labourers and capitalists is neither destined nor adapted for a long-continued existence: that a large production of wealth is much less important than a good distribution of it: that a state of industry in which both capital and population are stationary is as favourable

155 Senior and Jones were 58, Perronet Thompson 65, Torrens 68 and Tooke 74. Torrens's malleability was exceptional.
156 The Athenaeum (27 May 1848), 525-7 (3 June 1848), 554-7. The attribution of authorship is based on an entry in the marked file of the Athenaeum, now in the possession of The New Statesman, and on a comparison of the views expressed with other writings known to be by Newmarch. (The spelling in the marked file is Newmarsh, which may have been a variant. It is used, for example, by James Wilson of the Economist: see Emilie I. Barrington, The Servant of All. Pages from the Family, Social and Political Life of my Father James Wilson, 2 vols (London: Longmans, Green, 1927) vol.II, p.49).
to national well-being as one in which they are advancing: that fixed customs are perpetually modifying the effects which unrestrained competition would of itself inevitably produce: that a large body of peasant proprietors is usually a source of great national advantage: and that a system of Emigration on a great scale would be productive of much benefit to the English peasantry by raising their habitual standard of comfort, and therefore putting a check on the reckless increase of a miserable population.

Bagehot was more critical than Newmarch of Mill's exposition of the scientific part of political economy. He felt, too, that Mill shared some of the habitual shortcomings of the abstract and 'positive' approach to the philosophy of wealth; though he added that 'these blemishes have rarely been presented in a form so little calculated to offend those whose conception of life may be cast into a somewhat different form', and he had no hesitation in according Mill a status equal to that of Smith and Ricardo.

The ingredients of success

Mill began writing his Principles in the knowledge that political economy in general was at a discount with a large segment of the public; that some, but not all, of the widespread criticism of economists was directed against the followers of Ricardo; and that among political economists themselves there was little unity, and a significant amount of dissent from Ricardo's method and doctrines. Moreover, before the manuscript went to the publishers, the Corn Laws had been repealed. In one important respect, therefore, the applied work of Ricardo's engine was done. Nonetheless, the Principles, though avowedly Ricardian, won immediate acceptance. We have been occupied with the questions How? and With whom?

Contemporary opinion suggests that the work was appreciated for its humane concern with the problems of the poor, and for its acknowledgment that the science of wealth has authority only in a limited sphere: in particular, that distribution and the well-being of individuals are quite as important as the amount of wealth produced, and that many counteracting causes must be considered in applying abstract principles. In addition, Mill's earnest concern to find out the truth on every question, and his fairness in examining all points of view, won the respect of readers. Reviewers of the Principles were unanimous in their praise of these qualities - a unanimity all the more striking in view of the fact that the reviews appeared in periodicals reflecting

a wide range of political and social attitudes. 158 It is equally significant, however, that few of the reviewers agreed with Mill on many of his schemes for social reform. And agreement sometimes meant only that Mill's finely balanced statement of pro's and con's had been swung by a reviewer in the direction of his own particular preferences. The tone or spirit of the book, as Mill himself appreciated, evidently was more important than much of its detail. 159

These factors may account, at a popular level, for the wide appeal of the Principles. But one of them - Mill's concern with the 'labour question' - probably also did most to ensure the ready acceptance of the Principles as an exposition of Ricardian economics. The comments by reviewers on the scientific parts of Mill's treatise were directed largely to the laws of population and of diminishing returns, and the way in which these operated, together with other causes, to influence profits, the wages fund and the rate of wages. Bagehot and Senior criticised Mill for not explaining what proportion of total output shall consist of wage goods. Both also felt that he had given insufficient weight to the forces tending to increase productivity. 160 But neither they nor other reviewers questioned the relevance of Ricardo's conceptual framework to the question of wages - a question which occupied as central a place in social and economic discussion in the late 1840s and in the two decades following, as had the Corn Laws before 1846.

158 Those already mentioned include Whig/liberal periodicals such as the Edinburgh, the more radical Spectator and the Westminster Review, the Tory Fraser's and Blackwood's Magazines, the Unitarian/liberal Prospective Review, and the laissez faire Economist. The Principles was also reviewed in the dissenting (largely congregational) Eclectic Review, 88 (1848), 360-77.

159 See Autobiography (Columbia ed.), pp.165-6, 174.

MILL'S DOMINANCE, 1848-73

The initial impact of Mill's *Principles*, and the strategy and incidental reasons accounting for its success, have now been examined. During the quarter-century from 1848, Mill dominated English economic thought. In this chapter we shall be concerned with the manner in which he exercised his influence, concentrating mainly on the composition of his circle of friends, the scientific work of those among them who may be regarded as Ricardians, and on Mill's influence in the universities. Before turning to the enquiry proper, however, it may be interesting to recapture, from a few scattered contemporary references, something of the aura of authority which surrounded Mill's name.

Thus at one level, Mill's name and his views were employed by others as a substitute for fresh argument in the advocacy or defence of a particular position. This was at times the resort of the uncertain, as in the example involving Fawcett, quoted in the following paragraph. More generally, however, it was simply that Mill's name and work were thought to be more persuasive than fresh logic. Cooperators, for example, who had to overcome the established prejudice of working men against political economy, regularly referred to Mill as 'a master of Political Economy' who yet did not teach that profits were the inalienable right of the capitalist; or as 'the highest living [economic] authority', yet in favour of higher wages.  

But even the *Economist*, in 1868, stated a preference for 'the abridgement of some standard work, such as Mill's, or MacCulloch's edition of Adam Smith' rather than 'the present practice of writing independent manuals'. For 'the quality of the work could not fail to be superior, and the student would know that his teaching was from the highest source'.

It was not always necessary to refer to the master himself; Fawcett stands in Mill's place in the following example. Fawcett's *The Economic Position of the British Labourer* was reviewed in *The Working Man*, March

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1866. The reviewer noted with approval the 'moral' of the work, that the position of labour is bad, but ought and could be bettered. He added: 'What is said from the chair of political economy of the Cambridge University becomes matter of authority.'

Mill's followers implicitly accepted that they reasoned from the true and established position. Leslie Stephen is typical. In 1864 he reviewed Hearn's Plutology in the following terms:

There are certain statements to which we instinctively look in a work on Political Economy in order to know the orthodoxy of the writer. We are as anxious to know whether he is sound upon the theory of rent, and whether he admits that the value of an article depends on its cost of production, as Dr Pusey would be to determine whether a theological author ventrues to express a hope for the ultimate happiness of mankind. Upon his statements of such points depends our reading his book in a calmly acquiescent frame of mind or in a controversial, though, we hope, a judicial spirit.

We are glad to report that Mr Hearn is, on the whole, but little tainted by heterodoxy. If he would not sign a set of articles extracted from the works of Mr Mill, he cannot be considered as deviating into any unpardonable paths of error. His worst fault in our eyes is that he shows too strong an inclination towards the backslidings of Mr Carey with regard to rent.

The sureness - arrogance, if it were more seriously meant - of Stephen's review did not reflect any mere supposition of dominance on the part of a few followers. Those who differed from Mill, and who therefore had every reason to wish it otherwise, candidly acknowledged the weight of authority against them. John Lalor, for instance, in announcing a frontal attack on 'one of the fundamental principles of the reigning system of Political Economy...[the view] that the accumulation of capital cannot proceed too fast', acknowledged that he thus placed himself in opposition to 'the greatest name in English political science', John Stuart Mill. Jevons is perhaps the most extreme example of a man who saw in Mill the personification of all the obstacles to an acceptance of his own views. His sensitivity on this point, while excessive, was not without foundation. For even William Cunningham (1849-1919), known for the sharpness of his attacks on deductive

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5 (1814-56). Assistant Poor Law Commissioner in Ireland (1836); became a Unitarian and edited their organ The Inquirer from 1844; was a leader writer for The Morning Chronicle until 1848.

political economy, could speak to a meeting of the British Association in 1891 of 'our science, as treated by Mill', naming him 'because, whatever our differences may be I feel sure we should all regard ourselves as his disciples'.

Mill's name, then, or a reference to the Principles, was used by some as a substitute for fresh argumentation; his adherents showed an awareness that they commanded the heights; and the fact was acknowledged by dissenters themselves.

The Mill circle

Mill personally, however, was at no time concerned to court the public. Indeed, for some years before and during his marriage with Harriet Taylor, and after her death in 1858, he lived in relative seclusion. But he sought the company of congenial minds, and in the early and mid-1860s regularly entertained selected friends at his Blackheath home. Among those who made up these 'ideal symposia' were Herbert Spencer, Cliffe Leslie, the Amberleys, the Grotes, the Bains, John Morley, Fawcett, Cairnes, Thornton, Louis Blanc and Sir Charles Lyell.

Of these, at least Leslie, John Russell (Amberley), Fawcett, Thornton and Cairnes were actively interested in the study of political economy. Each, Leslie excepted, acknowledged Mill as his master in the field. And even Cliffe Leslie looked on Mill as sui generis - at

8 The expressions 'Mill "school"' and 'Millian orthodoxy' will not be used. Contemporaries rightly employed these phrases primarily with reference to the influence of Mill's empirical philosophy and his liberal political views. Our concern is with his political economy, which was only a part of his total interests. Moreover, the scientific part of that study he took from Ricardo. To avoid giving the impression that the scientific part of Mill's political economy was significantly different from Ricardo's, and to allow for the wider range of Mill's thought, it has seemed preferable to speak of 'Ricardian orthodoxy' and the 'Mill circle'.
10 Lord Amberley (1842-76), son of Lord John Russell; converted to Mill's radical views, especially on votes for women; advocate of neo-Malthusianism. Amberley was the father of Bertrand Russell.
11 See, for example, Amberley's laudatory review article on the People's edition of Mill's Principles: 'Political Economy', The Westminster Review, n.s. XXVIII (1865), 106-33. (The attribution of authorship is based on a letter by Lady Amberley to Mrs A.C. Fraser, 6 July 1865, Alexander Campbell Fraser papers. Information supplied by Professor Walter
least in a class apart from what he regarded as the unhistorical, a priori school of Ricardo. 12

These men constituted the 'core' of Mill's economic following. Each, in turn, extended the circle touched by Mill's economic and other ideas. For example, Fawcett's rooms in Cambridge in the late fifties and early sixties were the meeting place of a group of Wranglers who were also devotees of the Principles. Among them were Leslie Stephen, Edward Wilson and C.B. Clarke. And among the outsiders who visited, there were Thomas Hare, Thornton and Cairnes. 13 Both Thornton and Cairnes formed a close attachment to Leonard Courtney who, had it depended on the affinity of ideas alone, possibly would not have entered

11 (continued)


12 See, for example, Leslie's letter to The Economist (13 February 1869), p.177: 'There are persons who profess a priori, or out of Adam Smith and Ricardo (Mr Mill is not considered quite "orthodox"), and without the least reference to the experience of other countries, or even to the facts of their own, to explain the whole scale of wages, profits, and prices.' In another, ibid (12 June 1869), p.690, he says that economists are divided into two schools, 'the school of Adam Smith, Malthus, and J.S. Mill, and the school of Ricardo; a school of inquiry into facts and their causes, and an a priori school for whom the canon is closed, and inquiry and verification are forbidden'. (These statements should be read together with Leslie's more careful and accurate assessments of the relation in which Mill stood to Ricardo: see his important essay, 'On the Philosophical Method of Political Economy' [1876] in Essays in Political and Moral Philosophy, (Dublin: Hodges, Foster, and Higgin, 1879), 216-42, p.221; also the essay entitled 'John Stuart Mill' [1875], ibid., 243-7, pp.245-6.)

13 Leslie Stephen, Life of Henry Fawcett, pp.22-4, 82, 89. Wilson seems not to have pursued political economy beyond the discussions which took place in Fawcett's and Clarke's rooms. Leslie Stephen, however, wrote a few pieces on political economy for the periodical press, and began a small treatise called 'The Essence of Political Economy', in which supply and demand curves appeared, before he left Cambridge and turned to other things (F.W. Maitland, The Life and Letters of Leslie Stephen, p.75). The treatise has, unfortunately, been lost (private communication from Lord Annan). C.B. Clarke later wrote a work entitled Speculations from Political Economy (London: Macmillan, 1886), and while still at Cambridge, prosecuted the cause of Mill by publicly attacking the inclusion of Carey's works in the list of recommended books for the Moral Sciences Tripos (see below, p.171.
the sphere of Mill's friendship. Mill himself drew in admirers like John Morley and Charles Dilke, both of whom, together with Frederick Harrison, Fawcett and others, belonged to Mill's 'Dominicans', the group he formed on his election for Westminster in 1865, to hear and discuss his political views. Moreover, Dilke, Morley, Cairnes, Frank Hill, Courtney, Leslie Stephen, Henry Sidgwick and Hare were all members, with Mill, of Fawcett's Radical Club. Many of those named here may be thought of as a kind of outer circle. They were all friends, liberals and - though in varying degrees - influenced by Mill in their political economy.

To this list of disciples and associates can be added some 'fringe ends': avid admirers of Mill's economic writings who stood, however, outside the circle of close friendship, just as in some cases their uncompromising advocacy of one or more of Mill's unpopular views placed them on the fringe of respectable society. At the most respectable end of the 'fringe' were men like William Lovett, the 'moral force'.

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14 Courtney (1832-1918) was more a Smithian and Malthusian than an adherent of Ricardo's special doctrines: see, for example, his review of Louis Reybaud's *Economistes Modernes* in The London Review (2 August 1862), 106-8, esp. pp.107-8; and his reaction to Marshall's Inaugural Lecture at Cambridge, in 'The Present Position of Political Economy', The Times (30 May 1885), p.10. For Courtney's friendship with Thornton and Cairnes (whose work he greatly admired) see G.P. Gooch, *Life of Lord Courtney* (London: Macmillan, 1920), p.46 and ch.IV, passim.


16 (1843-1911). Parliamentary radical, acknowledged by Disraeli in the early 1870s to be the most influential and forceful MP among younger men (L.A. Marchand, *The Athenaeum. A Mirror of Victorian Culture* (Chapel Hill: University of North Carolina Press, 1941), pp.82 ff.). Dilke inherited the *Athenaeum* in 1869, and for at least the next decade its reviewers of economic works were mostly disciples of Mill.


18 Ibid., vol.2, p.83.

19 Editor of the Gladstonian *Daily News* from 1870-86, and one of the Sunday guests at Mill's house (*Amberley Papers*, vol.1, p.513).


Chartist. He, with others (notably Mill's friend William Ellis), had political economy introduced into the curriculum of certain elementary schools over which they exercised control. George Jacob Holyoake and Henry Solly were two of the 'fringe' who helped publicise Mill's economic doctrines to working men, in the cause of cooperation: Holyoake in the *Reasoner*, and Solly in the *Workman's Magazine*.

Mill's 'fringe' admirers were not all so respectable - socially or intellectually - as those just mentioned. That did not bother him; but he must have felt another of their characteristics, doctrinal rigidity, at times a questionable compliment. Charles Bradlaugh was one who said of himself 'I hold the doctrines of John Stuart Mill in Political Economy'. He meant, however, neo-Malthusianism and the right of the state to interfere with the distribution of land. Bradlaugh's Land Law Reform League was more extreme in its demands than Mill's platform, the Land Tenure Reform Association. At one with Bradlaugh in his neo-Malthusianism were the brothers George and Charles Drysdale, and J.H. Levy. All four expounded the law of population, but they were much more open than Mill in advocating birth control, and they did not hesitate to criticise Mill and his close disciples on points where they detected a retreat from the vigorous application of supposedly natural economic forces. Thus Charles Drysdale took Fawcett to task for

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22 See Appendix 1.
23 Supporter of Working Men's Clubs; editor of the *Workman's Magazine*.
See the recommendation of Mill and Millian writers on political economy in The *Workman's Magazine* (1873), pp.5, 52, 102, 164.
25 George Drysdale edited (indeed wrote) a bi-monthly called *The Political Economist and Journal of Social Science* (January 1856-April 1857), much of which was incorporated in the third (1859) and later editions of his notorious *Physical, Sexual, and Natural Religion* [1854] (later called *The Elements of Social Science*). His periodical contained careful expositions chiefly of the population principle, but also of the Ricardian theories of rent, wages, profits and value in Mill's version. For an early, and a late statement of Charles Drysdale's views see *Amberley Papers*, vol.2, pp.171-3, and 'The Malthusian Theory of Population', *The Westminster Review*, n.s. CXXXI (1889), 561-73. He was President of the Malthusian League, which published a series of Malthusian Leaflets, and Tracts, during the 1870s. No.1 of the former was taken from bk II, ch.xiii of Mill's *Principles*; and no 3, comprised extracts from Cairnes's *Some Leading Principles of Political Economy Newly Expounded* (London: Macmillan, 1874), pp.182-3, 328, 332-3, 335. Joseph Hiam Levy (1838-1913) was the first (part-time) lecturer in political economy at the Birkbeck Institute (1861-74) and for some time also lectured in the subject at the City of London College. He was the founder of the Dialectical Society, and later of the National Liberal Club (in which Courtney also was prominent); and was a council member of the Land Tenure Reform Association.
suggesting in his Manual of Political Economy that emigration might suffice permanently to improve wages, apart from a direct control of numbers. Again, Levy felt that the Mill of the Principles had done wrong by the Mill of the System of Logic and the Essays on Some Unsettled Questions of Political Economy, through his attempt to mix with the pure, natural laws of distribution certain elements of ethics and custom.

Our chief interest lies not with those whose connection with Mill was more remote, but with his circle of intimates; and, among these, with the few who were serious students of political economy: principally Cairnes, Fawcett, Thornton and Cliffe Leslie. How unified was the economic thought of this group of friends? Did they constitute a school for the propagation of Ricardian economics?

Given the range of topics covered in Mill's Principles, it would be surprising if there had prevailed in the Mill 'circle' one doctrine, complementing a common admiration for the man himself and his book. Again, Mill's view of the subject made for differences. He regarded the method of political economy as established, and felt that the theories of production and exchange were more or less complete. But new circumstances might warrant changes in the application of the laws of distribution; and disciples who agreed on the laws would not necessarily agree on the way they should be applied in a particular case. It should be added that the mature Mill was more interested in the applications of political economy than in its doctrines per se. In particular, he was concerned with the role of government, the ends of social policy, and the 'art' of framing rules to achieve these ends. This concern, Mill's personal openness to new influences and his readiness to encourage talent, made his company attractive to young men of reforming zeal. But in the nature of the case, the commitment of such disciples was as much to Mill the man as to any particular opinions he held. Finally, one element which might have tended to suppress differences was lacking in the Mill 'circle'. Mill had no desire to lead a faction. He believed that 'Truth is sown...and is not to be struck

26 'Inadequacy of Emigration as a Means of Raising Wages in Old Countries. Being a Criticism of the Views of Mr Herman Merivale and Mr Henry Fawcett', National Association for the Promotion of Social Science, Transactions (1863), 618-24.
28 Cf. Mill's remark to Carl Rau in 1852: 'I confess that I regard the purely abstract investigations of political economy (beyond those elementary ones which are necessary for the correction of mischievous prejudices), as of very minor importance compared with the great practical questions which the progress of democracy and the spread of socialist opinions are pressing on' (Elliot, ed.), The Letters of John Stuart Mill, vol.1, p.170).
out suddenly like fire from a flint by knocking another hard body against it'. 29 The System of Logic and the Principles were disseminating the seeds of true (Ricardian) method and doctrine. The Mill 'circle' therefore could afford - though Mill also encouraged it - the luxury of honest dissent and exploration. 30

The 'circle' was never formally constituted like a club; it gathered in the years between 1859 and 1865. By the latter date friendship had been established between Mill and Cairnes, Fawcett, Morley, Cliffe Leslie, Thornton (much earlier) and Amberley. But by the latter date, too, divergent tendencies were beginning to show.

One of these, a difference between Cliffe Leslie and Cairnes, arose out of Cliffe Leslie's leaning towards the historical method in the study of economic phenomena. 31 It emerges in the course of some of Leslie's earliest published writings in political economy, on the effects of the gold discoveries in California and Australia; in particular, their influence on prices. There was no difference between Leslie and Cairnes on the economic laws which governed changes in prices. But whereas Cairnes began with a presumption that the effects of the new gold could be explained in terms of Ricardo's abstract laws, Leslie treated this as an open question, to be settled by historical observation. Thus Ricardian theory taught Cairnes that, ceteris paribus,

30 Mill's attitude is typified by his response to Thornton's attacks on Utilitarianism (London: Parkes, Son, and Bourn, 1863); reprinted in Collected Works, vol.X, 205-59. 'You have not said anything yet', Mill wrote in letter of 1870, 'which would give to the most irrational or most irritable person living anything to "forgive". But were you to attack my book or my arguments with any amount of severity I should only see in the attack, coming from one of whose friendship I am so certain, an additional proof of friendship.' (Elliot (ed.), The Letters of John Stuart Mill, vol.II, pp.283-4.) The belief underlying this attitude is well displayed in a comment made in the course of reviewing Thornton's On Labour, its Wrongful Claims and Rightful Dues, its Actual Present and Possible Future (London: Macmillan, 1869). Mill wrote two review articles on this work under the title 'Thornton on Labour and its Claims', The Fortnightly Review, n.s. V (1869), 505-18 (pt I), and 680-700 (pt II); reprinted in Collected Works, vol.V, 633-68. Mill said: 'Scientific laws always come to be better understood when able thinkers and acute controversialists stir up difficulties respecting them, and confront them with facts which they had not yet been invoked to explain.' ('Thornton on Labour and its Claims', Collected Works, vol.V, p.641.)  
31 Leslie acknowledged Sir Henry Maine as having taught him the use of the historical method of investigation, through his studies of ancient and comparative laws and institutions (see the Preface to Essays in Political and Moral Philosophy, p.vi). But he also frequently identified this method with a true application of Mill's doctrine of the plurality of causes, setting it over against a priori deduction from abstract premisses (see, for example, his letters to The Economist (14 October 1865), p.1239; (13 February 1869), p.177; (16 July 1879), p.885).
a rise in the quantity of money will produce a proportionate rise in prices. Accordingly, he expected the new gold to raise prices, and the problem as he saw it was to demonstrate that a depreciation of gold had occurred, when the facts showed both that English prices had not risen as sharply as the amount of the new gold would have led one to expect, and that such rise as had occurred was not uniform for all commodities. Leslie, by contrast, began with a set of causal elements which he thought might be relevant, and attempted to ascertain which of them were, by examining the gold discoveries following 1849 and 1851 in relation to those of the sixteenth century.

Compared with the nineteenth century, Leslie observed, sixteenth century transport was poor, markets were local, the range of goods was small, and there were no rapid changes occurring in the techniques of their manufacture. Moreover, the new gold then encountered a comparatively low initial level of prices. As a result of these conditions, 'most of the money was expended in a few particular places - the most commercial and advanced'; 'such rise of prices as really took place was almost confined to the neighbourhood of the chief seats of wealth and traffic'; and there the rise was both rapid and general. By contrast, the gold discoveries of the mid-nineteenth century coincided with an era of rapid improvement in transport and communications, an increase in specialisation (hence in the range of goods), and improvement in the techniques of manufacture. Had there been no new gold at that juncture, prices in the centres of advanced civilisation would have been seen to fall and those in remote and backward places to rise, the two tending toward equality. With the advent of the new gold, however, prices had in fact risen slightly in the advanced centres, but still more, and more rapidly, in remote and 'recently backward' centres - both 'countries and districts'. Cairnes's attention, Leslie suggested, had been quite distracted from this last fact ('the chief monetary phenomenon of this epoch') by his concern with the depreciation of gold (a question 'in itself...of comparatively little importance'). And the distraction was due, Leslie implied, to

32 See the fuller discussion of Cairnes's work below, pp.176 ff.
33 'The Distribution and Value of the Precious Metals in the Sixteenth and Nineteenth Centuries', Macmillan's Magazine, X (1864), 301-19; reprinted in Essays in Political and Moral Philosophy, 264-95, pp.272-3.
34 Ibid., pp.273-7.
35 Ibid., p.277; cf. 'The New Gold Mines and Prices in Europe in 1865', The North British Review, n.s. III (1865), 300-26; reprinted in Essays in Political and Moral Philosophy, 296-325, pp.299-301. For one reason why this was so important - the increased profitability of investments in remote areas - see ibid., p.320.
36 'The Distribution and Value of the Precious Metals in the Sixteenth and Nineteenth Centuries', ibid., p.274.
Cairnes's preference for a priori theorising. Certainly Leslie was convinced that without his own historical comparison he would not have been led to see 'the production and distribution of the new gold [as] only a part of a much larger movement, resulting from the new facilities of producing many things, gold among the number, in cheaper places than formerly, and disposing of them more readily in the places where their value is the highest'.

Cliffe Leslie, perhaps, took more seriously than the others in Mill's 'circle' - Mill himself excluded - the corrective potential in the a posteriori check on deductive reasoning. This set him somewhat apart from the other members of the group. But there were important differences, not of method, but of doctrine, in which he only echoed the criticisms initiated by one member against the views of the others. Thus, within the group, Thornton was the first to express publicly dissent from the doctrine of the wages fund. Thornton's attack was, however, preceded by a paper on the law of supply and demand, in which both Mill and Fawcett were severely criticised. On this occasion, Cairnes and Leslie united in defending Mill against what they felt was unjustified criticism by Thornton.

These differences in method and doctrine might be thought sufficient to have undermined the distinctive identity of the group. However, common loyalty to Mill prevented them from becoming too overtly

37 Leslie specifically cited Cairnes's writings and his view that a greater rise in prices had occurred in England than elsewhere, except in the gold countries themselves and in America (ibid., p.275). He did not state in so many words that Cairnes had been led astray by his method, but the inference seems warranted from other comments he made. See, for example, two later letters to The Economist, where he says: 'From no first principles could we have predicted the actual changes in the prices alike of land, labour, and commodities in the last twenty years' (27 March 1869), p.356; and 'my reasoning related to all the actual changes in prices consequent on all the economic conditions of the period; and these are precisely what we should never be able to estimate correctly by considering the effect of a cheaper importation of money "by itself apart, and as an isolated condition". English economists were led astray in the early years of the new gold by taking into consideration the cheaper importation of gold alone' (16 July 1870), p.885).

38 'The New Gold Mines and Prices in Europe in 1865', Essays in Political and Moral Philosophy, pp.299-300; see also the letters quoted in the preceding note.

39 'A New Theory of Supply and Demand', The Fortnightly Review, VI (1866), 420-34. This paper was followed by others, in which Thornton expressed the criticisms on the wages fund theory that he later published in On Labour. Leslie's criticisms were published in a letter to The Economist (2 May 1868), pp.497-9, and in 'Political Economy and the Rate of Wages', Fraser's Magazine, LXXVIII (1868), 81-95.

40 See the letter to The Economist by Cairnes (20 October 1866), pp.1221-2 and (3 November 1866), pp.1279-81; and by Leslie (1 December 1866), pp.1395-6.
before his death. This is very noticeable in the case of Leslie. Repeatedly in his writings Leslie explicitly mentioned Mill in a different category from the a priorism which he attributed to Ricardo. He seems also to have taken some pains to avoid linking the names of Mill, Cairnes and Fawcett with doctrines he personally rejected. For example, while Cairnes is mentioned in footnotes in Leslie's 1864 and 1865 essays on the effects of the new gold, in other publications making the same point it was merely 'English economists' who were led into the error that Cairnes exemplified. In his attacks on the wages fund theory, too, this protective attitude is evident. It was 'the theory of wages propounded by economic writers in general, though rejected by Mr Thornton, and subjected to important practical modifications and corrections by Mr Mill, Mr Fawcett, and Mr Waley'. Again, it 'was not originated by Mill, but appeared in its most uncompromising and fallacious forms in the works of his predecessors, MacCulloch and Senior'.

Mill's only active role in keeping the group together was an unconscious extension of his own intellectual methods. He vetted manuscripts and gave advice, and in the process softened the sharp edges of dispute by selecting and stressing what truth was common to the disputants. For example, when Cairnes wrote to him in 1863 protesting against a view recently expressed in the Times, that the new gold would first, like water, flow into the 'hollows' where prices were lowest and only later have effects in England, Mill sought to show that this 'hydrostatic theory', when properly interpreted, was in fact none other than his own view that trade and communications were already tending to equalise prices throughout the world, and that the new gold would first have to offset the fall in England's prices from this cause before any rise could take place there. Prior to this Mill had recommended his view to Leslie. Subsequently he approved the use to which Leslie put it, also acknowledging that Cairnes was wrong in having rejected the point. On another point, however, Mill sought

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41 In addition to those references given in footnote 12 above, see his letter to The Economist (20 April 1867), p.443, and Essays in Political and Moral Philosophy, pp.151, 239, 246.
42 See, for example, The Economist (16 July 1870), p.885.
43 'Political Economy and the Rate of Wages', Fraser's Magazine, LXXVIII (1868), p.82.
44 Essays in Political and Moral Philosophy, pp.246-7.
to reconcile the views of his two friends. This was the question whether India had been benefited by the new gold. Leslie believed that the rise of prices in India, following the gold discoveries in California and Australia, measured a permanent gain. The rise, he said, reflected India's more ready access, through improved means of transport, to the markets of more advanced nations. Moreover, she now enjoyed this access at improved terms of trade. Cairnes's view was that the drain of gold and silver to India represented on her part an export of real wealth, and a loss to her, through relatively worsened terms of trade, in the interim before her prices had risen in the same proportion as prices in England. It is possible that in the draft of his 1864 essay, published as 'The Distribution and Value of the Precious Metals in the Sixteenth and Nineteenth Centuries', Leslie openly opposed Cairnes's view. Mill commented on a draft of this essay that there was no conflict between the two views, and in the published version Leslie included only a vague reference to 'some who view the accession of metallic treasure... as a burden and a loss' to India.

Personal status, and his own eclectic and conciliatory practice, made Mill a centripetal influence in the 'circle'. But what probably contributed as much as these things to its continued existence as an identifiable group was the common commitment of its members to the genuinely scientific study and application of political economy, as distinct from mere 'catch-word' economics. Mill drew the distinction thus:

The founders of Political Economy have left two sorts of disciples: those who have inherited their methods, and those who have stopped short at their phrases; those who have carried on the work of the masters, and those who think that the masters have left them no work to do. The former follow the example of their teachers in endeavouring to discover what principles are applicable to a particular case, by analysing its circumstances; the latter believe themselves to be provided with a set of catch-words, which they mistake for principles - free-trade, freedom of contract, competition,

49 Elliot (ed.), The Letters of John Stuart Mill, vol.I, p.309. It is not certain that it was a draft of this article that Mill saw, but the internal evidence is strong.
50 'The Distribution and Value of the Precious Metals in the Sixteenth and Nineteenth Centuries', Essays in Political and Moral Philosophy, p.286. The suggestion that Leslie deferred to Mill on this point is strengthened by the fact that on other points in his paper Leslie mentions Cairnes as one holding different views.
demand and supply, the wages fund, individual interest, desire of wealth, &c. - which supersede analysis, and are applicable to every variety of cases without the trouble of thought. 51

It was this commitment that separated the Mill 'circle' - his close associates - from his 'fringe' disciples. The latter - men like Levy, the Drysdale, Bradlaugh - though they professed Mill's teaching, used it in the dogmatic, inflexible way that he castigated. Strictly, therefore, they were only nominally Millians, more accurately to be classed among the greater number of political economists who also earned Mill's censure for practising political economy in the same way.

It will be convenient to digress at this point to notice in more detail some of the characteristics of this 'routine school of political economists', so roundly condemned by Mill. Historically, as he noted, they were the linear descendants of the liberals who had struggled against protectionism. His complaint against them was that they still (in 1870) spoke and acted as if laissez faire was a sole and sufficient guide on all social and economic questions. A related characteristic, which Mill did not explicitly mention, was the propensity of many in this 'school' to link opposition to government interference with an appeal to 'natural laws' or deistic notions of natural harmony and natural liberty. Both traits expressed themselves in a failure to distinguish between questions of science (questions about what is) and prescription (what ought to be). These characteristics, rather than any decidedly anti-Ricardian doctrines, were what marked this 'school' off from the Mill 'circle'. 52


52 Mill evidently felt that the 'routine school' was in the ascendant (ibid., pp. 671-2), and numerically it should probably be regarded as the dominant economic orthodoxy of the period. To the extent that its members adhered to Ricardo's doctrines, theirs was Ricardo orthodoxy in the bad sense: see above, ch. I, p. 13. The Mill 'circle' and the 'routine school', considered as categories, do not include all the political economists of the period. Jevons stood apart from both, and there were others, such as Bagehot and Newmarch, who were neither members of the Mill 'circle' nor doctrinaire exponents of laissez faire. Their Ricardianism was possibly more strict than Cliffe Leslie's, though they were just as clearly aware of the limitations of the abstract method. On these points see Newmarch's address as President of Section F of the British Association (1861), in the Journal of the London Statistical Society, XXIV (1861), 451-67, pp. 452-3, 461-5, his address as President of the Economy and Trade Department, National Association for the Promotion of Social Science, in ibid., XXXIV (1871), 476-98, pp. 476-82, 487, 496-7; and Bagehot's Economic Studies, ed. R.H. Hutton, 2nd ed. (London: Longmans, Green and Co., 1888), esp. pp. 4-6, 16-19. Both Newmarch and Bagehot felt that Mill was too ready to embrace 'socialistic' maxims. For Bagehot's attitude, see The Works and Life of Walter Bagehot, ed. Mrs Russell Barrington, IO vols (London: Longman, 1915), vol. IX, pp. 120, 200; cf. Works of John Morley: Recollections, vol. I, p. 80. For Newmarch's view see the Journal of the London Statistical Society, XXXIV (1871), pp. 483-92; cf. Gwynn and Tuckwell, The Life of the Rt. Hon. Sir Charles W. Dilke, vol. 2, p. 556.
Possibly the epitome of the 'catch-word' men was Robert Lowe (1811-92). Highly intelligent, he was nonetheless rigid and mechanical in applying what he understood to be political economy: free trade, competition, laissez faire. In 1852, as President of the Board of Trade, he defended Limited Liability because it was more an application of the free trade principle than its opposite, which he thought tended to keep out small capitalists. In 1861, as Vice-President of the Education Committee of Council, he drew up a Revised Code for Government-assisted elementary schools. The most striking feature of this new Code was its incorporation of the 'payment by results' principle: schools were to be aided not according to need, but in proportion to their effectiveness, measured by attendance figures and individual examination successes. 'Hitherto', said Lowe, 'we have been living under a system of bounties and protection; now we prefer to have a little free trade.' Again, speaking in the State of Ireland debate in 1868, Lowe strongly opposed the suggestion that there should be restrictions imposed on the disposal of land.

Freedom of disposition of land is a strong stimulus to that desire of accumulation on which the wealth of nations depend. I entertain a prejudice, derived from Scotland and adopted by Adam Smith, that a man is at liberty to do what he likes with his own... John Mill would not have disagreed with the early part of this assertion, nor with the general principles Lowe applied in the 1852 and 1861 instances cited above. What provoked him was Lowe's apparent adherence to the view that political economy was not a method, 'not a science...not a theory of the manner in which causes produce effects', but only 'a set of practical rules' and these 'indefeasible'. On the contrary, Mill said,

So far from being a set of maxims and rules, to be applied without regard to times, places and circumstances, the function of political economy is to enable us to find the rules which ought to govern any state of circumstances with which we have to deal... I do not know in political economy, more than I know in other art or science, a single practical rule that must be applicable to all cases, and I am sure that no one is at all capable of determining what is the right political economy for any country until he knows its circumstances.

53 Hansard, 3rd series, CXXIII (1852), 1079-81.
55 Hansard, 3rd series, CXC (1868), 1493.
56 Ibid., 1525. The State of Ireland debate, in which Mill launched an extended attack of Lowe's kind of orthodoxy, is set in context by R.D. Collison Black, Economic Thought and the Irish Question, 1817-1870, pp.60 ff.
A similar rebuke had been administered by Fawcett in 1860 to Lord Brougham, the principal figure in the National Association for the Promotion of Social Science, for his approach to the complex question of wages and strikes via 'a few unmeaning generalities about demand and supply'.

In some instances there was implicit in the repetition of such phrases as 'supply and demand' an assumption that economic forces themselves were outside man's control. James Stirling of Glasgow stated this quite openly. Thus, 'wages are regulated by natural laws. The will of masters and men is alike powerless in the matter'. Stirling also spoke of the 'resistless power' of the Malthusian law.

Frequently, too, the idea of natural law was linked with notions of natural harmony, liberty and right. As Cairnes saw it, Bastiat's large English following rested on what could be drawn from his moral justification of property as a reward for 'services' rendered. For example, if the value of land was the value of the 'services' of land, a better case might seem to have been available to those who opposed Mill's suggestion that the 'uneared increment' of rent should be taxed, and his proposals for the reform of land tenure. While, therefore, Bastiat had incidentally 'lent effective assistance' to free traders, his real purpose had been 'to fuse together the two distinct aspects of Fact and Right'. This deliberate confounding of what is with what ought to be struck Cairnes as a denial of 'positive' science; it was, indeed, no less objectionable than Lowe's substitution of indefeasible rules for fresh enquiry.


59 Frédéric Bastiat (1801-50). French supporter of free trade. Apart from his admirer and translator, Patrick James Stirling, both G.K.Rickards (Drummond Professor of Political Economy at Oxford, 1851-7) and W.B.Hodgson (foundation Professor of Commercial and Political Economy and Mercantile Law at the University of Edinburgh, 1871-80) made translations of parts of Bastiat's writings. He was also referred to approvingly by Bonamy Price: 'no acuter mind ever applied itself to Political Economy' (Chapters on Practical Political Economy, being the substance of Lectures delivered in the University of Oxford (London: Kegan Paul, 1878), p.35), by Thorold Rogers (Manual of Political Economy, p.vi), and by Robert Lowe, who bracketed him, with Ricardo and Mill, as 'illustrious successors' of Adam Smith ('Recent Attacks on Political Economy', The Nineteenth Century, IV (1879), 858-68, p.865).


61 Ibid., pp.316-23.
A common opposition to the mixing of metaphysical assumptions with the investigation of cause-effect relations, and to the substitution of catchwords for the latter, did not eliminate the differences which existed between members of the Mill 'circle'. By the early 1870s the members of the 'circle' had drawn apart - measurement being taken from the fixed point of Ricardo's method and doctrines. Comments made by some members of the group in reviews of the writings of other members reflect their relative positions.

Mill, after reading in 1867 an essay of Thornton's that was to form a chapter of his forthcoming work On Labour, wrote to him:

the book will be very serviceable in carrying on what may be called the emancipation of political economy - its liberation from the kind of doctrines of the old school...which treat what they call commercial laws, demand and supply for instance, as if they were laws of inanimate matter, not amenable to the will of...human beings. 62

And in his 1869 reviews of the published work Mill acknowledged, with especial appreciation, that Thornton had not baulked at 'the barrier' laid down by many at the entrance to the subject, 'that wages, by an irresistible law, depend on the demand and supply of labour'. 63 None-theless, Thornton had fallen into 'the almost invariable error of those political economists...who have set themselves in opposition to Ricardo', of thinking his (Thornton's) work a correction of, instead of an addition to, that of the master. 64 Mill conceded that the old conception of a fixed wages fund was inadequate. In a political economy based on Ricardo's farm-model it was proper to distinguish between the capital saved out of last year's harvest and advanced to support this year's activities, and the income from these activities, which would not accrue until the end of the year. But in the industrial England of 1869 this distinction was 'wholly imaginary': profits were in fact realised day by day, and trades unions determined to stand out for higher wages could, within limits, exact from capitalists a total wages payment beyond what they had intended to advance, at the expense of profits. But this case was, in theory, merely one of those in which the equation of demand and supply was satisfied at no unique price. It was here, said Mill, that Thornton erred in thinking he had successfully demolished the view that prices are determined at the point of equality of demand and supply. What he had shown was that the law of supply and demand, even though fulfilled, is not 'the entire law of the phenomenon'. A supplementary law was needed to show how price was finally arrived at within the range

64 Ibid., pp.641-2. It is significant that Mill here merely restates - partly, in the same words - what he had said in 1845, when reviewing de Quincey's Logic of Political Economy.
of indeterminacy. Thornton's real contribution was that he had pointed to an important supplementary factor, namely, the relative bargaining strength of buyers and sellers (in this case, employers and workers). 65

This example has been expounded at length not only because of its intrinsic interest, but also because it shows very clearly the nature of Mill's commitment to a scientific rather than a dogmatic economics. It was a commitment which welcomed new facts and exploration, but which stopped short of abandoning either Ricardo's method or his key results.

Thornton, for his part, continued in the belief that his work had quite undermined the supposed law that market prices are determined by the operation of supply and demand. In a review article in 1876, on Part I (Value) of Cairnes's Leading Principles, he chided Cairnes for his equivocation on this point. Cairnes had admitted that it was impossible to specify a law which would predict accurately the market price of any particular commodity. But he could not bring himself to abandon the view that it was the 'law' of market prices that dealers, acting in their own interests, would cause prices to tend to settle at the 'proper price' of the market. This was the price at which stocks intended for sale at a particular time and place would just match the needs, and the readiness to pay, of consumers, given expectations about the fresh supplies which might be forthcoming from the sources of production. Cairnes acknowledged that this was looking at market phenomena from the long run (Ricardian) or 'normal' viewpoint: his 'law' of market prices merely stated 'in a general way the connection between the fluctuations of the market and the more fundamental conditions on which production and exchange depend'. 66 The tenor of Thornton's remarks shows that he thought Cairnes fettered by an inappropriate conceptual framework. 67

Cliffe Leslie meanwhile had reviewed the Leading Principles, and declared openly what he had more or less suppressed for a decade, that the Ricardian 'method of deduction from assumption, conjecture, and premature generalization' which Cairnes adopted, and the superstructure of theory raised upon it, were utterly inadequate and misleading. 'We dissent altogether', he concluded, 'from most of the fundamental propositions of Mr Cairnes's book, from the economic method it follows, and from not a few of its inferences and speculations'. 68

68 'Political Economy Newly Expounded', The Academy (27 June 1874); reprinted in Essays in Political and Moral Philosophy, 179-91, p.191. Leslie softened his judgment only by an appreciation of Cairnes's criticisms on some current popular fallacies.
Contrast these indications in Thornton and Leslie of the conviction that they had outdistanced Cairnes, with the assessments by Mrs Fawcett and Courtney of the Leading Principles, and that by Fawcett of the second edition of Cairnes's Character and Logical Method of Political Economy (1875). Mrs Fawcett drew special attention to Cairnes's discussion of value (where Thornton felt Cairnes had fallen down badly) as the area in which Cairnes had 'rendered the most signal service to the progress of economic science'.69 Courtney declared that in the Leading Principles 'the student finds the old positions re-established with such secondary variations as attest the thoroughness and accuracy of the examination to which they have been exposed without affecting their substantial truth'.70 Fawcett's words in praise of Cairnes's lectures on method are similar. Here, he said, the student is given the direction and tools necessary for a successful assault on 'the fortresses of economic speculation'.71

This discussion of the functioning - in particular, of the internal differences - of the Mill 'circle', and of Mill's personal and intellectual role within it, suggests that it did not constitute, either in aim or practice, a school for the propagation of Ricardo's economics. It was, rather, a group of friends, attracted by Mill, and, like him, seriously interested in political economy and its applications to social reform. We know that Mill's influence extended beyond this small group. Moreover, Mill himself, and Fawcett and Cairnes, did accept Ricardo's conceptual framework. It is necessary therefore to consider other channels of their influence.

Mill's influence in the university study of political economy

Mill's widespread authority as a political economist rested chiefly on his writings. It is true that he engaged in political activity to bring about some of the reforms in which he believed, but this activity is regarded as relevant here only in so far as it assisted in the dissemination and acceptance of Ricardo's economics. There is a fairly direct connection between some of Mill's practical schemes and his economic theory.72 However, it is arguable that on the whole his

69 The Athenaeum (20 June 1874), 823-4, p.823.
70 The Times (30 May 1885), p.10.
71 The Athenaeum (26 June 1875), 849-51, p.850.
72 Even during his own brief spell in Parliament (1865-68) Mill applied his political economy directly to such varied, specific issues as whether farmers should be compensated for losses due to cattle plague (Hansard, 3rd series, CLXXXI (1866), 488-92, 609-10, 620-1), and whether specific taxes or the national debt should be reduced (ibid., CLXXXII (1866), 1524-8); to land tenure in Ireland (ibid., CLXXXIII (1866), 1087-97, CX (1867-68), 1516-32); and to parish versus centralised administration
political views and activity added nothing to, and possibly detracted from, his authority as an economic thinker.⁷³ At any rate, we shall consider as effective channels of Mill's influence only the universities, and the various weeklies and other organs of opinion. The role of the latter will form part of the enquiry of the next chapter.

Consider then the universities. How important was the study of political economy? And how dominant was Ricardian political economy in its Millian dress?

Throughout our period political economy was a minor subject and the poor relation of other studies. In the Scottish universities it entered the M.A. curriculum, but under the sponsorship of the Professor of poor relief (ibid., CLXXXV (1867), 1608-10, 1616, 1678-9, 1861-2).

The arguments he employed show clearly his belief that economic analysis was a tool, yielding no invariable rules of action. For example, in the Principles, he had argued that in general it was desirable to extinguish the national debt, and to maintain a surplus revenue for this purpose. For if the surplus were not taken from the people only part of it would be saved, whereas it would all be made productive by paying off the debt. There was, too, the additional advantage that eliminating the debt would allow the worst taxes to be taken off. Since, however, some taxes were worse than others, it was preferable, in a time of fairly constant surplus, to remove these before paying off the debt (Collected Works, vol.III, pp.876-8). But in his speech against reducing the malt duty, in 1866, he considered that a set of circumstances had been shown to exist which made it desirable to apply the general rule. For Jevons had demonstrated that Britain's coal reserves would not last long, and since she was already dependent upon selling coal-using manufactures abroad to feed her population, it was unlikely that future generations would be better able to pay off the debt than the present one.

⁷³ Leslie Stephen's comments after Mill's death are significant. 'Politically speaking, Mr Mill's loss is of no very great importance... he was as much a follower as a leader. When speaking on woman's rights or the land laws or the franchise he gave to his party the weight of a great authority, but he scarcely contributed any new element of opinion. It was something, of course, for the extreme democratical party to be able to say that Mr Mill agreed with them, but perhaps the agreement, so far as the outside world was concerned, told more against Mr Mill than in favour of his allies. That a man of such wide cultivation and such extraordinary intellectual power should, so to speak, swallow the popular creed whole, was somehow not quite satisfactory. What is the use of being a great philosopher if, after all, you can add nothing to the ordinary cry of every popular agitator? To some such feeling, though of course there are deductions to be made from the statement, it was owing, as I fancy, that Mr Mill was regarded as having lowered himself by his political action and as having descended too easily from the judgement-seat into the open arena.' (The Nation (5 June 1873), p.382.) It is significant, too, that the main differences between Mill and influential economists like Bagehot and Newmarch, were political. And it is in line with this to find John Morley recording that Mill's Chapters and Speeches on the Irish Land Question (London: Longmans, Green, Reader and Dyer, 1870) 'was not a success: it even gave a slight shock to his pontifical authority among economists' (Works of John Morley: Recollections, vol.1, p.156). Cf. 'Mr. Mill in Parliament', The Saturday Review (24 February 1866), 225-6, and 'Mr. Mill on England and Ireland', ibid. (29 February 1868), 282-3.
of Moral Philosophy. In the Queen's Colleges at Cork, Galway and Belfast it formed part of the third-year B.A. (pass) studies, but was linked with jurisprudence, and competed with metaphysics and (from 1860) with history as alternative options. Cliffe Leslie, for example, as Professor of Jurisprudence and Political Economy at Belfast (1853-82), gave three courses for law students, but only one on political economy for arts student's, and 'very few' of the latter chose it above the other options.

Owens College, Manchester, established a Chair of Political Economy and Commercial Science in 1854. Its first incumbent, Richard Copley Christie, was primarily a lawyer, and confined himself to some elementary lectures on the principles and history of political economy. He was followed in 1866 by Jevons, the Chair being then reconstituted as that of Logic, Mental and Moral Philosophy and Political Economy. Jevons's responsibilities to his day students involved him in three lectures in logic and philosophy to every one he gave in political economy.
day class in political economy was small, being raised 'at great cost of trouble' from 2 or 3 to 7 by the end of 1867; but in 1870 it was down to 4. 79

At Dublin, the Whately Chair had existed since 1832, but within our period political economy found a niche only in the final year of B.A. studies, within the Honor Course in History, Political Science, and English Literature. There were Chairs also at King's College and University College, London. At King's College, Leone Levi held a Chair in the Principles and Practice of Commerce from 1855, and from 1859 Thorold Rogers was Tooke Professor of Economic Science and Statistics. Political Economy, however, could only be offered at M.A. level, once again as part of Logic and Moral Philosophy. Both professors held evening classes, and Rogers also had a day class for candidates for the Indian Civil Service, in the training for which political economy was an optional subject with a low number of marks attached. 80 The place of political economy was the same at University College. Jacob Waley occupied the revived Chair there from 1854 to 1866, when he was succeeded by Cairnes. Waley had time-consuming interests outside the College, and apparently did little to establish his subject. 81 Even Cairnes's class was small, being chosen for that very reason as one of the first to try the experiment of admitting ladies. 82

Chairs had been earliest established in Oxford (1825) and Cambridge (1828), but political economy did not become a fully-fledged degree subject at Cambridge until 1860, and at Oxford not until 1865. Even then it continued to be dominated by legal and historical studies at Oxford, and by Moral Philosophy at Cambridge. The Oxford Examination Statute of 1850 weakened the monopoly then held by classical studies, introducing into the final degree examination four new schools, any of

79 Letters and Journal of W. Stanley Jevons, p.238; Annual Report of the Principal. Session 1870-71, p.75. In this latter session his main evening class numbered 38, including however 11 from his pupil teachers' class of 30 (Annual Report...1870-71, p.88). This last class seems to have been something of a burden to Jevons (Letters and Journal, p.255), and he dictated 'rudimentary instruction' rather than lectured (ibid., p.284). The numbers had greatly increased by the time Jevons departed for London. In 1874-75 he had 24 day students and the evening class (not conducted by Jevons) had 42. In 1875-76 there were 10 day students and an evening class, this time taught by Jevons, of 54 (ibid., p.347).
80 King's College Calendar (1864-65), pp.288-90 and 305 gives an indication of the courses offered by Levi and Rogers.
82 B.P. Neuman, 'Gower Street in the Seventies', Nineteenth Century and After, LXXXVII (1920), 292-301, p.297. The number, unfortunately, is not given, but Neuman does mention that there were four women in a somewhat larger class of men. Cf. Gooch, Life of Lord Courtney, p.107. When Jevons resigned from the Professorship at University College in 1880 there was 'a well-filled classroom' (Letters and Journal, p.419).
which could be taken as a second final honour school together with 
Literae Humaniores. In the new school of Law and Modern History both 
pass and honours men could offer The Wealth of Nations in place of one 
of the optional books. At most, however, this meant that political 
economy might be studied as one of eight books. And in fact, we are 
told, Smith's was 'a far harder work to get up' than the others for 
which it might be substituted, and was therefore 'scarcely ever taken 
up'. Only in 1865 did the School of Law and Modern History become 
a qualification for a degree.

At Cambridge, the exclusive hold of classical and mathematical 
studies was broken in 1848, when new triposes were introduced, one of 
them in Moral Sciences. Political Economy took a minor place in this 
tripos. However, Moral Sciences was not made a degree qualification 
until 1860, and to that time only 66 honours men had taken the examina-
tion. Thereafter its position improved somewhat, and between 1860 and 
1870 there were 111 successful honours candidates. Political economy, 
however, retained the inferior position in the schedule of studies and 
the examination timetable that it had been given in earlier years when 
the tripos was the 'special charge' of William Whewell, Professor of 
Moral Philosophy.

Within the small ambit allowed political economy in university 
studies, Mill's influence was formidable. The Principles was adopted 
as main textbook at Dubin, where the Whately Chair was in the hands 
of his adherents from 1850 until at least 1866. Rogers, at King's 

Rewards (London: Smith, Elder, 1861), p.45: 'there is hardly any person 
who ventures on political economy'.

84 Mrs Stair Douglas, The Life and Selections from the Correspondence 

85 Together with Senior's Outline (Dublin University Calendar (1865), 
p.45 and (1871), pp.49-50).

86 Richard Hussey Walsh (1851-66) succeeded W.N. Hancock. R.D.C. Black, 
'Trinity College, Dublin, and the Theory of Value, 1832-1863', Economica, 
n.s. 12 (1945), 140-8, notes that after Hancock's retirement 'there 
appears...a reaction from the ['subjective' and 'utility'] trend which 
value theory had been taking at Trinity College' (p.146). Walsh stressed 
the cost of production approach in his Elementary Treatise on Metallic 
Currency (Dublin: McGlasham, 1853), a work commended by Mill (Adelaide 
Weinberg, 'Richard Hussey Walsh and Mill's Theory of International 
Walsh was followed by Cairnes, who also held the Chair at Galway from 
1859-70. Arthur Houston succeeded Cairnes, from 1861-66. He, too, 
stressed the cost of production approach, though he also followed, and 
developed, Mill's explanation of the place and operation of supply and 
demand in the non-competitive case (Black, 'Trinity College, Dublin, and 
Houston also followed Mill on the theory of wages and its collateral 
theorems: see his articles in The Working Man (10 February 1866), 88-9, 
(24 February), 121-2, (24 March), 183, (7 April), 218, (5 May), 275.
College, London, used Mill's work in his day class, and retained it even after his own Manual was published. 87 Jacob Waley, too, at University College, apparently followed the Principles in his lectures. 88 Even Jevons 'generally followed' Mill at Owens College, though on currency he 'abandoned his book altogether', and preserved 'perfect independence...of his views and methods when desirable'. 89 At Oxford, though Smith's was the work prescribed for examination purposes, Mill's Principles was from the first listed among the books which a candidate offering the Wealth of Nations might read, and was the only work by a non-Oxonian to be thus honoured. 90 The Principles was also on the first (1860) list prepared by the Board of Moral Science Studies at Cambridge. 91

In the Queen's Colleges at Belfast, Cork and Galway, Mill was recommended reading, though as a textbook, Senior's Outline of the Science of Political Economy was apparently preferred by D.C. Heron, Cliffe Leslie and R.H. Mills. 92 Robert Flint at St Andrews also adopted Senior as a text, though his successor, William Knight, used Fawcett's Manual. 93 Mill's Principles, however, was recommended at both Aberdeen and Edinburgh. 94

87 King's College Calendar (1864-65), p.108 and (1869-70), p.298 (bk I only of the Principles). Rogers also recommended his own Manual of Political Economy.

88 So it seems, at least, from the outline given in University College Calendar (1855-56), p.21 and (1860-61), p.19.

89 Calendar of Owens College, Manchester. Session 1871-2, p.46; Letters and Journal, p.284. Jevons later recommended Mill's Principles for the Bankers' Institute examination and was still teaching from it himself in 1879 (Letters and Journal, p.409).


92 Report of Her Majesty's Commissioners appointed to inquire into the progress and condition of the Queen's Colleges at Belfast, Cork and Galway (1858), pp.101, 230, 289.

93 The St. Andrews University Calendar (1865-66), p.48, and (1877-78), p.64.

94 Aberdeen University Calendar (1870-71), p.18. William Martin was Professor of Moral Philosophy (1846-76). No work in political economy is mentioned in the list for Moral Philosophy until 1870-71. Martin's successor, John Fyfe (1876-94) listed no work in political economy for his students. P.C. MacDougall, Professor of Moral Philosophy at Edinburgh (1853-68), listed Mill or Fawcett (Edinburgh University Calendar (1864-65), p.43.
By the mid-1860s the place won by Mill's book was being further secured by those of Fawcett and Cairnes. They had produced works perfectly complementary to each other's and to Mill's, the three together providing a study of the method appropriate to the science, an encyclopaedic treatment of its principles and their applications, and a popular exposition for beginning students and those who found Mill's Principles either too diffuse or too demanding. Cairnes's Character and Logical Method of Political Economy (1857) did not go to a second edition until 1875, but Fawcett's Manual (1863) went through six in twenty years and was, in terms of sales, not less successful than Mill's Principles. Nevertheless, the books of Fawcett and Cairnes did not gain much official acceptance outside their own universities.

A factor which may partly account for this is that some universities maintained an internal tradition in political economy, which meant that the books of their own sons tended to be emphasised, to the virtual exclusion of those of 'foreign' parentage. Oxford and Dublin illustrate the point. The list of works in political economy offered for the guidance of Oxford students in 1851 seems to have little rationale beyond that it included works of ubiquitous appeal (Smith and Mill) plus those of Oxford men (Senior, Whately, Lloyd, Merivale, Twiss). Throughout the 1860s the list for those intending to enter for the Prize in Political Economy at Dublin similarly bears a strikingly 'Dublin' character: apart from Smith, Mill and Senior, the works are all by those of close association with Trinity College (Whately, Longfield, Walsh and Cairnes). Why was Mill able to rise above this constraint, while


96 Fawcett was mentioned by Burrows, Pass and Class: an Oxford Guide Book, 3rd ed. (1866), p.258 as having published 'a Manual of the Whole subject', but Smith remained the official text at Oxford. The Manual was adopted at Edinburgh (1864-65). Mills used it at Cork in the late 1860s (Report of the President of Queen's College, Cork, for the year ending 31 March 1869, pp.31-2). It was part of the list for the Prize in Political Economy at Dublin in 1875 (Dublin University Calendar (1875), p.297); and at St Andrews, it was adopted as the text in 1877. Fawcett himself, no doubt, used it at Cambridge from 1863, but it was not included in the list put out by the Board of Moral Sciences Studies until 1874 (The Student's Guide to the University of Cambridge, 3rd ed. (Cambridge: Deighton, Bell and Co., 1874), p.205). Cairnes's Character and Logical Method of Political Economy was included in the list at Cambridge in 1867 (Cambridge University Calendar (1868), p.31). He himself used it at Galway during the 1860s (Reports of the President of Queen's College, Galway); and it was recommended for the Prize in Political Economy at Dublin in 1865 and in later years (Dublin University Calendar (1865), p.183, (1871), p.260, and (1875), p.297. Cairnes probably used his own book also at University College, London.

97 New Examination Statutes, p.34.

98 Dublin University Calendar (1865), p.185, and (1871), p.260.
Fawcett and Cairnes did not? Chiefly, no doubt, because his Principles was so comprehensive; that is, both thorough and wide-ranging. \(^99\) Further, Mill owned no Alma Mater, and this may have removed an obstacle to his acceptance by many.

Jevons took no comfort from the fact that Fawcett and Cairnes enjoyed a success less sweeping than Mill's. He was inclined to believe in the existence of a Mill 'faction', which 'never scrupled at putting their lecturers and examiners wherever they could'. \(^100\) This charge was made, probably, more in respect of Mill's logic and philosophy than his political economy. In any case, it is worth asking how far it was true of the latter.

According to this charge we might expect that in key elections to chairs, Mill's followers would attempt (when possible) to engineer the succession. Such evidence as has been found in the course of this study - limited to three instances - does not unequivocally support the contention. What does emerge clearly is that 'factional' support, even where it can be demonstrated, was not determinative. In the first instance, the election of a successor to Cairnes at Dublin in 1861, there is almost nothing to support the idea of a vote in favour of Mill, and nothing at all to suggest a Mill 'faction' operating. Two of the candidates were Leonard Courtney, at that time not known to Cairnes, and Arthur Houston, a graduate of Trinity College. Cairnes, who was one of the four examiners, evidently was impressed by Courtney's ability, though probably hesitant to support one whose views differed from his own at several points. In the event he awarded Houston the highest marks, but followed the paradoxical course of recommending that Courtney be appointed. \(^101\) Since Houston was almost certainly of known Ricardian inclination, it may be held that Cairnes really voted not for the man but for his economic views. But his recommendation of the unknown Courtney, in spite of recognised divergences of doctrine, is striking. Further, Houston's election probably owed more to his being a Dublin man - as were all his predecessors in the post - than to his leaning towards Ricardo's economic doctrines; for all four examiners independently agreed in giving him the highest marks, and of the four it is probable that one other was Archbishop Whately, whose vote could not be expected to favour a Ricardian. \(^102\)

\(^99\) It is interesting that Mill shared with Smith this ability to transcend the insularity of particular universities' traditions.

\(^100\) Letters and Journal, p.409.

\(^101\) See Cairnes's testimonial on behalf of Courtney, in the 1863 election to the Cambridge Chair, in Gooch, Life of Courtney, pp.55-6.

\(^102\) Whately examined candidates for the chair until his death (R.D.C. Black, 'Trinity College, Dublin, and the Theory of Value, 1832-1863', Economica, n.s. 12 (1945), pp.140, 141). On the possibility that Irish solidarity prevailed see the letter to Courtney by his friend R.E. Hooppell (Gooch, Life of Courtney, p.56).
There is evidence of a 'faction' at work in the Cambridge election of 1863. But here, even more clearly than at Dublin, Cairnes acted independently, and, ironically, it seems likely that but for his action the Mill 'faction' would not have succeeded. Leslie Stephen has told the story in full, and only the main details need be outlined here.

Four candidates declared themselves: Fawcett, J.B. Mayor, H.D. Macleod and Courtney. Of these the first two stood out. Fawcett had pledges of support or testimonials from most of the economists of importance, among them Stafford Northcote, Robert Lowe, Thorold Rogers, R.H. Mills, Jacob Waley, Cliffe Leslie, Richard Holt Hutton, G.W. Norman, William Newmarch, W.T. Thornton, Herman Merivale (ex-Drummond Professor), George Pryme (who had just retired from the Chair at Cambridge), and Mill himself. Cairnes, however, supported Courtney. Mayor had the powerful backing of William Whewell, the staunch opponent of Ricardo's deductive method and of his theory of rent. He could, in addition, expect support from the men of his college, St John's, who were reputed to vote always for their own. But Courtney, too, was a Johnian, and according to Leslie Stephen's reading of an affair with which he was intimately connected, it was Courtney's persistence in standing that split the Johnian vote and gave Fawcett a narrow victory.

Thirdly, there is the instance of the election of Jevons to succeed Courtney at University College, London, in 1875. John Morley, who might have been expected to be the favourite of the Millians, was a candidate. But any manoeuvring behind the scenes apparently favoured Jevons; for

103 Mill 'faction' here is somewhat misleading; for Mill himself, with characteristic fairness, approved of Courtney's candidacy, though he subsequently wrote a testimonial for Fawcett (letter to Cairnes, 25 March 1863, printed, in part, in George O'Brien, 'J.S. Mill and J.E. Cairnes', *Economica*, n.s. 10 (1843), p.274). Mill later expressed the belief that Cliffe Leslie would be the best successor to Cairnes at London (ibid.), though Leslie, in the meantime, had moved further away from Mill's Ricardian views.


105 (1818-87). President of the Board of Trade (1866-67); Chancellor of the Exchequer (1874-80).


he wrote to his wife in June: 'I have spoken a little about the University College, London, professorship both to Robson, the secretary of the college, and to Courtney. It is quite evident that I have the refusal of it, and they very much want me to apply.'

But whether a Mill 'faction' was at work or not, it is certain that during our period something like one-third of the existing professorial posts were filled by men with a definite commitment to Mill's position. This was undeniably the case at Cambridge (Fawcett: 1863-84), University College, London (Waley: 1854-66, Cairnes: 1866-72), Dublin (Walsh: 1851-56, Cairnes: 1856-61, Houston: 1861-66) and Galway (Cairnes: 1859-70). And if we add the influence of Mill's economics on Rogers, Bonamy Price and Cliffe Leslie, the list can be extended (at least for part of the period) to include King's College, London (Rogers: 1859-88), Oxford (Rogers: 1863-88; Price: 1868-88) and Belfast (Leslie: 1853-82).

It is striking how far Thorold Rogers and Bonamy Price, both would-be challengers of Ricardian orthodoxy, were constrained within Ricardo's framework of thought. This does not apply to Rogers's later thought, but is true of his Manual of Political Economy (1868), which was formed of 'the material for certain courses of lectures which I have given during some years in London and Oxford' (Preface, p.v). It is true that even in 1868 Rogers was concerned to warn economists against disdaining 'the inductions of history'. But in the same breath he speaks (cf. Mill) of history and statistics as providing only 'illustrations' of the laws of political economy (ibid.). The Manual also bears traces of Bastiat (e.g. political economy deals with 'the services which men render to each other' (p.2), but in its theories of value, wages and profits, it is essentially Ricardian, and it shows the strong individualism common to both writers. Even Rogers's opposition to Malthus on population and Ricardo on rent was really an opposition to speculative history. He did not doubt that wages are determined by the cost of producing labourers and by the supply and demand for labour (p.62). To all intents and purposes he expressed the wages fund doctrine (pp.95-6). And he allowed that Ricardo's view of rent 'may account for the difference between the rent of two plots of land, both equally open to the same stimulants of demand and the same facilities or difficulties of supplying the demand' (p.153). Had Rogers pressed the historical inadequacy of Ricardo's method to the point of abandoning his doctrines his challenge would have been effective; as it was he made his protest, but, in the Manual at least, he retained the doctrines. (W.J. Ashley, 'James E. Thorold Rogers', The Political Science Quarterly, IV (1889), 381-407, first drew attention to this point, and gives some of the evidence mentioned above: see esp. pp.381-8.) A similar comment is applicable to Bonamy Price's Chapters on Practical Political Economy (1878). Price was chiefly concerned to show that political economy is not a science but is simply the perception and precise formulation of everyday, common-sense ideas. In addition to this anti-scientific approach, he also held a subjective theory of value (pp.43-53), and abandoned the assumption that men seek solely to maximise their gain from labour and exchange (pp.73-5). But this meant only that economic 'laws' were improperly so called, and were in reality 'tendencies' (pp.15-16, 75). And Price firmly held (and vigorously argued the case for) free trade (pp.299 ff.), the essentially non-monetary character of economics (chs XI-XIII), the Malthusian theory (pp.14, 193 ff.), the regulating tendencies of supply and demand (pp.14, 440), the impossibility of gluts (pp.70, 122), and the view that capital is defined by
This leaves only the remote Scottish universities and Cork as relatively unknown quantities, and Owens College, where Jevons held sway. Edinburgh established the first Scottish chair, in Commercial and Political Economy and Mercantile Law, in 1871. It was filled by W.B. Hodgson, the strictly economic part of those thought was broadly Ricardian.

Scanning this list one can appreciate Jevons's feelings of oppression; but if we turn from teachers to examiners there is little to justify in him any element of personal frustration. He was invited to examine at Cambridge in 1874 and 1875, and from 1869 to 1873 at London University, during Cairnes's tenure of the chair at University College. Moreover, especially in the London papers for these years, he several times asked questions which required a knowledge of his views on value.

111 (continued)

intention (p.107). He refused to believe in a wages fund 'of fixed and unalterable amount' (p.185), but agreed with Mill that in most industries wages represent an advance (p.198), and that workers must beware of injuring the motives to save by depressing profits (pp.200-1). Even the Ricardian explanation of the forces governing rent was acceptable to him; only, he said, it should never have been professed as an accurate standard for the measurement of rents (ch.X). But for his misapprehension that the Ricardians thought in terms of necessary laws, Price was therefore one with them in a good deal of their teaching.

112 Macleod later claimed J.F. Ferrier, Professor of Moral Philosophy and Political Economy at St Andrews (1845-64) as one who had adopted his teaching (An Address to the Board of Electors to the Professorship of Political Economy in the University of Oxford, by Henry Dunning Macleod, a candidate for the Professorship (London, 1888), p.14). This may be questioned, since Macleod also listed Fawcett as one of his adherents (ibid.). Ferrier's successor, we have seen, recommended Fawcett's Manual; and at Aberdeen, Mill's Principles was the work adopted. Edward Caird taught political economy at Glasgow (1866-92). Little is known of his views. A fragment of an address he gave in 1887 ('Political Economy, Old and New', The Quarterly Journal of Economics, II (1887-88), 213-15) suggests only that he was not carried away by the reaction of the historical school against abstract enquiry. R.H. Mills, of Cork, was critical of Mill on currency, but the list of works which he recommended to students in 1869 is basically in the Smith-Ricardo line: Smith, Senior, Fawcett (Manual), Mill, McCulloch (Taxation and Funding), Goschen (Foreign Exchanges) and his own Lectures on Currency and Banking.

113 Jevons was also Professor of Political Economy, and of Logic and Mental and Moral Philosophy at the Queen's College, Liverpool, from May 1865 to June 1866 (information supplied by Professor R.D.C. Black).

114 Hodgson, we are told, had an average class of 50 from 1871-77, though political economy was still not mandatory for a degree (Sir Alexander Grant, The Story of the University of Edinburgh during its first three hundred years, 2 vols (London: Longmans, Green, 1884), vol.2, pp.467-8). Hodgson had been an examiner at University College, London, 1863-68. For references to his work see appendix 1.

115 Jevons had less scope in the Cambridge papers, since one had to be limited to Fawcett's Manual, and the list of books was restricted to Smith, Mill, Fawcett and Cairnes (Student's Guide to the University of Cambridge, 3rd ed., pp.212, 213).
The fact is that there were very few economists geographically so placed that they could reasonably be called upon to act as external examiners in the southern part of England. In the fifteen years 1870-85 London University and University College used most of them without apparent prejudice: Jevons, Cliffe Leslie, Bagehot, Fawcett, Rogers, Bonamy Price, Foxwell, J.N. Keynes and Armitage Smith. 116

However, it is also clear that where internal University ethos and an active individual or group worked more or less in the same direction the task of changing the resultant mode of thought from the outside was rendered much more difficult. Cambridge is a case in point. Leslie Stephen has described the notion used to justify that university's stress on classical and mathematical studies at mid-century: 'that education should be directed rather to train the faculties than to store the memory'. 117 Men who had been taken through the 'mental gymnastics' of the Mathematical Tripos were also likely to find a special intellectual appeal in the logic of Ricardo's political economy. 118 So it was with Fawcett and his 'set' in the fifties: C.B. Clarke, Edward Wilson, J. Rigby, M.M.J. Wilkinson, Daniel Jones and Stephen himself. 'All the

116 Armitage Smith taught political economy at Birkbeck College from 1874 to 1903, when he became Principal (C. Delisle Burns, A Short History of Birkbeck College (London: University of London Press, 1924), p.135).

117 Life of Henry Fawcett, p.90. This argument seems to have worked powerfully against the new Moral Sciences Tripos for many years. J.B. Mayor, arguing for the degree status of the Tripos in 1860, evidently felt obliged to show that political economy was not a subject to be learnt by rote, but provided 'an admirable training in practical reasoning' (Remarks on the Proposal to Grant the Degree of B.A. to persons who have obtained honours in the Moral Sciences Tripos (1860?), p.6).

118 Even William Whewell could not resist this appeal, despite his preference for the inductive method of enquiry. See his attempts at putting Ricardo's doctrines into mathematical form: 'Mathematical Exposition of some Doctrines of Political Economy', March 1829, in Transactions of the Cambridge Philosophical Society, III, part I, 191-230, and 'Mathematical Exposition of some of the Leading Doctrines in Mr. Ricardo's "Principles of Political Economy and Taxation"', April and May 1831, in ibid., IV, part I, 155-98. Whewell made a similar attempt with Mill's Principles: see 'Mathematical Exposition of some Doctrines of Political Economy. Second Memoir', April 1850, in ibid., IX, part I, 128-49, and 'Mathematical Exposition of Certain Doctrines of Political Economy. Third Memoir', November 1850, in ibid., part II, 1-7. Cf. Henry Sidgwick's view: 'the preference that the traditional training of Cambridge naturally generates for exactness of method and certainty of results in comparison with breadth and completeness of view is unfavourable to the ambitious constructions of post-Kantian metaphysics. Again, a mathematically-trained mind commonly finds much affinity in Political Economy, especially as treated in the abstract deductive manner which has prevailed in England since Ricardo: accordingly this branch of Moral Sciences has found especial favour with Cambridge men' ('Philosophy at Cambridge', Mind, 1 (1876), 235-46, p.245; and see also his 'Liberal Education', Macmillan's Magazine, XV (1867), 464-73, p.469).
set were mathematicians and reading men...believing in hard facts and figures, admirers of strenuous common sense, and hearty despisers of sentimentalism.\textsuperscript{119} Wilson, we are told, 'specially delighted in discussing political economy, and vindicating Mill',\textsuperscript{120} and there was much discussion also of 'the Euclid of political economy' - presumably Ricardo.\textsuperscript{121}

This natural affinity of Cambridge for Ricardian political economy was strengthened by Fawcett and his friends into a statutory bond. Moral Sciences was strictly the child of William Whewell, and he had nurtured it, beyond his own retirement from the Chair of Moral Philosophy in 1855, to the point where it was ready for independence in 1860. When degree status was granted in that year, it was Whewell who drew up the first official reading lists.\textsuperscript{122} Not surprisingly, three of the ten works in political economy were by Henry Carey and Richard Jones, opponents of the deductive method and of Ricardo's theory of rent. C.B. Clarke at once had printed, and privately distributed, a pamphlet denouncing Carey's theories and his inclusion in the list - a frontal attack on Jones would only have roused Whewell to battle.\textsuperscript{123} Nothing changed immediately. But Whewell was no longer on the Board of Moral Science Studies after 1863; and with Fawcett secure in the chair of Political Economy, there was nothing to prevent the deletion of both Carey and Jones from the revised list of 1867.\textsuperscript{124} Other changes, too,

\begin{itemize}
\item \textsuperscript{119} Life of Henry Fawcett, p.23.
\item \textsuperscript{120} Ibid., p.24; cf. p.89.
\item \textsuperscript{121} Maitland, Life of Leslie Stephen, p.74.
\item \textsuperscript{122} Mrs Stair Douglas, Life and Correspondence of William Whewell, p.409.
\item \textsuperscript{123} The pamphlet is untitled. It bears the date 1 February 1861. A copy is in the Kashnor Collection of the National Library, Canberra.
\item \textsuperscript{124} Fawcett may have enjoyed the support of Courtney, who was an examiner in 1865 and 1866, and therefore probably on the Board when the decision was made. The two lists were as follows:
\end{itemize}

\begin{tabular}{ll}
\textbf{1860} & \textbf{1867} \\
Adam Smith's Wealth of Nations & Adam Smith's Wealth of Nations \\
(McCulloch's edition) & \\
Malthus's Essay on Population and Principles & \\
Ricardo's Principles & Ricardo's Principles \\
J.S. Mill's Principles & \textsuperscript{*}J.S. Mill's Principles \\
McCulloch's Principles & \\
Carey's Principles & \\
R. Jones, Essay on Rent and Literary Remains & \\
Chevalier's \textit{Cours d'économie politique} & \\
Cairnes, Character and Logical Method & Bastiat, \textit{Harmonies économiques}
\end{tabular}

* Denotes the 'most important' work.
were made in the list, confirming the trend towards pure Ricardian teaching; and, by 1874 the Board had agreed that one of the three special papers in political economy for the ordinary degree be restricted entirely to Fawcett's own Manual. This formal consolidation took place, it should be noted, at a time when - due partly to other statutory provisions - Fawcett was lecturing to a class of 120, while Jevons had only 2 or 3 day students, and the Oxford Professors about the same number. The most immediate result of Fawcett's tinkering was that probably the largest political economy class in the country was fed an unvaried diet of Ricardianism. But the exclusively Ricardian teaching in the University in the mid-sixties also combined with its older rationalist (mathematical) ethos to influence the mind of one Cambridge man in a way which was even more important to the future of Ricardian political economy than the fact of Fawcett's large class. When Alfred Marshall turned his mind from mathematics to economics he not unnaturally 'commenced with reading Mill... translating his doctrines into differential equations as far as they would go; and, as a rule, rejecting those which would not go'.

While, however, this concurrence of ethos and the formal conditions governing the study of political economy in a particular university made change from the outside more difficult, the exposure of students to heavy doses of Mill and Ricardo did not necessarily stultify independent thought. This is plain from the cases of Wordsworth Donisthorpe, who took a first in Moral Sciences in 1869, Foxwell (ditto in 1870), William Cunningham (ditto, 1872), J.L. Shadwell, who attended Cairnes's

125 Letter from Fawcett (15 November 1864), printed in The Reasoner (1 December 1865), p.71. The class referred to is that which heard the lectures which were published in 1865 as The Economic Position of the British Labourer. Fawcett's large audience was partly due to the fact that attendance upon professorial lectures was compulsory for pass men (cf. 'Moral Philosophy at Cambridge', The Westminster Review, n.s. XLV (1874), 430-64, pp.438-9). This was not so at Oxford (after 1859), with the result that Thorold Rogers could say in 1861 that professorial teaching was 'not effective' (Education in Oxford, p.59; cf. p.61 where he implies that attendance at professorial lectures was very low).

126 Memorials of Alfred Marshall, p 412; cf.416.

127 Donisthorpe was the author of a work entitled Principles of Plutology (London: Williams and Norgate, 1876), which he hoped would assist political economy 'from the [current] alchemy to the chemistry of values' (p.206).
lectures at London, and Jevons himself, who sat under Jacob Waley. What some of these men found difficult was to get a public hearing for their unorthodox views.

One further point should be made. The new brand of radicalism which members of the Mill 'circle' displayed in their political views was in principle quite distinct from their economic theory. Mill had embodied the distinction in the terms art and science. He had urged it against the members of the 'routine school', who confounded the two; and he affirmed it again in his Chapters on Socialism. Cairnes insisted upon it in a lecture he gave at University College, London, in 1870. 'Political Economy', he said, 'stands apart from all particular systems of social or industrial existence...and is moreover absolutely neutral as between all.' Similarly, Fawcett, in a lecture at Cambridge in 1872 averred that 'there is nothing whatever in the principles of economic science to lead to the establishment of any general conclusion with regard to the advantages or disadvantages of State interference'. It is possible that this distinction in

128 Author of A System of Political Economy (London: Trübner, 1877), in which he argued for an efficiency theory of wages. Shadwell's view was first expounded in 'A Theory of Wages', The Westminster Review, n.s. XLI (1872), 184-203. His ideas come very close to von Thunen's (see ibid., esp. p.188).

129 Jevons believed that his failure to win first place in his college examination in political economy in 1860 was due to 'a difference of opinion with Waley' (Letters and Journal, p.154); but he won the gold medal in the University M.A. examinations in 1862.

130 The general point will be discussed in the next chapter.

131 By 1870 contemporaries were distinguishing between 'Old Radicalism, or Manchester Radicalism', and 'New Radicalism'. The new radicals were marked out by their willingness to pronounce legitimate many 'positive exercises of State action': see David Masson, 'London University, and London Colleges and Schools of Science', Macmillan's Magazine, XVI (1867), 417-32, p.431. Cf. Thomas Mackay's retrospective view: 'By a strange freak of fortune a silent revolution has taken place within the Liberal Party in England, and by gradual steps the party of Cobden and Bright has been converted into a semi-socialist camp. The leading spirit in this transformation was undoubtedly John Stuart Mill.' ('Democratic Finance', The Quarterly Review, CLXXXIV (1896), 76-102, p.101.) See also Sir John Macdonell's recollection of the Political Economy Club in the period 1848-73: 'I might speak of it as a time when the Club began to nibble at socialism' (Political Economy Club Centenary Volume, p.345).


principle made the works of Mill, Fawcett and Cairnes acceptable, as university textbooks, to some who disagreed with their political views. What, then, was the extent of Mill's influence in the university study of political economy? Numbers tell us something. His Principles was in use in virtually every university by 1870. In 1870, too, his followers held approximately one-third of all the chairs in political economy. And probably many more students were being taught by his disciples than were sitting under critics and opponents. As this last statement implies, the distribution of Mill's support was a telling factor. His followers were most devoted at Cambridge, where the number attending lectures in political economy was also (possibly) highest.

Of the means by which Mill's influence (and thereby, Ricardian teaching) was established and maintained, there is evidence that a Mill 'faction' was at work in the election to the important Cambridge chair in 1863. Its influence, however, was not crucial. Further, a union was contrived at Cambridge between statutory provisions favouring Ricardo's economics and the natural attraction of Cambridge minds for hard-headed analysis of the Ricardian sort. Finally, excepting Senior's work, the best and, for many years, virtually the only textbooks in the method and doctrines of political economy were those written by Cairnes and Fawcett.

The practice of Ricardian economic science by members of the Mill circle.

Schumpeter has said of English economic thought in the two decades after 1848 that it was in a 'classic' state. This term connotes 'the achievement of substantial agreement after a long period of struggle and controversy - the consolidation of the fresh and original work which went before'. From the viewpoint of the progress of analysis, he judges, the period was one of stagnation: the science was universally felt to be mature, if not tending to decay. More recently, a philosopher and historian of science, T.S. Kuhn, has suggested that 'effective research scarcely begins before a scientific community thinks it has

135 We have seen that in Mill's Principles there is not always a clear separation actually maintained between the principles of political economy and their applications. The same may be said of Fawcett's Manual. This does not affect the point made above.
136 Mill himself undertook almost no serious economic enquiry after 1848. His important reviews of Thornton's work On Labour will be discussed in the following chapter; and his opinions on some of the work undertaken by Fawcett and Cairnes will be noted in the course of the discussion below. For the rest, we shall be concerned with Ricardian economic science as practised by others than Mill.
137 History of Economic Analysis, pp.51, 380.
acquired firm answers to questions like the following: What are the fundamental entities of which the universe is composed? How do these interact with each other and with the senses? What questions may legitimately be asked about such entities and what techniques employed in seeking solutions?  

He equates the 'classic' state of a discipline with 'normal science, the activity in which most scientists inevitably spend almost all their time', and which 'is predicated on the assumption that the scientific community knows what the world is like'. It is the solving of 'puzzles' defined by, and within, the accepted frame of reference, Kuhn argues, rather than the search for novelties, that constitutes the characteristic task of mature or 'normal' science.

Kuhn distinguishes three kinds of puzzling-solving activities. There is, firstly, the challenge to determine more precisely the magnitude of significant facts (for example, key parameters in the relations postulated by a theory). Secondly, there is the job of matching facts and the predictions of theory. Thirdly, the theory itself normally requires both further articulation and refinement (to incorporate the results of the first two kinds of activity, and to meet the general requirements of clarity and elegance).

The latter two of these activities aptly sum up the work of John Elliot Cairnes. Cairnes was the foremost of Mill's academic disciples, and one whom, we are told, Mill held in special regard as having the 'rare qualification' of 'a genuine scientific intellect'. Scarcely remembered now, but in his day second only to Cairnes among Mill's followers, was Henry Fawcett. Leslie Stephen has written of Fawcett that he 'fell in with the general disposition' of Cambridge studies, tending to 'a masculine but limited type of understanding'. His work certainly was of a different order from that of Cairnes: it consisted largely of applying Ricardo's theorems to practical problems. Nevertheless, even in Fawcett's work, if we look to his numerous papers, and not just to the Manual of Political Economy, there is displayed something of the character of 'normal' scientific research. These two men, and such part of their work as partakes of this character, will serve here as examples of the practice of Ricardian political economy in the period 1848-73.

138 The Structure of Scientific Revolutions, pp.4-5.
139 Ibid., p.5.
140 Ibid., pp.25-34.
142 Life of Henry Fawcett, pp.90, 93.
143 This does not imply a rejection of Schumpeter's judgment on the work of Mill's disciples. However, using neo-classical theory as a benchmark by which to judge the accretions to analysis in the period 1848-73 does not help us to understand what Fawcett and Cairnes were
We begin with Cairnes. It is intended to survey only his early research into the economic effects of the gold discoveries. This question occupied many economists in the late 1850s and early 1860s. Between 1856 and 1863 Cairnes himself published no less than seven papers and two lengthy letters (to the Economist) on the effects of the new gold, and a long paper on 'Capital and Currency'. He further developed his ideas on some of the topics ranged over in these publications - trade, money, interest, prices - in a set of elaborate notes communicated to Mill in 1864. Moreover, certain refinements in his exposition of Ricardian doctrine in the Leading Principles may be traced to these early ideas. They represent, therefore, a significant part of his scientific activity.

Orthodox Ricardian theory stated that an influx of money would tend to raise the general level of prices. Accordingly, it was expected by many that the new gold from California and Australia would produce this effect in Britain. But the facts showed that from 1848 to 1857 a one-third increase in the quantity of metallic money in England had not proportionately raised prices. Moreover, in large groups of commodities no increase at all had taken place; and some prices even had fallen.

William Newmarch, whose investigations had turned up these facts, had also offered an explanation. The new gold, he said, had caused a
greater effective demand for commodities, which, in turn, had stimulated 'improvements and extensions in the means of production'. The new money had thus acted like a broader highway, encouraging and smoothing the impediments to a faster rate of production. It was in effect 'the same thing as an addition to the Fixed Capital of the country'. 147 And this 'collateral' influence had operated ('during the considerable interval which must elapse before additions to the quantity of money can be neutralised by corresponding additions to the range of Prices') 148 to render 'the elements of Circulation and Price' inferior in their effects to the additions to real wealth. 149

Newmarch felt that his researches had undermined 'the abstract argument which urges the constant dependence of the range of prices upon the quantity of money'. To suppose, he said, that 'the doubling of the quantity of money leads hastily to the doubling of the prices of all commodities', is

'a conspicuous example of the fallacious inferences which arise from the treatment of economical question in the same manner as problems in geometry.
The abstract argument assumes that the quantity of money being doubled, prices will be doubled; alluding in the faintest manner, if at all, to the length of the interval which will elapse, and to the magnitude of the changes which will take place in connection with the process.

But it is precisely these omitted elements which constitute the essence of the question. 150

Cairnes disputed both Newmarch's representation of the theory and his explanation of what had in fact occurred. Ultimately, Cairnes explained, one would expect all prices to rise in proportion to an addition to the supply of gold, but for a 'transitory term' of 'some thirty or forty years' prices might well change at uneven rates. 151

As for Newmarch's explanation, it was 'very superficial'. 152 Cairnes referred to it in his Character and Logical Method of Political Economy as an instance of description masquerading as explanation. How, he asked, does the new money stimulate production if there is no rise in prices and no reduction in the rate of interest? 153

147 Ibid., p.216; and the whole of section 12 (pp.213-18).
150 Ibid., pp.194-5.
151 'The Laws, according to which a depreciation of the precious metals consequent upon an increase of supply takes place, considered in connection with the recent Gold Discoveries', read before the British Association, September 1858; printed in Journal of the Dublin Statistical Society, II (1859), 236-69, pp.237-8.
152 Ibid., pp.238-9 and note.
153 The Character and Logical Method of Political Economy, 2nd ed., pp.127-30. The rate of interest had fallen during 1852; but from July 1852 to the end of 1856 there was a much greater inflow of gold than in the 13 years to July 1852, yet the interest rate was considerably higher (Tooke and Newmarch, History of Prices, vol.VI, pp.200-2).
Cairnes's first task, then, was (as he expressed it in 1873, looking back on his work) to demonstrate 'a prospective depreciation of gold as a consequence of the gold discoveries', and 'to state the *modus operandi* of depreciation; in other words, the order of advance by which the ultimate higher level of prices would be reached'. In his first paper devoted solely to the effects of the new gold he maintained that it had had 'no direct tendency to stimulate industry or increase real wealth', except in so far as money illusion had induced greater effort than formerly for a given reward, or there had been a redistribution of purchasing power. The discoveries, he thought, were in fact akin to a tax on the rest of the world, the proceeds being deposited in California and Australia. Those in the gold countries gained an immediate increase in money income, which they would also enjoy as a real gain so long as the prices of the goods they demanded did not increase proportionately. As prices began to rise, some of the gain would flow to the merchants and manufacturers who supplied the gold countries. Those who would gain last, and least, were the classes and nations who traded with these suppliers at several removes. Thus California and Australia would gain most; England and America (their suppliers) would be next in order; and China and India 'would not secure their share till it had first operated on prices in *most* of the markets of the world'. The flow of gold and silver to the East (£stg. 60m, from 1850-57) was cited to illustrate the gain of England at the expense of her oriental trading partners. All those higher in the order of gain were Anglo-Saxons; and the new gold did therefore redistribute wealth in favour of the more industrious. The impetus to productive enterprise which might be expected would, then, retard any rise in prices.

This initial analysis was refined in another paper, given at the British Association meetings in 1858. Here Cairnes tried to account in detail for the lack of uniformity in the price rises observed to that date. The new gold, he said, could influence prices either directly, through an enlarged money demand, or indirectly, via a contraction of supply. The enlarged currency in the gold countries would first increase the demand for goods. But once the point of full employment was reached, this monetary demand would spill over into wage and price increases (the latter essential if profits were to be maintained). Some permanent increase in prices was thus to be expected. But whereas the demand for goods would be concentrated on certain classes of commodities, the advance in wages would be quite general. In areas of

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155 *On Some of the Principal Effects of the New Gold, as an Instrument of Purchase, on the Production and Distribution of Real Wealth*, delivered at the British Association meetings in Dublin, 1957; summary given in the Association's *Transactions* (1857), 156-8.
production where the advance in wages preceded the advance in prices, profits could be maintained only by contracting supply. Now those who first enjoyed the higher money incomes would be those at the sources of the new gold, hence chiefly the middle and lower classes. Their expenditure would be directed for the most part towards articles of basic consumption, rather than to finished manufactures. Taking goods in this latter class, the rise of price would come not through increased demand, but via a contraction of supply forced by a prior rise in money wages. But these articles, further, were those requiring much machinery; and the fact that fixed capital was committed would render the contraction process rather tardy. Conversely, among simply-processed vegetable and animal products (basic consumption goods), the conditions of supply were such that a slow response to the enlarged demand for them should be expected. Bringing these factors together - the tastes and general expenditure-pattern of those whose incomes would first expand, and the conditions of supply in the several main classes of commodities - one would expect prices to rise first and fastest among vegetable products, somewhat slower among animal products, and slowest of all among finished manufactures. This, indeed, was the pattern of observed price increases from 1847-56.

To this Cairnes added, in further support of his earlier explanation of the 'geographical' pattern of the world price rise, that a given addition of coin would support a greater rise in prices where credit made up a large part of the total currency. On this ground, prices in England and America would tend to rise still further above those in, say, France, and in the East. This divergence of prices would be checked only by the mutual competition of England and America with France in the markets of the gold countries, and, in the case of English trade with the East, by the ability of England to maintain the flow of gold necessary to maintain the balance of payments. In conclusion, Cairnes noted that good seasons had prevailed since 1855, and the war had ceased. These factors, together with the continuing influence of free trade and technical progress, and lately (1857) a panic and contraction of credit, could all have been expected to cause lower prices. That they had not done so he considered ample demonstration that a general depreciation (of gold) was in progress.

In several later papers Cairnes refined, without adding substantially to, this analysis of the effects of the new gold.

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156 'The Laws, according to which a depreciation of the precious metals consequent upon an increase of supply takes place, considered in connection with the recent Gold Discoveries', *Journal of the Dublin Statistical Society*, II (1859), pp.238-40.
157 Ibid., pp.240-3.
158 Ibid., pp.243-6.
159 Ibid., pp.247-8.
Let us recur briefly to the contention stated above that Cairnes's work on the effects of the gold discoveries is an example of 'normal' science. This is a descriptive, but also an explanatory term. Here it means that Cairnes operated upon new facts with a method and model developed by Ricardo. Cairnes's problem ('puzzle') was to match the facts with the predictions of his inherited theory. The key prediction was that gold would tend to depreciate. The methodological difficulty in testing this expectation was that the 1850s abounded in other causal elements likely to disturb the prediction, if not entirely obscure the effects of the new gold. Among these 'disturbing causes', as we have just seen, Cairnes mentioned seasonal variations, the Crimean War, the effects of free trade and new inventions and the crisis of 1857. In consequence, Cairnes noted in his 1857 lectures on method, 'we are... obliged to have recourse to arguments of a probable, and often of a conjectural, nature, the conclusions from which must, of course, partake of the same merely probable and conjectural character'. But still the proper course was that followed by Ricardo and Mill, namely, to trace the effects of an addition to the currency on the postulate that all else remained constant. This was the economist's equivalent to the controlled experiment of the physical scientist. Cairnes's 'puzzle' thus boiled down to two components: establishing from theory the direction and limits of the expected change in prices; and identifying sufficient 'disturbing causes' to account for deviations of current prices from these ideal results.

Cairnes took his expectation of the direction of price change direct from Ricardo. Ricardoian theory also told him the limits to the expected price rise. Without any change in the cost of production of commodities other than gold, the price increase would proceed ultimately up to, but not beyond, the point indicated by the permanent decline in the cost of producing gold. Further, Ricardo's doctrine

160 Character and Logical Method of Political Economy, 2nd ed., p.125. The comment was made with reference to the drain of silver to the East in 1856.

161 In ibid., pp.77-8, Cairnes laid this down as the correct method, once again using as an example the very puzzle which engaged him at the time (1857).


163 See Cairnes's letter in The Economist (27 June 1863), pp.705-6. Cf. Cairnes's hesitations about Jevons's purely statistical enquiry: The Economist (30 May 1863), p.593. 'As employed by Mr Jevons', Cairnes said, 'a depreciation or fall in the value of gold expresses simply the fact, that the relation of gold to commodities has been altered in a
of comparative advantage told Cairnes that he could expect a new pattern of trade in the transition. Specifically, the gold countries would suddenly find it to their advantage to export gold and to import many commodities which previously they had produced for themselves. Over time, trade would tend to revert to its original pattern and volume — though if the cost of producing gold remained permanently lower than before, this tendency would in neither respect result in a complete reversion.

The 'normal' character of this part of Cairnes's research has thus been sufficiently shown, and may be taken as established. Normal research, according to Kuhn, and confirmed by this particular example, is not intended to produce novelties. But it is not abnormal to find, in the course of matching facts and predictions, that one's theory is imperfect. It may be that ambiguities are revealed by the process of explication involved in the research; or qualifications may be shown to be necessary. It is not surprising, therefore, to find in the Leading Principles that some of Cairnes's refinements upon the doctrines of Ricardo and Mill had their origin in his earlier research into the gold problem. Two instances of this may be given.

First, Cairnes divided commodities into groups (manufactured and 'extractive', animal and vegetable products) for the purpose of analysing the behaviour of their 'market' prices (pt I, ch.V, sections 9-12). These were the categories he had found it useful to distinguish in explaining the fact that not all prices rose uniformly after the gold discoveries.

Second, he qualified Mill's principle of reciprocal demand in international trade, saying that it is not the difference in the comparative costs of production in each pair of trading countries that fixes the limits to the possible variations of international values...but, among all countries mutually accessible for commercial intercourse, the difference of comparative costs, as it exists in the particular countries in which that difference is least.

163 (continued)

particular direction, without reference to the cause of the alteration.' And, 'I hold that, in discussions concerning variations in value, whether of gold or commodities, we shall only convey just notions by using these terms with constant reference to what Adam Smith, Ricardo, and Mill call "natural value" — that is to say, value in its relation to cost'.

164 See Cairnes's 'Essay Towards a Solution of the Gold Question. The Australian Episode' [1859], Essays in Political Economy, 20-52, p.32: 'It is one of the best established principles of economic science... that the possession by a country of any extraordinary advantage in production operates...as a premium against all other industrial pursuits.'

165 In hisLeading Principles (pp.374-8 and 401-4) Cairnes cited the experience of Australia as confirmation of these predictions derived from Ricardo's 'purely abstract doctrine'.
This qualification was implicit in Cairnes's 1858 paper on the gold question, where he discussed the limit which is set to national differences in prices when the nations concerned compete in the same markets. 166

From Cairnes's 'normal' scientific activity we turn to the work of Henry Fawcett. Whereas Cairnes was chiefly occupied with matching fact and theory, and with reformulating Ricardian theory to incorporate the qualifications and refinements shown by the former research to be necessary, Fawcett was basically a manipulator. He showed to best advantage when displaying new applications of established laws. Fawcett's publications were extraordinarily numerous for a blind man, and one who for many years combined teaching duties at Cambridge with attendance upon - indeed, detailed concern with - the affairs of Parliament. 167 The explanation of this lies in the fact that he applied the same few clear laws of political economy - with appropriate modifications - to a succession of new problems; and he repeated often the solutions arrived at. No injustice is done, therefore, by taking just one example of his work, an early treatment of the problem of strikes.

'The phenomena of strikes,' Fawcett began, 'can be investigated in two different ways, which in consonance to current language may be

166 Compare Leading Principles (pt III, ch.III, section 4, esp. p.423) with 'The Laws, according to which a depreciation of the precious metals consequent upon an increase of supply takes place, considered in connection with the recent Gold Discoveries', Journal of the Dublin Statistical Society, II (1859), pp.245-6. Adelaide Weinberg, 'Richard Hussey Walsh and Mill's Theory of International Values', The Mill News Letter, IV (Spring 1969), p.12, has pointed out that Walsh might have been responsible for drawing Cairnes's attention to the need for such a qualification.

167 A list of Fawcett's publications is given by Leslie Stephen in the appendix to his Life of Henry Fawcett. This list totals nine pamphlets and books, and twenty-six independent review articles on economic questions. The list excludes some of the papers given by Fawcett at meetings of the British Association and at the Congresses of the Social Science Association. The titles of these papers for the years 1859-65 indicate the range of his interests: 'The Theory and Tendency of Strikes', NAPSS, Transactions (1859), 635-40; 'Protection of Labour against Immigration, The Chinese and Coolie Traffic', ibid., 704-5; 'On the Social and Economical Influences of the new Gold', British Association, Transactions (1859), 205-9; 'On Cooperative Societies, their Social and Political Aspects', ibid., (1860), 191 (title only); 'How the Condition of the Labouring Classes may be raised by Co-operation', NAPSS, Transactions (1860), 871-3; 'On the Causes which Produce the Present High Rate of Discount', British Association, Transactions (1864), 165-6.

168 'Strikes: Their Tendencies and Remedies', The Westminster Review, n.s. XVIII (1860), 1-23. A similar, but briefer statement, 'The Theory and Tendency of Strikes', had been given by Fawcett to the Social Science Association in 1859. These two papers formed the basis of part of Fawcett's later lectures, published as The Economic Position of the British Labourer (1865).
best described as the practical and theoretical.' Mill, he continued, has decided that the proper mode of investigation of social problems is the same as that in physical science. 'As, therefore, strikes are intended to affect the division of the produce of the country, which the labourer and the capitalist respectively share, we must resort to political economy, because this science explains the laws which regulate wages.' It must be understood, however, that these laws affirm only tendencies, not actual outcomes.

These methodological preliminaries were essential to Fawcett's treatment of the problem. If wages were everywhere always at their 'natural' level - the level towards which the laws of political economy said they would tend - then there was no problem to be discussed. If, however, as Fawcett believed, the laws of political economy 'are liable to be counteracted, and always require time for their complete operation', then strike action might, like a 'disturbing cause', achieve a temporary elevation of wages above their 'natural' level. Fawcett considered that there existed two classes of causes which disturbed wages from their 'natural' rate. One comprised the factors producing unwarranted inequalities in the wages paid to different groups of workers. The other comprised all the causes which might temporarily raise the rate of profit in a particular business above the general level.

As an example of the first class of causes in operation he cited agricultural labourers who, through their ignorance, and because of the laws of settlement, had become tied to a particular village, although they could receive a better wage in nearby towns. If such labourers combined they could hold out for and would achieve a higher wage, because farmers would have no alternative to their labour but to obtain workers from other occupations - workers already being paid more in their own jobs, and anyway less efficient at farm work. Farmers would suffer no ultimate loss by being forced to pay higher wages, because they could raise the price of agricultural produce. More would then be imported, and with the reduced scale of domestic production, rents would also be reduced through the abandonment of less fertile land.

Similarly, in relation to the second class of 'disturbing causes', if an industry is currently enjoying greater prosperity than other trades,
its workers might combine and successfully hold out for a share of the higher profits. Masters could not refuse the claim, since their only alternative would be to employ new hands who, even if they agreed to work at the old rate of wages, would still be less efficient than the striking workers. Labourers in this industry might continue to receive a higher wage until their fellows in other employments obtained the necessary skills and began to increase the numbers competing for that particular employment. 172

Fawcett concluded, then, that strikes may, firstly, and without increasing the aggregate wages fund or reducing the average rate of profit, equalise wages in different employments. Secondly, they may for a time benefit workers in a particular trade when the profits in that trade are temporarily raised above the average. He did not concede that any general increase in the rate of wages might be wrought through strikes.

To these conclusions he added that strikes - both successful and unsuccessful - serve to educate the workers as to just when and how much they can expect to gain by a withholding action. And employers, on their side, seeing a trend towards combination, will be constrained to give their workers at once a share of extra profits as they arise, rather than risk a strike. Strikes will then gradually become unnecessary, as employers voluntarily accept their workers as partners. In this sense 'strikes must be an agency to create an identity of interests'. Fawcett defended the practicability of such voluntary profit-sharing, using Mill's old example - the experience of M. Leclaire in Paris. 173 Finally, he looked beyond even this form of partnership, in which workers obtain only as much as they can gain through a strike, to the day of workers' cooperatives: 'that day...when the labourer shall by prudence have raised his lot, and shall then have the inclination as well as the means to save'; when capitalist and labourer shall be combined in one man, and the total produce shall be his alone. 174

Fawcett's investigation achieved three advances over the existing state of thinking about the phenomena of strikes. At the most general level, it was an advance even to admit that strikes might be successful and without evil social consequences. 175 Secondly, Fawcett went beyond

173 Ibid., pp.15-19.
174 Ibid., pp.19-20, 23.
175 Fawcett's 1859 paper on strikes, given at the meetings of the Social Science Association, apparently impressed Sir James Kay Shuttleworth, who presided over the Social Economy Department in that year (Leslie Stephen, Life of Henry Fawcett, pp.158, 184). Fawcett was appointed to the Association's Committee on Trades Societies. The report of this committee (entitled Trades' Societies and Strikes [1860] (New York: Kelley reprint, 1968)) expressed the view that 'the constant fear of a strike is as great an interruption to business and as great a check to
Mill in elucidating the precise conditions under which success could be achieved. Thirdly, his argument that strikes might educate workers and constrain employers as to secure the voluntary introduction of profit-sharing on a large scale was novel, and earned Mill's praise. 176

Thus far it has been emphasised that Cairnes and Fawcett were engaged in straightforward applications of Ricardo's conceptual framework. However, this description does not wholly fit the results they obtained from their investigations. The extra elements involved suggest that Ricardo's way of looking at things had certain limitations, from the point of view of the particular questions which occupied Cairnes and Fawcett.

The Ricardian apparatus was not designed to handle short-run problems. When, therefore, Cairnes argued that the short-term effects of the gold discoveries confirmed his expectations about a depreciation of gold, since prices, though they had not risen, had at least been prevented from falling, he was being unduly solicitous for Ricardo's reputation. 177 Ricardo's theory told him the direction in which prices would tend to change, and the ultimate limits to which a change in prices might be carried. It also informed him about the changes which

175 (continued)
enterprise in a trade, as the constant fear of war is to the business and enterprise of the world' (p.xiii), and was generally negative in its attitude to strikes. However, it did allow that strikes 'have at times assisted the workmen in a trade more speedily to realize higher wages when the profits and wages in it have been rising'; that they have sometimes helped to produce 'a greater uniformity of wages throughout a trade'; and that they have induced 'wiser and more gracious concessions' by masters, and 'less unreasonable demands' by workers (p.xix). Fawcett was critical of the report, but it is possible that these elements of a more positive attitude towards strikes are due to the influence of his analysis.

176 In the early editions of the Principles, Mill had denied that trades unions could raise the general rate of wages, and had granted only that they might raise wages in a particular trade, by limiting membership. Fawcett's view that combinations would tend to equalise wages as between different employments was new. So, too, was his demonstration of the way in which the threat of a strike might give the workers a share in extraordinary profits, initially by cajolery, eventually by voluntary concession on the part of employers. These last two points were noted with approval by Mill, who incorporated a reference to the Westminster Review article in the 1862 edition of the Principles. He added also a new paragraph granting that combinations can help workers to obtain the wages justified by the demand for their labour, but which might be denied them by a powerful employer facing unorganised workmen: Collected Works, vol.III, pp.932-3.

177 Fetter, Development of British Monetary Orthodoxy, pp.246-7, suggests that the more practically minded were not impressed by Cairnes's counterfactual way of confirming the Ricardian prediction about depreciation. Even Mill said: 'I would not call this depreciation. It is exactly the absorption without depreciation, which is affirmed by some of those whom he [Cairnes] attacks.' (Elliot (ed.), The Letters of John Stuart Mill, vol.I, p.308.)
might be expected in the pattern of trade of various countries, assuming that production responded to changes in relative prices. But further than this it was of no special assistance. Much of Cairnes's explanation of the actual short-run effects of the new gold, in terms of the elements of supply and demand, was not specifically Ricardian.

It is significant, too, that Fawcett's most novel contribution on the question of strikes was his suggestion that they might become a means of overstepping the constraints implied by Ricardo's doctrines of profit and of wages, by effecting an alteration, not in economic laws, but in the institutional arrangements of production. 'Intelligence induces combinations, combination tends to create a partnership between employers and employed, and this will lead to those higher forms of cooperation which will alike realize all that has been sought either by the economist or the philanthropist.'\textsuperscript{178} This encouraging result was logically independent of those which Fawcett reached by applying Ricardo's framework of thought, though it may have arisen from a desire to find an alternative to the limited prospects for combination which that application had first indicated.

Similar comments, we have seen, apply to many of the social goals, and means, favoured by Mill.

Thus the most influential and active of the Ricardian economic thinkers found themselves moving outside his analysis, in order to find satisfying answers to important economic and social problems of the 1850s and 1860s. The question, therefore, arises, why was that analysis not entirely set aside? This question will occupy us in the next chapter.

\textsuperscript{178} 'Strikes: Their Tendencies and Remedies', The Westminster Review, n.s. XVIII (1860), p.23.
Chapter 7

CHALLENGES TO RICARDIAN THINKING, 1848-73

John Mill had long known, and the researches of Fawcett and Cairnes into the effects of strikes and of the new gold merely confirmed, that Ricardo's economics indicated only some of the factors relevant to social or short-run economic problems. Something more than this elementary discovery would be needed to induce either Mill or his disciples to set aside Ricardo's approach. In the twenty-five years after 1848 there was a substantial amount of criticism of Ricardo's way of looking at purely economic and related questions. Most of the criticism, however, was ineffective. The question posed at the end of the previous chapter thus reduces to whether reasons can be found to account for this lack of effectiveness. In the following discussion we shall be concerned with the arguments of the critics, with the way new facts and arguments (new or old) were dealt with by Mill, Cairnes, Fawcett and, occasionally, other Ricardians, and with the reception given the critics in several of the more important periodicals. Some of the latter were wedded to Millian views and may be regarded as channels of his influence. For the same reason they were, in part, instrumental in propagating Ricardian economics, whether or not Mill and his followers manipulated them to that end. These comments apply to only a few of the many weeklies, monthlies and quarterlies which existed in the mid-Victorian period. But no matter what the general opinions they reflected, the periodicals, through their book reviews, played an important role in the success or failure of new publications in political economy - especially those by unknown and unorthodox writers. For the most part the periodicals here selected for examination had a serious interest in economic or closely related political and social problems, and regularly contained book reviews or review articles of works on political economy. Systematic searching was confined to the following:

1 Information adapted from Alvar Ellegård, The Readership of the Periodical Press in Mid-Victorian Britain (Göteborg: Almquist and Wiksell, 1957). Other periodicals consulted were: Blackwood's Magazine, Fraser's Magazine, the Edinburgh Review, the Contemporary Review, the North British Review, the British Quarterly Review, the National Review (1855-64), Macmillan's Magazine and the Bankers' Magazine.
It will be convenient to divide the discussion into three parts. First we shall consider criticisms of Ricardo's 'axioms' (the principle of population, the law of diminishing returns, the desire for wealth) and their most important collateral theorems (the doctrine of rent, and the case against gluts). Then will follow a discussion of several attacks on Ricardo's theory of value, and of some more general objections which stemmed from those attacks. Finally, a criticism from within the Mill 'circle' will be discussed, namely Thornton's attack on the wages fund theory.

Criticism of basic Ricardian principles

The law of population

The earliest (in our period) of the critics of Malthusian views was Francis William Newman. In his Lectures on Political Economy (1851) he wrote: 'the Malthusian doctrine, when stated as an abstract theory, is undeniably true, but...every practical application which either Malthus or his followers have given it, is deplorably and perniciously false.' Specifically, no individual can hope, by exercising prudence, to reap thereby a higher wage; his restraint will only create a space in the labour market for others to fill with their own children. Then, too, the Irish experience showed that the absence of

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a poor law was not sufficient to check population. Finally, by the only
test of overpopulation - that an increasing fraction of the population
is engaged in raising the food for all - redundancy in England was a
long way off.  

Newman's Lectures were noticed in several of the periodicals; but
the review of greatest interest to us is one by John Mill, in the
Westminster. Mill took up each of the objections to the 'practical
application' of Malthus's theory. He deemed it a sufficient answer to
the first to restate what he had urged in the Principles. True, he
admitted, good men should not abstain only to allow the selfish to
indulge, but what is wanted is 'such a state of opinion as may deter
the selfish from this kind of intemperance by stamping it as disgrace­
ful'. To the second objection, based on Malthus's opposition to the
Poor Laws, Mill merely repeated the view he had arrived at in the early
1830s. No Malthusian, he said, now objects to Poor Laws as such, only
to that mis-administration of them which removes inducements to self­
support. Mill's reply to Newman's third objection was also little more
than a restatement of views he had expressed in the Principles. It is
no proof of absolute redundancy, he held, to show that a relatively
greater part of the workforce devotes itself to producing food. Con­
versely, Malthus is not contradicted if it is said that subsistence has
been gaining on population; for that suggests only that there has been
technical or moral improvement taking place. Moreover, all we need to
know for practical purposes is whether the pressure on subsistence is
'too great', and whether the improvement has been 'enough'. If wages
in England are below those, say, in America, and if the benefits con­
stantly accruing through improvements in the 'arts of life' and better
social institutions are absorbed by larger numbers, the need to control
numbers is amply shown.  

p.44, further explains his views.
5 'Newman's Political Economy', The Westminster Review, LVI (1851),
83-101; reprinted in Collected Works, vol.V, 441-57. Other reviews
appeared in The Leader (21 June 1851), 586-7 (possibly by Thornton
Hunt), The Athenaeum (28 June 1851), 682 (by Newmarch) and The Spectator
(4 October 1851), 953-5.
Principles, Collected Works, vol.II, bk II, ch.xiii, where, however,
Mill also countenances the possibility of legal sanctions against
'recalcitrant minorities' when once the duty of prudence is a widely­
established norm (p.372). This chapter was the one most frequently
quoted by the publicists among the neo-Malthusians, notably by Charles
Drysdale, who employed it extensively in his The Population Question
According to T.R. Malthus and J.S. Mill, 2nd ed. (London: Bell, 1878),
and republished it as no.1 of his Malthusian Leaflets in the 1870s.
Mill's proposition that the implications of Malthus's theory were not undermined by an improvement in the balance between population and subsistence was the pons asinorum of the subject. Nassau Senior had been halted at this point in the 1820s, and critics from 1850 onwards also failed to advance further. The more overt expression of the difficulty was this. A law which held that population tended to advance faster than subsistence, while facts proved that the reverse was the norm, seemed to have neither content nor application. The ambiguity surrounding the word 'tendency' has been noted in chapter 1. Mill, like Ricardo, insisted that it was to be understood in the sense of a force, operating as if unimpeded. But the difficulty remained, in that this seemed only to establish more sharply the gap between the abstract and the actual.

G.K. Rickards recognised the essentially methodological character of the problem; though for him this meant exposing 'the road of false

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8 See his Two Lectures on Population (London: Saunders and Otley, 1829), especially the appended exchange of letters between him and Malthus.

9 Edwin Chadwick is typical of those who felt that facts had rendered the theory untenable. His researches in the early 1830s into the operation of the old Poor Law gave him, as he later claimed, evidence that the increase of pauperism was 'everywhere' due to a mal-administration of the law, and 'nowhere to the assumed inevitable pressure of a willing and capable working population upon limited means of subsistence' ('On the Comparative Results of the Chief Principles of the Poor-Law Administration in England and Ireland, as compared with that of Scotland', NAPSS, Transactions (1863), 712-25, pp.712-13). His subsequent researches, on the sanitary condition of the population, showed that diseases 'do not diminish but tend to increase the pressure of population'; for people bred in 'noxious' physical circumstances are not only short-lived, but 'improvident, reckless, and intemperate, and with habitual avidity for sensual gratifications', so that 'in the districts where the mortality is the greatest the births are not only sufficient to replace the numbers removed by death, but to add to the population' (Report on the Sanitary Condition of the Labouring Population of Great Britain [1842], edited with an introduction by M.W. Flinn (Edinburgh, at the University Press, 1965), p.423). The obverse of this was that an elevation of living standards was not necessarily absorbed by larger numbers. It is interesting to note that John Mill read Chadwick's report in early and final draft, gave it his blanket approval (Earlier Letters, Collected Works, vol.XII, p.516, 523-4), and incorporated most of Chadwick's results in the Principles (see the writer's 'The Empirical Content and Longevity of Ricardian Economics', Economica, n.s. 37 (1970), pp.11-12, and references there cited). Chadwick's views found ready adherents among those working men who had always felt that the Malthusian theory impugned their independence and self-respect (see, for example, the editorials in The Beehive (31 January 1863), p.1 and (14 February 1863), p.1), and with those predisposed to an optimistic view of man's future (see, for example, the Earl Fortescue's Presidential Address before Section F of the British Association, Transactions (1877), 151-62, esp. pp.153-4; and Stephen Bourne's paper 'On the Growth of Population with Relation to the Means of Subsistence', ibid., 165-73).

10 (1812-89). Drummond Professor of Political Economy at Oxford, 1851-57.
logic' by which Malthus had been led to 'an utterly wrong result'.

Rickards allowed that it was a 'fair and logical' procedure either to
compare the unimpeded tendencies of population and subsistence, or the
actual course of each, taking account of all checks and disturbing
causes operating. Malthus, however, had wrongly mixed these two, com­
paring 'the potential increase of mankind, according to the unchecked
laws of nature, with the actual progress in any given country of pro­
duction'. Having, he thought, thus unmasked Malthus, Rickards
proceeded to argue that even under either of its legitimate interpre­
tations, the Malthusian law was false. The historical side of
Rickard's investigation led him to an estimate of the relative force
of diminishing returns and of social progress. The latter, he concluded,
had normally overcome the effects of diminishing productiveness. The
'law' of diminishing returns was only dominant under abnormal conditions,
chiefly in 'old countries'. But since 'the laws of political economy,
properly so called, must be (exceptional causes being allowed for) of
universal application, and not in discordance with the facts presented
by any of the widely varying conditions of human society', the so-called
law of diminishing returns was in reality no law. Rickards felt that
he had shown that Malthus's 'law' was spurious, and that what J.S. Mill
had called 'the most important proposition in political economy' was
applicable only in exceptional circumstances.

Rickards's arguments received the approval of reviewers in the
Athenaeum and the Economist. Both reviews reflected the idiosyncrasies
of their authors. But in this era favouring anonymity, authority resided
in a journal as a whole, and the Athenaeum was then enjoying a weekly
circulation of 20,000 (four times larger than that of its closest rival,
the Examiner), and the Economist a weekly circulation of over 4,000.
Rickards's views were in any case likely to appeal in a Britain basking
in the prosperity of free trade, abundance of gold, and the applause of
a world captivated by the Great Exhibition - a commercial and moral
buoyancy which even war in the Crimea only checked. In 1856 the Times
took up the theme, arguing that the discoveries which past and current
experience must lead one to anticipate rendered the Malthusian prophecy
'groundless and out of date'.

11 Population and Capital (London: Longman, Brown, Green, and Longmans,
1854), pp.68-70. This work was comprised of lectures given at Oxford
in 1853-54.
12 Ibid., lectures IV and V.
13 Ibid., lecture VI, esp. pp.135-7; cf. preface (x-xii).
14 The Athenaeum (6 January 1855), 16 (the reviewer was Horace Stebbing
Roscoe St John (1832-88), joint editor in 1854 of a short-lived liter­
ary, political and industrial journal called Utopia); The Economist
(18 November 1854), 1269-70 (the reviewer was Thomas Hodgskin).
15 The Times (27 December 1856), p.6.
Rickards's attack, and perhaps also the widespread readiness to adopt his optimistic view, was a factor in Cairnes's choosing Method as the subject of his first course of lectures at Dublin. After an initial discussion, Cairnes devoted two lectures to Rickards's arguments, as a foremost example of the 'unscientific views' which had created an unsettled state of opinion on this and other fundamental doctrines of political economy. Rickards's error was said to consist in no less than a total misapprehension of the nature of economic enquiry: his conception of an economic law, and the tests by which it could be established, were both quite wrong. The aim of the economic scientific enterprise, Cairnes affirmed, was to explain the current (economic) phenomena of society. Broadly, this meant the production and distribution of wealth; narrowly, such questions as why rent tends to rise and profits to fall as society advances, why English wages are below American, why old countries export manufactures in exchange for food, why the condition of the mass of the people improves as civilisation advances. 16 To such questions the comparison of the pure (abstract) tendencies of population and subsistence - one of Rickards's two 'legitimate' versions of the Malthusian law - was quite irrelevant. 17 Rickards's other 'legitimate' comparison, between actual population and food increase, was superficially more useful, but in fact led only to a composite empirical result in which the numerous causes involved were left unseparated. As such, it pointed to no economic law. 18 Malthus's comparison, on the other hand, of potential population increase with actual food increase, was both relevant to the economic problem he set himself - the influence of population on well-being - and resulted in a true economic law. Cairnes believed, as we have seen, that in the absence of experimentation, the only procedure open to the economist is to postulate a cause, deduce its unimpeded operation, and then, in bringing it to bear on a real problem, to compare this abstract force with the means actually at man's disposal to counteract or harness it. 19 Facts (results), he said, can never disprove an economic law; they are themselves phenomena to be explained. The only true test of the laws established by the above method is to ask whether the basic cause, supplemented by relevant subsidiary causes, suffices to account for all the phenomena. And, that we may be sure that the postulated basic cause itself is real, it should be a known principle of human nature (for example, the desire for wealth) or a known physical fact (for example, diminishing returns). The certain capacity of population to

18 Ibid., pp.171-2.
19 Ibid., pp.166-8.
change, Cairnes said, combined with the equally certain limited productivity of the soil, gave rise to an economic truth, and one which was directly applicable in the several enquiries specified above.

This was only a fresh statement of the views on method which Mill had published in 1836 and 1843. It added nothing new, either, to the population doctrine itself. Nor was anything added by Fawcett in his Manual. In fact, after Cairnes's 1857 lectures none of the three responded to further attacks on this doctrine. The reason is plain. Attacks subsequent to Rickards's were directed only at the immediate practical significance of Malthus's theory. Cairnes, Fawcett and Mill had stated it in a form which could not be impugned by a rising standard of living, and their abstract 'tendency' to over-population thus stood apart from facts and was ignored by practical critics. This the latter could well afford to do. Agricultural improvements at home, and the abundant supply of cheap food from abroad caused even Fawcett to speak of the possible ultimate overcrowding of the planet as 'too remote for us to feel any concern'. Moreover, Darwin's researches, while they yielded further evidence of the great capacity of increase in organic life, also provided a firmer basis for an optimistic view of man's progress. To many it seemed that civilisation automatically carried with it the necessary checks to population. As W.E. Hearn put it: 'Wealth implies capital; and capital implies foresight, intelligence, and frugality. The development of these qualities thus tends at once to increase wealth and to restrict population.' Lesser political economists - J.H. Levy, J.S. Laurie, the Drysdales, F.G. Evelyn - continued to propagate Malthusianism (and birth control), generally correctly representing Malthus's doctrine as resting on the power of increase in population, combined with the limited productivity of the soil.

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20 See, for example, Thorold Rogers, A Manual of Political Economy, pp.72-4, 153-4; Bonamy Price, Chapters on Practical Political Economy, pp.193-7.
22 Plutology, p.394.
23 Levy, Laurie (one-time tutor to Lord Amberley) and the Drysdales were members of the Dialectical Society. At a famous meeting in 1868 Amberley had spoken of the need which existed for more medical information to be made available on the means of checking population. His remarks, when they were publicly reported, created a furore, and proved disastrous to his political ambitions. Laurie had addressed this meeting, and both Levy and Charles Drysdale were present and spoke in support of Malthus's population theory. See Amberley Papers, vol.II, pp.168ff. for an account of the meeting and its aftermath. Frederick G. Evelyn was a Barrington lecturer for the Dublin Statistical Society in 1855, 1856, 1858 and 1859. (John Barrington of Dublin had bequeathed in his will of 1834 a sum to provide for lectures to be given throughout Ireland on political economy, especially for the working classes and 'as related to the conduct and duty of the people to one another': W.J. Fitzpatrick, Memoirs of Richard Whately, 2 vols (London: Bentley, 1864), vol.1, p.188.) Evelyn defended Malthus's doctrine against Rickards, James Lawson and W.N. Hancock, in a paper entitled 'Malthus', Journal of the Dublin Statistical Society, I (1855), 125-36.
But they preached mainly to the converted, and the doctrine survived our period without further debate largely because the two sides were content to argue at two different levels, neither bothering the other.

**Diminishing returns and the doctrine of rent**

The 'tendency' to overpopulation seemed to hold implications so remote that it could safely be ignored in the prosperous decades after 1850. Nevertheless, almost no one denied Carines's contention that even the rise in living standards could be understood quite adequately in terms of an overbalancing of this tendency by the forces of progress which were everywhere apparent. As a predictive device this explanation had no content; but in general terms it sufficed to account for the facts. Ricardo's theory of rent was defended on the same grounds, although numerous critics in our period felt that it quite misrepresented the course of history and of current phenomena relating to productivity and rent.

The researches of the American economist H.C. Carey gave substance to much of the English criticism. His, or at least very similar objections to the Ricardian theory of rent, were given wide currency by their adoption in the writings of Bastiat, Rickards, William Whewell, Hearn and Thorold Rogers.

Carey observed that very often in new settlements land of lesser fertility is the first brought under cultivation. For the better soils tend to be more heavily timbered, and the capital and means of transportation, whereby these soils may be cleared for use, are lacking in new settlements. Here, at the outset, Carey felt, was reason to doubt Ricardo's account of the origin of rent. But how, then, does rent...
arise? It is not a payment for the advantages of fertility or situation as such, Carey declared, but is a return on capital employed. He described the following process. Assume a new settlement in which all soils are of equal fertility. As population grows, so the division of labour and the exercise of mental powers will issue in improved techniques of production. More capital, too, will be applied to aid labour. With the extension of cultivation, therefore, each new farming unit will be more productive than the last, while the value of all units will fall because less labour is needed to prepare a unit. The proportion of the produce which can be asked as rent will also fall, leaving a larger proportion to labour. If all operative farming units adopt the best methods of production, all will be equally productive (soil being assumed equally fertile). But the owners of the units first prepared will, in the meantime, have established a store (a centre of exchange) and financed roads to it. They will therefore save on transport costs, compared with the owners of newer, more distant units. The net return to the units earlier established is thus greater, although all soils are supposed to be of equal fertility. Carey concluded that 'advantage of situation will always be found to be only proximity of capital'.

Proximity of capital enables the cultivator to exchange his products readily for those commodities which he requires... and thus land of the sixth degree of fertility, in the neighbourhood of London, yields a larger quantity of commodities, in return to labour, than can be obtained from that of the first degree in Illinois.

Carey agreed with Ricardo only in thinking that the price of raw produce tended to rise over time. For the rest, history, and the most widespread contemporary experience, he said, attested that cultivation does not in fact proceed from better to inferior soils; population increase, association, and the progressive development of man's faculties all combine to yield increasing, not diminishing, returns to labour; rent is a return for capital improvements, and over time forms a decreasing proportion of the total product.28

Mill read Carey's Principles of Social Science while he was preparing a sixth (1865) edition of his own Principles of Political Economy. He thought Carey's facts were untrustworthy and his interpretations of facts 'perverse and absurd'. It would be a service to political economy, he said in a letter to Cairnes of December 1864, if some 'clearheaded and painstaking student' were 'to shew up the book', so as 'to destroy any authority...[it] might have'.29 However, Mill did not think the task worth his while, and he confined his refutation

of Carey's alleged errors to a few comments in his own Principles. Most of these were introduced in the first (1848) edition, and merely elaborated in subsequent editions.

We have seen (chapter 3) that in his 1827 'dissertation on Rent' Mill had anticipated Carey's objection about the order in which lands of different fertility are settled. In the second (1849) edition of the Principles Mill allowed that 'the lands which require the greatest amount of clearing and draining are seldom the first cultivated'. Exponents of the Ricardian theory of rent, he admitted, had perhaps been unguarded in suggesting that the order of settlement is normally from better to less fertile lands. But he would not concede that cultivation invariably proceeds from the relatively barren to the more fertile lands. For that would imply, for instance, that the wastes of the United Kingdom were just those lands still destined to become the most productive. Even supposing this was true, however, the Ricardian theory would stand; for it asserted only that, whatever the historical order of cultivation, the price of agricultural produce is regulated by its cost on the soils of least return, and that all other soils pay a rent equal to the amount by which their output exceeds this lowest yield. Carey had not shown that returns were increasing, given the state of knowledge and skill; and this was the nub of the matter. 30

In the third (1852) edition Mill gave an extended reply to Carey's contention that rent is a return on capital. Carey's reasoning on this point, Mill said, seems to imply that the current value of land is less than the amount that would be necessary to bring it to its present state. If that were so, it would not be worthwhile to cultivate a fertile island suddenly appearing off the coast. In point of fact, however, even inferior land is constantly being reclaimed and put to profitable use. Carey must mean, therefore, that land is worth less than the amount laid out on it, including the expense of all roads, canals and railways. This may be true, Mill said, but is no more relevant than an assertion that land would not sell for the amount laid out on it, plus the national debt; for roads, railways and canals are constructed not to give value to established land, but to render rival lands more accessible. And in doing this they tend to lower the value of existing land. 31

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30 Principles, Collected Works, vol.II, pp.426-7 note; cf. pp.178-9 (6th ed.). In his own reply to Mill, Carey held that it was irrelevant to postulate given knowledge: the fact is that man constantly progresses in his command over nature (Principles of Social Science, vol.III, p.165 note). Mill's point about the wastes as yet uncultivated Carey evidently thought fatuous (ibid., p.166 note). However, he made no comment at all on Mill's statement of the essence of Ricardo's theory.

Finally, in the sixth (1865) edition of his Principles, Mill charged Carey with inconsistency, in holding at once a labour theory of value, that the productivity of labour tends steadily to rise over time, and that the price of raw produce also rises.

Mill's handling of Carey exhibits three typical features - almost rules - of his method, all of which are by now familiar. Firstly, the study of facts contributes nothing if the theory built on them involves inconsistencies, or leads to inferences which contradict common sense and observation. Secondly, an economic law is not inherently timeless and universal: if it clearly does not apply to all stages of history, pare its scope to coincide with undeniable evidence. Thirdly, the proper procedure in economic analysis is to ascertain causes and trace their effects on the postulate that they operate unimpeded. Other agencies - even if they are 'in habitual antagonism', as 'the progress of civilization' - can be added later to account for historical phenomena.

Precisely the same 'rules' are implicit in Cairnes's reply to Rickards. To the latter's assertion that 'the progress of civilization' had 'never failed to operate', while diminishing returns was dominant only exceptionally, Cairnes answered that economic laws are not statements of the historical order of events, but assertions of the influence of one or more causes, 'the ultimate proof of which is to be sought in the character of man, or in physical nature'. Not, he took pains to point out, that Ricardo's theory explained every case. The general fact accounted for by that theory was the existence of a permanent surplus value above cost. Building-rent, and the surplus accruing to the possessor of a patent, lay outside the theory, the one being nothing but ordinary profit, the other a case of rent caused by artificial monopoly. Nor did it account for the case of a new colony in which none but the best lands were cultivated, but where the government exacted a rent from every occupant. But under whatever circumstances rent may be found to exist, this can never shake our faith in the facts that the soil of the country is not all equally fertile, and that the productive capacity of the best soil is limited; nor weaken our confidence...that agricultural produce is raised at different costs, and that in the play of human interests this will lead to the payment of rent to the proprietor of the superior natural agent.

32 Ibid., p.179.
33 Carey (Principles of Social Science, vol.III, p.166) complained that it was not true of 'any other department of science' that two laws could work in opposite directions, leaving the investigator to choose between them as the facts required, and it was therefore unlikely that this was a proper manner in which to pursue economic science.
36 Ibid., p.198 note.
Both Mill and Cairnes, then, in response to criticism, affirmed Ricardo's theory, making a direct appeal to the physical capacities of the soil and the operation of the wealth motive under (assumed) competitive conditions. Fawcett reproduced the appeal in dealing with Whewell's objection that Ricardo's theory was remote from real behaviour, even under the limited contractual arrangements where in principle it applied. 37

Thus the doctrine stood in 1863. And with this statement of it subsequent critics did not really disagree. W.E. Hearn felt that Mill's version 'may well be accepted by those who concur generally in Mr. Carey's views'. For rent, he said, is paid for the use of land, when the cost of production on two pieces differ. But if rent is the result of, and is measured by, this differentiation, it is of no moment whether it arises by a decrease (as Carey would have it) or an increase in the cost of production on one of the pieces. Ricardo, therefore, had 'correctly explained' both the nature of rent and the determination of its amount. However, he should not have denied the efficacy of one cause of differences in costs by exclusively favouring another - diminishing productiveness. 38 Bonamy Price and Thorold Rogers were two others who refused to grant functional or historical status to a theory which, however, they acknowledged to be true on the conditions supposed. 39 Active debate on the nature and content of the Ricardian theory had thus virtually ceased by the mid-sixties. It was ended, as was that on the Malthusian theory some years earlier, by the theorists and their critics implicitly accepting a line of demarcation between the ex post explanatory and the predictive uses of theory. 40

37 Manual of Political Economy, pp.136 ff. Fawcett did not attempt to answer a further argument by Whewell, that rent, in nineteenth century England, though absolutely greater, had become a smaller proportion of the gross product. This, Whewell held (following Jones), was due to the use of auxiliary capital. The progress of rent over time, he concluded, was not as Ricardo asserted it to be; nor, clearly was diminishing returns the sole cause of a rise in rent (Six Lectures on Political Economy, pp.65-8, 71). William Moy Thomas, in a review of Whewell's Lectures (The Athenaeum (7 March 1863), 326), correctly pointed out that both Ricardo and Mill allowed for the fact that technical improvements might counteract the force of diminishing returns 'for a period more or less considerable'.

38 Plutology, p.114.


40 The land tenure reform, land nationalisation and single tax movements in the seventies and eighties evoked renewed interest in the Ricardian theory of rent. But the discussion then really centred on rights of ownership, social justice and socialism.
The wealth motive and the doctrine of gluts

There is no evidence that criticism of the population and rent doctrines was suppressed. Rather, an attitude of benign tolerance towards the critics is discernible in a number of the contemporary periodicals. This tolerance was a by-product of Mill's views on political economy having become more widely understood. There is no contradiction in this suggestion. According to Mill, economic method comprises three operations: induction, to establish a few general laws; the deduction of certain consequences of those laws; and a final reference to facts, to supply any deficiency in the explanations arrived at by the first two operations. Again, in his opinion, the laws of political economy form only a part of the considerations relevant to real problems. Hence the a priori (deductive) and the inductive methods are not really incompatible, but comprise different phases of all true enquiry. Similarly, there is no necessary opposition between science and art, theory and practice: the two are complementary.

An unknown reviewer in the Saturday Review perfectly illustrates this attitude. The book under review was Whewell's collection of Richard Jones's Literary Remains (1859). Commenting on Whewell's 'well-known predilection for the mode of reasoning which is commonly called inductive', the reviewer argued that

There is no method in the science of political economy which can be generically distinguished from any rival process of arriving at similar or conflicting conclusions. All inquirers into the subject necessarily reason upwards from observed facts, and again downwards from general propositions; and if one writer employs himself by preference in collecting phenomena, while another devotes himself to generalization, their labours are as consistent as the industry of a Manchester spinner with the enterprise of a Liverpool importer of cotton wool.

The reviewer noted that Whewell and Jones objected to Ricardo's theory of rent because it did not pretend to show the circumstances which in practice determine the amount of rent in any particular country. But, he added, 'Mr. Ricardo's inquiry may be important and useful, although the hypothesis on which it proceeds is never realized in fact'. Had not Whewell himself written a treatise on mechanics in which friction had been assumed away? Admittedly Whewell would not fail to explain to his students that 'not a single formula in the book...would be found in practice to express the true relation between a power and a weight'. Yet, 'if a working engineer were to urge that he, for his part, did make it his object to determine the laws by which equilibrium, in the ordinary and vulgar sense of the word, is regulated, the mechanical theorist would applaud the utility of his occupation without acknowledging any invidious contrast with his own'.

41 The Saturday Review (30 April 1859), 528-9. Comparable views were expressed in The Economist (22 August 1857), 930-1, (30 January 1858),
One contemporary critic refused to accept these terms of peace. John Ruskin entered a strong protest against Mill's method. In some essays which first appeared in the Cornhill Magazine late in 1860, and were republished in 1862 under the title Unto This Last, Ruskin alleged that it is unscientific to treat men as if they act solely and constantly in the pursuit of wealth. The 'social affections', he said, cannot be set aside as accidental or disturbing forces; for 'they operate, not mathematically, but chemically', introducing qualitative, and not merely quantitative differences into questions of political economy. Ruskin did not deny legitimacy to 'mercantile economy' - the science of how individuals may accumulate wealth. However, he said, this is a very different science from 'political economy', which is concerned with the property and well-being of the whole body of citizens taken together. Mercantile economy involves the accumulation of claims to the property or labour of others, hence an equal increase in poverty on the one side whenever there is an increase in riches on the other. It is 'the art of establishing the maximum inequality in our own favour'. Whether such inequality is always, or ever, beneficial to the community, can only be decided with reference to the questions how was it accomplished? and, how are the riches used? Considerations of morality and justice, he concluded, are inseparable from the science of political economy.

Ruskin felt that the barrenness of the current mercantile economy was sufficiently demonstrated by its inability to offer a convincing solution to the problem of strikes. The way to resolve the clash of interests between employers and workmen, he urged, was to guarantee a fixed wage, and constancy of employment to each competent workman. The ideal from which these recommendations stemmed was that of a home in which a just master, felicitous for the interests of his servants, is rewarded by the affection and spontaneous helpfulness of his employees. Ruskin acknowledged that there are good workmen and bad. But the natural and right system, he averred, is to pay a fixed rate to the good, and deny employment to the rogues and idlers. Even such an apparently drastic course would be rendered unnecessary if honest men

41 (continued)
115-16, (3 September 1859), 983-4, and The Athenæum (25 June 1859) 836-7 (a review of Jones's Literary Remains by William Moy Thomas). See also The Westminster Review, n.s. XIII (1858), 256 (where Cairnes's exposition of Mill's method is accepted as if that method was already quite commonplace).

42 (1819-1900). Taught drawing at the Christian Socialists' Working Men's College (1854-60). Slade Professor of Fine Art at Oxford (1870-9 and 1883-5).
were produced through a proper training in the homes and schools of
the land. 43

These views provoked a vehement and scornful response. Ruskin was
accused of having failed to understand the doctrines he impugned - a
charge arising out of his suggestion that one man's gain must be another's
loss. His recommendations were said to be tainted with socialism. And
his criticism of Mill's method was said to amount to a denial of all
scientific endeavour. If it means anything at all to say that the
affections operate on the desire of gain 'not mathematically, but
chemically', the Saturday Review commented, 'it must mean that the
presence of the affections changes the nature of the desire of gain,
so that it is no longer present as a distinct element in the character
of an affectionate man. If this were true, it would be impossible to
make any distinct assertion whatever as to human conduct'. 44

Mill and his followers took almost no part in the outcry against
Ruskin - an exception to this being a short reply by Cairnes to Ruskin's
views on the gold question. 45 Their attitude on the methodological
issue he had raised may, however, be judged from an essay by Cairnes
on Comte, published in 1870. Comte had held that the method which
proceeds by breaking up composite phenomena into their separate
elements is applicable to physical, but not to organic nature -
notably society itself. For in society, he held, the ensemble is
better known to us than the distinct elements comprising it. This,
Cairnes replied, is 'manifestly untrue'. Of course, human beings 'are
not abstract, but historical...beings, in a greater or less degree under
the influence of all the causes that have been affecting the race from
its origin down to the present time'. But physical forces, too, Cairnes
said, act in constant conjunction; and we perceive physical nature, no
less than organic nature, in the first place as an ensemble. Yet in

43 Unto This Last, in The Works of John Ruskin, E.T. Cook and Alexander
Wedderburn (eds), 39 vols (London: George Allen, 1905), vol.XVII, 1-114,
esp. essays I and II. For a fuller exposition of Ruskin's views, see
the editors' introduction to vol.XVII, pp.lxxxi-cii, and John T. Fain,
Ruskin and the Economists (Nashville: Vanderbilt University Press,
1956).

44 The Saturday Review (4 August 1860), 136-8, p.137. See also The
London Review (20 October 1860), 364, (7 June 1862),521-2, (11 October
1862), 317-18; The Examiner (1 September 1860), 550; Fraser's Magazine,
LXII (1860), 652-9; and the reviewers' comments cited in Cook and

45 'Mr. Ruskin on the Gold Question', Macmillan's Magazine, IX (November
1863-April 1864), 67-9. W.B. Hodgson engaged in a public exchange with
Ruskin in 1873, and promised to publish 'a sifting examination' of
Ruskin's economic teaching, but the promise was not fulfilled (Cook and
the former, this has proved no special barrier to the separation of the constituent elements. 46

Ruskin's writings were enthusiastically received by Thomas Carlyle. 47 From the late 1860s Comtist and Historist attacks on Ricardian economics became more frequent, and these, too, drew inspiration from Ruskin's work of the early 1860s. 48 But the general hostility was so great that Ruskin was refused further space in the Cornhill Magazine, after the four essays comprising Unto This Last had appeared (from August to November 1860). He transferred to Fraser's Magazine, in which four more essays (later published under the title Munera Pulveris) appeared between June 1862 and April 1863. Parker, the proprietor, then intervened, and decreed that Fraser's was to accept no more of Ruskin's writings on political economy. This double rebuff silenced Ruskin for the remainder of the decade. 49

The anti-glut position was closely related to the wealth motive in the thought of the Ricardians: rational men do not produce unless they wish to consume more. In the quarter-century after 1848 three writers attacked this position, John Cazenove, 50 John Lalor, and William Lucas Sargent. 51 In one sense they fared no better than Ruskin. However, they did not provoke a hostile reaction; rather, their works were dismissed by reviewers, or were given no reviews at all.

Lalor's journalistic work was given high praise by Newmarch - they were for a time colleagues on the Morning Chronicle. 52 But when Lalor's Money and Morals was published (1852), it was ignored by the Athenaeum, for which Newmarch was then the economics reviewer. For the rest, the


47 See the letters from Carlyle quoted in Cook and Wedderburn (eds), The Works of John Ruskin, vol.XVII, pp.xxxii-xxxiii and lxx.

48 Frederick Harrison defended Comte against both Mill and Cairnes. In the first of these defences, 'The Limits of Political Economy', The Fortnightly Review, 1 (1865), 356-76, he made virtually the same methodological point as Ruskin had expressed in Unto This Last. For an excellent brief survey of the Historist movement see A.W. Coats, 'The Historist Reaction in English Political Economy, 1870-90', Economica, n.s. 21 (1954), 143-53. See also, on the influence of Ruskin in this connection, Cook and Wedderburn (eds), The Works of John Ruskin, vol.XVII, pp.cvi-cvii.


50 (1788-1879). A member of the Political Economy Club from 1821 until 1831 (when he resigned); proposed originally by Malthus.

51 (1809-89). Educated at Trinity College, Cambridge; followed his father's business, the manufacture of military arms in Birmingham.

52 See Newmarch's remarks in Tooke and Newmarch, History of Prices, vol.VI, p.204 note.
Spectator thought its political economy 'frequently questionable', and the 'morals' generally better than the 'money'. 53 Thomas Hodgskin wrote a review for the Economist, but made no mention of Lalor's 'attempt to overthrow one of the fundamental principles of the reigning system of political economy'. 54 The Bankers' Magazine gave space to the book, but was disappointed to find Lalor giving no clear explanation of 'the fundamental principle', only 'desultory and uninteresting remarks and criticism on a few writers'. 55

Cazenove's work, Thoughts on a Few Subjects of Political Economy (1859) (with a Supplement (1861)), was quite ignored, save for a critical notice in the Economist, which held that he had misapprehended both Ricardo and Mill on gluts, and the latter on method. 56

William Lucas Sargant brought his views before the public in a stream of works between 1856 and 1887. 57 His case thus offers more scope for study. In Inductive Political Economy (1887) he recalled that, before submitting the manuscript of his first work, The Science of Social Opulence (1856), for publication he sought the advice of a London publisher and was told that there was no sale for works on political economy. The irony of this judgment — assuming it to be honest — is seen in the fact that a fortnight before announcing the publication of the work, the Athenaeum noted that 'almost a library has been written, within a few months, on Currency and Investment' — the product of the minor panic of late 1855. 58

Much evidently depended on topicality. Much, too, on orthodoxy. Sargant was well aware that originality made extra demands on the reading public, for an uncertain reward. He complained, though, that the reviews abdicated their social responsibility: to assess for the

53 The Spectator (28 August 1852), 827-8. The absence of any mention of the doctrine of gluts in this review is surprising, because another, on a collection of McCulloch's writings, and bearing marks of the same hand, deemed 'questionable' McCulloch's anti-glut position (ibid. (5 February 1853), 132-3).
54 The Economist (17 July 1852), 795-6.
55 The Bankers' Magazine (1852), 385-90.
56 The Economist (3 September 1859), 983-4. Thoughts on a Few Subjects of Political Economy and Supplement to Thoughts on a Few Subjects of Political Economy (London: Simpkin, Marshall and Co., 1859 and 1861) contain many ideas which Cazenove had published anonymously in a work entitled Outlines of Political Economy (London: Pelham Richardson, 1832).
public the merits of new and original books. In 1867 he wrote: 'So low has England sunk in an ignorant contempt of innovation in Political Economy, that new principles are not merely condemned: they are even refused a hearing, unless they are put forth by a friend of the reviewer.' Part of this charge is not to be sustained by what we know of reviewing in the period. Certainly anonymity still provided a shield for 'puffing', irresponsible criticism and partiality. But anonymity was gradually being abandoned. The number of reviews, too, was increasing, and this narrowed the limits within which irresponsible assessment might escape exposure. Furthermore, journalists moved with facility between the various weeklies and newspapers—though the circles of writers for the monthlies and quarterlies were more fixed—lessening somewhat the likelihood of sustained biases based solely on personality. All this said, however, Sargent was right about the difficulty experienced by the new and unorthodox writer in getting a hearing. Not one of the weeklies reviewed his Science of Social Opulence. And to prove that this was at least as much due to his unorthodox views as to the fact that he was an unknown, his Economy of the Labouring Classes, published one year later (1857), and concluding on the side of individualism, was given a favourable notice in the Examiner, an equally favourable review in the Spectator, and a laudatory leading article in the Economist.

Our knowledge of the authorship of individual pieces of reviewing is too scrappy to permit anything more than impressions. It is

59 Preface to Recent Political Economy, p.iv.
60 The Leader, appropriately, was the first to drop the practice. In the 1860s others which followed include, wholly or in part, the Reader, Macmillan's Magazine, the Fortnightly Review, the Contemporary Review, Fraser's Magazine and the Academy.
61 The Athenaeum is a case in point. Its economics reviewing was dominated in turn by William Newmarch (1848-52), H.S.R. St John (1855-56), William Moy Thomas (1857-65) and Augustus de Morgan (1862-68), and Mrs Fawcett (1871-79). The short-lived Reader is another. From January 1863 to December 1864 it was in the hands of a Christian Socialist circle; from December 1864 to July 1965, of Mill, Cairnes, Darwin, Huxley, and others of 'the young guard of science'; and from August 1865 until its demise in January 1867, of the eccentric Thomas Bendyshe: see the note by John F. Byrne in Victorian Periodicals Newsletter, no.4 (April 1869), 47-50.
62 Economy of the Labouring Classes (London: Simpkin, Marshall and Co., 1857). Reviews are to be found in The Examiner (24 October 1857), 678; The Spectator (24 October 1857), 1115-16; The Economist (5 December 1857), 1343-4. Sargent had made no attempt to hide his heterodoxy in the Science of Social Opulence, announcing in the preface that he thought the terminology of political economy stood in need of reforma­tion (p.xvii), and adding to this a list of results at variance with received notions (pp.xix ff.).
63 Of the weeklies, records no longer exist for the Economist; the Spectator's marked files cover only 1874-77 and 1880 onwards; and marked files of the Saturday Review are known to exist for part of
difficult, for the same reason, to assign a measure of influence to factions, among them the Mill 'circle'. However, of those anonymous reviewers which it has been possible to identify, very few were within the Mill 'circle'. The Millians were in fact leaders in the move away from anonymity. And while it is true that they concentrated their contributions on a few periodicals (chiefly the Reader, the Fortnightly Review and Macmillan's Magazine), these were in open competition with others. It is a measure, if not an explanation, of the strength of economic orthodoxy (broadly interpreted) that by the mid-sixties the ranks closed, on the appearance of heterodoxy, without any need for collusion between the followers of Ricardo and others. In the case of Sargant's Recent Political Economy (1867), only two reviews appeared, both unfavourable. Both are of known authorship. But neither of the reviewers, W.T. Marriott and Augustus de Morgan, could be called a Ricardian, nor suspected of conspiring with members of the Mill 'circle' to suppress Sargant's ideas.

It may be interesting at this point to suggest some possible reasons why an unoriginal work like Fawcett's Manual of Political Economy should have enjoyed a reception so contrasting with that given Ruskin, and the works of Lalor, Cazenove and Sargant. The Manual received long notices in almost every weekly, and was reviewed in several quarterlies. The judgment was invariably favourable. The work seemed to fill a genuine need, defined by several factors. Mid-Victorian commerce was premised on free trade, and the results seemed to confirm the premiss. At the same time, technical advances, notably in transport and communications, had quickened the pace of commercial life. In other spheres, old certainties were vanishing: rationalism challenged religion, and the working class pressed for political recognition and a greater stake in the nation's wealth. Thus confidence in the superior efficacy of free enterprise appeared increasingly well-founded, as political and religious

63 (continued)

vol.1 only. Few details are known of the London Review and the Examiner. Marked files of the Athenaeum are extant. Further, The Wellesley Index of Victorian Periodicals (a continuing project) has published or is undertaking identifications for the Edinburgh and the Quarterly Review, Blackwood's, Macmillan's, and Fraser's Magazine, the Westminster, the British Quarterly, the Contemporary and the Fortnightly Review. Access to their unpublished findings has been possible through the kindness of Professor Walter Houghton.

64 The Athenaeum (4 May 1867), 587; The Fortnightly Review, n.s. I (1867), 768-9.

65 William Thackeray Marriott (1834-1903); a contemporary of Fawcett's at Cambridge, opposing him in several Union debates; later Judge Advocate-General and MP for Brighton (1880-92), when he was among the opponents of Chamberlain's Radical Programme.

66 (1806-71). Professor of Mathematics at London University (1828-31), and at University College, London (1836-66).
verities were giving way. Many felt that it was unnecessary to question
the nation's commitment to an unchecked commercial expansion, and became
impatient with those, like Ruskin, who spent their time in casting doubt
upon it. The believers needed an authoritative but simple manual of
doctrine. Mill's volumes were unsuitable, being both too long and too
full of qualifications. Fawcett's modest handbook filled the gap. It
essayed nothing new, but said, and illustrated in a practical way, what
men wanted to hear.

It would be misleading to suggest that agreement between Ricardian
political economists and economic liberals extended beyond a concurrence
on specific questions; for example, the desirability of free trade, and
the legitimacy of a science of wealth. We have seen how strongly the
members of the Mill 'circle' attacked those who identified political
economy with particular maxims - even free trade. And Mill believed
that the question of an equitable distribution should command more
attention in England than the means whereby wealth might be further
augmented. However, bearing these qualifications in mind, it is possible
to say something more about the reasons for Fawcett's success, in terms
of a difference between the body of economists proper - the speculative
community - and their empirical counterparts. The Political Economy
Club exemplifies the former; the London Statistical Society the latter.
The papers at the Statistical Society's meetings dealt with questions
of current industrial, financial, commercial, social and demographic
interest, and in these headings (close to those used by the Society
itself in indexing its Journal) can be seen its more practical orienta-
tion. But what really distinguishes it from the Political Economy Club
is that its members invariably limited themselves to asking 'what?',
and 'how much?', in relation to the subjects chosen. In the Political
Economy Club, by contrast, questions involving 'what is best?' and 'what
ought to be done?' predominated. But note that the appeal was always,
whether stated or not, to a model of the economic system: broadly, the
competitive model derived from Smith; more narrowly, the particular
tenets of the Ricardian system. Even questions framed in terms of
'what?' (for example, 'What is the effect of an import duty on the
price of Corn?': 1 April 1852) were implicitly asking for a statement
not of merely statistical, but of causal relations. Undoubtedly many
forgot the causes, and erected the practical results to which they
pointed into a credal orthodoxy. But whether the model of free

67 The reasons offered here are not entirely speculative: Fawcett's
reviewer in The Reader (18 April 1863), 380-2, spelt out most of them.
68 The Statistical Society was formed in 1834 'to collect, arrange,
digest...facts, illustrating the condition and prospects of society':
see the original prospectus, and the Charter of the Royal Statistical
Society (1887) in Annals of the Royal Statistical Society, 1834-1934
enterprise was accepted as dogma or simply as a conventional framework for scientific enquiry (as by Fawcett and other members of the Mill 'circle'), considerations of orthodoxy were built into the discussions of the club, whereas the tests of honesty and logic were all that could be applied by the Society. Accordingly, it is not surprising to find that William Lucas Sargant, for example, condemned as heterodox by those who held the Ricardian paradigm, was a respected member of the Statistical Society, and regularly contributed papers of a high calibre.

This has carried us some way from the fears expressed by the three Cassandras themselves. All three took their inspiration from Malthus and Chalmers, but each of them also saw more clearly than their mentors into the precise nature of the conditions required for equilibrium in an economy of decentralised decision-taking. The problem was that of securing a continuing match between output and demand. Lalor began by recognising the difficulty added by the use of money. In a state of barter, accumulation is in the form of commodities not consumed. The saver and the owner of capital goods (or their commodity-equivalent) are one. With money, however, saving takes the form of money capital, and there is no guarantee that this money capital will match in direction and total amount the 'specific' capital or commodities which represent the decisions of investors. For these now act independently of savers and without knowledge of the latters' intentions.

Moreover, concentrating only on the problem of matching aggregate saving and investment, savers expect to receive their money capital back 'increased and multiplied'. But,

There is no ultimate means of replacing it, except from payments made out of income.... It is only the money income spent which replaces money capital embarked in an industrial enterprise; what is saved from income is, indeed, transferred by the act of saving into money capital also, but it will make no return to the money capital which previously existed. On the contrary, it will enter into competition with it for profitable employment.

Some definite relation must therefore obtain over time between money capital and money income: 'new capital...must meet with a return, from increased income'. The additional income will be available, Lalor

69 The separation between members of the two bodies was certainly not complete, but it is interesting that in our period those members of the Club who were also closely involved with the Society were often precisely those who held reservations about the Ricardian paradigm (Edwin Chadwick, Overstone, Jevons, and, to a lesser degree, Courtney) or his method (Newmarch, Richard Jones). There were those in the Society of strongly Ricardian view, such as Tooke and Jacob Waley, but they were there as practical investigators. The Society itself once rejected (in 1868) and once deferred indefinitely (in 1880) proposals from members that it form a political economy section (Annals, pp.111-12). Mill was never a member.


72 Ibid., pp.30-1, 48.
said, since each portion of new capital, applied as income (factor payments), gives rise to further increases in income, via a multiplier process. But the essential problem, that of precisely matching current spending (and saving) plans with past investment, would not automatically be solved. Lalor believed that in point of fact the desires of consumers were not keeping pace with the ever greater annual increments of money capital and income. The rate of profit was therefore falling, and it was frequently found that capital was compelled to be idle 'for want of openings'.

Thus Lalor was critical of the Ricardians for thinking that the problem of maintaining equilibrium expansion was taken care of by their theorem that saving is spending. The theorem, valid in a barter economy, he said, took no account of 'the existence of a paying power, separate from commodities'. Further, even if new money capital is itself an equivalent addition to spending power, this does not ensure that spending will suffice to return savings with a profit. Profits may fall from 'the competition of capitalists' (an inadequate aggregate demand); for while, as Mill had admitted, the effects of diminishing returns had been suspended in England for a number of years, still, Lalor said, 'all the common phenomena of declining profits have presented themselves'.

Lalor had sent the proofs of his book to Mill, and the latter, in a brief letter of acknowledgment kindly dismissed the criticisms of Say's law. Thus: 'your argument turning on the annual exchange of the capital of a country against the sum of its money incomes, is not new to me: I am familiar with it in Chalmers & Sismondi, &...I do not think you have added anything to its substance'. Mill had given an answer to Chalmers and Sismondi in the Principles. Lalor's other main argument was also familiar: Mill had stated in his early essay, 'Of the Influence of Consumption on Production', that in a monetary economy there is no guarantee that the aggregate supply and demand for other commodities will exactly match at every point in time. Mill acknowledged that Lalor had broken new ground in arguing that the observed fall in profits could not be attributed to diminishing returns, since that pressure had been more than counteracted for some years by improvements in agriculture. However, he added: 'To this I should answer that I do not think there has in the last dozen years been any diminution of profits, but only of interest.'

So far as Lalor's case went, then, it gave Mill no reason to change his position. Cazenove's central point was the same as Lalor's - the need for final expenditure out of revenue to replace capital. Lalor had weakened this point, he thought, by presenting it as if it was somehow bound up with the use of money. He preferred to ground his own attack on the Ricardians in the argument that they left the rate of profit quite undetermined. Assuming (with them) that the rate of profit varies inversely with proportionate wages, the latter can have nothing to do with the supply and demand for labour (as Ricardo claimed), since labour is paid in advance. But no more can the rate of profit be said to depend on the relative exchange values of commodities, since these will not alter with a general rise or fall in the rate of profit. One is left, therefore, with the view that profit depends on the degree to which revenue (final demand) is more than sufficient to replace the capital invested in the commodities demanded.

Cazenove's case was not entirely made out, for he was arguing from a premiss which no Ricardian would accept. His claim, in effect, was that the proportion of the product which goes to wages cannot be determined apart from the value of the product. But his measure of value was the one which Malthus had adopted, namely quantity of labour commanded. Ricardo's measure was the quantity of labour embodied as input in the product. Given the money wage, Ricardo had said, the rate of profit varies solely with the proportion of the marginal product required to support those who produce it, measuring input and output in terms of labour. Cazenove therefore was reviving a dispute of the 1820s, over which measure of value should be adopted. He offered no reason for preferring Malthus's measure, and his works drew no response from the later Ricardians.

Sargant's contribution was terminological. He arrived at the same general result as Lalor and Cazenove, that capital must be replaced out of revenue or expenditure; but this latter he chose to call 'self-maintenance', further subdividing it into 'mediate' and 'final', corresponding to things set apart to be exchanged for others which it is proposed to consume, and those other things themselves when finally obtained. The new terms, he thought, were needed, because the

78 Thoughts on a Few Subjects of Political Economy, pp.93-4.  
79 Ibid., pp.32-3, 85-7.  
80 Ibid., pp.87, 92.  
81 Ibid., pp.41, 92.  
82 His views of 1859 and 1861 in fact represented no advance of thinking over those put forward in his Outlines of Political Economy (1832), pp.108-13.  
83 The Science of Social Opulence, p.xviii; Recent Political Economy, pp.21-2; Inductive Political Economy, p.xxv.
Ricardians had tended to use 'capital' in the sense of 'stock', including under it the wages fund. This had prevented them from seeing that it was self-maintenance, not capital, that ultimately furnished wages, by providing the market for goods produced. On the latter view the capitalist was no more than a middle-man; the organiser of an exchange between the holder of self-maintenance and labour. By their failure to adopt this view the Ricardians had been falsely led to deny the possibility of over-saving.

Sargant was ignored by Mill and his followers, though Fawcett had been the butt of his criticisms in Recent Political Economy. Sargant's reviewers agreed that his objections to received terminology and doctrines were hasty and trivial.

Critics of the Ricardian theory of value

The critics considered so far made no inroads into the Ricardian position. Some reasons have been assigned to account for individual failures. But as a group their failure was due largely to poor tactics. Ruskin apart, they each took as their point of departure from Ricardo some facts which seemed to be opposed to the predictions of his doctrines. Attacks mounted in this way could in many cases be rendered nugatory by the addition of an appropriate qualification to a doctrine. For, as is by now familiar, prevision in Ricardo's economics was 'a prevision, not of events, but of tendencies'. However, the use of this defence gave the science an increasingly untidy appearance, through the proliferation of ad hoc explanations.

So it seemed, at least, to three critics in our period, each of whom tried to build a more unified and therefore a more elegant political economy, based on the theory of exchange. The three were Richard Jennings, William Stanley Jevons and Henry Dunning Macleod.

These three critics might reasonably have expected to win some concessions from the later Ricardians. For they met the criteria laid down by Cairnes for the acceptability of a new theory, namely, that it explain facts either not explicable, or not so simply explicable by received theories. In fact, they failed to impress Ricardo's adherents. Strictly, therefore, their example teaches only that meeting the above conditions was not sufficient to overthrow the prevailing approach. It

84 Recent Political Economy, pp.29ff.
86 (1814-91). Educated at Cambridge (B.A. 1837); became a barrister, and High Sheriff of Carmarthenshire (1859).
87 Some Leading Principles of Political Economy, p.15.
may be interesting, nonetheless, to try to isolate the additional factors involved in their failure.

Richard Jennings

Jennings is remembered today chiefly for his clear statement (as early as 1855) of the principle of diminishing marginal utility. This, however, was only one element in an attempt to reconstitute the whole subject of political economy - theory and applications. Political economists, he felt, had erected their science on only one half of the data appropriate to their investigations. They had chosen to deal only with the laws of matter, whereas economic relations were in fact the product of interaction between both the external world - the world of matter - and the internal world - the world of sensations. Thus production, he explained, is effected by labour acting on matter; it necessarily involves the disagreeable feelings associated with exertion. Value 'is a natural phenomenon of the human mind, resulting from that universal anticipation of future satisfaction which is grafted on the experience of the past'. Exchange, too, is an expression of mental comparisons. Finally, consumption is the enjoyment of satisfaction while material objects are destroyed.

Since its practitioners had hitherto ignored the human (psychological) half of their subject, said Jennings, political economy had come to be characterised by efforts, 'not to find expressions to represent observed facts, but to discover facts that may appear to be represented by received expressions'. This was clearest in the consideration of value, which Jennings considered lay at the heart of the subject. Why, he asked, are light, air, and water generally of no value? Why do silks vary less in value with a given change in quantity than do potatoes? Why does a copy of the Times which cost 4d this morning fall to 2d when the evening news is out? Jennings sought to give to his own questions answers 'satisfactory to reason', not those 'deduced from arbitrary dogmas, nor resting on the authority of any name'.

What Jennings meant by this distinction is best made clear by comparing his answers with those of the Ricardians to similar questions. In the case of air and water Ricardo (implicitly) and John Mill both held that 'that which can be obtained [in unlimited quantities] without labour or sacrifice will command no price'. They used the case to

89 Ibid., p.6.
90 Ibid., pp.210-11.
92 Ibid., p.72; *Natural Elements of Political Economy*, p.212.
show that utility alone is not sufficient to impart value. That point made, they excluded such commodities from their treatment of value. It is likely that Jennings would have viewed this as an instance of choosing - in this case excluding - facts to fit preconceived theories. He, at any rate, brought the case under the same principle as he enunciated to explain all changes in money price.

With respect to all commodities, our feelings show that the degrees of satisfaction do not proceed pari passu with the quantities consumed, - they do not advance equally with each instalment of the commodity offered to the senses, and then suddenly stop, - but diminish gradually, until they ultimately disappear. 94

Light, air and water are commodities generally so abundant relative to the number of those who use them that long before the limit of supply is approached the increment of satisfaction from the last instalment consumed becomes zero. 95

John Mill and Jennings agreed on the reason why potatoes (Mill used corn) varied in price with a given change in quantity more than did silks. Both said it was because the former was a necessary and the latter a luxury item. 96 But Jennings, consistently, held that there was nothing in the physical nature of commodities on which to base this distinction. Rather, it was a mental (subjective) classification. 97

We can only speculate on what Mill or Ricardo would have said to explain the decline in price of an issue of the Times late in the day. What is certain is that Jennings would not be fobbed off with a reference merely to 'the laws of supply and demand' - the standard framework for short period problems. A full explanation, Jennings held, could not stop short of an explicit reference to the lowered subjective estimate of the value of stale news. 98

These examples confirm Jennings as a critic who met the Ricardians on their own terms. He was dissatisfied with their theory of value because it appeared not to embrace all cases. More precisely, it placed various cases under different principles, instead of applying - as was

95 It should be noted that Jennings did not say that marginal utility measures price, only that price changes are based on changes in satisfaction as the amount of a commodity consumed varies (ibid., pp.96-7). The exact correspondence, however, is strongly implied: compare ibid., pp.96-7 with pp.209-10.
97 Social Delusions Concerning Wealth and Want, p.86.
98 Ibid., pp.70-3.
possible - a single principle to all. In this sense it was unnecessarily fragmented and complex.99

But Jennings's own reconstruction of the science went beyond the theory of value. As the inverse of the principle that utility declines with increasing consumption he introduced the notion, on the side of labour, that 'the degree of toilsome sensations endured does not vary directly as the quantity of work performed, but increases much more rapidly'.100 The 'price' of labour - its selling price - thus increased with the length of toil.101 This increasing aversion, the so-called 'negative aspect' of labour, was reflected in and measured by a decline in the 'rate of production'. The 'positive aspect' of labour, on the other hand, was the value of the productive service it rendered. The two aspects combined to determine the actual reward of labour.102

So far Jennings had adumbrated the elements necessary to determine product-price (stock being given) and the wage rate in what amounts to a single commodity model.103 The productivity approach strongly hinted at in his statements on wages is as strongly implied in what he said on the rate of interest. Objects which do not entirely disappear in the act of using them can be lent for hire, and their hire, he said, will vary positively with 'their instrumentality in realizing Products'. Jennings stressed that the rate of interest is determined chiefly by the availability of objects which aid in further production.104

99 It should be added that Jennings's most strongly felt dissatisfaction was with the practical results he took as flowing from the labour theory of value. Chief among these was the tendency to encourage production and employment without concern whether the enterprises encouraged depended on 'barren expenditure' and 'fruitless consumption' or were themselves 'improvident'; and without concern that health, education and human well-being suffered through the employment of as many (including women and children) for as long hours as possible: Social Delusions Concerning Wealth and Want, p.ix and pp.14-15, 39, 114-15; 122-4; Natural Elements of Political Economy, pp.200-2, 215, 226, 258, 270-2.

100 Natural Elements of Political Economy, p.119.

101 Ibid., pp.215-16. This was made the basis of an argument for limiting hours of work.

102 Ibid., pp.185-8. The downward-sloping demand curve for labour was apparently compounded of two elements: a decreasing marginal physical product, and declining consumer satisfaction.

103 Jennings did not specify a supply curve for the commodity.

104 That is, by the supply of capital, and its productiveness. On the supply side, Jennings had the elements of the problem firmly fixed. Income - the source of savings - was said to depend on (i) the amount of capital; (ii) the rate of production (the rate of interest borne by money capital (ibid., p.253)). He implicitly acknowledged the difficulty that the desire to accumulate may fall off with the satiation of desires. But this is dismissed - possibly an acknowledgment of the fact of continued accumulation in the England of his day. Accumulation is explained in terms of 'a transference of affection from Sensations, or Ideas to their material causes'; that is, whereas initially production takes place for consumption, eventually it becomes an end in itself - the miserly principle operates to the benefit of society (ibid., p.191).
in the credit of borrowers and in the quantity of money required by borrowers as compared with the quantity offered by lenders were set aside as disturbing causes. He concluded: 'The rate of the Interest of Money thus becomes a natural exponent of the productive power of Industry, or furnishes, when allowance is made for the influence of disturbing causes, a faithful index of the rate of Production.'

It must be borne in mind that this relatively impressive set of theoretical ideas was in the original more or less buried under an abstruse discussion of psychological and physiological principles. Most contemporaries, moreover, were so conditioned by the Ricardian way of thinking that they did not see the novelties. They noticed only that Jennings exhibited the laws of physiology and psychology as the basis of economic behaviour. His reviewers admitted the connection, but felt that it was remote, and that Jennings had added little to the results of political economy as commonly understood.

Of the Ricardians, only Cairnes commented on Jennings's work. He made two objections, both of which are important for understanding the reception later given Jevons's work by members of the Mill 'circle'. Cairnes's first objection was only an elaboration of the view expressed by Jennings's reviewers. No new light is thrown upon the phenomena of production, division of labour and exchange, Cairnes said, by an attempt to determine whether men engage in these activities because they gradually discover that mutual gain results, or because individual minds are capable of foreseeing the general utility of certain actions. All that is important is that men do tend to act in certain ways. And, so far as the science of wealth is concerned, these tendencies may be taken as premisses not to be explained. The second objection made by Cairnes was related to a suggestion by Jennings that the results of economic laws might be measured, and selected indexes used to indicate to a Board of Public Economy - responsible for stabilisation and certain welfare functions - 'the economical status' of the nation. Cairnes took no exception to the view that actual economic results might be measured; but Jennings had gone further, suggesting that 'the anticipated

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105 Ibid., pp.247-51.
106 The practical point of Jennings's works - his insistence on the need for government intervention - did not escape Thomas Hodgskin (The Economist (23 June 1855), 681-3) or Horace Stebbing Roscoe St John (The Athenaeum (19 July 1856), 898), though Hodgskin disapproved, and St John remained sceptical.
108 Character and Logical Method of Political Economy, 2nd ed., appendix B.
109 Natural Elements of Political Economy, pp.249-70.
results' of economic laws might be quantified, and that 'such relations as those of Quantity and Value, Value and Rate of Production may be exhibited in the formulae and analyzed by the different methods of Algebra and of Fluxions'. Cairnes replied that even if it is possible to measure all the elements known to be involved in an economic problem, still economic principles themselves and the manner in which they will operate cannot be known in advance with a certainty admitting of numerical or mathematical expression. For it is impossible to be sure a priori that all the relevant forces are known and duly weighted.

William Stanley Jevons

Jevons was aware that there were difficulties to be overcome in collecting the data and in finding measures to express (and check) the results of economic reasoning. However, political economy being a science of quantities, he believed that mathematics was in principle the proper mode of deriving and stating its laws. Indeed, as early as 1860 he had struck out a mathematical theory of production and exchange which seemed to him to open out a whole new view of the subject. In 1862, and again in 1866, Jevons made public versions of this mathematical theory without, however, eliciting any response. A correspondence with Fleeming Jenkin, begun in March 1868, led Jevons to develop his theory in a more complete and satisfactory form, and when Jenkin published his 'Graphic Representation of the Laws of Supply and Demand' in 1870, Jevons quickly set about publishing his own work in book form. His Theory of Political Economy appeared in 1871.

Jevons's aim, both in his early papers and in the Theory of Political Economy, was to set forth a 'true theory of economy'.

110 Ibid., pp.259-60 (italics added).
he held, 'can only be attained by going back to the springs of human action - the feelings of pleasure and pain which accompany our common wants, and the satisfaction of those wants by labour exerted to that purpose'. His theory was in the strictest sense a calculus of pleasure and pain, or of utility and disutility: it 'consists', he explained, 'in applying the differential calculus to the familiar notions of wealth, utility, value, demand, supply, capital, interest, labour'. The use of a single mathematical technique gave a certain unity to Jevons's treatment of these various topics, but his views on interest and wages were not parts of an integrated general theory. At least, he did no more than hint at the marginal productivity approach to distribution.

Jevons himself felt that the main difficulties in political economy - and the chief shortcomings of the Ricardians - were bound up with the question of value. His Theory of Political Economy was therefore mainly given over to an exposition of what he considered to be the correct views on utility, value and exchange. It is essential, Jevons argued, to distinguish between total utility and the final degree of utility. The law of the variation of final utility is, that with each successive increment of a commodity consumed, the increment of enjoyment is less. This law was central to Jevons's theory of value.

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118 Wages were treated as a residual, and the rate of interest as a function of the increment of produce which the use of capital enables a labourer to obtain, and of time (Theory of Political Economy, 4th ed., pp.245-7, 254, 270). Marshall objected that 'the relative productiveness of slow and rapid processes of manufacture is but one of the determining causes of the rate of interest', and that it is impossible to determine wages by subtracting other expenses from the product without first having 'a complete theory of value' (review of the Theory of Political Economy in The Academy (1 April 1872); reprinted in Memorials of Alfred Marshall, 93-9, pp.94-5).
119 In the fourth edition of The Theory of Political Economy, Jevons's son, H.S. Jevons, contributed an appendix in which he defended his father's views on interest and wages against the sort of criticism which had been levelled by Marshall. However, he admitted that 'there is no evidence that he [the father] conceived the idea of a general theory of distribution by marginal productivity' (p.293). It should be said that Jevons himself, between the first and second (1879) editions of his Theory of Political Economy, seems to have come much closer to regarding distribution as part of the valuation process: see ibid., pp.xliv-li.
120 Ibid., pp.45-57. This law, essentially the same as that stated by Jennings, had been given by Jevons in his papers of 1862 and 1866. In the Theory of Political Economy (4th ed., p.55) he acknowledged Jennings's contribution, but it is probable that Jevons discovered the law independently (see the discussion in R.S. Howey, The Rise of the Marginal Utility School, 1870-1889 (Lawrence: University of Kansas Press, 1960), pp.11-13).
Value, he insisted, is not intrinsic; the term refers only to the ratio in which one commodity will exchange for a unit of another. In an exchange, each of two parties will give to the other just 'so much of his commodity, and at such a ratio of exchange, that if he gave an infinitely small quantity, either more or less, but at the same rate, he would not gain in utility by it'. That is to say, at the equilibrium ratio of exchange, the utilities of increments of the commodities exchanged must be equal for both parties. Further, 'the degrees of utility of commodities exchanged will be in the inverse proportion of the magnitudes of the increments exchanged'. But two prices cannot prevail for a uniform commodity in the same market. Hence 'the last increments in an act of exchange must be exchanged in the same ratio as the whole quantities exchanged'. Jevons concluded that 'The ratio of exchange of any two commodities will be the reciprocal of the ratio of the final degrees of utility of the quantities of commodity available for consumption after the exchange is completed'. This proposition, he said, is 'the keystone of the whole Theory of Exchange, and of the principal problems of Economics'. He argued (1) that the more familiar equation of demand and supply is simply a manifestation of the proposition. Again, equal increments of labour must, in equilibrium, produce equal increments of utility in each possible employment. Hence, (2) commodities produced by equal increments of labour must exchange in the same ratio as the productivities of labour (or, in inverse proportion to the costs of production of the last units).

These two important results were in line with those reached by Mill and Ricardo; in this part of his work Jevons was only tidying up - restating and unifying, in an ingenious way - the received theory. Nevertheless, his work, as Marshall noted, had a combative side. Jevons wanted to put in question the authority of the Ricardians. He did not dispute their method, the principle of population, the doctrine of rent, or their opposition to the doctrine of gluts. But he directly attacked both Mill's and Ricardo's views on value, in three particulars.

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124 Ibid., pp.101, 108.
125 Ibid., pp.184, 186-7.
126 Ibid., pp.16-22, 108-9, 202-3, 210, 215, 266.
127 He also disputed the inverse relation of wages and profits (ibid., pp.267 ff.). However, his own theory of wages was vague, and his theory of interest incomplete, so that his comments did not amount to a substantial objection.
Firstly, he alleged that labour is not the cause of value. For rare commodities may have a value independent of the quantity of labour required to produce them. Moreover, 'in commerce bygones are for ever bygones', and labour once expended has no influence over the prospective utility of commodities, which is the basis on which they are produced. Again, labour itself varies infinitely in quality, and each specific rate of wages depends on the value of its product. None of these points was new to the Ricardians, though the last one raised questions which they could not easily have answered. Jevons, however, did no more than raise the question, and he weakened his other points by conceding virtually all that Ricardo had ever maintained. Thus: 'though labour is never the cause of value, it is in a large proportion of cases the determining circumstance'; since 'Cost of production determines supply; Supply determines final degree of utility; Final degree of utility determines value'. Ricardo was not in possession of Jevons's distinction between total and final degree of utility; but if 'demand price' is substituted for 'final degree of utility' in the final clause of Jevons's famous catena, his view becomes identical with that held by Ricardo and Mill.

Secondly, Jevons alleged against Mill that the latter's equation of supply and demand was a mere truism, which did not show how the amount of supply and demand is caused to alter. This may be taken together with another allegation, namely, that Mill was mistaken in thinking that where cost of production is inapplicable it is necessary to revert to an 'anterior' law - the law of supply and demand. The fact is, Jevons said, that 'in introducing the cost of production principle, he had never quitted the laws of supply and demand at all'. James Mill, it will be remembered, habitually spoke of value as depending 'upon demand and supply, in the first instance; but upon cost of production, ultimately'; since it is cost of production which regulates supply. It is in this sense that John Mill's reference to the law of supply and demand as anterior to cost of production should be understood. We know, from his essay on Malthus's views, in 1825,

129 Cf. Marshall's comment: 'Perhaps Jevons' antagonism to Ricardo and Mill would have been less if he had not himself fallen into the habit of speaking of relations which exist only between demand price and value as though they held between utility and value' (Principles, variorum edition, vol.I, p.820).
131 He did not use the word carelessly, having employed it both in his essay on international values, and in the Principles (Collected Works, vol.III, p.583; vol.IV, p.237).
that John Mill perfectly well understood the point for which Jevons contended. A more sympathetic reading of Mill would also have shown Jevons that his other allegation - that Mill reduced the equation of supply and demand to a truism - could not stand. Mill repeatedly stressed in the Principles that demand and supply are accommodated to each other by an adjustment of price, demand and supply being understood as a readiness to buy, or to offer for sale, at a price.

Finally, Jevons - rightly - objected that Mill, in his treatment of international values, had spoken of the total gain from trade, as if this could be known from the terms of trade - the ratio of exchange, or of final utilities. However, Jevons himself offered no solution to the difficulty of measuring the total gain.

Thus Jevons provided no unified general theory of political economy to put in the place of Ricardo's engine. Moreover, some of his criticisms of Mill and Ricardo were unwarranted. Much of the sternness of Marshall's review of the Theory of Political Economy stemmed from a feeling that both Jevons's analysis and his condemnation of his predecessors was hasty and ill-considered. Jevons did, in part, meet Cairnes's criteria for an acceptable new theory: he unified, through the application of final utility, and in terms of static equilibrium conditions, some aspects of the theory of production, value and exchange. But the Ricardians were not much concerned with injecting elegance into static equilibrium propositions. Mill had long felt that 'the purely abstract investigations of political economy...[are] of very minor importance compared with the great practical questions' - those involving property, distribution, and the education and enfranchisement of the working classes. He did not think it necessary, or possible, to reduce to any rule 'the inclinations and circumstances' of the parties to an exchange. It was sufficient to know that, for most commodities, demand normally varies inversely with price. Mill commented on Jevons, that 'he seems to me to have a mania for encumbering questions with useless complications, and with a notation implying the existence of greater precision in the data

than the questions admit of'. Cairnes complained that Jevons seemed to use 'utility' as a catch-all for the numerous circumstances which in practice influence value. It is a purely formal truth, and no real explanation, Cairnes said, to state that value depends upon utility, if utility can be measured only by value (price).

Henry Dunning Macleod

Henry Dunning Macleod made no impression on the Ricardians, though he did provoke much comment - largely unfavourable - in the contemporary periodicals. His analytical work was inferior to that of Jevons and Jennings. Nevertheless, Marshall was 'very much exercised' by some of his criticisms of Ricardo's theory of value, and for that reason, if for no other, a brief look at Macleod's work is justified. He produced a spate of books from 1855 to the end of the century, but his main ideas are to be found in the Elements of Political Economy (1858).

Macleod set out 'to lay altogether new foundations for the science'. This task consisted in framing conceptions of things 'true to nature'; and in discovering expressions which indicated the causes governing their relations in every case. Since, he held, the essence of wealth is exchangeability, the proper subject matter and scope of economics is 'the laws which regulate the exchangeable relations of quantities'. Its true concern, therefore, is with property and its value. For property, said Macleod, means all that can be bought and sold, whether material possessions (commodities) or labour (services). It also embraces mere 'rights' (copyrights, patents, goodwill) some of which might be claims on property in the future, though bearing a present (discounted) value (as, for instance, annuities, bonds, credit).

Here, then, according to Macleod, was a true conception of the science. But what was the universal law governing the value of property? 'The universal law in Political Economy is...that the relation between demand and supply is the sole regulator of value.' That

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138 O'Brien, 'J.S. Mill and J.E. Cairnes', Economica, n.s. 10 (1943), p.274. When this comment was made (5 December 1871), Mill had not seen the Theory of Political Economy. His opinion was based on Jevons's work on logic, and on such notices of the Theory as had reached him in France. Mill was not in the habit of judging without having seen or heard the evidence. It is likely, therefore, that among the notices he had received was that in The Saturday Review (11 November 1871), 624-5. This review gave an outline of Jevons's central results, complete with equations, concluding that Jevons had in fact taken the subject little further than Mill and Ricardo.


141 The Elements of Political Economy (London: Longman, Brown, Green, Longmans, and Roberts, 1858), Preface, pp.v-ix and pp.8-13; also 'What is Political Economy?', The Contemporary Review, XXV (December 1874-May 1875), 871-93, pp.877-80.
is, Macleod elaborated, 'a change of value depends solely upon a change
in that relation'. This, he felt, led him at once into conflict with
Ricardo's cost of production theory of value. The latter, he declared,
could not be regarded as scientifically adequate. For, on Ricardo's
own admission, there are cases which that theory does not cover: 'for
instance, the prices of all objects of art...all questions of personal
skill, such as barristers' fees...all cases where the same cost of
production produces articles of different qualities'. Moreover,
'buyers do not give high prices because sellers have spent much money
in producing, but sellers spend much money in producing because they
hope to find buyers who will give more'.

Macleod's charge, and the evidence he cited to sustain it, did
not undermine Ricardo's theory of value on its own terms, namely, that
the commodities to be valued are of given quality, and are capable of
being increased in quantity, given sufficient time, in response to the
known demands of consumers. Macleod himself accepted that no man would
willingly sell an article he had produced at a price below what it had
cost. But his point was that a theory of value should apply to all
cases and at all times. And 'instantaneous value', he argued, or value
'at the time of purchase' depends not on cost of production, but on the
bargaining strengths of buyer and seller. The universal law of price,
he said, is that 'price varies directly as the intensity of the service
rendered, and inversely as the power of the buyer over the seller'.

The real novelty in Macleod's thought was his suggestion that this
law of price applies both to commodities and to the services of factors.
If supply is fixed, or cannot be increased as fast as demand rises, both
price and wages will increase. However, it is not, in the short run,
that wages and profits (making up cost of production) regulate price;
rather, demand in relation to supply determines price and, by deriva-
tion, wages.

Macleod did not trace out in detail the general view of pricing
which he suggested should be applied. He appeared to be satisfied in
the belief that he had shown both Smith and Ricardo to have erred in
looking to the producer as the one who confers value, and John Mill to
have transgressed the rules of scientific method in explaining some
cases of value on one principle (cost) and some on another (supply and
demand).

142 Elements of Political Economy, pp.107, 111-12, 125.
143 Ibid., pp.98, 100, 111-12.
144 Ibid., pp.128-9, 135.
Indeed, Macleod exhibited a startling readiness to damn all other economists for fools - a quality which his reviewers were unanimous in decrying. 146 A number of reviewers, too, deplored the clumsiness and obscurity of his style. 147 These were serious shortcomings in one seeking a hearing for unorthodox views. Moreover, they went together with a tendency to hasty generalisation which, from standpoints other than his own, gave the appearance of logical faults in Macleod's analysis.

This is exemplified in his central but enigmatic proposition 'credit is capital'. Credit, said Macleod, is 'the Present Right to a Future Payment. And the true function of Credit is to bring into commerce the Present Values of Future Profits'. Capital, in turn, is 'any Economic Quantity used for the purpose of Profit'. If a man uses money to buy goods, selling them in the future at a profit, the case is the same as if he bought the goods with nothing more than a promise to pay out of the profits expected from the future sale. (That is, the cases are the same, tried by the test of the effects on markets and prices. Implicitly, this was the test Macleod applied, since his science was a science only of 'the exchangeable relations of quantities'). He concluded that not only may credit be used to the same effect as capital, but that credit is capital. 148 The conclusion follows, however, only if one ignores things other than 'exchangeable relations', in particular, the fact that past savings in the form of commodities are still a prerequisite whether money or credit is used to purchase them for resale. By ignoring this Macleod limited the validity of his proposition to the narrow confines of an economics of exchange.

Macleod's reviewers were used to thinking of political economy as concerned primarily with the production, distribution and (in a general

146 Repeated failure to gain acceptance for his views did nothing to undermine Macleod's arrogance. As late as 1897, in a paper entitled 'Credit', read before the Political and Economic Circle of the National Liberal Club (Transactions, vol.III (1901), 81-124) Macleod made the extraordinary claim that, after failure by others through 2,238 years, he, in 1888, had finally brought 'to absolute perfection' the theory of credit (p.102). Cairnes devoted an appendix of his Character and Logical Method of Political Economy (appendix A) to Macleod, and gave there some typical examples, from the latter's earliest works, of his supreme self-assurance. For a sample of reviewers' comments to the same effect see: The Spectator (8 September 1855), 930-2, p.930, The Athenaeum (5 April 1856), 419, The Spectator (5 December 1857), 1282, The Economist (30 January 1858), 115-16, p.115, The Saturday Review (14 April 1860), 474-5, p.474, The Athenaeum (15 November 1862), 632, The London Review (4 April 1863), 365-6, p.365.

147 For example, Cairnes, in the appendix cited immediately above; and William Moy Thomas in The Athenaeum (26 December 1857), 1624.

sense) the consumption of wealth; processes which, as Mill stressed, could well take place in the absence of exchange. Also, they followed Ricardo and Mill in regarding capital as accumulated surplus product. Credit, to them, was a means of mobilising capital, but not an equivalent power of adding to wealth. Not surprisingly, they found Macleod's proposition absurd. In a review approved by Cairnes, Courtney caricatured it thus:

The introduction of steam has, in many places, produced just the same effect as an increase of food would have done. It has brought more corn to particular places, and distributed a great deal of corn that would otherwise have been wasted. That is, the improvement caused by steam has been just the same, in some respects, as an improvement caused by the increase of food. Therefore, steam is food. 149

In sum: Macleod set out to reconstruct the science on the supposedly quite general basis of 'the exchangeable relations of quantities'. As it turned out, the key proposition following from this view was valid only under artificial conditions far too narrow to warrant the universality he imputed to it. He did correctly point out that, for explaining changes in value, cost of production is a theory less general than supply and demand. But the Ricardians never had denied this; what they denied was that 'supply and demand' added anything specific to one's knowledge of the causes of changes in value. Some of the claims made by Macleod for his work were thus much inflated, and his arrogance no doubt was the more unpleasant for its being partly unfounded. Where he was both right and somewhat original, as in his hints about the treatment of value and distribution in the short run, Macleod ran up against the barrier that the Ricardians were not much interested in, nor very sanguine about the possibility of an exact theory of market pricing. When, somewhat later, Thornton suggested that market prices are determined by the 'competition' of buyers and sellers - a view analogous to Macleod's - Cairnes commented that this contributed nothing towards solving the problem. Cairnes added:

The elements of the problem appear to me to be too numerous and too indeterminate to admit of a generalisation which should accurately embody them all.... [However,] I do not see that a theory of market (as distinct from average) prices is of very much moment in a scientific point of view.... 150

Several of Macleod's reviewers displayed similar attitudes. They noted that his criticisms of Ricardo on value were apt in the short period; but this was counted as of small importance, certainly as giving rise to no more than a qualification to Ricardo's theory.151 'The truth is,' said the Economist,

that Ricardo's meaning was a much more original and a much more valuable truth than Mr Macleod's meaning; and as interpreted by the more accurate language of Mr J.S. Mill, we may say that Ricardo's theory was true. Ricardo was a theoretical reasoner. Almost all his propositions express limiting truths, - not true for any actual moment of time, not practically accurate, but expressive of real tendencies, and indicating the exact result in which these tendencies, if isolated, would issue. Thus it was about value and cost of production. Ricardo meant to say, - did in effect say, - that if competition were quite unlimited as well by nature as man, - if there were no monopoly either in materials (from their scarcity) or in inventions (from their secrecy...), then the value of all such commodities must inevitably fall in time to the cost of production, and cannot fall lower.152

Marshall alone, it seems, working independently, and at the time (1868) with a purely analytical concern, was troubled by Macleod's criticisms. He later wrote to J.B. Clark: 'I then started out on a theory of value in which I conceded to McLeod all that he asserted for short periods: and in effect, though not in name and not at all clearly, I regarded wages and profits as of the nature of rents for short periods.'153

What may be drawn from the examples of Jennings, Jevons and Macleod? Firstly, there is no evidence that the Ricardians in the Mill 'circle' actively suppressed the attempts by these three to reconstitute economic science. Cairnes, in particular, carefully studied the writings of Jennings and Macleod, and made valiant attempts to understand Jevons. The proposed new ways of looking at economic phenomena were not ruled out of order, or refused a hearing. Macleod's works, alleged by William Lucas Sargant to have been poorly treated or ignored by the periodicals, were in fact widely and thoroughly reviewed;154 and even a thorough-going Ricardian like Mrs Fawcett welcomed Jevons's 'admirable work', and felt that 'earnest students of political economy' would find added interest in the fact that he 'calls in question not a few of the favourite doctrines of economists'.155

151 See the reviews in The Spectator (8 September 1855), pp.930-1; The Westminster Review, n.s. IX (1856), 582-4, p.584; The National Review, I (1855), 500-3, p.502.
152 The Economist (30 January 1858), pp.115-16.
154 Recent Political Economy, pp.v-vii.
However, Ricardo's way of thinking had a strong conditioning effect on the way unorthodox views were received. It was difficult for those who professed Ricardian orthodoxy to see beyond the merely critical elements in the work of Jennings, Jevons and Macleod. Thus Cairnes, for example, in his assessment of Macleod, stopped at the point when he had shown that Macleod's form of words implied that he had not properly grasped Ricardo's theory of value. 'It is, of course, unnecessary', Cairnes said, 'to notice his "arguments" in refutation of the doctrine in question. It will be time enough to do so when he shows that he understand the principle he assails.' Cairnes quite failed to see the new questions about distribution which Marshall felt Macleod had raised. Again, Cairnes saw nothing significant in Jennings's law of diminishing marginal utility, or in Jevons's distinction between total and final utility. Both Mill and Cairnes were satisfied that these ideas added nothing essential to their understanding of how prices are determined. It is interesting to speculate on their possible reactions had Jevons delayed publication of his Theory of Political Economy until the application of his new technical apparatus to distribution had been worked out. As his theory was presented in 1871, however, it seemed not to disturb Ricardo's results on value, and Mill and Cairnes had no incentive to explore the possibility of adapting Jevons's tools to a revision of the Ricardian theory of distribution. Novelties - such as Jennings's and Jevons's new concepts - which presented no obvious challenge to prevailing views, inevitably had an appearance of being merely the idiosyncrasies of their originators. Similarly, problems which could be clearly defined only from within a framework of thought yet to be developed, were inevitably overlooked, or dismissed as non-problems by those committed to the accepted conceptual framework. The application of pricing to distribution, hinted at by Macleod, was a problem of this sort. This does not excuse the Ricardians' complacency. Also, it leaves open the question, how do new conceptual frameworks arise? But it helps us to understand why the three critics treated in this section failed to make any impression on the later Ricardians.

Thornton and the wages fund doctrine

The last of the critics to be considered is W.T. Thornton. His attack on the wages fund doctrine is now remembered chiefly because John Mill himself publicly deferred to some of Thornton's criticisms. This fact was of such significance at the time that Thornton's book,

156 Character and Logical Method of Political Economy, 2nd ed., p.223.
On Labour. Its Wrongful Claims and Rightful Dues (1869), created a more widespread controversy about an aspect of non-monetary economic theory than had occurred for fifty years.

Thornton enjoyed certain advantages over critics like Jennings, Jevons and Macleod. He set out, from within Ricardo's framework of thought, to explain an acknowledged anomaly in the Ricardian theory of distribution. This was the fact that trades unions had, in a number of instances, secured an apparently permanent increase in wages, without any of the ill effects predicted by that theory. He thus had both practical relevance, and the concern of the later Ricardians with distribution, in particular, on his side. He was sure, too, of the approval of other members of the Mill 'circle', since his attack on the wages fund doctrine was first and foremost an attack on the superficial ('catchword') notion that 'supply and demand' somehow irresistibly prevented wages from rising. Finally, as is implied by the last statement, Thornton wrote as an insider: he began with the attention and respect of the leading economists, Mill, Cairnes and Fawcett.

This last point needs little further comment. The significance of being an insider can be shown more readily in Thornton's case than in any considered so far. In the first place, his criticisms of the wages fund doctrine were much the same as those made by Francis Longe in a pamphlet entitled A Refutation of the Wage-Fund Theory (1866). But Longe was unknown, and his Refutation was given no reviews and excited no response from economists, though copies were sent to, among others, Mill and Fawcett. Longe's arguments may be recalled briefly. He specified three main objections to the wages fund doctrine. (1) The limit to what can be paid as wages at any time is set not by pre-existing capital but by savings plus the expected aggregate value of the end-product. In other words, the money amount of product that may be applied as wage-capital, hence the money amount of that capital itself (not the proportion saved) is influenced by final demand. It cannot, therefore, be exactly determined in advance. Nor, in point

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157 A Refutation of the Wage-Fund Theory of Modern Political Economy as Enunciated by Mr. Mill, M.P. and Mr. Fawcett, M.P. (London: Longmans, Green and Co., 1866), reprinted in the Johns Hopkins University series Reprints of Economic Tracts, ed. Jacob H. Hollander (1903). Longe was a lawyer and assistant commissioner of the Children's Employment Commission. His views were formed in part by what he learned of the wages problem in practice in the course of his duties.

158 A search yielded two reviews, but these were only of the 1869 re-issue of the pamphlet: see The Economist (22 May 1869), 599, and The Quarterly Review, CXXXI (1871), 229-63. Longe himself recorded that he sent copies of the work in 1866 to Mill, Fawcett and others. The former two apparently gave no acknowledgment: see Introduction to the Reprint of Economic Tracts edition, ed. Jacob H. Hollander (1903), pp.4-5.
of fact do employers 'predestine' a given amount as wage-capital. 159

(2) The labour supply in a country is not homogeneous, but consists of non-competing groups. Therefore, even if there were a pre-determined fund for the payment of wages, it would not necessarily be distributed equally among all workers, as the doctrine implies. For if the employers of one type of labour can get their work done done for them below the average rate of wages, there is no mechanism for redistributing what is in effect surplus wages fund in that employment to workers elsewhere. 160

(3) Finally, the notion that the wages fund doctrine is an application of the law of supply and demand is mistaken. For, as already stated (under (2) above), if work will be done for less than the average wage there is nothing to cause wages to rise higher. This is true quite generally, not just of particular groups within the workforce. The wages fund, assuming it exists, determines what could be paid, but not necessarily what will be paid. Further, as stated by Mill, the average wage is determined by the ratio of capital to population, whereas he himself denies that the ratio of supply to demand is the proper expression of the law of supply and demand. 161

Thornton's objections paralleled Longe's in that (a) he denied that there is an amount predestined to be spent on wages; (b) he argued that no employer is bound to spend as much as he can afford; rather, as much labour is hired as is needed to do a specific amount of work, and at the lowest price for which that supply can be obtained. 162 Thornton's criticisms, then, were not the first to be made of the wages fund doctrine, yet it was his work to which the political economists attended. A second piece of evidence which suggests the importance of being an insider, is the fact that in rejecting the mechanism of supply and demand in favour of the view that prices are determined by the relative competitive strengths of buyer and seller, Thornton was proclaiming a view which Macleod had already expressed. 163 From Macleod's pen, however, it commanded no respect. One or two of Thornton's reviewers dismissed it as superficial, but his work as a whole was given serious consideration in every major periodical and by many of the prominent economic writers of the day. 164

160 Ibid., pp.55-6.
161 Ibid., pp.22-32.
162 On Labour, pp.84-5 note.
163 Compare ibid., pp.59-60, 64, 234 ff. with Macleod's Elements of Political Economy, pp.98, 111.
164 Thornton's work was given extensive reviews by Mill (The Fortnightly Review, n.s. VI (May 1869 and June 1869), reprinted in Collected Works, vol.V, 633-68), Courtney (The Times (16 October 1869), p.4) and G.K. Rickards (The Edinburgh Review, CXXX (1869), 390-417). As has been noted already, an earlier version of his views, published serially in The Fortnightly Review during 1866, 1867 and 1868, drew a response
Thornton prefaced his attack on the wages fund doctrine with a set of objections to the more general proposition that prices are determined by the equation of supply and demand. It is convenient to retain his order in approaching the question of wages.

What was Thornton's case against the law of supply and demand?

Firstly, that with a given quantity demanded and supplied, price nevertheless may vary. He demonstrated the point, using the example of a sale of fish under the Dutch and English auction systems. As the price per cwt. is lowered (the Dutch system) a buyer may be prepared to offer 20/- per cwt. rather than risk losing his purchase. But under the English system a bid of 18/- might have sufficed to secure him the fish.\(^ {165}\)

Secondly, Thornton argued, supply and demand may vary, or be unequal, but price remain unchanged. If each of two sellers offers a horse for sale at different times and places, there being in the one case two buyers, in the other three, none of whom is prepared to offer more than £50, then that will be the price at which each of the horses is sold, although the strength of demand relative to supply is different in each case.\(^ {166}\)

Thirdly, goods are not offered unreservedly; price is lowered only under necessity, so that when a given stock is finally cleared (supply is equal to demand) it is normally found that only a small part of the total has been sold at the final price. A glover, for example, has 500 pairs of gloves to sell. He offers the whole stock at 5/- per pair, but sells only 100 pairs. He lowers his price to 4/- and sells a further 200. The final 200 are cleared for 3/-. Supply and demand, then, are equated at the competitive price of 3/-, yet only 2/5 of the total supply is sold at that price. This, said Thornton, undermines one of the key assumptions of the theory that price is determined by the equation of supply and demand.\(^ {167}\)

Mill readily disposed of these criticisms. We shall take his answer to Thornton's final point first, since that point involved an important misunderstanding of Mill's meaning of supply.\(^ {164}\)

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\(^{164}\) (continued)

from Cairnes and Cliffe Lesie in The Economist (20 October 1866), 1221-2, (3 November 1866), 1279-81, (1 December 1866), 1395-6. Among weeklies, the book version was reviewed in The Economist (2 July 1870), 823-4, The Athenaeum (20 February 1869), 275 (by Dikke), The Spectator (27 March 1869), 393-4, and The Saturday Review (17 December 1870), 782-4. And, in the periodicals, apart from those already named, it was given a notice and a review article in The British Quarterly Review, XLIX (1869), 565-6, and L (1869), 448-74, an article in The Westminster Review, n.s. XXXVI (1869), 80-122 and one (by John Wilson) in The Quarterly Review, CXXI (1871), 229-63.

\(^{165}\) On Labour, p.48.

\(^{166}\) Ibid., pp.49-52.

\(^{167}\) Ibid., pp.53-6.
price', said Mill, 'is, to all intents and purposes, withdrawing supply.' His elaboration of this statement suggests that he thought of 'supply' as a continuous series of offers - quantities which those who hold the available stocks are willing to release onto the market, at different prices. Sellers are not so ill-informed or unrealistic as to offer their whole stock at an unattainable price, nor 'for an old song'. If the price for a given quantity falls below the sellers' prior estimates of what is appropriate to the conditions of the market, they will withhold a part of their stock.168 All this implies - Mill did not say as much - a series of points, the locus of which shows that increasing amounts will be supplied as price rises. Thornton's conception of supply was quite different. In the example of the glover, supply, he implied, was 500 pairs at 5/- per pair.169 (On Mill's understanding supply in this case was 100 at 5/-, 200 at 4/- and 200 at 3/-.) Not surprisingly, at the price initially obtaining (5/-) supply (in Thornton's sense) is not equal to demand. But the point, on Mill's reckoning, was not in any way subversive of the law of supply and demand.170

Thornton's second criticism, and his example involving the sale of the two horses, contained the same misconception about demand and supply. He was in effect considering each as a single point. Mill's reply was this:

At £50 there is a demand for twice or three times the supply; at £50.0s.0d. there is no demand at all. When the scale of the demand for a commodity is broken by so extraordinary a jump, the law fails of its application; not, I venture to say, from any fault in the law, but because the conditions on which its applicability depends do not exist.171

Mill conceded a limited validity only to Thornton's first criticism. What was really shown by the example of the two types of auction, said Mill, 'is that the law is, in this particular case, consistent with two different prices, and is equally and completely fulfilled by either of them'. That is (as Fleeming Jenkin first graphically portrayed it

168 The alternative course, to revise their estimates of the condition of the market, was implicitly ruled out as unnecessary, presumably on the ground that it is they who know best what available supplies are and when and where supplementary stocks might be obtained.
169 Cf. the definition given in his first approach to the problem in 'A New Theory of Supply and Demand', The Fortnightly Review, VI (1866), 419-34, p.419.
170 Collected Works, vol.V, pp.640-1. Cf. vol.III, pp.466-8. Mill's elaboration was not clear to all, notably not to Cairnes. Cairnes felt that Mill's defence involved him in a tautology: supply is what it is: see O'Brien, 'J.S. Mill and J.E. Cairnes', Economica, n.s. 10 (1943), pp.283-4. But this reflects less favourably on Cairnes than on Mill, and shows how confused were the notions of supply and demand held even by leading thinkers.
in 1870), a section of the demand curve is perfectly inelastic; within this range price is indeterminate. Thornton's most valuable contribution, Mill held, was to have applied this case to the price of labour, showing that there is in practice a range of indeterminacy, not admitted by the (fixed) wages fund approach. Within this range, wages are determined by the relative bargaining power of workers and employers.

Now Mill had some years before privately expressed the view that trades unions, acting in universal concert, could force a permanent rise in wages at the expense of profits. That was on 1 January 1866, the best part of a year before Thornton's first published criticisms on the law of supply and demand, and his application of these criticisms to the determination of wages. The efficacy of trades unions had been much discussed since the late fifties, of the Millians, Fawcett, in his 1860 paper on strikes in the Westminster Review, had gone some way towards reconciling Ricardo theory with the fact of union success in achieving higher wages. But he stopped short of allowing that strike action could achieve a permanent and general increase. By mid-decade Mill evidently felt that this was an inadequate acknowledgment of the fact of trades union successes. Then came Longe's pamphlet, attacking the idea of a predetermined wages fund. From early 1867 Cliffe Leslie was proclaiming, in the context of Irish emigration, that a reduced supply of labour did not necessarily issue in a proportionate increase in wages. For as wages rose with the scarcity of labour, so did demand fall off. Finally, in March 1868 Fleeming

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172 'The Graphic Representation of the Laws of Supply and Demand, and their application to Labour' in Colvin and Ewing (eds), Papers, Literary, Scientific, &c, by the late Fleeming Jenkin, vol.II, 76-106. In an early Marshall manuscript, recently uncovered by Professor J.K. Whitaker, supply and demand curves are used virtually the same way to explain Thornton's fish-market case. Marshall termed it a case of 'natural equilibrium': MS kindly supplied by Professor Whitaker.


Jenkin published a brilliant analysis of the wages fund theory and the law of supply and demand.

Jenkin set down equations for demand and supply, specifying each as a function of price, but including also parameters to determine the position of the curves. Mill's equation of demand and supply he wrote as

$$f(A + \frac{1}{x}) = F(B + x),$$

when $x$ is price and $A$ and $B$ unknown variables. Applying this to the determination of wages, he argued that an increase in wages could be effected not only by an increase in demand or a decrease in the number seeking employment (as implied by the wages fund approach), but also by workers determined to ask a higher wage, if at the same time there was an increased need for labourers. That is, if $B$ is reduced (equivalent to workers demanding higher wages for the same work - a shift to the left in the supply curve of labour) while $A$ independently rises, a higher wage is not inconsistent with the maintenance of the same level of employment. In summarising his argument, Jenkin gave precise expression to the results that Mill had suggested two years earlier. His statement is worth quoting at length.

Wages, like the price of all limited commodities, depend on a conflict between the desire for the commodity and the reluctance to sell it.... The wages fund is the desire for labour, as measured by the total sum paid for it. That desire may increase or decrease in consequence of the increased reluctance of men to sell their labour. The increase of the fund invested by the capitalist may be due to increased payments he receives or expects to receive from his customers, or it may be directly due to a relinquishment of profits. It is wholly impossible to say when this will or will not be the case; it is impossible to fix any one given rate of average return on capital which may be taken as a kind of standard towards which, in all times and places, the profits tend. By the joint action of capital and labour, profits are made; that is to say, produce results from their action which exceeds the value of produce consumed by them in the process. Each claims a share in the profits; each must have some, or each will refuse his aid. How much must each have?... We apprehend that this is purely a question of bargain, and that the share each receives will vary, and may legitimately vary, within very wide limits.177

At the same time, therefore, as Thornton was developing his ideas in a series of papers in the *Fortnightly Review*, and before he published them in book form, similar ideas were being expressed by a number of other writers. The question of priority is of minor concern here. What is important is that Thornton's book merely climaxed several years of active public debate on the compatibility of accepted theory with the fact of trades union successes. In the course of that debate Longe and

Cliffe Leslie had argued on different grounds to the effect that the demand curve for labour was not of unit elasticity. We have Mill's private statement that a permanent and general increase in wages is possible, without (it must be assumed) affecting the level of employment adversely. And Fleeming Jenkin had provided a clear and simple analysis of one way in which this might come about, namely, through appropriate shifts in the demand and supply curves of labour. Thornton's work provided Mill with a slightly different way of achieving that same result, in terms of shifts in the intersection of supply and demand, within a vertical section of the demand curve.

It was this technical hint alone that Thornton gave Mill, not the general problem, nor the result to be achieved, nor the demonstration that the old wages fund approach was inadequate to reach that result. There is nothing surprising, therefore, about Mill's ready acceptance of Thornton's criticisms of the wages fund doctrine.

But the new doctrine was only a modified version of the old. With the improved technical apparatus the anomaly could be accounted for; that is, incorporated in the Ricardian model. It was still the law of supply and demand that Mill applied to the determination of wages; Thornton's attack on that law was dismissed as readily as his criticism of the wages fund was accepted. Ricardo's way of looking at distribution was retained, though his original theory of profit was now bound by yet another ceteris paribus condition, namely that the relative bargaining strengths of employers and employees be known and given. Thornton himself believed that he had undermined the law of supply and demand. Many contemporaries, too, who thought of economic laws as clear-cut, unconditional results, felt that Mill had recanted on some fundamental point of dogma. However, as Mill saw it, Thornton had added merely a qualification to Ricardo's theory of wages and profits.

Thus Thornton's work brings us full circle. His criticisms, reduced to their proper dimensions, were of the same kind as those of the earlier critics, who had cited anomalous facts as proof against the principle of population, the law of rent, and the anti-glut position. In both cases, Ricardo's defenders absorbed the criticisms by adding qualifications to existing doctrines. The question arises, however, whether the weight of qualifications was not so great, by the early 1870s, that the original Ricardian engine was no longer capable of operating under the load. A brief consideration of this and some related questions in the next chapter will close this study.

178 We do not know whether Mill had read Jenkin's 1868 paper; but he accepted, as if it was Thornton's innovation, the latter's only very slightly different technical apparatus.
Chapter 8

THE SUPERSESSION OF MILL'S PRINCIPLES

Mill died in 1873. The next ten years saw the decease of virtually all the leading representatives of the older generation of economists, including Cairnes (1875), Bagehot (1877), Thornton (1880), Newmarch (1882) and, in 1884, Fawcett. It is not intended to trace here Mill's posthumous influence. However, our attention has been centred upon the background to, and authority won by, Mill's Principles. It is perhaps fitting, therefore, to conclude with some general comments on the principal tendencies which ended with the supersession of that treatise.

It has been suggested in the body of this thesis that there was nothing in Mill's intellectual adherence to the Ricardian model, or in the ways he extended and applied it, that involved, deliberately or inadvertently, any hostility to the further development of economic analysis. Nor was the state of Jevons's thinking when he published his Theory such as to make Mill's and Cairnes's lack of sympathy with his new approach surprising or deplorable. At the same time, there is nothing to suggest that it occurred to Mill and his closest disciples, in their last years, to ask whether a point had been reached at which it would be preferable to adopt - or at least look for - a new model, rather than go on adding qualifications to the now-much-complicated existing one. Cairnes's Leading Principles (1874) was expressly based on the three main Ricardian 'axioms', and the method employed by Ricardo and Mill. He believed that in the axiomata media of the science - 'those intermediate principles by means of which the detailed results are connected with the higher causes which produce them' - there was 'no small proportion of faulty material'. However, in re-casting some of these results, Cairnes intended only to strengthen and add consistency to the whole fabric of Ricardian political economy.  

Fawcett, in preparing a sixth edition of his Manual, in 1883, took care to adapt his illustrations to current circumstances, but thought it unnecessary 'to alter in any material aspect the general arrangement of the book'.

1 Leading Principles, Preface, pp.v-vi.
Cairnes and Fawcett had many admiring readers, but their efforts to bolster and restate the orthodox doctrines did not satisfy the more serious students of political economy. Marshall felt that Cairnes's attempt to resuscitate the wages fund doctrine 'succeeded in avoiding the old pitfalls...only by explaining away so much which is characteristic of the doctrine, that there is very little left in it to justify its title'. Jevons observed that Cairnes's theory of non-competing groups logically conducd 'to something quite opposite to [the] Ricardian doctrines' of value and distribution. And the kindest word that Cliffe Leslie could muster was that Cairnes's work had rendered good service to those seeking to know all that could be said on both sides of the disputed questions of economic science, by showing one side with great clarity. Fawcett's Manual was implicitly dismissed by these thinkers as irrelevant: it served merely as a reminder of the days when Mill's pre-eminence was undisputed.

These opinions reflect something of the unsettled state of English economics in the two decades after 1870. The elements of this ferment are well known and need only be mentioned here. Jevons and a few sympathisers, notably George Darwin, were striving to spread the good news of marginalism and its application to value theory. Jevons, stimulated by Shadwell, Hearn, Cliffe Leslie and others, was also working towards a view which treated wages and rents on the same basis. Cliffe Leslie, and J.K. Ingram, on the other hand, were advocating a sharp break with the deductive method, and pleading for an organic view of economic and other social phenomena; while Arnold Toynbee at Oxford was establishing moral and historical limits to the claims to authority.

3 Within a year the sixth edition of Fawcett's Manual had sold more than 1,600 copies (Leslie Stephen, Life of Henry Fawcett, p.469). It no doubt held a place in the market which existed at the time for primers and students' handbooks.


6 'Professor Cairnes' [1875] in Essays in Political and Moral Philosophy, 248-50, p.250.


8 For an excellent survey of the period, including a discussion of the popular image of political economy, see Hutchison, Review of Economic Doctrines, ch.1.

9 See, for example, Darwin's 'The Theory of Exchange Value', The Fortnightly Review, n.s. XVII (1875), 243-53.

of what Ruskin had castigated as 'mercantile economy'. All these men were, in various ways, expressing a feeling that Ricardian orthodoxy had played out its role.

Nevertheless, Mill's Principles remained for a time the big standard treatise for English readers. Jevons himself still recommended it, and used it in his own classes as late as 1879; though no doubt he warned his students that those parts of the Principles which he accepted - as, for instance, the 'remarkable section at the end of chapter V. of Book III... , in which he [Mill] explains that all inequalities, artificial or natural, give rise to extra gains of the nature of Rent' - do not cohere well with the main emphases of the book. Alfred and Mary Paley Marshall's Economics of Industry (1879), too, while it introduced a unified view of value and distribution, and conveyed, to Edgeworth's mind, something of the 'new power of mathematical reasoning', still drew on Mill for much of its exposition. Finally, what is perhaps the main new treatise of the period to 1890, Sidgwick's Principles of Political Economy (1883), was 'primarily founded' on Mill's Principles, although Sidgwick also acknowledged indebtedness, after Mill, to Jevons.

One reason for Mill's continued influence is that, as in the years before 1873, so in the decade after Mill's death, critics of Ricardian

13 Alfred and Mary Paley Marshall, The Economics of Industry (London: Macmillan, 1879). This little book was intended, in the words of its authors, 'to construct on the lines laid down by Mill's Political Economy a theory of Value, Wages and Profits, which shall include the chief results of the work of the present generation of Economists' (Preface). The view of value and distribution which it expounded had been set out, in essentials, in an article by Marshall, 'On Mr. Mill's Theory of Value', The Fortnightly Review, n.s. XIX (1876), 591-602. Here Marshall sought to show that the elements of the new view were in fact present in Mill's treatise. For Edgeworth's comments on the Economics of Industry, see Memorials of Alfred Marshall, p.66.
14 Henry Sidgwick, The Principles of Political Economy (London: Macmillan, 1883), preface to the first edition. Sidgwick's views on method closely paralleled Mill's; he explicitly incorporated the distinction, adopted by Mill, between economic science and the art of economic policy; and he generally followed Mill's exposition on production, value and distribution, though with much stress on the qualifications with which Ricardo's propositions must be guarded if they are to fit the unified view of value and distribution hinted at by Jevons and more fully expounded in the Economics of Industry. Sidgwick praised Jevons for having made the important distinction between total and final utility, but he took special pains to refute Jevons's charges that Ricardo had shunted the car of economic science onto a wrong line, along which Mill had further urged it (see Sidgwick's special Note on Ricardo and J.S. Mill in Principles of Political Economy, pp.9-11).
economics, their dissatisfaction with the backward-looking work of Cairnes and Fawcett notwithstanding, did not themselves bring to completion any more general alternative theory. However, this is true only in a parochial sense. On the continent Walras had published his general equilibrium system in 1874. And even in England, Marshall, by his own account, had developed privately the outline of his general organon in the years between 1867 and 1870, and had filled in much of the detail by 1874. Thus, at a date shortly after Mill's death, the new framework that was to replace Ricardian economics was essentially complete. But the English public at large knew little of Marshall's work until 1879, and that little was full of generous acknowledgments to Mill. Moreover, Walras's work was not much advertised in English academic circles.

In England, only at Cambridge were the new ideas - in Marshall's version - effectively disseminated in the decade after Mill's death. It is possible that Marshall meant to effect whatever changes he believed necessary in the Ricardian system, from the inside - from within the university where Mill's influence had been greatest, and where Fawcett still held the chair in political economy; and from within, as Marshall chose to see it, a single tradition, stretching back from Mill, through Malthus and Ricardo, to Adam Smith. That at least would have been an intention consistent with what we know of Marshall's dislike of public controversy, his respect for Mill and Ricardo, his evolutionary convictions and his national, or Anglo-Saxon pride. Whatever Marshall's motivation, it is to his burgeoning influence, more than to any other single factor, that we must look, to understand the supersession, in England, of Mill's authoritative treatise.

15 This applies to Jevons, Cliffe Leslie and Toynbee, all of whom died prematurely in the early 1880s.
16 Memorials of Alfred Marshall, pp.416-17. There seems no reason to doubt this account. Manuscripts of Marshall's on value, wages, rent and the earnings of management, recently uncovered by Professor J.K. Whitaker, and dating possibly from 1869-70, and at the latest, 1874, broadly confirm Marshall's claim.
17 Schumpeter, History of Economic Analysis, pp.838-9, has noted Marshall's apparent unwillingness to acknowledge Walras's 'objective' priority (priority in terms of actual publication).
19 For an extended discussion of these points, see A.W. Coats, 'Sociological Aspects of British Economic Thought (ca. 1880-1930)', The Journal of Political Economy, 75 (1967), 706-29.
The outward signs and conditions of Marshall's growing influence can be traced to some extent via regulations relating to the study of political economy at Cambridge, and in terms of Cambridge personnel. The first note of change was sounded in 1874, when a new schedule of subjects for the Moral Sciences Tripos examination in political economy was issued. Significantly, the schedule combined Exchange and Distribution in a single heading. The order in which the topics under this heading were arranged is also significant. The value of domestic commodities was to be treated first, followed by rent, profits and wages - the last two linked - and then the value of currency and the value of imported commodities. Marshall's hand may be seen here. Later, in his and Mary Paley Marshall's Economics of Industry (1879), problems of 'normal' value and distribution were treated in one book. A discussion of utility and the law of demand, and of the law of 'normal' supply, preceded an application of those laws, firstly to rent, then to the 'wages-and-profits fund'. Further, it is probable that the separation implied in the 1874 schedule between domestic values and distribution, on the one hand, and international values, on the other, reflects Marshall's view that the forces influencing supply and those influencing demand are very different, whereas those operating in the determination of international values are essentially similar. For that reason, he felt, problems involving the interaction of supply and demand are best kept distinct from those in which reciprocal demand is involved.

In 1881 further changes were announced. An 'advanced' course in political economy was prescribed for those specialising in the study. Students electing to pursue the course were recommended to 'note and weigh the criticisms on Ricardo put forward in Malthus' Political Economy; and the more or less explicit corrections and qualifications of Ricardo's positions, suggested or adopted by J.S. Mill'. Foxwell, who made these recommendations, added that 'the active discussion of economic questions that has been carried on since...[1848] has clearly shown the need of important modification in several of Mill's positions', notably in the theory of distribution. The most important work to be

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21 The Economics of Industry (London: Macmillan, 1879), bk II. This view of value and distribution had been expounded by Marshall in his article, 'On Mr. Mill's Theory of Value', The Fortnightly Review, n.s. XIX (1876), 591-602.
consulted for recent theoretical developments, Foxwell said, 'is undoubtedly Jevons' Theory of Political Economy'. As to content, 'advanced political economy' stressed method, and included 'the diagrammatic expression of problems in pure theory with the general principles of the mathematical treatment applicable to such problems'; a far cry from the reactions of Mill and Cairnes to Jevons.23

These last changes were introduced when Marshall was teaching at Bristol but nonetheless reflect his influence (and were retained by him when he succeeded Fawcett as Professor in 1884). For by the time Marshall left Cambridge for Bristol (1877), Fawcett was a somewhat isolated figure among the teachers of political economy in the university. Foxwell was a Fellow of St John's from 1874; and J.N. Keynes a Fellow of Pembroke from 1876. Both had been Marshall's students.24 These two, with Henry Sidgwick (and, of course, Marshall, except during his absence from Cambridge, 1877-84), dominated the college teaching, and tripos examining, in political economy from the early 1870s.25

A changed personnel and new regulations for the study of political economy at Cambridge in the 1870s and early 1880s, then, were indications both of Mill's ebbing authority, and of Marshall's new approach to the science. Sidgwick's treatise, though it emanated from Cambridge, was the last in the strictly Millian line, adopting an essentially literary exposition of economic doctrines, and combining the science of political economy with its applications to social philosophy. Marshall, we know, by 1884, had become impatient with Sidgwick's attempts to retain a close link between philosophical and economic studies. Men of scientific, rather than metaphysical training, Marshall felt, were needed to push forward the analytical side of economics.26 Further, Marshall had become impressed, from his own historical studies, and from the work done in Germany, and in England by Toynbee and Cliffe Leslie, with the need to develop a more 'realistic' economics. He felt that he spoke for the rising generation of economists when he argued

25 Sidgwick examined in 1875, 1876, 1877, 1880, 1883, 1884, 1885; Foxwell in 1874, 1875, 1882, 1883; Keynes in 1879, 1880; and Marshall in 1876. The first class of the Moral Sciences tripos throughout the 1870s was principally made up of Johnians (where Marshall and Foxwell taught) and Trinity men (Sidgwick).
26 See C.D. Broad's memoir on Sidgwick in Ethics and the History of Philosophy. Selected Essays (London: Routledge and Kegan Paul, 1952), 49-69, pp.58-9; cf. Memorials of Alfred Marshall, pp.171-4. This did not conflict with Marshall's humane concern: his ideal men were to have 'cool heads but warm hearts'.
that an organon in which the principles of population and diminishing returns to land were crucial elements, was no longer appropriate to the England of the last quarter of the nineteenth century. Since Ricardo's time, Marshall pointed out, in an address given in 1885, 'England has adopted free trade, and railways and steamships have come into existence'. While the growth of population has been rapid, he continued, prosperity has increased still more, so that the average real income of manual labourers probably was now higher than was the average income of rich and poor together a century earlier. With the difficulty removed of increasing stocks of food quickly and at constant cost, and with an abundance of capital, it was no longer apt to speak of wages as paid out of, and as limited by, capital. The younger economists, Marshall concluded, prefer to say that wages rise with every increase in capital, because productiveness is thereby increased and there are more goods from which to meet the higher wage which an increased competition for labour induces. 27

Marshall worked for fifteen years after 1874 to elaborate the theoretical refinements and qualifications necessary to make applicable to current problems his tools of analysis. In 1890 he published the results of this long stage of his labours - he believed much still remained to be done, particularly on non-static problems - under the title Principles of Economics, vol.I. Marshall's volume began with a long historical and methodological discussion, in which he gave due weight both to the limits set by the circumstances of period and place to the scope of economic laws, and to non-measurable, non-self-regarding motives in man. Only then did he proceed to what is in essence an extended exposition of the way the forces of supply and demand operate to determine the prices of goods and services. Thus the Principles combined the humanitarian concern and historical perspective 28 of Toynbee and Cliffe Leslie with satisfying answers to the analytical questions about value and distribution raised by Macleod, Jevons, Thornton and others. 29


28 Marshall once determined to write a treatise on economic history and, as has been noted above, was early impressed by Richard Jones's comparative historical studies: see his reply to Cunningham's criticism of his views on economic history, in Principles, variorum edition, vol.II, 735-50, pp.735-6, 739 note.

29 Marshall did not defer to Ingram's (Comtist) view that no separate study of economic phenomena is valid or useful (Principles, pp.72-4 and note).
All this suggests an obvious parallel with Mill's Principles: in terms of its conciliating and settling effect, Marshall's treatise stands in much the same relation to the debate of the period 1870-90 as does Mill's to the disputes over Ricardo's doctrines, and the public questioning of the claims of political economists, in the two decades after 1830. But Marshall's organon was new in a way that Mill's work was not. Mill stopped short when he had shown a new piece of speculation to be a corollary of Ricardo's basic principles, 'certain conditions of fact being supposed'. Marshall built many of these corollaries into a new unified scheme of thought, in which, not the 'corollaries', but Ricardo's main results, appeared as the special cases. Some of Marshall's building blocks had been rough hewn by Jevons; for example, the principle of substitution, and the generalisation of the notion of rent to apply 'to the income derived from almost every variety of Differential Advantage for production'. But it was Marshall who finely shaped the stones and erected the edifice.

The development of Marshall's thought, and the precise relation of his economic analysis to that of Ricardo and Mill, constitutes a whole new enquiry, which cannot be undertaken within the scope of this study. It is, of course, well known, that Marshall went repeatedly out of his way to praise Ricardo and Mill - or at least to defend them against allegations of errors which he felt they had not in fact committed - and to present his ideas as quite as much a natural development of theirs as of those of von Thünen and Cournot. As Schumpeter has remarked with reference to Marshall: 'Strong leaders who are sure of a disciplined majority do not make revolutions...but lead on smoothly, leaving fuss and revolution to minority groups that have to shout in order to be heard at all.' But whether or not Marshall is to be blamed for emphasising this filiation, and for the very limited nature of his tributes to Jevons, Menger and Walras, his theoretical structure is, as Schumpeter says, fundamentally that of these latter writers. Certainly it is a structure remote from Ricardo's: in its mathematical sophistication, its generality and its empirical content. Indeed, it is fair to conclude that, with Marshall's Principles, Mill's success in preserving, through elaboration and qualification, the doctrines of his master, came to its final end. Marshall's treatise gave to economics

32 History of Economic Analysis, p.838.
the order which it had lacked for at least two decades, and provided a
new broad base on which the growing number of specialist practitioners
in the science could build. After 1890 both Mill and Ricardo had
receded into history: a new 'classical' period, or era of 'normal'
science, had begun.

In 1850 the universities were still largely the preserve of the middle
and upper classes. Concerted attempts to teach political economy in
the working classes had been made twenty years before by the Society
for the Promotion of Useful Knowledge, the S.F.C.K., and by various
individuals such as Charles Knight. These failed because the would-be
instructors carried no conviction of disinterestedness in the working
men.

Renewed efforts were made from 1840 onwards. This time much of it
was directed at teaching political economy in the schools attended by
workers' children. The motivation came from two main quarters, being
associated in part with moves for a national secular education and in
part - though really only as the success of the campaign to extend the
suffrage became apparent (1867) - with a realisation that if the working
classes were to become the dominant political force, maintenance of the
social and economic order required that they be educated in the love of
political economy. Both groups, though for different reasons, upheld

1 See, for example, Buster Jenkins and R.C. Jones, 'Social Class in
Cambridge University Admissions of the 18th and 19th Centuries', British
Journal of Sociology, 1 (1930), 93-116, esp. Table 1 (p 99). See also
K.B. Anderson, 'The Intellectual Background of Harvard College Students,'
1861-1914 in Sheldon Behrman, The Examiners of the Boys (London:
Faber and Faber, 1968), pp. 260, 263-4. A general analysis is given by
J.P. Rusling, 'Victorian Universities and the National Intelligentsia',
Victorian Studies, 3 (1959-60), 131-50.

2 Whatley's Every Lesson on Money Matters (1839) was first published
secretly in the S.P.C.K.'s Saturday Magazine (1832-3).

and Unwin, 1933), gives an excellent extended treatment of the whole
early movement.

4 Leaders in the first group were George Combe (1788-1858), William
Evans (1800-81), W.H. Davison and Dr John Watts (1815-74). The public-
licy of these men was not that of Holroyde and Beadle, but meant
chiefly unscientifically. This was partly a product of the virtual
monopoly of elementary education at the time: the Board of
Education (1839) estimated that 76.2 per cent of scholars in weekday schools
were being educated in institutions under the control of the Church of England
(C.K. Francis Brown, The Church's Part in Education, 1851-1891 (London:
Secular School in Edinburgh (1844), for example, stated that 'one great
object of the teaching... will be to convey to the minds of the young a

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In 1850 the universities were still largely the preserve of the middle and upper classes. Concerted attempts to teach political economy to the working classes had been made twenty years before by the Society for the Promotion of Useful Knowledge, the S.P.C.K., and by various individuals such as Charles Knight. These failed because the would-be instructors carried no conviction of disinterestedness to the working men.

Renewed efforts were made from 1846 onwards. This time much of it was directed at teaching political economy in the schools attended by workers' children. The motivation came from two main quarters, being associated in part with moves for a national secular education and in part - though really only as the success of the campaign to extend the suffrage became apparent (1867) - with a realisation that if the working classes were to become the dominant political force, maintenance of the social and economic order required that they be educated in the laws of political economy. Both groups, though for different reasons, upheld...
notions of social harmony, but it was the Ricardian set of laws of production and distribution that was to be taught. Supporters of George Combe and William Ellis repudiated the view that only the workers needed this instruction, but with this qualification William Newmarch spoke for both groups when he said:

"Surely if there be any proposition which more than another commends itself to experience and common sense, it is this - that to the classes which, before all others, depend upon the wisest and most advantageous disposal of their sole possession, their Labour, we should convey at the earliest period, before prejudice, passion, and bad habits intervene, some accurate knowledge of the causes which regulate capital, profits, and wages." 5

The movement must be considered as instrumental in the propagation of Ricardianism, though except in one respect Mill's connection with these efforts was indirect. 6 With William Ellis, however, Mill's connection was both personal and intellectual. Ellis had been a member of Mill's Utilitarian Society in the early 1820s, and of the later morning discussion group at Grote's house. He had written several articles -

4 (continued)

perception of their actually living under a scheme of Divine Government which favours temperance, industry, intelligence, morality, and religion, in this world; and to train them to refer, in their judgments of men and things, and in their own actions, to the laws by which this government is maintained and enforced'. Again, 'Reading, Writing, Arithmetic, the Physical Sciences, and also Religion and Morality...have a basis in the constitution of the human faculties and of physical nature, and...may be usefully taught as Secular education, irrespective of catechisms, leaving Dogmatic Religion to be instilled by the parents and clergymen of the pupils' (from Education, its Principles and Practice, as developed by George Combe, collected and edited by William Jolly (London: Macmillan, 1879), p.203). In the second group there were long-time advocates of the need for teaching political economy to the workers, such as Sir James Kay-Shuttleworth (1804-77), and others newly activated, notably Robert Lowe: see Brian Simon, Studies in the History of Education 1780-1870 (London: Lawrence and Wishart, 1960), pp.354-60. The views of this group are well represented by the unknown author of a paper of rather later date, 'Political Economy as a Safeguard of Democracy', Westminster Review, n.s. XLIX (1876), 390-409.

5 Address as President of the Economy and Trade Department of the Social Science Association (1871), printed in Journal of the London Statistical Society, XXXIV (1871), 476-98, p.482. Almost identical thoughts were expressed by Nassau Senior, a Commissioner in the Newcastle Commission's investigations: see his Suggestions on Popular Education (London: Murray, 1861), p.342. See also 'The Necessity of a Popular Teaching of Political Economy', The Economist (10 August 1867), p.902. The emphasis on workers was repudiated by William Jolly: see Education as developed by George Combe, p.195.

6 They had a 'Millian' flavour in that the case for non-sectarian, state-aided schools was also part of Mill's philosophy; and in so far as his 'softening' of the Ricardian laws of distribution encouraged men such as Charles Knight and Holyoake to believe that political economy might now be made acceptable to working men: Charles Knight, Passages of a Working Life During Half a Century, 3 vols (London: Bradbury and Evans, 1864), vol.3, p.191. Among the school books which came out of the movement, however, were Rogers's Manual, and Jevons's Primer in Political Economy.
one with Mill - in early numbers of the Westminster Review, in the de-
fence and application of Ricardo's principles. In his later thought he
added to political economy a whole system of morals and ethics - amount-
ing even to the ethology that Mill hinted at but never developed. The
larger whole he called social economy, though what he intended is better
conveyed in another (later) title, 'the religion of common life', reli-
gion here meaning 'the art of being and doing good'.
7 It was 'political economy in the widest sense of the word' that he advocated, 'as it bears
not only on the production and distribution of wealth, but also on the
conditions of industrial success and social happiness, and on the
practical duties of each individual towards others'.
8 This heavy overlay may have given an impression that he somewhat deprecated the old
political economy of his youth.
9 But late in life he was strenuously
supporting those same principles, only he would have them represented
also as the true basis of individual conduct.
10 Further, he testified,
when he heard from his friend Professor Hodgson that Jevons was 'no
disciple of J.S. Mill', that he himself was 'more indebted to the two
Mills, father and son, than to anybody with whom I ever came in contact.
I have been their disciple [he added] but certainly not their blind
follower'.
11
His discipleship is amply shown in his Questions and Answers
Suggested by a Consideration of Some of the Arrangements and Relations
of Social Life (1848).
12 This was the first of his books setting out
analytically the political economy he adhered to.
13 In it cost of

7 Ellis took the second title from James Caird, who also defined reli-
gion in this special sense (E.K. Blyth, Life of William Ellis, 2nd ed.
8 From the report of the Council of University College, London, describ-
ing the teaching given by Mr Shields (Ellis's favourite teacher) in the
College School (ibid., p.169). Cf. Ellis's lecture at the Educational
Exhibition of the Society of Arts, Journal of the Society of Arts, II
(1854), 667-9, and his submission to the Newcastle Commission (Blyth,
Life of William Ellis, pp.203-5).
9 Ellis's biographer, E.K. Blyth, was apt to magnify the distance be-
tween Ellis and the Ricardian economists, stressing that whereas they
dealt with public economy and commodities only, he gave attention also
to the effects on wealth and happiness of individual behaviour; more-
over, that he deduced from these additional considerations a set of
rules of 'right' individual conduct ('morality') and of the formation
of character (Blyth, Life of William Ellis, pp.127 ff.). This view fails
to take due account of the total thought of J.S. Mill in particular.
But even Blyth does not deny that Ellis's economics was not original.
10 Ibid., pp.287, 317. 11 Ibid., p.305.
12 Questions and Answers Suggested by a Consideration of Some of the
Arrangements and Relations of Social Life (London: Smith, Elder and Co.,
1848).
13 Blyth, Life of William Ellis, p.122. Ellis hoped that his Questions
and Answers, together with his earlier Outlines of Social Economy
(London: Smith, Elder and Co., 1846), would help to prepare masters to
teach social economy in schools.
production as the central tendency of market values is asserted; Ricardo's theory of rent is stated (with the two sources of rent, fertility and situation, separately noted); the wages fund theory is put forward in the account of average wages, to which is added Smith's discussion of wages of various industrial classes; the efficacy of strike action is limited to what Mill held it to be in the first edition of his Principles; prudence in relation to procreation is applauded, as enabling workers to educate their children in some skill and thus secure for them a better living; profit is said to be the remuneration of risk and superintendence and a payment for the use of capital, and workers are enjoined not to kick against the competitive system, but to save and add to their wages what they can earn as interest; property rights are defended as essential to the growth of wealth, but taxation is said to be a legitimate means of reducing the inevitable tendencies to inequality, and on death more drastic interference with property is supported, along the lines of Bentham. This little work was published before Mill's Principles, and its contents do not therefore derive directly from his treatise; rather, they represent that common heritage which each carried away from their discussions of the 1820s. Ellis's Questions and Answers was not re-issued, but one of his last publications, A Chart of Industrial Life (1869), contains the same doctrines. 14

Ellis is perhaps better known as founder of the Birkbeck Schools than as an author of educational works incorporating Ricardian political economy. But the two activities were entirely complementary. Between 1848 and 1862 he started eight primary schools in and around London, and financially assisted several more in London and elsewhere. In all these schools, and in others, he promoted the teaching of social science (economy). He also lectured on the method of teaching this new subject, and he and Hodgson were among the patrons of The Schoolmasters' Social Science Association, formed in 1859.

Parallel with Ellis's efforts in London were those of the advocates of secular education in Edinburgh, Glasgow (where Mill's one-time adviser and critic of his early economic essays, John Pringle Nichol, was involved) and Manchester (where Hodgson and Dr John Watts were among the initiators). Societies were formed, and between 1848 and 1857 some seven schools teaching social economy were begun. 15

14 A Chart of Industrial Life; with Some Instructions for Its Use (London: Simpkin and Marshall, 1869).
15 There is a full account of all this in William Jolly (ed.), Education as developed by George Combe, ch.VII. See also Blyth, Life of William Ellis, passim; and the papers by Benjamin Templar (Headmaster of the Manchester Model Secular School), 'On the Importance of Teaching Social Economy in Elementary Schools for the Instruction of the Children of the Working Classes', NAPSS Transactions (1858), 320-3 and W.M. Williams (Headmaster of the Edinburgh Secular School), 'On the Teaching of Social Economy', ibid. (1857), 509-17, for first-hand accounts of the teaching given at two of the larger schools.
Hodgson was as vigorous a promoter as Ellis of the elementary teaching of political economy, and his economic publications consist almost entirely of addresses on the nature and necessity of education in the subject. 16 Several of Ellis's fellow-workers (among the William Lovett) also wrote school books in social economy. 17 So, too, did J.S. Laurie, one-time tutor to Lord Amberley, a staunch Malthusian, and an Inspector of Schools. 18 Mrs Fawcett later became one of this band. She wrote a Political Economy for Beginners in 1870 which went to four editions by 1876, and a volume of Tales in Political Economy (1874), modelled on Harriet Martineau's tales, but less overtly moralistic and far more attractive to children. 19

A table of schools known to have taught social economy according to Ellis's views is given below. The attendance figures, though incomplete, suggest that between 1848 and 1880 something like 1,500 or more children annually may have come under this teaching. This should be compared with the estimates of the Newcastle Commission that in all 2,535,462 pupils attended the weekday schools they were commissioned to investigate. 20 Very few of these schools taught any sort of political economy, let alone of the Ricardian stamp. 21 Pupils coming under the latter influence thus probably amounted to no more than about .1 per cent of the total.


17 See the works by Benjamin Templar, William Lovett, and W.A. Shields, listed in Jolly (ed.), Education as developed by George Combe, pp.198-9. William Lovett's contribution, The ABC of Social Science, was first published in The Beehive in 1868 (from 8 May).


20 Figure given in J.W. Adamson, English Education 1789-1902 (Cambridge, at the University Press, 1930), p.205.

21 James Tilleard, 'On Elementary School Books', NAPSS, Transactions (1859), 387-96, reported on the books in political economy ordered through the Committee of Council for use in elementary schools under government inspection (which included many church schools). Information was given by 3,800 schools, and there were 12 works (titles not given) in political economy from which they might have chosen. Between September 1856 and May 1859 only 2,943 copies from the list were ordered, averaging .77 per school. This compares with an average of 35 per school for books on arithmetic, 28 for grammar and English language, 1.4 for bookkeeping, and .8 for chemistry. This figure for the place of political economy in school libraries is comparable with the information we possess on the low popularity of the subject with users of the growing number of Municipal Free Public Libraries. Some figures are given in the table at the end of this appendix.
But the impact of Ellis and his friends was greater than this would suggest. Firstly, their schools successfully demonstrated that a secular education need not conduce to the teaching of irreligion, and in this respect they were a useful part of the more widespread movement for the agitation in favour of the secular principle, which the 1870 Education Act partly secured. Secondly, and of more relevance to us, until 1862 Ellis's associates regularly used the annual meetings of the Social Science Association as a platform for advocating that political economy be taught in schools. In this they were joined by others - though their own papers presented the more rounded case, made especially plausible by their experience in teaching the subject. In 1870 the Association's Committee on Labour and Capital was directed to urge upon the government 'the desirableness of teaching elementary economics in schools under public inspection', the Committee specifically mentioning Ellis's work as having demonstrated the possibility of conveying such teaching to the very young. Fawcett supported the delegation appointed by the Association to wait on the Education Committee of the Privy Council, and through the offices of Jevons (a member of the Association's Committee) they succeeded in having the subject introduced in four large schools under government inspection in the Manchester District. Both in the matter of secular education and in the school teaching of political economy, therefore, Ellis, Hodgson and the others probably exerted a fruitful influence beyond their own schools. And small though their direct success undoubtedly was, still it is true that most of the

23 General Committee on Labour and Capital of the National Association for the Promotion of Social Science. Report of the Executive Committee (London, 1870), pp.5-6.
24 Jevons maintained a lively awareness of the need for schools to adopt this teaching (Letters and Journal, pp.383-4). In 1871-72 there were 210 boys being taught political and social economy in schools under the Manchester School Board. By comparison, 4,295 were being instructed in geography, 1,979 in history, 3,517 in grammar, 1,260 in drawing, 767 in singing, 92 in bookkeeping, 72 in geometry, 270 in algebra, 124 in Euclid, and 265 in natural philosophy (Lydia E. Becker, 'Statistics Regarding the Attendance and Education of Girls in the Elementary Schools of Manchester', British Association, Transactions (1872), 220-1).
25 They probably expected much of the Newcastle Commission (Hodgson was among the sub-commissioners), but were signaly disappointed: see Blyth, Life of William Ellis, pp.207-9. The Commission's Report made only one reference to the desirability of teaching political economy, namely, Nassau Senior's note (mentioned above). Following the Report, the number of papers presented by Ellis's followers at the annual congresses of the National Association for the Promotion of Social Science fell sharply.
elementary teaching in political economy during the third quarter of the century was sponsored by them, and was distinctly Ricardian in character. 

Some of the National, and some British Schools were said to teach political economy, but those who claimed this gave no firm evidence, and it is likely that it was true only of odd schools where the headmaster was favourably disposed, e.g. John Holmes's British School at Camberwell, where William Ellis was first allowed to experiment with teaching social economy to children (Blyth, *Life of William Ellis*, pp.80-1). Archbishop Whately took on a financial role similar to Ellis's in Ireland, and he claimed in 1848 that 4,000 Irish elementary schools were teaching political economy (W. J. Fitzpatrick (ed.), *Memoirs of Richard Whately*, 2 vols (London: Bentley, 1844), vol. II, p.68). His adverse views on the elementary Ricardian treatises, notably Harriet Martineau's, suggest that he would have promoted the use of his own work wherever he had influence: see Miss E. J. Whatley (ed.), *The Life and Correspondence of Richard Whately*, 2 vols (London: Longmans, Green and Co., 1866), vol. I, pp.179-81, for a list of Whately's differences with Miss Martineau. Of English Middle Class schools, we know that some political economy was taught; for Adam Smith's *Wealth of Nations* (bk I) was a subject which senior candidates could offer in the Oxford Middle Class Examinations (begun in 1857): see Henry J. S. Smith, 'On the New Oxford Examinations', *NAPSS, Transactions* (1858), 211-20.
<table>
<thead>
<tr>
<th>Dates</th>
<th>School</th>
<th>Attendance (source of figures given in brackets)</th>
<th>Closed (c) or ceased teaching Social Science (*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opened</td>
<td>School</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1846</td>
<td>(Mr Holmes's) British School, Camberwell</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb. 1848</td>
<td>1st Birkbeck School (London Mechanics' Institute Girls' School added 1850</td>
<td>1848-49: 118 (Jolly, p.233)</td>
<td>1857c</td>
</tr>
<tr>
<td>July 1848</td>
<td>(Lovett's) National Hall School</td>
<td>1850-56 (av.): 150 (Blyth, p.113)</td>
<td>1873c</td>
</tr>
<tr>
<td>Sept. 1848</td>
<td>Tottenham County Road School</td>
<td>1850: c.50 (Blyth, p.96)</td>
<td></td>
</tr>
<tr>
<td>Dec. 1848</td>
<td>(Williams's) Edinburgh Secular School</td>
<td>Mid-1850: 340 (Blyth, p.95)</td>
<td>1854c</td>
</tr>
<tr>
<td>July 1849</td>
<td>Finsbury Birkbeck School</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sept. 1849</td>
<td>Westminster Birkbeck School</td>
<td></td>
<td></td>
</tr>
<tr>
<td>July 1849</td>
<td>Edgware Road School. Adopted Ellis's teaching.</td>
<td>1853 or 1854c</td>
<td>1863c</td>
</tr>
<tr>
<td>Mid-1850</td>
<td>Glasgow Secular School, St Andrew Square</td>
<td>1850-56 (av.): 150 (Jolly, p.222)</td>
<td>(Blyth, p.115)</td>
</tr>
<tr>
<td>1850</td>
<td>Bethnal Green Birkbeck Cambridge Road School</td>
<td>1850-56 (av.): 150 (Jolly, p.222)</td>
<td>(Blyth, p.115)</td>
</tr>
<tr>
<td>Jan. 1851</td>
<td>Oddfellows School, Manchester</td>
<td>Feb. 1851: 58 boys, 13 girls (Blyth, p.105)</td>
<td>1856c(?)</td>
</tr>
<tr>
<td>Feb. 1851</td>
<td>Peckham Birkbeck School¹</td>
<td>1870: 400; 1879: 140 boys, 80 girls (Blyth, p.105)</td>
<td></td>
</tr>
<tr>
<td>Apr. 1852</td>
<td>Kingsland Birkbeck School¹ Girls school added July 1853</td>
<td>Soon after opening: 300-400; max.:900 (Blyth, p.107)</td>
<td>1887c</td>
</tr>
<tr>
<td>Dec. 1852</td>
<td></td>
<td>June 1853: 200 boys; 1889: &gt; 500 boys, girls and infants (Blyth, p.110)</td>
<td></td>
</tr>
</tbody>
</table>

Table 1: Schools known to have taught Social Science, 1846-80
<table>
<thead>
<tr>
<th>Dates</th>
<th>School</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid-1853</td>
<td>Jewish Schools, Red Lion Square. Adopted Ellis's teaching. (Blyth, p.109)</td>
<td></td>
</tr>
<tr>
<td>March 1853</td>
<td>Leith Secular School</td>
<td>March 1853: 140 (Blyth, p.114)</td>
</tr>
<tr>
<td>1853</td>
<td>Carlton Place (Glasgow) Secular School</td>
<td>1853-72 (av.): 100-200 (Jolly, pp.222-3)</td>
</tr>
<tr>
<td>1853</td>
<td>Salford Mechanics' Institute Day School</td>
<td>1864-66 (av.): 300 (Templar, NAPSS Transactions (1866), p.392)</td>
</tr>
<tr>
<td>1854</td>
<td>Manchester Model Secular School</td>
<td></td>
</tr>
<tr>
<td>c.1855</td>
<td>Hathersett, Norfolk (Miss Caroline Lindley). Adopted Ellis's teaching (Blyth, p.117)</td>
<td>1867: 450 boys, girls and infants; 1870 (max.): 650 boys, girls and infants; 1878: 428 (Blyth, p.111)</td>
</tr>
<tr>
<td>Sept. 1857</td>
<td>Manchester Mechanics' Institute School</td>
<td></td>
</tr>
<tr>
<td>Oct. 1862</td>
<td>Gospel Oak Schools (Kentish town).¹ Adopted Ellis's teaching (Blyth, p.111)</td>
<td>Dec. 1856: &gt; 60 boys in Social Science class (Blyth, p.168)</td>
</tr>
<tr>
<td>Oct. 1864</td>
<td>(T.H. Bastard's) Milldown School (Middle Class)¹ (Blyth, pp.116-17)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>University College School.¹ Had a class in Social Science for some years.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>King's Somborne School (Dean of Hereford, Dean Dawes)</td>
<td></td>
</tr>
</tbody>
</table>

¹ School still existed in 1878.
### Table 2

Free Public Library holdings and use of works on political economy

<table>
<thead>
<tr>
<th>Library</th>
<th>Holdings 'Political economy' as % of all volumes held</th>
<th>Use 'Political economy' as % of total issues or borrowings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reference</td>
<td>Lending department(s)</td>
<td>Reference Lending department(s)</td>
</tr>
<tr>
<td>Manchester</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1852-53</td>
<td>16.9</td>
<td>3.8</td>
</tr>
<tr>
<td>1856-57</td>
<td></td>
<td>4.7</td>
</tr>
<tr>
<td>1860-61</td>
<td></td>
<td>4.7</td>
</tr>
<tr>
<td>1864-65</td>
<td></td>
<td>5.3</td>
</tr>
<tr>
<td>1868-69</td>
<td>16.7</td>
<td>4.3</td>
</tr>
<tr>
<td></td>
<td>9.3</td>
<td>.8</td>
</tr>
<tr>
<td>Liverpool</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1853</td>
<td>.6</td>
<td>.4</td>
</tr>
<tr>
<td>1854</td>
<td></td>
<td>.3</td>
</tr>
<tr>
<td>1869</td>
<td>.9</td>
<td>.6</td>
</tr>
<tr>
<td>1853-69</td>
<td>.6</td>
<td></td>
</tr>
<tr>
<td>Birmingham</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1863</td>
<td></td>
<td>(.5)</td>
</tr>
<tr>
<td>1865</td>
<td></td>
<td>(.4)</td>
</tr>
<tr>
<td>1867</td>
<td></td>
<td>2.5</td>
</tr>
<tr>
<td>1868</td>
<td></td>
<td>(.4)</td>
</tr>
<tr>
<td>1869</td>
<td>5.1</td>
<td>1.6</td>
</tr>
<tr>
<td></td>
<td>1.1</td>
<td>.37(.7)</td>
</tr>
<tr>
<td>Salford</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1850</td>
<td></td>
<td>.9</td>
</tr>
<tr>
<td>1852</td>
<td></td>
<td>1.7</td>
</tr>
<tr>
<td>1854</td>
<td></td>
<td>.6</td>
</tr>
<tr>
<td>1856</td>
<td></td>
<td>.7</td>
</tr>
<tr>
<td>1857</td>
<td>(1.7)</td>
<td>1.5(1.8)</td>
</tr>
<tr>
<td>1869</td>
<td></td>
<td>2.20</td>
</tr>
</tbody>
</table>

**Notes:**

1. Figures refer to the category 'politics and commerce'.
2. At opening (August 1852).
3. Aggregate of Newsroom issues and borrowings for five branch lending libraries.
4. Figures refer to the category 'commerce, political economy and social science/statistics'.
5. Figures refer to the category 'law, politics and commerce'.
6. Figures in brackets refer to Constitution Hill lending library only (est. 1862; one of 2 in 1864; one of 4 in 1866; one of 5 in 1868).
7. Refers to all five lending libraries.
8. Figures refer to the category 'jurisprudence, law, politics, commerce and Parliamentary Blue Books and Papers'.
10. Refers to category 'political and social economy'.

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Edinburgh Review 1830-80
Examiner 1850-73
Fortnightly Review 1865-80
Fraser's Magazine 1830-82
Leader 1850-60
London Review 1860-69
Macmillan's Magazine 1860-73
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North British Review 1848-71
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