

Why John Stuart Mill should not be enlisted among neoclassical economists

Dimitris Sotiropoulos

1. Introduction

Mill's economic work is important not so much for the reason that many prominent economists, including of course Marshall, have given it pride of place on their bookshelves¹ – but because it appeared during a period of *widespread* subterranean theoretical developments; namely, at the dawn of the so-called neoclassical or marginal 'revolution.'

In the relevant literature it is rather common to see Mill placed in an intermediate position: a kind of harbinger of the neoclassical problematic. The beginnings of this approach to him can be found in Marshall's work. According to Marshall, Ricardo and Mill did not succeed in stressing the subjective theory of utility, because 'they regarded the natural laws of variation of utility as too obvious to require detailed explanation' (Marshall 1956: 673). The conclusion was that the contributions of the first neoclassical thinkers might justifiably be seen as a 'move forward from,' or 'correction of,' the object of economic analysis, but not as a 're-specification.'

This perspective is recapitulated in many subsequent neoclassical approaches. For Samuelson (1978: 1415), classical economists, such as Ricardo and Mill, developed economic theories that do not constitute an alternative paradigm to the neoclassical system. Thus, 'within every classical economist there is to be discerned a modern economist trying to be born,'

Address for correspondence

Department of Sociology, School of Social Sciences, University of the Aegean, 15–17 Lakonias Street, 11523, Athens, Greece; e-mail: d.p.sotiropoulos@gmail.com, dsotiropoulos@soc.aegean.gr

1 de Marchi (1974) provides useful insights on the subject of Mill's *Principles*, the impression it created and the extent to which it was successful. The data he gives suggest that Mill's *Principles* was more widely read than the relevant works of Ricardo and Marshall. Also see Robbins (1998: 231).

while ‘Ricardo or Mill did not so much replace supply and demand by quite different mechanisms but rather sought to be able to say something significant and limiting about their properties’ (Samuelson 1978: 1415). Bladen (1941: 17) similarly notes that in the neoclassical system ‘the real change in the theory of value was relatively small, while the change in the theory of distribution which derived from it was revolutionary.’

The above interpretative schema suggests an *analytical continuity* in the development of economic thought during the nineteenth century. Schumpeter (1994: 529–30) likewise comments that ‘the Smith-Mill-Marshall line is clear enough.’ The *evolutionary path* of economic thought starting from Smith persists single-mindedly on its course, with Mill at the halfway mark, until – without experiencing any significant reversals – it is systematized and integrated by Marshall. This would make Mill’s contribution to economics something *intermediary*, an *uncompleted stage* prior to the appearance of the neoclassical system.

Within the framework of this argument, Stigler (1957: 1) explains that the progression towards the neoclassical ‘revolution’ was in fact a move ‘towards a more scientific economic theory.’² Hollander (1987: 429) also argues in justification of ‘Alfred Marshall’s insistence, against the marginalists, upon the essential continuity of nineteenth-century doctrine.’

All of the above approaches take the view that Mill’s economic system – whether successful or unsuccessful – shares the same *research orientation* as the later neoclassical analyses. In the present paper I propose to challenge this assumption. Although Mill *dissociated himself* from the Ricardian analytical framework, he cannot reasonably be represented as a neoclassical economist because he rejects Bentham’s utilitarianism, the *necessary* background to all neoclassical analyses. It is in the theoretical system of Bentham that all the basic elements of neoclassical *economic anthropology* are to be found.

In the second section of this paper I argue that the principle of substitution, the key precondition for the neoclassical system, accords with the general rules of subjective behavior as propounded in the empiricist philosophical system of Bentham. Later, in the third section, I show that the latter aims at securing *commensurability* between different pains and pleasures, thus enabling Bentham to arrive quite early at the principle of diminishing marginal utility (a principle that remained ‘unused’ theoretically until Jevons). In the fourth section I argue that without rejecting utilitarianism, Mill renounces the supposition of commensurability that posits a generalized *homogeneity* and a *quantitative comparability*

² Many writers follow this line of interpretation, more or less. Ricardo’s intervention is the aspect most debated.

between pains and pleasures. The economic anthropology that derives from his analysis allows for the establishment of an *economic problematic* that is quite distinct from the neoclassical mode of argumentation. If this is the case, the ‘turn’ effected by mainstream economic theory in the 1870s is rather more important than is usually conceded in neoclassical literature.

2. The general analytical preconditions of the neoclassical system

The neoclassical system of general equilibrium posits *a simultaneous causality* between the problems of distribution and value.³ Income distribution, the quantities of the factors of production employed, the prices and the quantities of final commodities, are determined in each instance in the relevant ‘market’ in accordance with the interaction of appropriate supply and demand curves. This means that, with the establishment of equilibrium, the prices not only of commodities but also of productive services (distribution) will be such that the quantities of commodities demanded will be equal to the relevant quantities supplied, and such that the same will apply with the quantities of productive services demanded and supplied. It thus becomes evident that the concept of ‘full employment’ of the productive factors – a notion severely criticized by Keynes – is inseparable from neoclassical economic thought.

To meet the requirements of *uniqueness* and *stability* of neoclassical equilibrium, monotonically decreasing demand curves (i.e. where there is inverse relation between price and quantity) must be generated. Two general prerequisites must be satisfied in order for this to become possible:

- *Precondition 1. Substitutability* in consumption between different commodities should be acknowledged, which will generally require different proportions of the factors for their production.
- *Precondition 2.* There should be similar acknowledgement of the possibility, for any given level of technological knowledge, of any commodity being produced with different proportions of the same factors. The continuous *substitutability* between the proportions of these factors maximizes profits for firms.

³ This is a matter that has been very thoroughly investigated in the relevant literature. The arguments presented in this paragraph are to be found in Robinson (1970), Harcourt (1972), Garegnani (1978, 1979), Kurz (1985), Eatwell and Milgate (1999).

On the basis of the two previous requirements, the individual consumers and the firms will seek maximization of *utility* and *profits* respectively. Precondition 1 is a prerequisite for the *appropriateness* of the demand function in the case of consumption goods. Both preconditions need to be present for there to be appropriate demand functions in the case of productive services.

The conclusion is that the *principle of substitution* plays a central role in neoclassical analysis. Although this has been already pointed out, especially by those who criticize the neoclassical system, it is perhaps worth mentioning a relatively recent paper of Lazear (2000), which has been the object of extensive discussion. In the context of his argument that the essence of economic thought is defined exclusively by the core of the neoclassical analysis, Lazear reaches the following conclusion:

The starting point in economic theory is that the individual or the firm is maximizing something, usually utility or profit. [...] A corollary of maximization is that on the margin, there are always trade-offs. [...] Thinking about trade-offs gives rise to related thoughts on substitutability. [...] Firms can trade off between employing labor and capital, and workers can choose between labor and leisure. (Lazear 2000: 100–1)

The principle of *substitution*, central to neoclassical thought, implies *symmetry* between the *pleasures* of consumers and the necessary ‘*pains*’ and ‘*discomforts*’ that owners of productive factors must suffer in order to obtain them.⁴ The *analytical foundation of the neoclassical system is thus necessarily an economic anthropology or an economic methodology according to which subjects–individuals can compare pleasures and pains and then opt for the most appropriate position–solution; that is, the one that maximizes pleasure–utility.*

This reasoning is evident in the analyses of Jevons, Edgeworth and Marshall. For Marshall, economics exists as a distinct scientific discipline precisely because of the concept of *indirectly* measurable and *commensurable* economic motives (Marshall 1956: 32). The resultant economic acts are nothing other than the ‘complex play of human motives [...] for and against one another, balancing one another and being substituted for one another’ (Marshall 1966: 162). The subjective theory of *real costs* doubtless has its origins in such a background.

This one-dimensional reduction of ‘pleasures’ and ‘pains’ to a uniform scale of quantitative evaluation brings to mind the utilitarian system of Bentham. The image of humanity that emerges from it is one of a mass of living calculating machines, whose sole concern is the maximization of

4 Note that this symmetry between ‘pains’ – as labour or saving – also implies symmetry between factors of production, the key pre-requisite for establishment of what became the well-known theory of marginal productivity.

pleasure. The sudden interest of the first neoclassical economists in the analyses of Bentham⁵ becomes comprehensible in this context. For Jevons (1971: 27) economics constitutes a theory that 'is entirely based on a calculus of pleasure and pain, and the object of Economy is to maximise happiness by purchasing pleasure, as it were, at the lowest cost of pain.'

It is not our intention to expand on a matter that goes far beyond the aims of this paper. On the basis of the former observations it is worth bearing in mind that the general preconditions of neoclassical thought are consonant with the (empiricist) principles of the individual behavior as elaborated in Bentham's philosophical system.⁶ This conclusion is useful for the analysis that follows. Our assertion is that Mill's critical differentiation from Bentham keeps him at a distance from neoclassical economics and undoubtedly delays the onset of the so-called neoclassical revolution.

3. Bentham's utilitarianism and the principle of 'diminishing marginal utility'

3.1. The general principles of Bentham's utilitarian system

Although Bentham's interest in economics was intermittent at best,⁷ in the economic bibliography he is usually associated with the neoclassical subjective value theory of marginal utility.⁸

Bentham is considered to be the father of utilitarianism, the philosophical tradition centered on the idea that human action is explicable through people's desire to attain pleasure and/or avoid pain (Bentham 1988: 1). The entire preceding argument is based on the 'principle of utility'; that is, on the:

principle which approves or disapproves of every action whatsoever, according to the tendency which it appears to have to augment or diminish the happiness of the party

5 In a very interesting analysis, Stark (1946: 601–8) relates how Bentham's work became the basis for the neoclassical views of Jevons, Edgeworth and Marshall, and also Menger.

6 This argument is presented in Mitchell (1918), Stark (1946), Hutchison (1956), Black (1972), Stigler (1965), Henry (1990) and Roncaglia (1999).

7 I agree with Mitchell (1918: 162) that although Bentham's theoretical interests extended over many disciplines, his central preoccupation was application of the principle of utility to the study of socio-historical phenomena.

8 See, for example, Schumpeter (1994: 302–3 and 1054), Stigler (1965: 70–5), Stark (1946: 600–1), Viner (1991: 162), Mitchell (1918), Hutchison (1956: 289–90), and Henry (1990: 90–5).

whose interest is in question: or, what is the same thing in other words, to promote or to oppose that happiness. (Bentham 1988: 2)

From the above one may gather that, apart from ethical criteria, utilitarianism provided a new way of *defining* human behavior. Social subjects are not just *competitive* and *egoistic* beings, as depicted in the rational tradition of natural law. Utilitarianism modified this schema by appending to it the notion that human actions are exclusively a product of people's desire to embrace pleasure and avoid pain. There is thus a clear link between utilitarianism and the empiricist assumptions of natural law, while it is not difficult to see the theoretical thread that connects Bentham with Shaftesbury through Hume and Hutcheson.⁹

The social philosophy underlying utilitarianism can be summarized in the three following conditions.¹⁰ First, there is the assumption of a complete harmony of interests between the individual and society. A strongly *individualistic view* of social phenomena is posited, completely *subjectivising society and assimilating it to the abstract individual*.¹¹ Secondly, it is assumed that society, being nothing other than a formal and mechanical 'summation' of individuals, a 'fictitious body,' cannot be examined as an independent entity. Society's welfare is defined in terms of increase in individual happiness. Finally, there is no such thing as objective social interests unrelated to the 'fictitious' society.¹² There is only individual self-interest.

3.2. *The concept of felicific calculus in Bentham's utilitarian system*

Bentham's theoretical work was part of a broader political movement for the liberalization of social institutions.¹³ One of the key issues that

9 See Schumpeter (1994: 130–2). Mitchell (1918: 162) writes that Bentham was aware of the influence that the analyses of Hume, Hartley and Priestley in the UK, Helvetius in France and Beccaria in Italy had exercised on his work.

10 The analytical preconditions for utilitarianism are succinctly recorded by Rubin (1989: 234–7) and by Henry (1990: 92–5).

11 It is a thesis that we encounter in Smith as well, as an adjunct to his thesis of the *invisible hand*.

12 As Bentham (1988: 3) characteristically notes: 'the community is a fictitious *body*, composed of the individual persons who are considered as constituting as it were its *members*. The interest of the community, then, is what? – the sum of the interests of the several members who compose it.'

13 For further details see Viner (1991: 155). Outlining his positive evaluation of Bentham's political activity, Viner notes that Bentham 'was a successful social reformer, more successful perhaps than anyone else in history except Karl Marx – I have in mind here only the realization and not the merits of programs

preoccupied Bentham, apart from individual ethics, was the ethics to be followed by *governments* and the *legislator*.

As Bentham (1988: 313) saw it, the link between individual happiness and the common welfare is in no way simple or unproblematic. Under normal conditions, owing to sentiments of probity and beneficence, subjects are interested in the happiness of their fellow citizens and thus: 'there are no occasions in which a man has not some motives for consulting the happiness of other men' (Bentham 1988: 313). Nevertheless, if individuals are left to their own devices, without restrictions, *significant divergences* may develop from the desired state of maximum social happiness. The need thus arises for a governmental presence, whose role 'is to promote the happiness of the society, by punishing and rewarding' (Bentham 1988: 70), or, as Viner (1991: 159) remarks: 'it is the function of legislation to coerce or bribe individuals to make their behavior coincide with that required by the greatest-happiness principle' (see also Bentham 1988: 323).

But how can the moral philosopher or the 'inspired' legislator accomplish this difficult task? It is precisely for this reason that the need arises for Bentham's celebrated *moral arithmetic* or *felicific calculus*.

When Bentham developed the *mechanism of calculation* of pleasure and pain, he obviously had it in mind that something like this would be the most effective *tool* for the legislator to have at his disposal (Bentham 1988: 29). The following preconditions would be involved.¹⁴ (i) The formation of individual feelings so as to achieve the maximum common happiness must be considered possible. (ii) The different pleasures and pains of each person must be assumed to be reducible to quantitative measurement along a one-dimensional scale. (iii) Different individuals' quantities of pleasure must be susceptible to algebraic summation. (iv) The legislator is in a position to evaluate all these quantities and draw conclusions as to the pedagogical and formative effectiveness of legal and moral rules.

The main idea behind Bentham's argument is that the emotional outcomes of human actions can be measured on a mono-dimensional scale and individual behaviors can themselves be evaluated on this basis, in accordance with the principle of utility. Although moral arithmetic was introduced by Bentham as a tool for the legislator and not a context for analysis of social behavior, it nonetheless provides such a context. I propose to take our bearings from this note by Mitchell:

of change – if he is given credit for those changes which came after his death as the result largely of the efforts of his disciples.'

14 For this listing, see Viner (1991: 160–1), Roncaglia (1999: 108–9).

The quintessence of Bentham's social science is the double role played by the felicific calculus. On the one hand this calculus shows how the legislator, judge and moralist ought to proceed in valuing conduct; on the other hand it shows how all men do proceed in guiding conduct. That is, Bentham blends utilitarian ethics with a definite theory of functional psychology. The ethical system has been more discussed, but the psychological notions are more important to students of the social sciences. (Mitchell 1918: 172)

Since *wealth* is connected with *pleasure*, there are two points to be noted about Bentham's system. *First*, each quantity of wealth corresponds to a certain quantity of happiness. *Secondly*, of two individuals with unequal wealth, the one who owns more enjoys more happiness. In order to arrive at a proposition on diminishing marginal utility, what is needed is a third principle, also present in Bentham's analysis. Let us be more specific.

3.3. The introduction by Bentham of the decreasing marginal utility principle

In Bentham's work the principle of diminishing marginal utility is outlined in four steps:¹⁵

15 As mentioned above, it is usually accepted in the literature that Bentham did in fact arrive at formulation of the principle of diminishing marginal utility. In his essay of 1801 entitled *The True Alarm* (see Hutchison 1956: 290–1) – having first emphasized that ‘all value is founded on utility’ – Bentham criticizes Smith for having failed to connect *use value* with *exchange value*.

In keeping with his own specific problematic, Smith notes that ‘the things which have the greatest value in use have frequently little or no value in exchange; and on the contrary, those which have the greatest value in exchange have frequently little or no value in use’ (1981: I.iv.13). To illustrate this point he put forward the well-known ‘water-diamond paradox’ (see Schumpeter 1994: 300–11). A diamond possesses great exchange value but little use value. Exactly the opposite is true of water. For nineteenth-century British political economy, the water and diamonds paragraph in the *Wealth of Nation* was of course ‘a contested illustrative device that provided a focal point for arguments about the nature of price formation and the meaning and role of utility’ (White 2002: 677). It is thus a somewhat ‘mythical construction, as there never was a paradox for Smith and his successors’ (White 2002: 660).

Bentham returned to this ‘paradox’ in his essay of 1801, in which he ventured a different approach. The answer he gave foreshadows (in some way) the neoclassical theory of marginal utility. He remarks in particular that ‘the reason why water is found not to have any value with a view to exchange is that it is equally devoid of value with a view to use. If the whole quantity required is available, the surplus has no kind of value. It would be the same in the case of wine, grain, and everything else. Water, furnished as it is by nature without any human exertions, is more likely to be found in that abundance which renders it superfluous: but there are many circumstances in which it has a value in exchange superior to that of wine’ (cited in Hutchison 1956: 291).

1. Caeteris paribus, – to every particle of the matter of wealth corresponds a particle of the matter of happiness. Accordingly, thence,
2. So far as depends upon wealth, – of two persons having unequal fortunes, he who has most wealth must by a legislator be regarded as having most happiness.
3. But the quantity of happiness will not go on increasing in anything near the same proportion as the quantity of wealth: – ten thousand times the quantity of wealth will not bring with it ten thousand times the quantity of happiness. It will even be a matter of doubt, whether ten thousand times the wealth will in general bring with it twice the happiness. Thus it is, that,
4. *The effect of wealth in the production of happiness goes on diminishing*, as the quantity by which the wealth of one man exceeds that of another goes on increasing: in other words, the quantity of happiness produced by a particle of wealth (each particle being of the same magnitude) will be less and less at every particle; the second will produce less than the first, the third than the second, and so on. (Bentham 1954: vol. 1, 113; emphasis added)

Bentham is of course referring here to wealth in general, but even in this generalized context the principle of diminishing marginal utility evidently applies. To complete his argumentation, Bentham maintains that money is a reliable and safe means of evaluating subjective values.¹⁶

Bentham's intention, as I saw above, was not of course to utilize this analysis in economics, but to develop a technique of *moral calculus*¹⁷ to support the tasks of the legislator. He himself more than once rejected analyses he had previously elaborated. In a manuscript written in 1782 Bentham argued that although *pleasure does not* increase to the degree that *income* does, for small changes both move in parallel.¹⁸ And Bentham was not after all the originator of the 'neoclassical theorem' that two commodities exchange in accordance with their marginal utility.¹⁹

16 Bentham says of money that: 'we have already to be shown to be the most accurate measure of the quantity of pain or pleasure a man can be made to receive' (Bentham 1954: vol. 3, 437–8). See also Stark (1946: 606–7) and Stigler (1965: 74). The same position on money is to be found in Marshall's (1956: 32) analysis.

17 It is worth noticing likewise that although the idea of *moral calculus* is linked primarily to his name, Bentham was not in fact the originator of the notion. He was influenced by Benjamin Franklin (see Viner 1991: 161).

18 For further detail see Stigler (1965: 74).

19 As noted by Hutchison (1956: 290), although Bentham may be considered an authentic predecessor of Jevons and Edgeworth, 'as an *economist*, as to-day defined, Bentham made no attempt to develop an economic calculus or a theory

Although none of his followers set much store by the notion of *moral arithmetics*, there is no doubt that Bentham's argument foreshadows the *subjective theory of value*, which attained its final form in the works of the neoclassical thinkers.²⁰ As Henry (1990: 93–4) notes, the subjective utilitarian approach of Bentham 'necessarily generates a theory of economic valuation based on the subjectivist calculation of the individual as to pleasure/pain, benefit/loss – a hedonistic, utility theory of value.' Or as Stigler (1965: 74) put it: 'Bentham had indeed planted the tree of utility. No reader could overlook the concept of utility as a numerical magnitude; and the implications for economic analysis were not obscure. But they were overlooked.'

4. Mill's critical divergence from the utilitarianism of Bentham and the consequences for his economic system

4.1. Mill's step by step divergence from Bentham's trajectory

Mill's relation to Bentham went through many phases. Until 1826, when he faced his first mental crisis at the age of 20 years, Mill was a faithful follower of Bentham and of his father, James Mill. Subsequently, step by step, under the influence of the progressive movements of his time (including the views of Saint-Simon and Comte), he began to emancipate himself from the ideas of his youth. He did not, however, formulate his objections openly while ever his father and Bentham were alive (the latter died in 1832, the former in 1836).²¹

The first attack on Bentham came in 1833, only one year after his death, when Mill published an anonymous review entitled 'Remarks on Bentham's Philosophy,' as an appendix to Bulwer-Lytton's book *England and the English*. Later, in 1838, he published, again anonymously, in the *London and*

of relative values and prices.' On the other hand, the first clear formulation of the abovementioned 'neoclassical theorem' is to be found in Gossen's remarkable book, published in Germany in 1854, which went completely unnoticed at the time (Schumpeter 1994: 910–11).

20 Hutchinson (1956), in his interesting analysis, draws out attention to the fact that Bentham had at this time left open another window into the later Keynesian problematic this time. His views on *forced saving* and *state intervention* are mercantilist in spirit. If one aspect of Bentham links us to neoclassical authors and the other to Keynes, we may well agree with Hutchinson (1956: 306) that 'if Bentham is still to be described as a "classical" economist, along with Smith and Ricardo, then this much-controverted adjective is virtually emptied of any doctrinal significance.'

21 For further details see Viner (1991: 166).

Westminster Review the well known 'Essay on Bentham.' Many of his contemporaries, both friend and foe, were aware that he was the author. In the same review, two years later, in 1840, an article by Mill appeared on the subject of Coleridge. Mill's sympathetic review of the moral and political views of Coleridge comprised an indirect criticism of Bentham's system (see Viner 1991: 167).

In these articles Mill's stance on Bentham's theoretical heritage was ambiguous: 'there was high praise, therefore, for Bentham as well as sharp blame' (Viner 1991: 167.). What Mill was trying to do was update utilitarian ethics while at the same time altering the theses of Bentham that he considered problematic. One of the bones of contention was, inevitably, the *moral arithmetic* and Bentham's attempt to establish a *quantitative commensurability* between different subjective feelings. The same arguments, more or less, are repeated in his last work on the subject, published in 1863, under the title *Utilitarianism*.

This parting of the ways was not unrelated to a change in the way utilitarianism was being employed as a moral conception, a *change in the content of the principle of utility*. Without renouncing or ignoring utilitarianism, Mill distances himself from the 'maximizing utilitarianism' of Bentham whereby moral obligation has to do *solely* with the maximization of happiness. For Mill, utilitarianism is to be approached in a looser sense (minimizing utilitarianism): apart from seeking maximization of utility, individuals are morally obliged to abstain from inflicting harm and to provide for all persons certain *minimal* essentials for any sort of positive well-being: liberty, security, life, individuality and self-determination, food and shelter, basic education, and so forth. In other words, *equal opportunities for the pursuit of happiness must be provided for everyone* (see Edwards 1986: 125–6).

The significance of this, above and beyond cliché, is that *Mill has evidently initiated an important modification in the definition of the principle of utility*. Actions, virtues and rules, are desirable only to the degree that they *tend to promote* the basic good of happiness for as many people as possible:

happiness is the sole end of human action, and the promotion of it the test by which to judge of all human conduct; from whence it necessarily follows that it must be the criterion of morality, since a part is included in the whole. (Mill 2000a: iv. §8)

We thus see that the 'promotion of happiness' is not a mere outcome of the definition, but an organic part of it. Mill includes both *happiness* and its *promotion* in the *same* definition of the principle of utility. The utilitarian tradition to which Mill belonged clearly meant more by the greatest happiness principle than the notion that happiness is the sole intrinsic good. *There was also the implication* that desirable actions are those that

promote happiness, and undesirable actions are those that reduce happiness or permit or cause unhappiness (Edwards 1986: 128).

Mill's normative system evidently differs in important ways from the utilitarianism proposed by Bentham. According to Mill, the principle of utility:

is a mere form of words without rational signification, unless one person's happiness, supposed equal in degree (with the proper allowance made for kind), is counted for exactly as much as another's. *Those conditions being supplied, Bentham's dictum, 'everybody to count for one, nobody for more than one,' might be written under the principle of utility as an explanatory commentary.* (Mill 2000a: v.§36; emphasis added)

Mill here accepts the legitimacy of *interpersonal comparisons* among individualistic pleasures but he ultimately comes back to this critical stance in relation to Bentham, which, however mildly formulated, remains quite stern. There is thus an *introduction of collective criteria* that should be taken seriously into account by the moral thinker and the legislator positing 'an equal claim to all the means of happiness' (Mill 2000a: v.§36).

4.2. Mill's two main arguments against Bentham's notion of felicific calculus

As suggested by the above analysis, two key differentiations arise out of Bentham's line of argument, both with the potential to invalidate the moral arithmetic, with all the consequences this may have for elaboration of an empiricist anthropological model of social behavior.

4.2.1. *In evaluation of pleasures and pains the parameter of 'quality' is of relevance, making pleasures or pains non-homogeneous, in contrast to what Bentham had earlier argued.* Although Mill chose to remain within the theoretical context of utilitarian consequentialism, he refused to accept a *simplistic reduction of all pleasures – superior–mental pleasures and inferior–bodily ones – to a mono-dimensional quantitative calculation.* His anthropological paradigm was in this sense different to the one that Bentham had earlier proposed.

Bentham's analysis left open the possibility of achieving higher levels of happiness through resorting to larger quantities of material pleasures rather than smaller quantities of higher intellectual or mental pleasures. This provided his opponents with the opportunity to attribute to utilitarianism a base conception of human nature.²² Mill's response was to argue that utilitarians should recognize the *non-homogeneity* of pleasures.

22 In particular 'if the sources of pleasures were precisely the same to human beings and to swine, the rule of life which is good enough for the one would be good enough for the other' (Mill 2000a: ii.§4).

Above and beyond quantitative differentiations, differentiations in quality should also be recognized, as 'neither pains nor pleasures are *homogeneous*' (Mill 2000a: ii. §8; emphasis added).

Mill believed that in the event of the contrary view prevailing, it would be impossible to save the doctrine of utilitarianism from the fierce criticisms of its opponents:

It must be admitted, however, that utilitarian writers in general have placed the superiority of mental over bodily pleasures chiefly in the greater permanency, safety, uncostliness, etc., of the former – that is, in their circumstantial advantages rather than in their intrinsic nature. And on all these points utilitarians have fully proved their case; but they might have taken the other, and, as it may be called, higher ground, with entire consistency. It is quite compatible with the principle of the utility to recognize the fact, that some *kinds* of pleasure are more desirable and more valuable than others. It would be absurd that while, in estimating all other things, quality is considered as well as quantity, the estimation of pleasures should be supposed to depend on quantity alone. (Mill 2000a: ii. §4)

Thus, there are *qualitative* differences between *non-homogeneous* pleasures. As Mill argues (2000a: ii. §6), 'it is better to be a human being dissatisfied than a pig satisfied; better to be Socrates dissatisfied than a fool satisfied.' Mill's respect for Bentham precluded direct reference to him.

The *categorizing* of pleasures in terms of their quality presupposes an environment of '*perfect*' information about all alternative possibilities of pleasure. If between two pleasures, A and B, there is one (e.g. A), which is preferred by all or almost all those *that have experienced both*, then this pleasure is the most desirable (Mill 2000a: ii. §5). An individual unaware of the existence of A may choose B, but in that case his choice could hardly be characterized as *rational*. In any case, if every individual who has 'enough knowledge' and 'experience' of both options, A and B, definitely chooses A, option A attains a status of *objectivity*: it is a *socially rational choice*.

If 'all who have experience of both,' do not abandon A for 'any quantity of the other pleasure which their nature is capable of, we are justified in ascribing to the preferred enjoyment a superiority in quality, so far outweighing quantity as to render it, in comparison, of small account' (Mill 2000a: ii. §5). The inference is that the pleasure in question is a *higher* or *superior* one. The purpose of Mill's introduction of the 'parameter' of quality is to highlight the existence of an *unbridged distinction* between 'superior' and 'inferior' pleasures, and not to describe a general ordering in relation to them.

4.2.2. *The behavior of the individuals is normally conditioned by habit, so that a conscious moral arithmetic is totally inadequate for describing it.* As Mill likes to emphasize, *desire* and *will* are quite different in character.

Will, the active phenomenon, is a different thing from desire, the state of passive sensibility, and though originally an offshoot from it, may in time take root and detach itself from the parent stock. [...] *Will is the child of desire, and passes out of the dominion of its parent only to come under that of habit.* (Mill 2000a: iv.§11; emphasis added)

It is thus possible for *will* to be distinguished from *desire*, and to operate independently of all considerations of pleasure or pain, under the proviso, of course, that the former is ‘unconsciously’ relegated to the realm of *habit*. ‘The distinction between will and desire thus understood, is an authentic and highly important psychological fact’ (Mill 2000a: iv.§11).²³

4.3. Why Mill is not a neoclassical economist

Ricardo’s economic analysis had the effect of hindering every attempt to establish exchange value on the basis of use value. As Stigler (1965: 75) notes: ‘the economists of Bentham’s time did not follow the approach he had opened. One may conjecture that this failure is due to the fact that Ricardo, who gave the economists of this period much of its slant and direction, was not a Benthamite.’²⁴ The deviation of ‘utilitarian’ Mill from the analytical framework of Bentham also played a crucial role in delaying the so-called neoclassical revolution.

Viner believes that Mill focuses on *non-existent problems*.²⁵ To postulate *commensurability* between pleasures and pains is not necessarily to leave out of account the consideration of quality. According to neoclassical theory,

23 To cite a characteristic passage in Mill’s argument: ‘Many indifferent things, which men originally did from a motive of some sort, they continue to do from habit. Sometimes this is done unconsciously, the consciousness coming only after the action: at other times with conscious volition, but volition which has become habitual, and is put into operation by the force of habit, in opposition perhaps to the deliberate preference, as often happens with those who have contracted habits of vicious or hurtful indulgence. [...] The distinction between will and desire thus understood, is an authentic and highly important psychological fact; but the fact consists solely in this – that will, like all other parts of our constitution, is amenable to habit, and that we may will from habit what we no longer desire for itself, or desire only because we will it. It is not less true that will, in the beginning, is entirely produced by desire; including in that term the repelling influence of pain as well as the attractive one of pleasure’ (Mill 2000a: iv.§11).

24 This fact, for Hutchison (1956: 289) too, is one of the great *ironies* in the history of economic thought, ‘where good original ideas, fundamentally acceptable to most economists of a subsequent period, were left buried and suppressed while the stage was dominated by doctrines now mainly and fundamentally rejected.’

25 See Viner (1991: 171–2) and Black (1972: 126). Analogous arguments have been developed by Jevons (1871: 30–2) and Marshall (1956: 79 and 107). I do not propose to elaborate on this matter here.

individual choices are made between units of products, not between categories or classes, as is Mill's evident claim. For Viner, Bentham erred (and this was also the source of the misinterpretations of his work) through his failure to attach sufficient importance to the marginal utility of pleasure. The higher or superior mental pleasure of poetry, for example, is clearly incomparable with the pleasure to be derived, for example, from consuming a tin of soft drink or playing pushpin (a children's game). But the principle of marginal utility is in no way challenged by simple acceptance of the reality that *from a certain point onwards* the additional marginal consumption of 'poetry' will offer exactly the same pleasure as that offered by additional marginal consumption from a 'tin.' Such conflation of marginal pleasures is conceivable only if poetry reading has been continued up to, and beyond, the point of *satiation*. This would still not preclude a utilitarian philosopher from arguing that poetry is a category of good higher in the ranking of value than the tin of food or drink.

But it is precisely this that Mill was opposed to – that is, making higher and lower pleasures *quantitatively comparative*, and therefore *qualitatively commensurable*, even if only 'from a certain point onwards.' As we saw above, the idea that Mill propounds is non-negotiable: 'few human creatures would consent to be changed into any of the lower animals, for a promise of the fullest allowance of a beast's pleasures' (Mill 2000a: ii. §6). Mill is here in agreement with the Epicureans in that 'human beings have faculties more elevated than the animal appetites, and when once made conscious of them, do not regard anything as happiness which does not include their gratification' (Mill 2000a: ii. §4).

Mill's problematic remains entirely within the orbit of utilitarianism, of course, and this has important consequences for his analysis. Nor does he ever question the empiricist problematic of methodological individualism. Such elements in his thought are conspicuously present, for example in his debate with Comte.²⁶ The model of the *homo economicus* that he employs in his economic analysis is nevertheless opposed to both conditions of *substitution* that form the basis of the neoclassical system, as it has been discussed in Section 2.

We are here coming to what is possibly the *deeper analytical reason* why Mill firstly does not incorporate 'demand curves' for final commodities into his analysis, organizing value theory on the basis of diminishing marginal utility,²⁷ and, secondly accepts constant technical ratios of labor and fixed

26 The fact that he defends methodological individualism is obvious in the ideas that Mill develops in *August Comte and Positivism* (see Mill 1993). For more on the conflict between Mill and Comte, see Lewisohn (1972).

27 In a sense Mill did develop a supply-and-demand analysis. This has been the object of much discussion (see, for example, Hollander 1987: 162; Schumpeter 1994: 603–15). In both *Principles* (Mill 1976) and the earlier *Essays on Some*

capital, denying that changes in distribution lead capitalists to substitution between the productive factors.²⁸ In other words, *he excludes substitution of pleasures for pains and vice versa from his economic argumentation*. As we have seen, acceptance of substitution, not only for consumption commodities but also for employed productive factors, presupposes an anthropology that allows for the development of *quantitative symmetry* between pleasures and pains, linking it inevitably to Bentham's system.

5. Conclusion

My conclusion is as follows: given that Mill's theoretical system does not satisfy the two previously outlined neoclassical preconditions, *he remains a classical economist*.

Having provided a brief sketch of Mill's philosophical positions, I should perhaps point out (as indicated by Stigler in his above note) that not only were economists after Bentham not interested in transferring the idea of moral arithmetic to economic analysis, but in fact Mill's intervention (after the Ricardian 'rule') *had the effect henceforth of precluding any such possibility*.²⁹ The reason for this is that the first attempt to integrate economic analysis with the 'principle of utility' was accompanied by rejection of everything that could serve as a precondition for Bentham's notion of *hedonistic calculation*. It led to the adoption (as a basis for economic thought) of a *different* empiricist anthropology to that found in the analyses of the later neoclassical thinkers: Jevons, Marshall, Walras and Menger.

The pre-Mill theoretical framework is more or less familiar. Smith and Ricardo (leaving aside the question of the latter's personal relations with utilitarians) had attempted to formulate an economic system based on a

Unsettled Questions of Political Economy (Mill 2000b), to supplement in some modest way Ricardo's comparative-cost analysis (see Mill 2000b: essay I; 1976: III, ch. 18), he introduced an equation of reciprocal demand. But in Mill's work the supply-and-demand mechanism was never conceded a generalized foundation for determination of the value of all commodities (Mill 1976: III, ch. 6). In other words the mechanism never provided a general basis for his value theory. The reason for this has already been outlined in this paper: it is because of his distancing from the utilitarian problematic of Bentham.

28 Hollander's analysis (1987: 210–17) is especially elusive at this point. Through the device of classifying as *exogenous* the changes in the techniques employed, Mill develops his argument on the basis of constant ratios between fixed capital and labor in each separate branch (see Mill 1976: Book I, ch. 5 and 6).

29 It is for this reason that Bladen (1941: 18) concluded that 'for ten or twenty years, indeed, after the publication of Mill's *Principles* English political economy was stagnant.'

thoroughgoing distinction between exchange value and use value. Given the historical conditions of those times, the impression left by their work was such as to discourage theoretical utilization of Bentham's ideas by economists of the first half of the nineteenth century. Of course, there are exceptions, such as the characteristic interventions of *Say* and *Lauderdale*, who attempted to place the notion of utility at the heart of their economic analysis, to no apparent effect given their failure to arrive at the conception of marginal utility.

Mill's economic thought sought to *bridge the gap* between exchange value and use value.³⁰ It would be a huge mistake to overlook the contribution of utilitarianism – in all of its forms – to the accomplishment of this objective. Nevertheless, Mill's attempt to make 'progressive' social ideas the central conception of utilitarianism led him to reject everything that *could* implicitly lead in the direction of the neoclassical subjective theories of marginal utility and real costs. To this extent, the bridging of the gap remained incomplete.

Acknowledgements

The author would like to thank the two anonymous referees for their comments on this essay, which have helped to improve it significantly.

References

- Bentham, J. (1954). *Jeremy Bentham: Economic Writings*, 3 vols, ed. W. Stark. London: Allen & Unwin.
- Bentham, J. (1988) [1781]. *The Principles of Morals and Legislation*. New York: Prometheus Books.
- Black, R.D. C. (1972). Jevons, Bentham and De Morgan. *Economica*, 39 (154): 119–34.
- Bladen, V.W. (1941). Mill to Marshall: The conversion of the economists. *The Journal of Economic History*, 1: 17–29.
- Eatwell, J. and M. Milgate. (1999). Some deficiencies of Walrasian intertemporal general equilibrium. In G. Mongiovi and F. Petri (Eds), *Value, Distribution and Capital, Essays in Honour of Pierangelo Garegnani*. London: Routledge. pp. 93–104.
- Edwards, R.B. (1986). The principle of utility and Mill's minimizing utilitarianism. *The Journal of Value Inquiry*, 20: 125–36.
- Garegnani, P. (1978). Notes on consumption, investment and effective demand: I. *Cambridge Journal of Economics*, 2: 335–53.
- Garegnani, P. (1979). Notes on consumption, investment and effective demand: II. *Cambridge Journal of Economics*, 3: 63–82.

30 I owe this apt formulation to Meikle (1995: 20).

- Harcourt, G.C. (1972). *Some Cambridge Controversies in the Theory of Capital*. London and New York: Cambridge University Press.
- Henry, J.F. (1990). *The Making of Neoclassical Economics*. Boston: Unwin Hyman.
- Hollander, S. (1987). *Classical Economics*. Oxford and New York: Basil Blackwell.
- Hutchison, T.W. (1956). Bentham as an economist. *The Economic Journal*, 66 (262): 288–306.
- Jevons, W.S. (1871) *The Theory of Political Economy*. London: Macmillan and Co. Available at the History of Economic Thought web site: <http://cepa.newschool.edu/het/texts/jevons/jevons18711.pdf> (accessed January 2007).
- Kurz, H. (1985). Sraffa's contribution to the debate in capital theory. *Contributions to Political Economy*, 4: 3–24.
- Lazear, E. (2000). Economic imperialism. *The Quarterly Journal of Economics*, 115 (1): 99–146.
- Lewisohn, D. (1972). Mill and Comte on the methods of social science. *Journal of the History of Ideas*, 33: 315–24.
- de Marchi, N.B. (1974). The success of J. S. Mill's *Principles*. *History of Political Economy*, 6: 119–57.
- Marshall, A. (1956) [1920]. *Principle of Economics*, 8th ed. London: Macmillan & Co.
- Marshall, A. (1966). The present position of economics. In A.C. Pigou (Ed.), *Memorials of Alfred Marshall*. New York: August M. Kelley Publishers, pp. 152–74.
- Meikle, S. (1995). *Aristotle's Economic Thought*, Oxford: Clarendon Press.
- Mill, J.S. (1976) [1871]. *Principles of Political Economy*, 7th ed. New Jersey: Augustus M. Kelley Publishers.
- Mill, J.S. (1993) [1865]. *Auguste Comte and Positivism*. Bristol, England: Thoemmes Press. Available at the History of Economic Thought web site: <http://gallica.bnf.fr/scripts/ConsultationTout.exe?O=n024412> (accessed January 2007).
- Mill, J.S. (2000a) [1863]. *Utilitarianism*. Toronto: Broadview Press.
- Mill, J.S. (2000b) [1874]. *Essay on Some Unsettled Questions of Political Economy*, 2nd ed. Kitchener, Ontario: Batoche Books. Available at the History of Economic Thought web site: <http://www.ecn.bris.ac.uk/het/mill/question.pdf> (accessed January 2007).
- Mitchell, W. (1918). Bentham's felicific calculus. *Political Science Quarterly*, 33 (2): 161–83.
- Robbins, L. (1998). *A History of Economic Thought, The LSE Lectures*. Princeton, New Jersey: Princeton University Press.
- Robinson, J. (1970). Capital theory up to date. *Canadian Journal of Economics*, 3: 309–17.
- Roncaglia, A. (1999). From utilitarianism to marginal utility. In G. Mongiovi and F. Petri (Eds), *Value, Distribution and Capital, Essays in Honour of Pierangelo Garegnani*. London: Routledge, pp. 107–21.
- Rubin, I.I. (1989) [1929]. *A History of Economic Thought*. London: Pluto Press.
- Samuelson, P.A. (1978). The canonical classical model of political economy. *Journal of Economic Literature*, 16 (4): 1415–34.
- Schumpeter, J. (1994) [1954]. *History of Economic Analysis*. New York: Oxford University Press.
- Smith, A. (1981) [1776]. *An Inquiry into the Nature and Causes of the Wealth of Nations*, 2 vols. Indianapolis: Liberty Classics.
- Stark, W. (1946). Jeremy Bentham as an economist. *The Economic Journal*, 56 (224): 583–608.
- Stigler, G. (1957). *Production and Distribution Theories*. New York: Macmillan.
- Stigler, G. (1965). The development of utility theory. In G. Stigler (Ed.), *Essays in the History of Economics*. Chicago: The University of Chicago Press, pp. 66–155.

Why J. S. Mill should not be enlisted among neoclassical economists

- Viner, J. (1991). Bentham and J. S. Mill: The utilitarian background. In D.A. Irwin (Ed.), *Essays on the Intellectual History of Economics/Jacob Viner*. Princeton, N.J.: Princeton University Press, pp. 154–75.
- White, M.V. (2002). Doctoring Adam Smith: The fable of the diamonds and water paradox. *History of Political Economy*, 32 (4): 659–83.

Abstract

While John Stuart Mill was not unwilling to identify with the philosophical approach of utilitarianism, he nonetheless distanced himself from utilitarianism as conceived by Bentham. He rejected all the assumptions that led the latter to advocate a felicific calculus. He thus constructed his economic system on the basis of a different empirical economic anthropology to that found in the analyses of Jevons, Marshall, Walras and Menger, all of which derive from Bentham's reasoning. This, essentially, is why it is not justifiable to include J. S. Mill in the pantheon of neoclassicism.

Keywords

Utilitarianism, neoclassical or marginal revolution, J. S. Mill, Bentham, classical political economy

Copyright of European Journal of the History of Economic Thought is the property of Routledge and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.